



H1 2021

**AB LTG INFRA
Interim Report**

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ABBREVIATIONS:

LTG – AB Lietuvos geležinkeliai

LTG group, Company group – AB Lietuvos geležinkeliai and its subsidiaries

LTG Infra, Company – AB LTG Infra

LTG Cargo – AB LTG Cargo

LTG Link – UAB LTG Link

LRV – Government of the Republic of Lithuania

LTSA – Lithuanian Transport Safety Administration

ES – European Union

SEO - State-managed entity

Repair undertaking– undertakings which go to/from the construction, repair and/or maintenance sites of the railway infrastructure objects

VIT – Vilnius Intermodal Terminal

KIT – Kaunas Intermodal Terminal

RTC – Railway Transport Code of the Republic of Lithuania

RSF – Railway service facilities

The Annual and interim reports of the Company as well as its financial statements are available publicly on the website <https://ltginfra.lt/>.

CEO'S WORD

Dear partners, customers and colleagues,

The performance of LTG Infra in the course of the first six month period was accompanied with the changing environment, when the work organisation issues posed by COVID-19 were complemented with geopolitical challenges, therefore in connection with implementing the main projects and current repair works we particularly focused upon operational efficiency and organisational matters.

With a view to ensuring the most efficient performance of the Company, in May the Board of LTG Infra approved the updated organisational structure of LTG Infra. In terms of its structure, the Company is becoming flatter. Operational for several years and proven operational model the corporate organisational model was updated to reflect the new stages of the most important ongoing projects and the needs of daily activities. As a result of the modernisation nine functional areas were refined thus retaining seven clearly defined operational directions. The changes will affect every activity carried out by LTG Infra to ensure that all the decisions are passed by relaying to a maximum extent upon the competence of the employees and the cooperation between the individual divisions of the Company.

In the meanwhile we continued developing the projects of strategic importance without slowing down. The Rail Baltica project has acquired even clearer shapes, as all the preparatory works were completed on the Kaunas-Palemonas section, anticipating the first freight train from Western Europe, officially launching the operation of the Kaunas Intermodal Terminal connection with Western Europe. This terminal is most Eastbound section of the European railway system that can be accessed by 1435 mm gauge European gauge.

As part of the Rail Baltica project the European gauge will be extended from Kaunas to Latvia and Estonia, however, the existing railway infrastructure already facilitates Lithuanian logistics sector businesses to start transporting semi-trailers and containers even before creating the full-scale global project infrastructure of Rail Baltica. Undoubtedly, the Kaunas Intermodal Terminal is an important part of the Rail Baltica project for the whole of Europe, and in the future it will become one of the most important logistics centres of this international railway.

In order to ensure that the public better understands the progress of the Rail Baltica project and is aware of the upcoming plans, we allocated additional time and together with the Ministry of Transport and Communications organised remote meetings with communities of Vilnius, Elektrėnai, Kaišiadorys, Trakai, Kaunas, Panevėžys, Pasvalys, Kėdainiai and Jonava districts, representatives of business, self-government and members of the Seimas. The meetings became a perfect forum for all the parties concerned to express their expectations, ask most relevant questions and receive answers concerning the forthcoming solutions and the course of the project.

As part of the Rail Baltica project we announced a tendering procedure for the supervision of construction of the metal bridge over the Neris river. As a result, a selected winner of the tendering procedure will be carrying out the technical supervision of the construction services and providing engineer services. The new railway bridge over the Neris will be erected next to Jonava and will be the longest railway bridge in the Baltic countries.

It is delightful to see that another project of special significance – to electrify the railway section from Vilnius to Klaipėda – is completely consistent with the expectations of Lithuanian residents. The results of the recent survey showed that as many as 85 per cent respondents considered it important that railway transport is as environmentally friendly as possible; 71 per cent of the respondents agreed that the railway between Vilnius and Klaipėda needs to be electrified; and, if a choice is available, 63 per cent would prefer electric means of transportation. The public broadly supports the provisions of the European Green Deal, therefore with the electrification of the Vilnius-Klaipėda electrification works gaining pace, LTG Infra created a dedicated internet website <https://elektrifikavimas.lt/> providing complete information on the course of the project, the works being carried out, as well as the answers to questions on electrification and its benefit.



In keeping with the promise given to the business community to inform market participants about the major performance of LTG Infra we hosted in an annual meeting with contractors, suppliers, partners - market participants. At the meeting LTG Infra presented the forthcoming procurement initiatives and the relevant investment plans with a total value exceeding EUR 210 million. Held for the fourth year in a row, the meeting was attended by a record number of participants, by more than 200 representatives of various companies.

We continued to consistently carry out the planned programs for the repair and modernization of railway infrastructure, as this year we have already repaired 25.8 km of railways, approximately the same as within the same period last year.

The programme for the modernisation of railway level crossings of the most intensive train traffic is gaining momentum. Reconstruction works of one of the most intensive Lentvaris railway level crossings in Lithuania are already halfway through. The most complex section of the project was already completed; the project involved pushing of reinforced concrete tunnel structures under the railway tracks without stopping train traffic. This tunnel installation technology involving pushing of the tunnel is pushed under the railway tracks without interrupting train traffic was for the first time ever engaged in Lithuania and the Baltic States. In this project LTG Infra acted as an important partner for the SE Lithuanian Road Administration, and the Trakai region municipality partner.

LTG Infra was paying specific attention to suppression of noise next to railway. The EUR 24 million worth programme for installation of noise-reduction facilities launched couple years ago this year entered the closing stage. The works in Lentvaris, Mažeikiai and Kaišiadorys have been nearly completed, and Radviliškis, Šiauliai, Kretinga and Klaipėda they are scheduled to be completed at the end of this year, or early next year.

As part of the measures to ensure the safety of users of track crossings this year together with LTG Infra brand we launched a safe conduct in track crossing within a special educational programme 'Safe rails'. On the occasion of the International Day of Safe Conduct at Railway Crossings, employees of the LTG Group in cooperation with police officers organised events at the most dangerous crossings in the country - reminded drivers and pedestrians of the basics of safe traffic at railway crossings, also a number of eye-catching posters under the 'Safe rails' were posted in the city, a dedicated internet website invited the public to learn more about safe conduct at the railway and the security situation in Lithuania in general.

LTG Infra is continuing to pursuit its vision to become the most efficient railway infrastructure manager in the Central and Eastern Europe. With a view to implementing the vision we consistently review our governance principles, introduce the most advanced IT instruments that boost the efficiency of our operational activities.

At the beginning of the year we signed a EUR 16 million worth contract on modernisation and technical supervision of the radio system. This GSM-R standard system is used to operate the train traffic in Lithuania. The implementation of the contract will ensure an uninterrupted operation of the modernised system. The upgraded equipment will ensure a reliable operating communication, an automated system government and will significantly reduce the IT costs of the Company. The upgraded system, once it is extended and adapted, will be able to fully serve the needs of the future Rail Baltica.

LTG Infra is in mid-way to completion of the project 'Modernisation of station operation and tools'. During this project, a modern station management system will be implemented in all major railway stations of the country, which will allow more efficient use of resources and ensure more efficient data exchange between carriers and the public railway infrastructure manager.

We implement all the technological and organisational changes seeking to ensure that railway is undoubtedly perceived as most convenient, fastest, environmentally most friendly and safest means of communication. We strive and we believe that once the objectives of the European Green Deal the major part of the business and most people will be choosing railway as the preferred means of transportation. We are cordially inviting travellers to opt for railway as one of the most environmentally friendly means of transportation and thus contribute to mitigating climate change and the improvement of the condition of the environment.

Good performance results can be achieved only due to an efficient cooperation within the Company, and close relations with external partners. I would like to take an opportunity to thank all the business and social partners and employees with which we proceed forward and successfully implement technologically advanced projects important for Lithuania. By virtue of our consistent and targeted efforts we transform our business vision into reality. LTG INFRA. For easier movement.

KAROLIS SANKOVSKI
CEO
AB LTG Infra



KEY INFORMATION ABOUT THE COMPANY

Name	AB LTG Infra
Registered office address	Geležinkelio St. 2, LT-02100 Vilnius
Legal form	Public limited liability company
Registration date, place	01 July 2019, Register of Legal Entities
Company code	305202934
Tel.	(+370 5) 269 3353
E-mail:	info@ltginfra.lt
Internet 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
General Manager of the Company	Karolis Sankovski
Shareholders	100 per cent of the Company's shares are owned by AB Lietuvos geležinkeliai

The data about the Company is accumulated and stored at the SE Register of Legal Entities.

BRANCHES AND REPRESENTATIVE OFFICES OF THE COMPANY ABROAD

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

CORPORATE BUSINESS MODEL

AB LTG Infra together with the parent company AB Lietuvos geležinkeliai (hereinafter referred to as the Parent Company) and its directly and indirectly controlled legal entities comprises a vertically integrated corporate group (hereinafter referred to as the Company Group). The Parent Company provides management services to Group companies, and, as regards the Company, these services are provided to the extent that this is in line with the regulatory requirements concerning the execution of the functions of the public railway infrastructure manager, management impartiality and financial transparency. Moreover, to ensure compliance with the mentioned requirements, all decisions concerning the execution of the fundamental functions of the public railway infrastructure manager are taken by the head of the Company or by his authorised staff, furthermore, the decision taking process engages the employees of the Company only.

Being part of the Company Group, led by the Parent Company follows the strategy for company group as defined by the Parent Company, as well as the approved operational policies that Group companies must take into consideration when carrying out their activities. The Company follows the strategy and its key directions defined by the Parent Company and pursues the approved operational policies to the extent that these documents are compatible with the above-mentioned requirements for the activities of the public railway infrastructure manager that the Company is subject to.

PRINCIPAL ACTIVITIES AND FUNCTIONS

LTG Infra was registered within 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 AB Lietuvos geležinkeliai. 100% of shares are owned by AB Lietuvos geležinkeliai.

The Company's principal activity is management, use and disposal of the railway infrastructure by the right of trust and 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 (RTC) of the Republic of Lithuania and other legal acts on rail transport operations.

Key functions:

- renew the public railway infrastructure and carry out its technical maintenance;
- organise railway transport traffic;
- submit proposals concerning draft programmes for developing the public railway infrastructure;
- implement programmes and projects for upgrading and developing the public railway infrastructure;
- operate the public railway infrastructure except passing the decisions that for the purpose of the RTC are assigned to the Minister of Communications of the Republic of Lithuania;
- provide the services constituting a minimum access package;
- management, use and disposal of the state-owned public railway infrastructure and railway service facilities.

The railway infrastructure network is used by railways undertakings (carriers) engaged in the transportation of passengers, luggage and goods by rail as well as repair undertakings, and, respectively, undertakings that are entitled to use public railway infrastructure following the procedure set out in Article 28(1) and (3) of the Railway Transport Code of the Republic of Lithuania. Railway undertakings (carriers) pay a charge for the minimum access package that is necessary for railway undertakings (carriers) for providing passenger, luggage and/or freight services on local and/or international routes. The charge is also paid by repair undertakings.

The minimum access package rates for the working timetable for 2020-2021 are defined by Order No. 2BE-401 of 11 December 2019 of the LTSA. The charges for the minimum access package for the working timetable for 2021-2022 and approved by Order No. JS-PAJ(LGI)-467 of 11 December 2019 are published on <https://ltginfra.lt/minimaluji-prieigos-paketa-sudarancios-paslaugos>. The set charges were calculated based on the rules for the calculation and payment of charges for the access to the public railway infrastructure as part of the minimum access package and calculation and payment rules of the fee for allocated but not used public railway infrastructure capacities. The rules were approved by Order No. 610 'On the approval of the rules on calculation and payment of charges for the access to the public railway infrastructure as part of the minimum access package and calculation and payment rules of the fee for allocated but not used public railway infrastructure capacities' of 19 May 2004 of the Government of the Republic of Lithuania' and defines the procedure for the calculation and payment of components of the charge for the minimum package of access to the public railway structure, the components of the charge for the minimum access to public railway infrastructure package, and the charge for allocated but not used public railway infrastructure capacity (hereinafter referred to as the capacities). Based on the rules referred to above, as of 9 April 2020, the payable charge for the minimum access packages is calculated, including and advance payment for trains traffic.

Acting in accordance with Clauses 3.9 and 3.10 Resolution No. 356 'On the amendment of Resolution No. 610 'On the approval of the rules of calculation and announcement of the charge for minimum access package, and of the rules of calculation and payment of charges for the minimum access package payable by a specific railway undertaking (carrier)' of 19 May 2004 of the Government of the Republic of Lithuania', in November 2021 the public railway infrastructure manager intends to recalculate the rates of the charges for minimum access package for the 2019-2020 working timetable for 2019-2020; the recalculated rates will be published on the [internet website](#) on the Company, and the fee charged upon railway undertakings (carriers) and repair undertakings for the minimum access package.

During 2021, the railway undertakings (carriers) and repair undertakings paid the following charges for the minimum access package: train traffic charges; transit luggage charges; transit freight charges; passenger, luggage and/or freights attributed to the market segment of railway transportation where a mark-up can be applied, charges for the use of catenary network.

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 the LTG. The charges for the use of railway service facilities managed by the manager of public railway infrastructure, railway tracks and main services provided related to railway transport are set by the Company following the Railway Transport Code of the Republic of Lithuania.

The Company's activities are regulated by a regulator of railway transport market, the functions of which have been implemented by Communications Regulatory Authority of the Republic of Lithuania since early 2017.

PROVIDED SERVICES

The public railway infrastructure manager provides the following functions:

- access to the public railway infrastructure as part of the minimum access package. The services of the minimum access to the public railway infrastructure consist of handling of requests for railway infrastructure capacity; granting the rights to use the public railway infrastructure according to the allocated public railway infrastructure capacities, including the track points, use of electrical supply equipment for traction current when such equipment is available; train control including signalling, regulation, dispatching and the communication and provision of information on train movement; transmission and provision of all the other information required to start providing the service, or the service for which the public railway infrastructure capacities were allocated. The rates of charges for the minimum access package are publicly available on the website of the Company at [internet website](#).
- services of access to and services provided at the railway service facilities. In 2021, the services provided at the railway service facilities controlled by the Company included access to passenger stations, their structures and other facilities, utilising locations for ticketing services, use of access tracks or connecting railway tracks attributed to railway service facility, utilising train formation and shunting facilities, making available service facilities for parking the rolling stock, using the track change mechanism, liquidation of accidents at RSF, intermodal load of multimodal transport units at VIT (Vilnius)/KIT (Kaunas), operating the hump shunting yard and the loading site. The list of services of access to the railway service facilities and of services provided at the railway service facilities is publicly available on the website of the Company, at [internet website](#).
- commercial services. The Company provides services of maintenance and repair of facilities, short-term lease of special rolling stock, wagons and vehicles, transportation of long tracks, lease of trains, inspection of junctions 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. Furthermore, the Company provides services of intermodal terminals: in addition to the main intermodal handling service for intermodal transport units, the LGI 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 terminal, services of the representatives of the Customs Broker and handling of cargo on pallets, which is very frequently requested by our customers.

KEY CUSTOMERS

The main customers of the Company include railway undertakings (carriers), companies manoeuvring or undertakings and repair undertakings.

During 2021, the customers using the public railway infrastructure and the railway services facilities were AB LTG Cargo, UAB LTG Link, UAB Akmenės cementas, UAB Geležinkelio tiesimo centras, UAB LGC Cargo, UAB Gargždų geležinkelis, UAB Transachema, UAB Top Rails, UAB Gindana, UAB Alkesta, AB Klovainių skalda.

CAPACITY OF THE PUBLIC RAILWAY INFRASTRUCTURE

On 12 October 2020, LTG Infra passed a decision regarding the allocation of the public infrastructure capacities, or a refusal to allocate such capacities for the period of validity of the working timetable for 2020–2021. In addition, for the period of validity of the working timetable for 2020–2021 LTG was allocating the public railway infrastructure capacities according to *ad hoc* applications.

For the 2020–2021 working timetable of trains, three parts of public railway infrastructure were declared as congested which is by three fewer than in the 2019–2020 working timetable period. Congested parts of the infrastructure were declared in the following sections:

Nº	Within the period of validity of the 2019-2020 working table congested parts of the infrastructure were declared in the following sections:	Nº	Within the period of validity of the 2020-2021 working timetable congested parts of the infrastructure were declared in the following sections:
1.	Plungė–Šateikiai (section Kužiai–Klaipėda, Corridor IX B)	1.	Plungė–Šateikiai (section Kužiai–Klaipėda, Corridor IX B)
2.	Viduklė–Tauragė (section Radviliškis–Pagėgiai)	2.	Viduklė–Tauragė (section Radviliškis–Pagėgiai)
3.	Livintai–Gaižiūnai (section Kaišiadorys–Radviliškis)	3.	Livintai–Gaižiūnai (section Kaišiadorys–Radviliškis)
4.	Šeduva–Gustonys (section Rokiškis–Radviliškis)		
5.	Žeimiai - Lukšiai (section Kaišiadorys–Radviliškis)		
6.	Kuršėnai - Papilė (section Bugeniai - Kužiai)		

GOVERNANCE OF THE COMPANY

INFORMATION ON THE SHARES ON 30 JUNE 2021

Authorised capital, thousands EUR	Total shares pcs.	Nominal value of the share
654,928	654,928	1,000

The Company is part of AB Lietuvos geležinkeliai Group whose sole shareholder is AB Lietuvos geležinkeliai.

All the shares of the Company are of a single class, they as ordinary registered shares. The shares are dematerialised, they are recorded by entries in personal securities accounts in the manner set forth by legal acts.

Within the reporting period the Company had not acquired any own shares or those of Group companies.

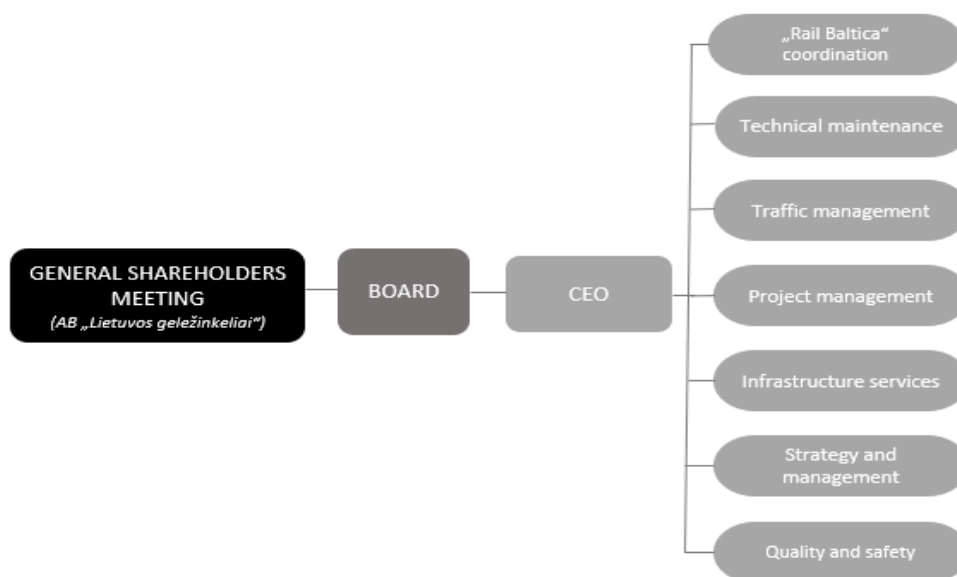
THE MANAGEMENT AND ORGANISATIONAL STRUCTURE OF THE COMPANY

The Company is part of AB Lietuvos geležinkeliai Group whose sole shareholder is AB Lietuvos geležinkeliai. The shareholder of AB Lietuvos geležinkeliai is the State of Lithuania owning 100 per cent of the shares. The duties of the shareholder are carried out and its rights are exercised by the Ministry of Transport and Communications of the Republic of Lithuania.

In order to achieve a long-term value growth AB Lietuvos geležinkeliai Group, to ensure a sound and efficient use of funds, assets and other resources, also seeking to fulfil the expectations and to serve the interests of the shareholder, the business model of the Group is focused on refining their principal operations and consolidating them in subsidiaries. As part of AB Lietuvos geležinkeliai Group, AB LTG Infra is responsible for the implementation of its principal activities and the achievement of the target performance indicators. In order to achieve the set goals and to ensure proper management, AB LTG Infra acts independently in carrying out its activities, passes decisions within the area of its competence and ensures the accountability and responsibility for its performance.

The Company in its activities follows the provisions of the Law on Companies, the Articles of Association of the Company, decisions of the bodies of management of the Company, as well as other legal acts of the Republic of Lithuania governing the activities of companies, including entities governed by the State, as well as the operations of railway entities.

LTG Infra has approved and put in place its new organisational structure that became effective as of July 1. As a result of the modernisation nine functional areas were refined thus retaining seven clearly defined operational directions.



ARTICLES OF ASSOCIATION OF THE COMPANY

Articles of Association of the Company is the principal operating document that the Company follows in its activities.

In the course of the reporting period the Company's Articles of Association were changed once:

- On 12 January 2021, the Company registered its Articles of Association in new wording that clarified the additional competence of the Company's Board regarding transactions concluded by the Company's manager, defined the obligations of members of the Board to sign declarations of impartiality and changed the procedure for convening meetings of the Board.

The Company's Articles of Association are available at [internet website](#).

Based on the applicable legal acts the Articles of Association of the Company are amended upon decisions of the General Meetings of Shareholders passed by a qualified majority vote, which shall be at least 2/3 of votes conferred by all shares held by all attending shareholders.

BODIES OF MANAGEMENT OF THE COMPANY:

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

- General meeting of shareholders;
- Board;
- CEO.

General Meeting of **Shareholders** of the Company is its supreme body of management. 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 and the Articles of Association of the Company.

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

The Company has not issued any preference shares. No voting rights were transferred or otherwise restricted in the course of the reporting period.

In accordance with the Company's Articles of Association, the General Meeting of Shareholders has additional competence to:

- approve decisions of the Board of LTG Infra the value of which is within EUR 300,000 regarding:
 - investment of non-current assets in Group companies or third parties, disposal or lease of such assets;
 - pledge or mortgage of non-current assets;
 - surety or securing of obligations of other parties;
 - acquisition of non-current assets;
 - conclusion of other transactions.
- endorse the fundamental terms and conditions of the contracts for the Company's services, if planned annual income or income planned over the period of contract validity may be EUR 3,000,000 or higher, excl. VAT;
- the Company becoming the founder or a participant of another legal entities;
- establishment of the Company's branches and representative offices and approval of their Regulations;
- Commencing activities of new nature or discontinuing the Company's current activities if the respective decision was adopted not in relation to approving the Company's activity strategy;
- regarding investment, purchase or sale of the Company-owned property and facilities important for ensuring national security, conclusion of any other transfer of ownership, pledge or mortgage transactions.

Board – is a collegial management body of the Company consisting of 5 members. The members of the Board are elected by the General meeting of shareholders for a term of office of four years.. The Chairman of the Board shall be elected 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.

The Board reports 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.

Furthermore, the Board has an additional mandate to:

- approve the Company's operating strategy and long-term goals, investment and operational plans, and the annual budget;
- define the operating indicators of the Company;
- approve the list of information which is considered a commercial (industrial) secret and confidential information, the conditions of use and storage of such information;
- pass decisions the value whereof is equal to or exceeds EUR 300,000 regarding:
 - investment of non-current assets in Group companies or third parties, disposal or lease of such assets;
 - pledge or mortgage of non-current assets;
 - surety or securing of obligations of other parties;

- acquisition of non-current assets;
- passing decisions to agree that the Manager of the Company concludes the acquisition transactions of goods, services or works the value of which excl. VAT equals to or exceeds EUR 300,000;
- endorse the fundamental terms and conditions of the contracts for the Company's services, if planned annual income or income planned over the period of contract validity may be EUR 3,000,000 or higher, excl. VAT;
- pass decisions regarding investment, purchase or sale of the Company-owned property and facilities important for ensuring national security, conclusion of any other transfer of ownership, pledge or mortgage transactions;
- pass decisions regarding the Company becoming the founder or a participant of other legal entities;
- pass decisions for the Company to start carrying out activities of new nature or discontinue the Company's current activities if the respective decision was adopted not in relation to approving the Company's activity strategy;
- approve the form of the employment contract of the Company's manager, the terms for its remuneration and incentives;
- approve the total amount of incentives to the Company's employees for annual performance results (in accordance with the Company's performance results);
- consider information on the Company's key operational risks and approve the Plan for Operational Risk Management of the Company;
- consider of information and reports on the Company's ongoing programmes;
- analyse and assess other information on the most significant operational issues provided by the Company's executive.

The term of office of the Board covers the period between 19 06 2019 and 19 06 2023.

The Board of the Company was formed on the basis of legal regulation effective at that time (i.e. 26 June 2019), including the Railway Transport Code of the Republic of Lithuania and the requirements set therein for the management of the public railway infrastructure manager. It must be noted that the Railway Transport Code of the Republic of Lithuania, which was effective at the time, set the requirement that members of collegial management bodies of the companies established by AB Lietuvos geležinkeliai could only be the employees of the company group elected by vertical integration (Article 243(4)). Therefore, the members of the Company's Board are employees of the LTG Group.

None of the Board members have any shares of the Company.

During the reporting period the Company held 16 meetings of the Board, of which three were held in form of survey (in writing).

COMPOSITION OF THE BOARD OF THE COMPANY



ANDREJ KOSIAKOV

Chairman of the Board
Holds position since
27 November 2019

Education

- Bachelor's Degree in Economics, Vilnius University;
- Master's Degree in Business Administration and Management

Main employer, position

AB Lietuvos geležinkeliai, Chief Financial Officer; Mindaugo g. 12, Vilnius, company code 110053842.

Other positions

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IRENA JANKUNĖ-BALKŪNĖ

Member of the Board
Holds position since
19 June 2019

Education

- Bachelor's Degree in Sociology, Vytautas Magnus University
- Master's Degree in Applied Sociology, Vytautas Magnus University

Main employer, position

AB Lietuvos geležinkeliai, Chief Personnel Officer; Mindaugo g. 12, Vilnius, company code 110053842.

Other positions

-



ILONA DAUGĖLAITĖ

Member of the Board
Holds position since
20 November 2019

Education

- Master's Degree in Hydrogeology and Engineering Geology, Vilnius University
- Board Member Education program, Baltic Institute of Corporate Governance

Main employer, position

AB Lietuvos geležinkeliai, Corporate Development Officer; Mindaugo g. 12, Vilnius, company code 110053842.

Other positions

VšĮ Transporto Inovacijų Centras, Chairperson of the Board; Mindaugo g. 12, Vilnius, company code 305017405

UAB Lietuvos žirgynas, independent Board member, Žirgų St. 2, Riešė village, Vilniaus region, company code 302795881.



KAROLIS SANKOVSKI

Member of the Board
Holds position since
19 June 2019

Education

- Bachelor's degree in law, Faculty of Law of Mykolas Romeris University
- Master's degree in law, Provanso Aix-Marseille University (France)
- Board Member Education program, Baltic Institute of Corporate Governance

Main employer, position

AB LTG Infra, Director General; Mindaugo St. 12, Vilnius, company code 305202934.

Other positions

AS RB Rail Deputy Chair of the Supervisory Board, K.Valdemāra iela 8, Riga, Republic of Latvia, company code 40103845025.

UAB Rail Baltica statyba, Director General and Chairman of the Board, Mindaugo St. 12, Vilnius, company code 303227458.



ARENIJUS JACKUS

Member of the Board
Holds position since
19 June 2019

Education

- Bachelor's Degree in Management, Vilnius Gediminas Technical University
- Master's Degree in Management, Vilnius Gediminas Technical University

Main employer, position

AB LTG Infra, Coordination Manager of Rail Baltica; Mindaugo St. 12, Vilnius, company code 305202934.

Other positions

UAB Rail Baltica statyba, Member of the Board, Mindaugo St. 12, Vilnius, company code 303227458.

CHANGES IN THE COMPOSITION OF THE BOARD IN THE COURSE OF THE REPORTING PERIOD

In the course of the reporting period the composition of the Board did not change.

Director General (Manager) – is a single-person body of management of the Company responsible for organising daily activities of the Company, and manages it. The duties and competence of the Director General are defined in the Law on Companies of the Republic of Lithuania and in the Articles of Association of the Company published on the Company's [internet website](#). The Director General is elected by the Board of the Company to which the Director General reports. The same person may be elected as a Director General for no more than two consecutive terms of office.

The first five-year term of office of the current Director General, Karolis Sankovski started on 1 July 2019.

MANAGEMENT OF THE COMPANY

KAROLIS SANKOVSKI	CEO of the Company	Holds position since 01 July 2019
ARENIJUS JACKUS	Coordination Manager at 'Rail Baltica'	Holds position since 01 November 2019
ARVYDAS DVEILYS	Technical Supervision Manager	Holds position since 08 December 2019
JONAS KIMONTAS	Infrastructure Service Manager	Holds position since 21 September 2020
REMIGIJUS SKIRKUS	Quality and Security Manager	Holds position since 08 December 2019
TOMAS JONIKAITIS	Corporate Traffic Control Manager	Holds position since 1 June 2021
VIKTORIJA VALIKONĖ	Interim Strategy and Governance Manager	Holds position since 15 February 2021
VYGANDAS ŽĖKAS	Interim Project Management Officer	Holds position since 09 August 2021

CHANGES OF MANAGEMENT DURING THE REPORTING PERIOD

- Mantas Burokas was holding the position of the Strategy and Governance Manager until 12 February 2021.
- Tomas Varneckas was holding the position of the Corporate Project Management Officer until 6 August 2021.
- Jaroslav Cechanovič was holding the position of the Company's Traffic Control Manager until 31 May 2021.
- Adomas Birulis was appointed to work as the Technical Integration Manager until 30 June 2021. Once the changes in the organisational management structure became effective from 1 July 2021, the technical integration unit was abolished by splitting the functions into other units.
- Since 8 December 2019, Vitalija Uzialaitė is holding the position of the Manager of Corporate Operations. From 1 July 2010, due to a change in the organizational management structure, the Corporate Operations Division was merged with the Strategy and Management Division and the Head of Corporate Operations is no longer considered to be part of the Company's management.

ADDITIONAL INFORMATION ABOUT THE CEO OF THE COMPANY

The Company's Chief Executive Officer Karolis Sankovski also holds the following managerial positions:

- UAB Rail Baltica statyba (Mindaugo St. 12, Vilnius, company code 303227458), Director General and Chair of the Board;
- AS RB Rail, Deputy Chair of the Supervisory Board, K.Valdemāra iela 8, Riga, Republic of Latvia, company code 40103845025.

Information on the education background of the Director General:

- Bachelor's degree in law, Faculty of Law of Mykolas Romeris University
- Master's degree in law, Provanso Aix-Marseille University (France)
- Board Member Education program, Baltic Institute of Corporate Governance

Members of the Board, the Chief Executive Officer of the Company, and the managers of the Company have submitted their declarations of private interests that are available on the website of the Chief Official Ethics Commission, at <http://www.vtek.lt>. During the reporting period, there were no conflicts of interests among the members of the Board, the CEO of the Company and the top-level managers.

INFORMATION ABOUT THE REMUNERATION OF THE MEMBERS OF THE BOARD AND THE CHIEF EXECUTIVE OFFICER

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

- Basic monthly salary. In 2021 the CEO of the Company was employed part-time (0.75). The Company's Chief Executive Officer's basic monthly salary set out in the employment contract for part-time job amounted to EUR 5,770 as at the end of the reporting period. The Company's Chief Executive Officer's basic monthly salary increased by 1% from EUR 5,705 to EUR 5,770 at the end of the year.
- Annual incentives. The remuneration of the Director General of the Company consists of the basic salary, and the variable share of the annual salary (as part of the annual incentive award) which is related to the achievement of the annual target performance (90 %), management team (5 %) and the attainment of personal targets (5 %). 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 assesses the eligibility for the annual incentive award. The potential maximum annual incentives may not exceed 30% of the fixed annual basic salary which represents total remuneration received from different sources for holding additional positions. The annual targets referred to when determining the variable part of the CEO's remuneration are available [here](#).

Members of the Board members elected by the shareholder AB Lietuvos geležinkeliai are not paid for their work in the Board.

STRATEGY

Responding to the geographic and economic developments in the market of transport services that caused changes in trade patterns and passenger flows, the LTG Group is building its plans based on the long-term, rather than shorter-term outlook. To make sure that the strategic directions and goals set out in the long-term strategy of the LTG's for 2020–2030 are as much as possible focused on the specific activities carried out by the LTG Group, the LTG Group drafted its long-term strategies for its individual business units. One of strategies is the **long-term strategy of LTG Infra for 2030**, which is reviewed and improved on an annual basis.



MISSION
We build safe
connections for a better
future.



VISION
The most efficient railway
infrastructure manager in
the Central and Eastern
Europe.

STRATEGIC DIRECTIONS OF THE COMPANY:

1. Safe and adequate infrastructure: EUR 5.6 billion investments into the development of infrastructure.
2. Organization that respects and cares for the environment, the public and one another – 0 fatalities on railway.
3. Reduction of negative impact on the environment – the share of electrified main railway tracks over 40%.
4. Responsible employer, creating sustainable employment and ensuring the responsible and effective design and maintenance of the infrastructure.

STRATEGIC PROJECTS UNTIL 2030:

- Rail Baltica – passenger trains running up to 249 km/h, new opportunities for residents and businesses. The precondition is sustainable economic growth of the Baltic Sea and the wider region, guarantee of regional safety and contribution to a climate-neutral railway transport.
- Electrification – the speed of passenger trains up to 160 km/h, electrification of railway line from Vilnius to Klaipėda. Emissions are reduced by 150,000 tonnes annually, fuel consumption is reduced by more than 30%, significant improvement in the quality of life of people living in the vicinity of railway.
- Building second rail tracks. Second tracks built and put into operation in sections most limiting train throughput – single track on side tracks Plungė-Šateikiai and Livintai-Gaižiūnai; in addition, the track Pušynas-Paneriai will provide for the significant increase in the throughput of Corridor IXB (not less than by 7 train pairs in 24 hours).

HIGHLIGHTS OF H1 2021

JANUARY

- On January 22, LTG Infra signed a EUR 16 million worth contract on modernisation and technical supervision of the radio communications system. This GSM-R standard system is used to operate the train traffic in Lithuania. The Contract was signed with the consortium of Kontron Transportation Austria AG and Kontron Transportation Sp. z o. o. which shall ensure an uninterrupted operation of the modernised system. The operations for the modernisation of the radio communications system will last for 15 months, and for the next 9 years the consortium will be providing warranty technical maintenance services. The upgraded equipment will ensure a reliable operating communication, an automated system government and will significantly reduce the IT costs of the Company.
- On January 26, Karolis Sankovskis, Director General of LTG Infra attended a conference for business and politics Vilnius Greentech Forum 2021 and delivered a presentation 'Green Lithuanian Railway Infrastructure: where we are and where will we be', and participated in a discussion of business and policy communities about the potential of the Lithuanian transport sector. The conference participants were introduced to the "green course" of the LTG Infra strategy, and attended the discussions to share opinions and insights on the most important factors that can potentially boost or hinder the further growth of the Lithuanian transport sector.
- On January 29, LTG Infra as an operator responsible for the implementation of Rail Baltica in Lithuania announced a tendering procedure for the works of technical supervision of the longest in the Baltics bridge over the Neris. As a result, a selected winner of the tendering procedure will be carrying out the technical supervision of the construction services and providing engineer services. The tendering procedure for contracted technical supervision works and engineering services will be carried out in two stages. The first stage of the tendering procedure will involve administrative compliance checks of the applicant renderers, and the second stage will select the best tender.

FEBRUARY

- On February 4, the results of the public opinion poll commissioned by LTG Infra were published and showed that the decision to electrify the railway section from Vilnius to Klaipėda was completely consistent with the expectations of Lithuanian residents. The results of the recent survey showed that as many as 85 % cent respondents considered it important that railway transport is as environmentally friendly as possible; 71 % of the respondents agreed that the railway between Vilnius and Klaipėda needs to be electrified; and, if a choice is available, 63 % would prefer electric means of transportation. The opinion poll regarding the electrification of railway was on 18-29 November 2020 carried out by a public opinion Spinter Research that interviewed total 1005 18-75 year old respondents from throughout Lithuania.
- On January 4, LTG Infra held its annual meeting with suppliers, contractors, partners - market participants. At the meeting LTG Infra presented the forthcoming procurement initiatives and the relevant investment plans with a total value exceeding EUR 210 million. Held for the fourth year in a row, the meeting was attended by a record number of participants, by representatives of more than 200 entities.
- On January 9, the managers of LTG Infra arranged a meeting with the top senior officers of the Fire and Rescue Department under the Ministry of the Interior (hereinafter – FRD) discussing the safety of the railway network in case of emergencies. Participants of the meeting discussed the implementation of the recently signed cooperation agreement between LTG Infra and the FRD on focused and coordinated work in liquidation of railway accidents.
- On January 10, a meeting between the management of PKP Polskie Linje Kolejowe S.A. (PKP PLK), the Polish railway infrastructure manager, and LTG Infra discussed and identified priority areas in the cooperation between the two institutions. At the meeting LTG Infra signed a Letter of Intent with Ireneusz Merchel concerning an establishment of a Lithuanian and Polish infrastructure group. The Letter of Intent was signed considering that LTG Infra became an independent company, and the previous agreement was signed between the PKP PLK and the Lithuanian Railways Infrastructure Directorate. The activities of the newly established Infrastructure Group will include cooperation on cross-border projects, including technical cooperation, implementation of technical and operational solutions, cooperation and exchange of information in the framework of the Rail Baltica project.

MARCH

- On March 2, Company marked the completion of a new underground tunnel for pedestrians under the railway track, opening one more safe underground railway crossing point. That marked a renewal of the train traffic in the section of Kaunas railway junction Palemonas-Rokai, therefore all transit and freight trains will run again not through Kaunas railway station, but by bypass. Because of the ongoing contracted works the section was closed since 21 December 2020.
- On March 4, Vilnius City Municipality, together with the LTG Group, announced an international architectural tendering procedure for the refurbishment of the territory around the train station. The participants of the tendering procedure were requested to create an iconic, tailored and representative international railway station project, offer public transport service infrastructure

representing Lithuania and Vilnius and meeting the highest quality standards, in addition to developing an attractive environment around the station and offer the idea of a vibrant and inclusive urban centre around the railway station.

- On March 4, LTG Infra decided to repeatedly announce a tendering procedure for the contractor for the largest bridge over the Neris within the framework of the Rail Baltica project. The terms and conditions of the tendering procedure were updated in response to the comments and proposals received from the tender participants late in December.
- March 23. LTG Infra invests nearly EUR 19 million in enhancing safety of crossings throughout Lithuania. With a view to making the Lithuanian railway network even safer, LTG Infra launched a project of modernisation of 26 railway crossings and reconstruction into 2-level crossings. In 2021 alone, investment in security enhancement projects will amount to EUR 7.88 million.

APRIL

- On April 9, LTG Infra and UAB GTC signed a contract regarding the construction of noise absorbing barriers in Bomėlio Vitės quarter in Klaipėda, also the railway station and the Park quarter. The project envisages construction of sustainable, aesthetic and highly efficient noise absorbing barrier of the total length of more than 2 km, up to 6.5 m high, and are expected to contribute to improvement of acoustic living conditions for nearly 4,500 residents. That contract was the last lot of the 'Installation of noise-reduction measures in railway' encompassing seven cities.
- On April 19, with the electrification of the Vilnius-Klaipėda electrification works gaining pace, LTG Infra created a dedicated internet website <https://elektrifikavimas.lt/> providing complete information on the course of the project, the works being carried out, as well as the answers to questions on electrification and its benefit.
- On April 19, representatives of institutions implementing and coordinating the Rail Baltica project met in Kaunas to discuss the progress of the project and the future plans. LTG Infra met with Deputy Mayors of Kaunas City and District, members of the Seimas to discuss the benefits that Rail Baltica will provide to the residents and businesses of the region. Municipal authorities were invited to actively express their expectations and concerns about further project solutions.
- On April 26, at the virtual event hosted at the initiative of LTG Infra and the Ministry of Transport and Communications representatives of Panevėžys city and region, Pasvalys, Kėdainiai and Jonava regions, and of business community discussed the plans related to building European-gauge railway line from Kaunas to the Lithuanian-Latvian border, as well as the impact of Rail Baltica upon the development and the investment of the region.

MAY

- On May 9, representatives of Vilnius city, Elektrėnai, Kaišiadorys and Trakai, business and municipality authorities were invited to attend a remote event 'Rail Baltica for Lithuania: value to the regions' and introduced to the progress and benefits of the Vilnius-Kaunas section and the infrastructure within the framework of the Rail Baltica project.
- On May 18, LTG Infra announced Stage 2 of the tendering procedure for supervision works of the construction of the railway bridge over the Neris, inviting the companies that passed Stage 1 continue participating in the tender. The winning company will perform construction maintenance and provide engineer services for the construction of the longest railway bridge in the Baltic States.
- On May 19, LTG Infra well progressed the project 'Modernisation of station operation and tools'. The project envisages implementation of a modern station management system in all major railway stations of the country, which will allow more efficient use of resources and ensure more efficient data exchange between carriers, maneuvers and the public railway infrastructure manager.
- On May 20, at the 'Lietuvos Davosas' conference the Director General of LTG Infra delivered a presentation 'Let's create green and safe transport connections', and participated in a panel discussion 'How to coordinate different types of transport to maximise benefit for passengers and the environment?'
- On May 20, within the framework of remote conference LTG Infra introduced the national carriers to the project on enhancing efficiency of the MILIS system (Driver information leaflets issue). The project intends to review the current processes implemented to ensure efficient provision of operative information to all carriers. During the discussion the carriers voiced their proposals, expectations and recommendations.

JUNE

- June 1, Tomas Jonikaitis started working as the Traffic Control Manager. In the area of traffic control the Company intends to launch large-scale digitization projects; the Company is currently looking for an expert with the necessary experience in this specific field. The previous head of the Traffic Control Division Jaroslav Čechanovič continues working at the Company holding a highly responsible position of the Manager of Traffic Planning and Coordination Operations.
- Following public consultations, on June 7, LTG Infra revised and specified the requirements and announced a new tendering procedure for the construction of a new bridge of the Neris. The bridge designed and to be built close to Jonava will be the most complex engineering structure of Rail Baltica project, and the longest bridge in the Baltic States.

- The findings of the public opinion poll published on June 9 showed that as many as 85 per cent of Lithuanian residents wanted the railway to cause as little noise as possible, and as many as 71 % would avoid living close to the railway path because of noise. With a view to addressing noise issues currently in seven cities the Company implements the 'Installation of noise-reduction measures in railway' programme with the total value of EUR 24 million, of which as much as 85 % will be funded from the EU structural funds. The remaining 15 % will be funded by LTG Infra and the municipalities.
- As part of the measures to ensure the safety of users of track crossings this year, on June 10, LTG Infra launched a safe conduct in track crossing within a special educational programme 'Safe rails'. On the occasion of the International Day of Safe Conduct at Railway Crossings, employees of the LTG Group in cooperation with police officers organised events at the most dangerous crossings in the country - reminded drivers and pedestrians of the basics of safe traffic at railway crossings, also a number of eye-catching posters under the 'Safe rails' programme were posted in the city, a dedicated internet website <https://saugusbegiai.lt/> invited the public to learn more about safe conduct at the railway and the security situation in Lithuania in general.
- On June 18, the reconstruction of one of the most intense operations of Lentvaris railway crossing marked the completion of the most complex section of the project; the project involved pushing of reinforced concrete tunnel structures under the railway tracks without stopping train traffic. This tunnel installation technology where the tunnel is pushed under the railway tracks without interrupting train traffic was for the first time ever engaged in Lithuania and the Baltic States. In this project LTG Infra acted as an important partner for the SE Lithuanian Road Administration, and the Trakai region municipality partner.

EVENTS AFTER THE REPORTING PERIOD

JULY

- The new organisational structure approved by the Board of LTG Infra came into effect July 1. Seeking to optimise the activities of the Company and enhancing its efficiency, the organisational structure of LTG Infra is being flattened. As a result of the modernisation nine functional areas were refined thus retaining seven clearly defined operational directions; the changes will affect each area of activity at LTG Infra.
- On July 19, the Kaunas intermodal terminal (KIT) welcomed the first train from the Netherlands loaded with containers and semi-trailers that arrived by European-gauge railways. KIT has officially become the farthest eastern point of the European railway system, which can be reached by European standard rolling stock on the Kaunas-Palemonas railway section of the Rail Baltica project. The opening of the KIT will significantly improve the connections with Europe for freight carriers and expand the opportunities for sustainable transport in the Baltic region. The guests of the official ceremony of welcoming the first train at the KIT included the Prime Minister Ingrida Šimonytė, Minister of Transport and Communications Marius Skuodis, representatives of institutions implementing the Rail Baltica project, partners and other honourable guests.

INFORMATION ON THE IMPACT OF CORONAVIRUS (COVID-19) AND GEOPOLITICAL CHANGES ON THE GROUP'S PERFORMANCE

IMPACT OF COVID-19

The ongoing global coronavirus (COVID-19) pandemic in H1 2021 also affected LTG Infra's operations and its performance. In January-June 2021, the changing quarantine conditions were still in place, during the holiday period the movement between cities was controlled, and the number of passengers on local trains was limited. The international traffic was suspended since mid-March 2020. International train services were suspended as of mid-March, only 6 transit services out of 32 were resumed by the end of the year. The recovery for certain products also was rather lengthy which adversely affected the volumes of freight forwarding.

COVID-19 prevention in the Group is ensured by the established Emergency Coordination Group, which coordinates the implementation of measures and actions in all companies of the Group. Employees of the Company are provided with personal protective equipment, cleaning and disinfection services are organized, if necessary, the staff members can work remotely while maintaining constant communication. In cooperation with urban municipalities the Company organised vaccination of its employees against COVID-19.

The company has taken actions for efficient cost management, as it drew up and put in place operational efficiency plans, monitors their implementation while promptly responding to the changing situation. In the opinion of the Company's management the prevailing adverse circumstances caused by the pandemic do not raise any doubts regarding the Company's ability to continue its long-term plans and achieve its objectives.

IMPACT OF THE SANCTIONS IMPOSED UPON BELARUS

Should Belarus cargo stops running on the country's railway network, LTG Infra would also lose a significant part of its annual revenue due as the collection of railway infrastructure charges would decline. Such charges are used to cover the infrastructure

maintenance costs and implement corporate development projects. The company must continue the implementation of the most important projects, such as repairs of main roads, bridges and culverts, renewal of traffic management systems, electrification of Vilnius-Klaipeda railway track, construction of Rail Baltica.

On 9 August 2021, the USA announced new sanctions upon Belarus legal and natural persons which also included the Belarus potassium producer Belaruskalij. Once the sanctions come into effect banks will not be able to execute and accept payments where such payments (directly, indirectly or through intermediaries) are related to any Belarus legal or natural persons included in the USA sanction lists. The new sanctions prohibit starting new transactions with the Belarus potassium producer Belaruskalij up to 8 December 2021, however, the ongoing transactions can be properly completed. An assessment of the impact of the sanctions upon the activity of LTG Infra is ongoing.

In case the Company does not manage to compensate its loss by putting in place cost-cutting measures or suspending the implementation of certain projects, the Company might seek State aid. According to Directive 2021/34/EU and the RTC, the State is responsible for balancing the infrastructure manager's costs and revenues.

In response to market challenges and seeking to properly assess potential risks, the Group initiated an update of the Group's long-term strategy.

OVERVIEW OF KEY PERFORMANCE INDICATORS

OVERVIEW OF THE KEY PERFORMANCE INDICATORS

Indicators	Measurement units	2020 H1	2021 H1	2021/ 2020 Δ, %
Train operational volume	Billion ton km gross	14.4	13.8	-4%
Train mileage	Million train km	7.6	7.1	-6%

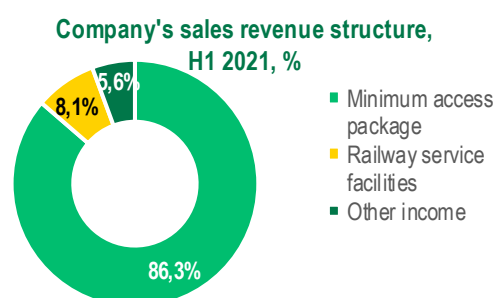
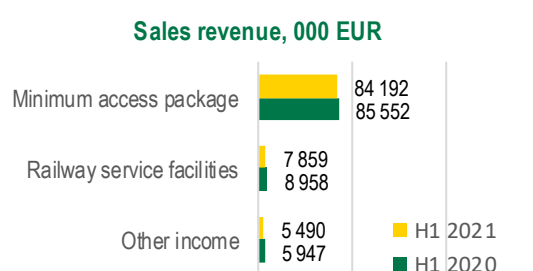
The train operational volume and train mileage were declining once the Belarus freight flow decreased.

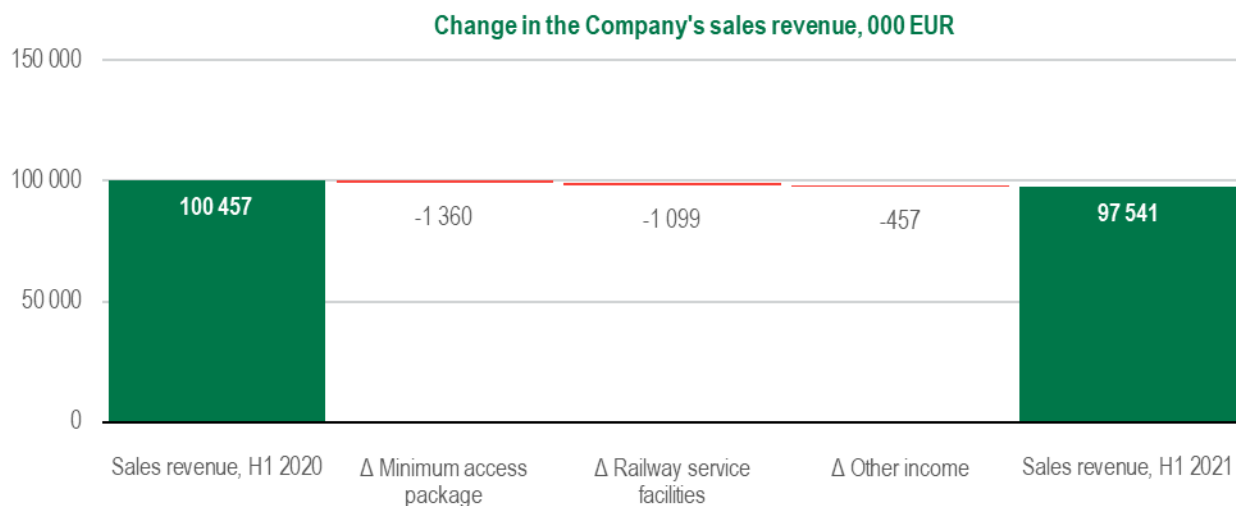
ANALYSIS OF FINANCIAL AND OPERATING PERFORMANCE

PERFORMANCE RESULTS

SALES REVENUES

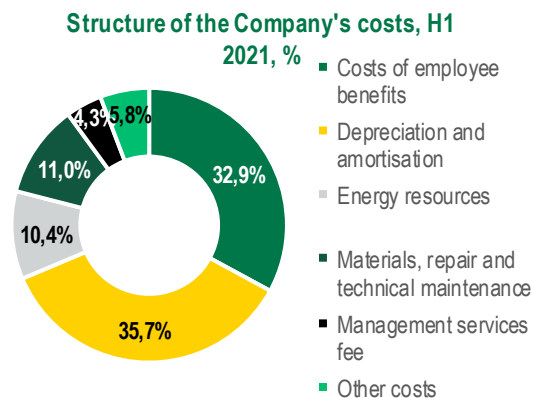
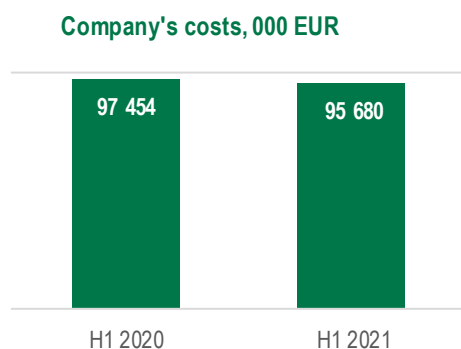
- In H1 2021, revenues from the Company's operating activities amounted to EUR 97.5 million. The major share of the Company's revenue, i.e. EUR 84.2 million, or 86.3 % of the total revenue were generated for the provision of minimum access package service.
- The income from services provided at the railway service facilities managed by the Company amounted to EUR 7.9 million, or 8.1%.
- In H1 2021, the Company's other revenues accounted for EUR 5.5 million. The other sources of revenues are lease of assets, electricity and water supply, as well as different other services of commercial nature.

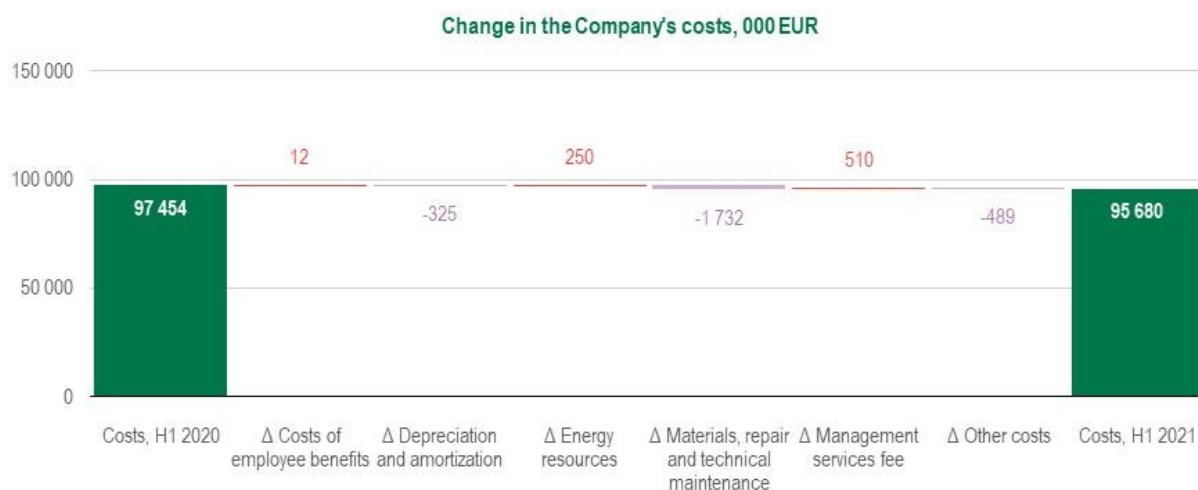




COSTS

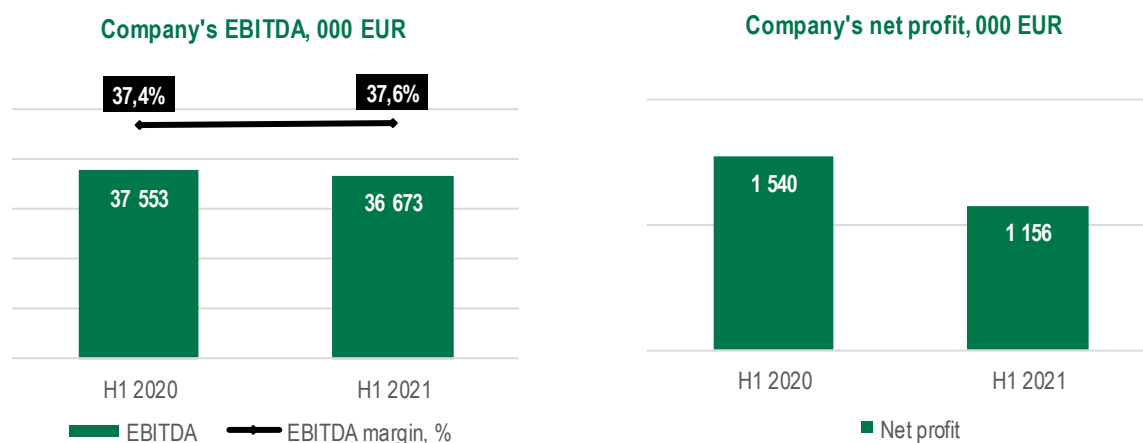
In H1 2021, the Company's operating and other costs accounted for EUR 95.7 million. The majority of these costs are comprised of depreciation and amortisation costs (35.7%), labour costs (32.9%), costs of repair, maintenance and materials (11.0%), management service costs (10.4%), and energy resources (4.3%). The other costs accounted for 5.8%.





PERFORMANCE RESULTS

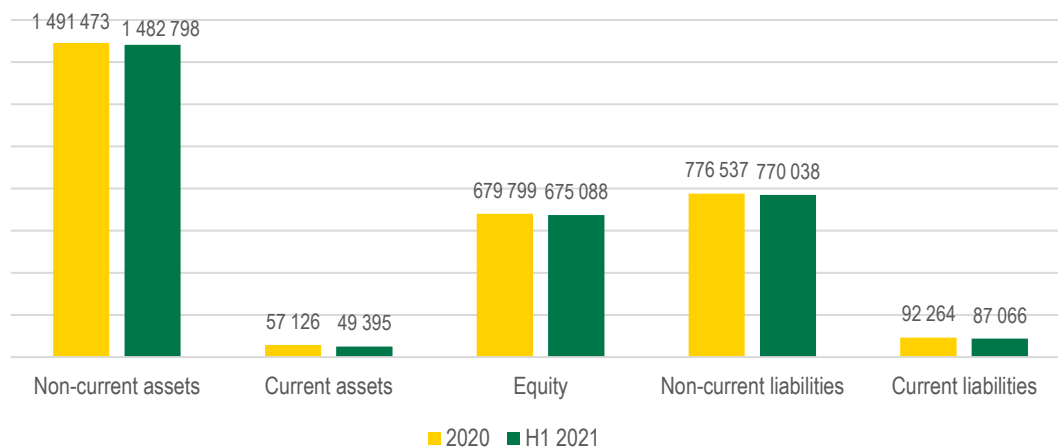
As compared to H1 2020, during H1 2021 EBITDA decreased by 2% and was recorded at EUR 36.7 million. Accordingly, the net profit declined to EUR 1.2 million. The impairment in results for H1 2021 was essentially determined by a decline in revenues by EUR 3.0 million that was not compensated by the reduction in costs by EUR 1.8 million as compared to H1 2020.



CHANGES IN THE BALANCE SHEET

- In H1 2021, the non-current assets of the Company decreased by EUR 8.7 million.
- In H1 2021, as the amounts receivable decreased the current assets of the Company shrank by EUR 7.7 million.
- The Company's equity decreased by EUR 4.7 million, mainly as a result of return of the assets managed on fiduciary basis to the State.
- As the Company repaid part of its loans in H1 2021, the long-term liabilities of the Company decreased by EUR 6.5 million.
- The Company decreased its income tax liabilities, thus its short-term long-term liabilities decreased by EUR 5.2 million.

Changes in the main items of the balance sheet, 000 EUR



KEY FINANCIAL INDICATORS*

	Measurement units	2019 H1	2020 H1	2021 H1
Sales revenues	'000 EUR	-	100,457	97,541
Other income	'000 EUR	-	55	642
Total income	'000 EUR	-	100,512	98,183
Costs	'000 EUR	-	(97,455)	(95,680)
EBITDA	'000 EUR	-	37,533	36,673
Adjusted EBITDA	'000 EUR	-	37,696	36,536
EBITDA margin	%	-	37.4%	37.6%
Adjusted EBITDA margin	%	-	37.5%	37.5%
EBIT	'000 EUR	-	3,060	2,515
EBIT margin	%	-	3.0%	2.6%
Net profit	'000 EUR	-	1,540	1,156
Net profit margin	%	-	1.5%	1.2%
		31-12-2019**	31-12-2020	30-06-2021
Non-current assets	'000 EUR	1,396,144	1,491,473	1,482,798
Current assets	'000 EUR	67,782	57,126	49,395
Total assets	'000 EUR	1,463,926	1,548,599	1,532,193
Equity	'000 EUR	672,272	679,799	675,088
Financial debt	'000 EUR	145,346	179,601	170,307
Net debt	'000 EUR	132,356	175,035	162,668
Return on Equity (ROE)	%	-0.2%	4.1%	4.0%
Return on Assets (ROA)	%	-0.1%	1.8%	1.8%
Return on Investment (ROI)	%	-0.1%	1.9%	1.9%
Financial debt/EBITDA	time	31.8	1.7	1.7
Financial debt/Equity	%	21.7%	26.4%	25.2%
Net debt/EBITDA	time	28.8	1.7	1.6
Net debt/Adjusted EBITDA	(times)	28.9	1.7	1.6
Debt servicing rate	(times)	-	5.0	4.2
Income-to-equity ratio	%	45.9%	43.9%	44.1%
Assets turnover ratio	(times)	0.0	0.1	0.1
Critical liquidity ratio	(times)	0.7	0.6	0.5
Current liquidity coefficient	(times)	1.0	0.6	0.6

* definitions of the indicators are presented on page 29 of the Report

** Since the Company was operational since December 2019, the ROA, ROI, ROE, and the asset turnover ratio for 2019 were computed on the basis of incomplete net profit and revenue data.

FINANCING OF THE COMPANY

On 30 June 2021, the Company's loan portfolio was worth EUR 168,189,000 (EUR 177,882,000 on 31 December 2020). No new loans were granted to the Company in the meantime.

On 30 June 2021, the weighted interest rate applied to the LTG Infra was recorded on 1.1 % (30 June 2020 – 1.4 %). The longest repayment term of a financial borrowing is 11 years, and the longest term loan will mature in 2032.

To balance the Company's working capital and to ensure liquidity, the Company uses the Group's short-term borrowing account cash pool, which allows optimising the use of working capital and short-term borrowing costs. As at 31 December 2021, AB LTG Infra had no internal debt in cash pool. The terms of the transaction are consistent with the prevailing market conditions.

Indicator	Measurement units	H1 2021	Bank set value
Net debt/adjusted EBITDA	(times)	1.6	No more than 4.0
Income-to-equity ratio	%	44.1	No less than 35
Debt servicing rate %	(times)	4.2	No less than 2

Period	Repayment (EUR million)
H1 2020	9,7
H1 2021	17,4
2022-2032	140,5

DIVIDEND POLICY

The payment of dividends by state-owned enterprises and the amount of profit distributions is governed by Resolution No 20 of the Government of the Republic of Lithuania of 14 January 1997, and the amendments thereto.

The allocation and payment of the Company's dividends is governed by the LTG Group's Dividend Policy drawn up in accordance with the provisions of the Resolution of the Government of the Republic of Lithuania and the recommendations of the Governance and Coordination Centre (GCC).

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

The Board of the Company may propose a higher share of profit to be distributed in the form of 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 would not have a negative effect on the implementation of the Company's long-term strategy.

The Board of the Company may propose a smaller profit share to be allocated for dividends, or that no dividends are allocated where at least one of the following conditions is met:

- In the course of the reporting period concerned the Company suffered net loss;
- 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 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 the LTG Group;
- The Company's equity after payment of dividends would become less than the amount of authorised capital, compulsory reserve, revaluation reserve and reserve for acquiring own shares of the LTG Group entity;
- The Company is insolvent, or would become insolvent after such dividends are disbursed.

While performing the functions of public railway infrastructure manager LTG Infra disburses the dividends calculated in accordance with the procedure laid down in this Policy to the extent compatible with the provisions of the Railway Transport Code of the Republic of Lithuania regarding the payment of dividends.

In 2021, LTG Infra did not allocate any dividends from the retained earnings of 2020 to its parent AB Lietuvos geležinkeliai. In previous years the Company would distribute EUR 17.3 million in dividends.

INVESTMENTS

In H1 2021, LTG Infra investment accounted for EUR 38.1 million, of which EUR 23.7 million (62 %) were funded by own funds of the Company. In the course of the reporting period the Company used EUR 14.4 million from the EU support and the State budget to fund its investment programmes. The major share of the investment was allocated for the implementation of the major infrastructure projects, such as Rail Baltica, building second rail tracks, installation of noise reduction barriers, renewal of main railway roads, etc.

Investment, 000 EUR	2020 H1	2021 H1
Rail Baltica	10,025	5,481
Electrification of Corridor IX	72,620	194
Building second rail tracks	7,778	7,991
Repair and upgrading railway roads	9,459	7,858
Other	8,991	16,537
Total	108,873	38,062

MAIN INVESTMENT PROJECTS IMPLEMENTED IN THE COURSE OF H1 2021

INVESTMENT FOR ASSETS UPGRADING

Seeking to ensure the smooth and safe continuity of the Company's operating activities, invest into renewal of its fixed assets (capitalise repairs), railway infrastructure renewal projects/programs are being implemented:

- **Principal railway path renewal programme** In 2021, for the development of the programme LTG Infra allocated total EUR 37.1 million. In the course of H1 2021, the Company signed construction contracts and continued working on five sites, announced procurement tendering procedure in four objects.
- **Renewal of railway bridges.** After the completion of works, safe train traffic will be ensured. Major projects included: Reconstruction project of Jonava railway bridge, which is the longest bridge in Vilnius-Klaipėda corridor (200 m), and the Lyduvėnai bridge reconstruction projects. In the course of the first six month of 2021, the Company continued its contracted operations at those sites.
- **GSM-R core renewal.** A GSM core modernisation and supervision contracts was signed early in 2021, and the design works are ongoing. The new equipment will ensure communication needed for safe train traffic throughout the rail network.
- The project also involves other infrastructure renewal works: upgraded crossings, switches, throughputs and other objects.

DEVELOPMENT OF THE RAILWAY INFRASTRUCTURE

1. The largest railway infrastructure project Rail Baltica designed to connect the Baltic States by a bridge of European-gauge railway prevailing in the EU. The scope of the project in Lithuania is about EUR 3 billion. Course of the project in H1, 2021:

- Construction works completed in the railway section Kaunas-Palemonas, currently the Company is processing the necessary documentation. In 2021 July, the public inter-modal freight terminal operating in Palemonas was connected to the European-gauge, opening the possibility to transport freight from the terminal by rail to the Western and Central European states.
- In the section Kaunas-LT/LV State border:
 - completed procedures required for taking over the land plots for public needs in order to build the access roads, as all the 1580 land acts are registered in the name of the State.
 - The technical designing of the railway line is an ongoing task scheduled to be completed by the end of the year;
 - eligible suppliers were selected by way of dynamic procurement procedure for contracting works of the installation of the section earthwork and engineering structures by dynamic procurement;
 - the procurement for construction of the bridge over the Neris close to Jonava is in progress. This is going to be the longest bridge in the Baltic States, running 1.5 km;
 - announced tendering procedure for contracting works in relation to one of the four joints. The tendering procedure for the remaining contracting works is planned to be announced in H2 2021, or later;
- the Company is working on the plan for the development of the communications engineering infrastructure at the Rail-Baltica Kaunas-Vilnius railway sector, and
- a plan for the acceleration at the section Kaunas-PL/LT border.

2. Seeking to boost the competitiveness of the Lithuanian transport sector and to significantly reduce air pollution, the Company is continuing the railway electrification programme:

- as part of the Corridor IX electrification project in H1 2021 the Company was carrying out geological survey works, topography operations (the works were completed in the Kaišiadorys-Radviliškis railway section), in addition to data digitalisation the Company was working on project proposals, and completed the land procurement procedures (signed all the four contracts), as well as the contract on technical supervision. The electrification of Vilnius junction and of railway line from Kaišiadorys to Klaipėda (Draugystė station) (366 km), will allow carrying more than 50% of freights and passengers on route Vilnius-Šiauliai-Klaipėda using an ecologic and effective electric traction;
- The planning of the development of catenary network in other lines was started, prioritising Kaunas-Kybartai section.

3. A number of **infrastructure capacity enhancement projects** projects are in progress seeking to eliminate the ‘bottlenecks’:

- building second rail tracks:
 - contracting works were started in the construction of the second track on Livintai-Gaižiūnai section. The project envisages building 10.8 km of a new section and reconstructing of 10.7 km of the existing road. The project is scheduled to be completed in 2022;
 - technical project for the construction of the second track on Plungė-Šateikiai section is in the deliberation stage and the preparatory contracting works have already been started. The scope of the project includes the reconstruction and new construction of around 21.9 km of railway track. The project is scheduled to be completed in 2023;
- Seeking to double maximum train throughput capacity on Radviliškis-Pagėgiai section and reduce the load of Radviliškis – Klaipėda section the Company is installing blocking posts at the respective sections. The design operations have been completed, as well as the cable laying works, the equipment is expected to arrive and the project is scheduled to be completed at the end of 2021;
- the technical project for the reconstruction of the Radviliškis railway station track system is nearing completion. Once the project is completed the Radviliškis train station will be able to accept longer freight trains (71 conditional wagons) increase the rolling-stock exploitation efficiency and reduce the load on the line. Expected project value is EUR 3.9 million.

4. The Company is continuing investing in the railway station seeking to make them more attractive to the public:

- the reconstruction project of Vilnius railway station on the way to increase the attractiveness of the Vilnius station to passengers; in addition, the station is being adapted for commercial purposes;
- the Company signed a contract for the reconstruction of the railway and the bus station in Plungė. The Company envisages creating a common transport node which will provide for a more convenient passenger transportation by various transportation means;
- the public procurement procedures for the development of the station information system are in progress. The project envisages implementation of modern passenger information system and equipment at 50 railway stations;
- Seeking that travelling by trains is easily accessible to passengers with disabilities, the Company has launched the “Adaptation of route without obstacles for people with disabilities in the station territory” project. The implementation of the project envisages renovation of station accesses, installation of ramps, repair of paths, in addition to installed warning tapes and other facilities.

5. **Infrastructure diagnostics modernisation project is in progress.** The Company is in charge of production of a self-propelled diagnostic vehicle that will be put into operation in 2021. The new vehicle will be put in operation in 2021, it will perform the inspection of the railway condition, will provide for early detection of potential flaws, for more effective planning and organization of repairs.

6. As part of its efforts to be an environmentally-friendly company in 2020 the LTG Group implemented the projects which focused on the satisfaction of the needs of the public – reduction of noise and increased safety:

- seeking to reduce the noise of railways for the residents, the project is working on the project for the installation of noise absorbing barriers: the contracting works at Lentvaris object were completed, certain works at Kaišiadorys, Mažeikiai, Radviliškis, Šiauliai, Giruliai and Kretinga sites are in progress, and the works at Klaipėda site will be launched as the construction contract is signed and the construction permit is obtained. Total, the nine noise reduction barriers will be installed at seven municipalities for the total value of EUR 24 million; other measures include
- enhancing safety levels at railway and road intersections;
 - modernisation of 10 priority crossings at Vilnius-Klaipėda railway corridor: in 2020, the Company signed a contract for the construction of one crossing. The administrative check of suppliers within the framework of procurement of the works for the remaining nine crossings is nearing completion. Part of the project will be installation of technical safety measures consistent with the International Railway Union;
 - design works were started for 2-level railway track and car road installation in Lentvaris-Vievis section (38+855 km) and in Kyviškės-Valčiūnai (18+419 km) section. Upon completion of the project, traffic safety issues will be eliminated from 2 railway level crossings in which both train and road traffic is dense.
 - seeking to control all the systems at the stations and be able to monitor the situation in real time the Company launched the Power Plant switch and signal centralisation modernisation project (NEVA) at Vilnius, Kirtimai, Valčiūnai, Jašiūnai, Kyviškės and

N.Vilnia railway stations. The project will largely contribute to enhancing traffic safety, and enable a more expedient development of train routes.

- the negotiations with the suppliers intended to be engaged in the 'Modernisation of station operation and tools' (SVIM). The implementation of the project will enhance the efficiency of the railway stations by creating a new operating model and implementing the most appropriate station operation tool.

EMPLOYEES

Seeking to successfully implement its operating strategy, efficiently conduct daily activities, build and benefit from its competitive advantage and adapt to changing business needs, the Company follows the personnel management principles that are based on the best practices.

The entire LTG Group operates seeking the most advanced results based on the fundamental LTG values:



We are ambitious



We work for our clients



We respect each other



We promote integrity



We are responsible

On 30 June 2021, the Company's staff consisted of 3,113 employees. If compared to the data of 31 December 2020, the total number of the employees at the Company decreased by 65 employees (2%).

The average monthly salary increased from EUR 1,548 in 2020 to EUR 1,600. A major contributor to the increase of the average wages was the LTG Group-wide revision of the wages.

The total wages fund accounted for EUR 29.4 million. Additionally, in April 2021, just like in other entities of the LTG Groups, the employees were awarded the annual incentive payments total of EUR 2.4 million for their excellent performance.

TOTAL EMPLOYEES AND AVERAGE WAGES

Function groups	31-12-2019		31-12-2020		30-06-2021	
	The actual number of employees at the end of the period	Average wages, EUR	The actual number of employees at the end of the period	Average wages, EUR	The actual number of employees at the end of the period	Average wages, EUR
CEO*	1	5,330	1	5,705	1	5,770
Top-level managers *	7	6,416	8	6,527	6	6,550
Senior executives and specialists in exceptional fields	15	3,918	16	4,131	17	4,340
Middle-level managers and individual experts	105	2,923	119	2,962	128	2,951
Team leaders and experienced specialists	1,060	1,701	1,070	1,779	1,079	1,837
Specialists and experienced operational/service staff	668	1,441	664	1,463	642	1,510
Operational/service staff, qualified workers	1,303	1,162	1,300	1,217	1,240	1,243
Total	3,159	1,492	3,178	1,548	3,113	1,600

* a fixed remuneration rate as of the end of the period. CEO remuneration for partial time position (0.75);

The fixed-rate monthly wages of the Director General on 30 June was EUR 5,770, and with the annual incentive payments the Director's General monthly remuneration was EUR 7,801.

The monthly wages of a high-level managers, as per their employment contract as of 30 June 2021 was EUR 6,550, and considering the annual incentive performance payment, the monthly wages of managers of this group amounted to EUR 7,345.

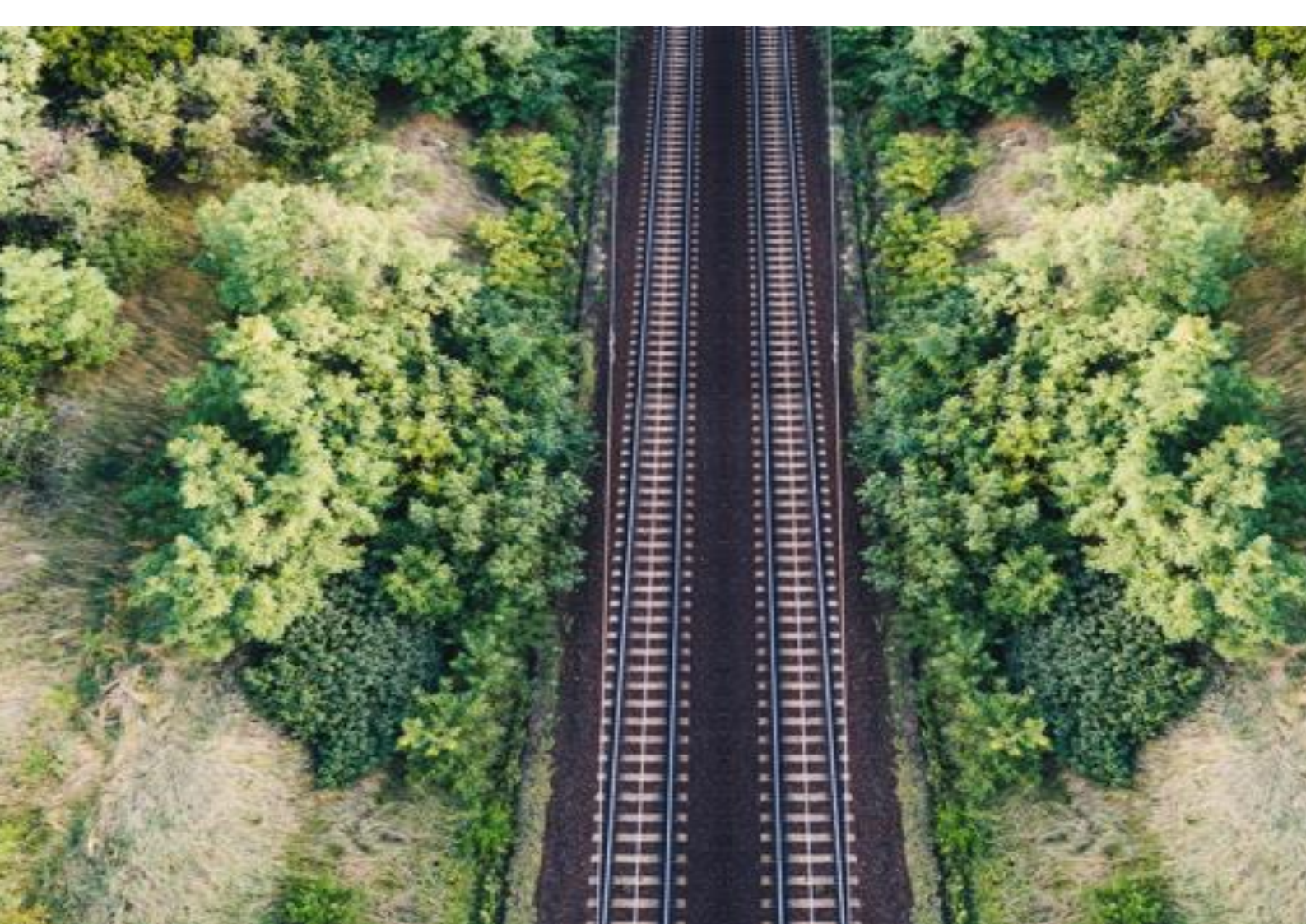
INFORMATION ON THE COMPLIANCE WITH THE TRANSPARENCY GUIDELINES

The Company follows the requirements of the description (Description) of the guidelines for ensuring transparency of state-owned enterprises approved by Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010; therefore the Company discloses the required information in annual and interim reports, as well as on its internet website <https://ltginfra.lt/>.

Structured information on the compliance with the corporate transparency guidelines is presented in the annual reports of the Company of 2020 that are published on the Company's internet website <https://ltginfra.lt/>.

DEFINITIONS

Revenues	Sales revenue + other operating income, excluding income from financial and other activities
Sales revenues	Sales revenue, excluding income from financial and other activities
Costs	Costs, excluding the corporate tax and financial activities expenses
Financial debt	Interest-bearing financial debt, including finance leases
Net debt	Interest-bearing financial debt, including finance leases, less cash, and cash equivalent investments
Return on Equity (ROE)	Net profit/loss for the period of the last 12 months/average equity for the reporting period
Return on Assets (ROA)	Net profit/loss for the period of the last 12 months/ average assets for the beginning and the end of the accounting period
Return on Investment (ROI)	Net profit/loss for the period of the last 12 months / average assets for the reporting period - average short-term liabilities at the beginning and the end of the accounting period
EBIT	Profit (loss) before the corporate tax – the result of financial investment activities
EBITDA	Profit (loss) before the corporate tax – the result of financial investment activities+ Depreciation
Normalised EBITDA	Profit (loss) before the corporate tax + interest expenses – interest income + depreciation and amortisation + (decrease) increase in the value of non-current assets, inventories and investments + (decrease) increase in the value of amounts receivable and contract assets + costs of provisions not related to operating activities
EBIT margin	EBIT/ Sales revenues
EBITDA margin	EBITDA/ Sales revenues
Normalised EBITDA margin	Normalised EBITDA/ Sales revenues
Net profit margin	Net profit (loss) /Sales revenues
Income-to-equity ratio	Equity at the end of the period / total assets at the end of the period.
Debt servicing rate %	(Net profit/(loss) for the period of 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 of the statement of financial position))/debt for interest amortisation and interest payable for the last 12 months)
Assets turnover ratio	Sales revenue for the period of the last 12 months/total assets at the end of the reporting period
Critical liquidity ratio	Current assets at the end of the reporting period – inventories/current liabilities at the end of the period
Current liquidity coefficient	Current assets at the end of the reporting period/current liabilities at the end of the reporting period
Train operational volume (Ton kilometres brutto)	Indicator calculated by multiplying the gross weight of the train, including the weight of the running locomotive, by the distance travelled
Total 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 wages	Average gross salary per employee



LTG **INFRA**

AB LTG INFRA

INTERIM FINANCIAL STATEMENTS
DRAWN UP ACCORDING TO THE INTERNATIONAL FINANCIAL
REPORTING

Prepared in accordance with international financial reporting standards as adopted
by the European Union and the independent auditor's report

FOR THE SIX MONTH PERIOD ENDED JUNE, 2021
(UNAUDITED)

STATEMENT OF FINANCIAL POSITION

	Notes	30-06-2021	31-12-2020
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,458,246	1,467,128
Land		153,850	153,785
Buildings and structures		834,657	860,332
Plant and machinery		128,480	133,725
Vehicles		10,697	11,075
Other equipment, tools and fixtures		70,314	72,717
Work in progress and advance payments		260,248	235,494
Assets managed under the right of use		2,036	1,656
Intangible assets	4	17,955	18,528
Software		17,681	18,245
Licences and similar rights		-	1
Other intangible assets		274	282
Investment assets		4,561	4,161
Financial assets		-	-
Total non-current assets		1,482,798	1,491,473
CURRENT ASSETS			
Inventories	5	9,982	5,853
Non-current assets for sale	5	1	5,750
Loans to the associates	6	6,535	-
Trade and other amounts receivable	7	24,659	39,312
Prepayments		578	1,645
Cash and cash equivalents		7,639	4,566
Current assets, total		49,394	57,126
TOTAL ASSETS		1,532,192	1,548,599

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	30-06-2021	31-12-2020
EQUITY			
Authorised capital		654,928	654,928
Legal reserve	8	1,258	15
Other reserves	8	23,613	-
Retained earnings (loss)		(4,710)	24,856
Total equity		675,089	679,799
LIABILITIES			
Long-term liabilities:			
Grants	9	582,101	580,728
Loans and other financial debts	10	148,412	158,078
Lease obligations		1,301	983
Employee allowances		4,795	4,646
Trade and other amounts payable	11	4,078	2,808
Provisions		14,577	14,470
Deferred income tax liability		14,774	14,824
Total long-term liabilities		770,038	776,537
Short-term liabilities			
Loans and the current share of long-term loans	10	19,777	19,804
Lease obligations		816	736
Income tax liabilities		383	5,129
Employee allowances		10,351	11,270
Trade and other amounts payable	11	55,738	55,134
Provisions		-	190
Total long-term liabilities		87,065	92,236
Total liabilities		857,103	868,800
TOTAL EQUITY AND LIABILITIES		1,532,192	1,548,599

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

Chief Executive Officer



Karolis Sankovskis

AB Lietuvos geležinkeliai
Lead of the reporting team
Accounting service centre
Acting according to the Power of Attorney No. [G(LGI)-
104 of 10-02-2021



Sandra Narkevičienė

INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME STATEMENT

	Notes	30-06-2021	30-06-2020
Sales revenues		97,541	100,457
Income from other operations		642	55
Total income	12	98,183	100,512
Employee benefit obligations		(31,504)	(31,492)
Depreciation and amortisation		(34,171)	(34,496)
Materials		(3,883)	(4,551)
Fuel		(667)	(612)
Electric energy		(3,412)	(3,217)
Repair and maintenance		(6,607)	(7,670)
Management services		(9,913)	(9,403)
Increase (decrease) of the non-current assets		16	(133)
Impairment (appreciation) of the inventories		-	-
Impairment (appreciation) of the amounts receivable		6	(129)
Impairment (appreciation) of provisions and accruals		84	(191)
Other costs		(5,630)	(5,561)
Profit / loss from operating activities		2,502	3,057
Revenues of financial activities		13	3
Cost of financial activities		(1,125)	(1,106)
Pre-tax profit (loss)		1,390	1,954
Income tax		(234)	(414)
Net earnings (loss)		1,156	1,540
Other general income (expenses)		-	-
General income (expenses), total		1,156	1,540

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

STATEMENT ON THE CHANGES IN EQUITY

	Notes	Authori- sed capital	Share premiu- m	Legal reserve	Other reserv- es	Retained earnings (loss)	Total
Balance on 31-12-2019		150	-	-	-	672,122	672,272
Net earnings (loss)		-	-	-	-	1,540	1,540
Other general income, after tax		-	-	-	-	-	-
General income (expenses), total		-	-	-	-	1,540	1,540
Profit /loss not recognised in the income statement or the statement of other comprehensive income		-	-	-	-	(309)	(309)
Increase in the authorised capital		654,778	-	-	-	(654,778)	-
Building of reserves		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
Transactions related to the owners of the company		654,778	-	-	-	655,087	(309)
Balance on 30-06-2020		654,928	-	-	-	18,575	673,503
Balance on 31-12-2020		654,928	-	15	-	24,856	679,799
Net earnings (loss)		-	-	-	-	1,156	1,156
Other general income, after tax		-	-	-	-	-	-
General income (expenses), total		-	-	-	-	1,156	1,156
Profit /loss not recognised in the income statement or the statement of other comprehensive income	5	-	-	-	-	(5,866)	(5,866)
Increase in the authorised capital		-	-	-	-	-	-
Building of reserves	8	-	-	1,243	23,613	(24,856)	-
Dividends		-	-	-	-	-	-
Transactions related to the owners of the company		-	-	1,243	23,613	(30,722)	(5,866)
Balance on 30-06-2021		654,928	-	1,258	23,613	(4,710)	675,089

The accompanying notes are an integral part of these financial statements

CASH FLOW STATEMENT

	Notes	30-06-2021	30-06-2020
Cash flows from operating activities			
Net earnings (loss)		1,156	1,540
Restating of non-monetary items			
Depreciation and amortisation costs	3,4	45,141	42,540
(Depreciation) of the grants	9	(10,970)	(8,044)
Profit (loss) from the transfer/write-off of non-current assets		187	89
Appreciation (impairment) of non-current assets, inventories and investment, change in the amounts receivables and in the impairment of contractual assets		(23)	261
Change in accrued income/expenses		8,764	11,264
Interest (income) cost		961	966
Increase (decrease) in provisions		(83)	190
Interest according to lease liabilities		36	19
Impact of the movement of the exchange rate		-	-
Cost (benefit) of income tax		234	414
Principal operating monetary items subject to adjustment of non-monetary items		45,403	49,956
Change in the working capital			
Decrease (increase) in the inventories		(6,143)	(3,735)
Decrease (increase) of trade, other amounts receivables and advance payments		6,595	5,293
Increase (decrease) in long-term and short-term accounts payable and advance payments received		7,729	7,246
Increase (decrease) of liabilities related to employment relations		(1,729)	1,470
Increase (decrease) in other long-term and short-term amounts payable		(1,279)	1,278
Income tax (paid)		(5,037)	(885)
Net cash flows from operating activities		45,513	59,906
Cash flows from investment activities			
Transfers (acquisition) of non-current assets		(35,895)	(36,239)
Change in the advance payment for non-current assets		(1,333)	(73,542)
Loans granted („Cash pool“)		(6,535)	-
Net cash flows from investment activities		(43,763)	(109,781)
Cash flows from financial activities			
Obtaining loans		-	32,795
Loan repayment		(9,667)	(7,786)
Grants received (repaid, used)		12,426	16,267
Interest (paid)		(988)	(986)
Lease interest (paid)		(36)	(19)
Payment of lease liabilities		(412)	(223)
Net cash flows from financial activities		1,323	40,548
Net increase (decrease) in net cash flows		3,073	(9,327)
Cash and cash equivalents at the beginning of the period		4,556	13,450
Cash and cash equivalents at the end of the period		7,639	4,123

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

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AB LTG Infra (hereinafter referred to as the Company) 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 from AB Lietuvos geležinkeliai. In its activities the Company follows the Constitution of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Railway Transport Code of the Republic of Lithuania and other legal acts effective in the Republic of Lithuania.

The Company is a limited liability private legal person that independently organise its economic, financial, organisational and legal activities. The Company is part of AB Lietuvos geležinkeliai Group whose sole shareholder is AB Lietuvos geležinkeliai. The Company's registration code is 305202934, VAT payer code is LT100012666211, legal (registration) address is: Geležinkelio St. 2, LT-02100 Vilnius.

In carrying out its activities, the Company follows the corporate group strategy, its main directions, as well as approved operating area policies, the Constitution of the Republic of Lithuania, the Civil Code of the Republic of Lithuania, the Law on Companies, the Railway Transport Code, other legal acts of the Republic of Lithuania governing the activities of the Company, decisions of the corporate management bodies, the Company's Articles of Association and other internal documents.

On 30 June 2021 and 31 December 2020, the Company's authorised capital was worth EUR 654,928, consisting of ordinary registered shares each being of EUR 1,000 in value.

The principal activities of the company is railway infrastructure management and the services provided by a public railway infrastructure manager.

On 31 December 2020 and 30 June 2021, the sole shareholder of the Company was its parent company AB Lietuvos geležinkeliai. AB Lietuvos geležinkeliai is wholly owned by the Ministry of Transport and Communications of the Republic of Lithuania.

The Company does not have any branches or representative offices. . On 30 June 2021 and 31 December 2020, the Company did not have any subsidiaries.

The payroll number of employees at the end of the reporting period (except the employees on parental leave, or serving military service) on 30 June 2021 was 3,113 (3,193 on 30 June 2020).

2. IMPORTANT ACCOUNTING POLICY INSTRUMENTS

The financial statements of the Company are prepared according to the International Accounting Standards (IAS), and the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The present condensed financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and applied to interim financial reporting (International Accounting Standard 34 'Interim Financial Reporting'). These interim financial statements do not provide all the information required for the preparation of the annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

All the amounts presented in the financial statements are presented in euros and rounded to the nearest thousand (1,000 euros), unless indicated differently. Considering that the amounts presented in the financial statements are presented in thousand euros, therefore the numbers in the Tables may differ because of the rounding. Such discrepancies in the financial statements are considered insignificant.

The Company did not apply any of the amendments to the IAS and the IFRS effective as of 1 January 2021, and permitted for an early adoption in respect of the present condensed financial statements.

The financial statements were drawn up applying a historic acquisition cost method.

3. PROPERTY, PLANT AND EQUIPMENT

The movement of the Company's property, plant and equipment is presented below:

	Land	Buildings and structures	Plant and machinery	Vehicles	Other equipment, tools and fixtures	Work in progress and advance payments	Total
Acquisition value							
31 December 2019	150,737	833,414	131,563	12,631	72,008	182,911	1,383,264
- Acquisitions throughout the year	2,967	745	698	-	48	173,604	178,062
- Transferred, written-off and sold assets	(29)	(3,114)	(37)	(68)	(144)	(89)	(3,481)
- Transferred from current assets	-	-	2	-	1	10,570	10,573
- Transferred to current assets	-	(400)	(129)	-	(131)	(259)	(919)
- Transferred to intangible assets	-	-	-	-	-	(3,705)	(3,705)
- Transferred to investment assets	-	(6,874)	-	-	-	-	(6,874)
- Reclassifications	110	105,110	15,091	-	7,227	(127,538)	-
31 December 2020	153,785	928,881	147,188	12,563	79,009	235,494	1,556,920
- Acquisitions within the six month period	69	616	260	33	-	33,696	34,674
- Transferred, written-off and sold assets	(31)	(202)	(170)	-	(202)	-	(605)
- Transferred from current assets	-	205	1,163	-	22	-	1,390
- Transferred to current assets held for sale	-	-	(3)	-	-	-	(3)
- Transferred to intangible assets	-	-	-	-	-	(269)	(269)
- Transferred to investment assets	-	(508)	-	-	-	-	(508)
- Reclassifications	27	7,273	487	170	752	(8,673)	-
30 June 2021	153,850	936,229	148,925	12,766	79,581	260,248	1,591,599
Accrued depreciation and impairment loss							
31 December 2019	-	(5,442)	(1,123)	(136)	(506)	-	(7,207)
- depreciation	-	(63,296)	(12,482)	(1,364)	(5,950)	-	(83,092)
- Impairment accrued through the year	-	(94)	(4)	-	(4)	-	(102)
- Transferred, written-off and sold assets	-	171	17	12	36	-	236
- Transferred to current assets	-	21	129	-	132	-	282
- Transferred to investment assets	-	91	-	-	-	-	91
31 December 2020	-	(68,549)	(13,463)	(1,488)	(6,292)	-	(89,792)
- depreciation	-	(33,096)	(7,060)	(581)	(3,003)	-	(43,770)
- Restatement 'of the impairment in the six month period	-	17	-	-	-	-	17
- Transferred, written-off and sold assets	-	51	76	-	58	-	185
- Transferred to current assets held for sale	-	-	2	-	-	-	2
- Transferred to investment assets	-	5	-	-	-	-	5
30 June 2021	-	(101,572)	(20,445)	(2,069)	(9,267)	-	(133,353)
Residual value							
31 December 2019	150,737	827,972	130,440	12,495	71,502	182,911	1,376,057
31 December 2020	153,785	860,332	133,725	11,075	72,717	235,494	1,467,128
30 June 2021	153,850	834,657	128,480	10,697	70,314	260,248	1,458,246

3. PROPERTY, PLANT AND EQUIPMENT(CONT.)

The total depreciation of the Company's property, plant and equipment: shown in the income statement and the statement of other comprehensive income accounted for EUR 33,301 thousand (EUR 33,565 thousand on 30 June 2020). The amount includes EUR 43,770 thousand in depreciation costs (EUR 41,328 thousand on 30 June 2020) decreased by EUR 10,464 thousand in grant depreciation costs (EUR 7,763 thousand on 30 June 2020).

The residual value of the assets managed on fiduciary basis on 30 June 2021 was EUR 959,123 thousand (EUR 980,406 thousand on 31 December 2020).

The acquisition cost of the property, plant and equipment completely amortised, but yet used in the operations of the Company was EUR 5,228 thousand (EUR 4,757 thousand on 31 December 2020). The largest share of the property, plant and equipment was represented by buildings, structure and machinery and equipment.

4. INTANGIBLE ASSETS

The Company's intangible assets consisted of the following:

	Software	Concessions, patents and licences	Other intangible assets	Total:
Acquisition cost				
31 December 2019	15,897	8	89	15,994
- Acquisitions throughout the year	19	-	291	310
- Transferred, written-off and sold assets	(1)	-	(7)	(8)
- Transferred from tangible assets	3,705	-	-	3,705
- reclassifications	-	27	(27)	-
31 December 2020	19,620	35	346	20,001
- transferred from tangible assets	269	-	-	269
30 June 2021	19,889	35	346	20,270
Accrued depreciation and impairment loss				
31 December 2019	(123)	(2)	(7)	(132)
- depreciation	(1,252)	(21)	(73)	(1,346)
- Transferred, written-off and sold assets	-	-	5	5
- reclassifications	-	(11)	11	-
31 December 2020	(1,375)	(34)	(64)	(1,473)
- depreciation	(833)	(1)	(8)	(842)
30 June 2021	(2,208)	(35)	(72)	(2,315)
Residual value				
31 December 2019	15,774	6	82	15,862
31 December 2020	18,245	1	282	18,528
30 June 2021	17,681	-	274	17,955

The Company's intangible assets that were completely amortised but further used was worth EUR 301 thousand (EUR 296 thousand on 31 December 2020). Software represented the largest share of the amortised assets.

The total amortisation of the Company's intangible assets shown in the income statement and the statement of other comprehensive income accounted for EUR 336 thousand (EUR 458 thousand on 30 June 2020). The amount includes EUR 842 thousand in depreciation costs (EUR 739 thousand on 30 June 2020) decreased by EUR 506 thousand in grant depreciation costs (EUR 281, thousand on 30 June 2020).

5. INVENTORIES AND NON-CURRENT ASSETS INTENDED FOR SALE

The inventories of the Company consisted of:

	30-06-2021	31-12-2020
Materials of the track surface constructions	7,116	3,871
Materials	1,634	769
Spare parts	849	865
Fuels	127	86
Other inventory	256	262
Raw materials, materials and component parts, total	9,982	5,853
Non-current assets for sale	1	5,750
Non-current assets intended for sale, total	1	5,750
Total	9,983	11,603

5 INVENTORIES AND NON-CURRENT ASSETS INTENDED FOR SALE (CONT.)

The change of the writing down of the Company's inventories to the net realisable value is shown in the item on cost of writing down to the net realisable value in the statement of comprehensive income

On 30 June 2021, the carrying amount of the inventories of EUR 10,077 thousand was decreased by EUR 94 thousand (on 31 December 2020, the inventories of EUR 11,704 thousand value was reduced by EUR 101 thousand to the net realisable value).

The change in the item of non-current assets for sale because of the transfer of the constructions at Mindaugo St. 12 and Basanavičiaus St. 14 to SE Turto bankas on the basis of the Resolution of the Government of the Republic of Lithuania of February 2021. Such transaction is considered to be a control transaction with the owners, and is accounted as unrecognised profit (loss).

6. LOANS GRANTED

On 30 June 2021, the loans granted to the Company consisted of:

	30-06-2021	31-12-2020
Loans to the associates (Engl. Cash-pool)	6,535	-
Total	6,535	-

The loans granted by the Company to the Group companies according to the Group account contract (cash-pool).

7. TRADE AND OTHER AMOUNTS RECEIVABLE

The Company's trade and other amounts receivable consisted of:

	30-06-2021	31-12-2020
Debts of external customers, total	1,932	2,131
Impairment (-)	(1,569)	(1,609)
Customer debts, total:	363	522
Amounts receivable from related parties	16,874	20,622
Impairment (-)	-	-
Amounts receivable from related parties, total	16,874	20,622
Other amounts receivable from the budget	955	1,655
Accrued amounts receivable	3,343	12,850
Other amounts receivable	3,232	3,771
Impairment (-)	(108)	(108)
Total amounts receivable	7,422	18,168
Total	24,659	39,312

On 30 June 2021, the amounts receivable decreased by EUR 8,144 thousand (EUR 4,342 thousand on 30 June 2020), to a large extent because of the judicial decision to decrease the amount of the fine of EUR 7,804 thousand imposed upon AB Lietuvos geležinkeliai and recognised by the Company to be other income.

Trade receivables of the Company (except the debts of related parties):

	30-06-2021	31-12-2020
Not overdue	301	370
Overdue for 0–60 days	71	152
Overdue for 60–120 days	27	51
Overdue for 120–180 days	18	37
Overdue for 180–360 days	91	169
More than 360 days	1,423	1,353
Impairment (-)	(1,569)	(1,609)
Total	363	522

8. RESERVES

Legal reserve The legal reserve is mandatory according to legal acts of the Republic of Lithuania. Companies are required to transfer to the legal reserve no less than 5% of the net earnings until the legal reserve accounts for 10% of the authorised capital. On 30 June 2021, the Company's legal reserve accounted for EUR 1,243 thousand (EUR 15 thousand on 31 December 2020).

Other reserves In 2020, according to the decision of the shareholders the retained earnings were transferred to other reserves. On 30 June 2021, the other reserves accounted for EUR 23,613 thousand (on 31 December 2020, other reserves were not formed).

9. GRANTS

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

	30-06-2021	31-12-2020
Balance at the beginning of the period	580,728	555,248
Received	12,860	47,343
The assets and the land received at no charge	2	3,926
Used for decreasing the property, plant and equipment depreciation costs	(10,464)	(15,452)
Used for decreasing the intangible non-current assets amortisation costs	(506)	(548)
Used for decrease of other costs	(519)	(1,587)
Returned/transferred	-	(8,202)
Balance at the end of the period	582,101	580,728
Including the assets managed at fiduciary basis	231,460	234,685

The grants are related to the funding of investment programmes, the assets and the subsidies received on the basis of Fiduciary contract and dedicated to compensate the costs.

10. LOANS AND OTHER FINANCIAL DEBTS

The Company's financial debts of the Company consisted of:

	30-06-2020	31-12-2019
Long-term loans	148,412	158,078
Current share of long-term loans	19,333	19,334
Loan interest	444	470
Total	168,189	177,882

During H1 2020, the Company repaid EUR 9,667 thousand (EUR 7,286 thousand during H1, 2020), and paid EUR 988 thousand (EUR 986 thousand during H1 2020) in interest.

The loans of the Company consisted of:

	Loan currency	30-06-2021	31-12-2020
Nordic Investment Bank-2, total ³	EUR	3,778	5,667
Nordic Investment Bank-3, total ¹	EUR	80,903	84,581
Nordic Investment Bank-4, total ²	EUR	37,826	39,545
Nordic Investment Bank-5, total ⁴	EUR	45,238	47,619
Loan interest	EUR	444	470
Total		168,189	177,882

¹ The Company has signed two loan agreements with the Nordic Investment Bank (ŠIB-3); the loan agreements total EUR 114,000 thousand in value are earmarked for renovation and development of the railway. Separate interest rate is set for each lot of the loan. In the course of H1 2021, the Company repaid EUR 3,677 thousand in the principal amount and EUR 614 thousand in interest.

² A loan agreement for EUR 53,300 thousand signed with the Nordic Investment Bank (ŠIB-4). The loan was granted for the purpose of securing the co-funding of the national shares for the public railway infrastructure project Rail Baltic funded from the EU support funds in 2007-2013. In the course of H1 2021, the Company repaid EUR 1,719 thousand in the principal amount and EUR 249 thousand in interest.

³ The loan from the Nordic Investment Bank (ŠIB-2) is acquired for the renovation and development of the railway infrastructure. In the course of H1 2021, the Company repaid EUR 1,889 thousand in the principal amount and EUR 22 thousand in interest.

⁴ The (ŠIB-5) loan is intended for the implementation of investment projects and the Rail Baltic project in 2014-2020. In the course of H1 2021, the Company repaid EUR 2,381 thousand in the principal amount and EUR 102 thousand in interest.

11. TRADE AND OTHER AMOUNTS PAYABLE

Trade and other amounts payable of the Group and the Company:

	30-06-2021	31-12-2020
Trade payables	28,406	22,309
Trade payables to associates	8,725	9,031
Received prepayments	3,272	5,167
Received monetary guarantees	2,469	2,291
Import VAT payable	1,481	2,411
Received prepayments for operating the railway infrastructure	1,713	2,267
Accrued cost	261	225
Accrued liability for operating railway infrastructure	13,467	14,219
Other amounts payable and liabilities	22	22
Total	59,816	57,942

The largest share of the trade payables was the payables for contracted works and accrued liabilities.

12. SALES REVENUE

The income of the Company consisted of:

	06-2021	06-2020
Income for operating railway infrastructure	84,192	85,552
Income for operating railway service equipment	7,859	8,997
Other income from the operating activities	5,490	5,908
Income from the operating activities, total	97,541	100,457
Income from other operations	642	55
Income from other activities, total	642	55
Total	98,183	100,512

13. RELATED PARTY TRANSACTIONS

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

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

- the Government of the Republic of Lithuania acts as the owner of all the shares of AB LTG Infra;
- the companies and institutions are managed by the Government of the Republic of Lithuania;
- the parent company AB Lietuvos geležinkeliai;
- subsidiaries of the parent company AB Lietuvos geležinkeliai;
- related, non-consolidated, associated and joint companies of AB Lietuvos geležinkeliai;
- members of the Board, and their close family members.

The majority of the transactions executed by economic entities operating in the environment broadly controlled by the State are also related to the State, and therefore are considered to be related parties. According to IAS 24, a reporting economic entity is permitted to reduce the number of disclosures about the transactions and the balances, including the liabilities with respect to:

- the Government that controls or jointly controls the reporting entity, or exercises significant influence upon them;
- another economic entity which is a related party because the same Government controls, jointly controls or exercises significant influence upon the reporting entity, as well as the other economic entity.

For the reasons referred to above, the Company does not disclose its transactions with the Government of the Republic of Lithuania, as well as other entities controlled by the Government of the Republic of Lithuania.

13 RELATED PARTY TRANSACTIONS (CONT.)

Related party transactions of the Company before the elimination:

	06-2021		31-06-2021	
	Purchases	Sales	Amounts receivable	Amounts payable
AB Lietuvos geležinkeliai	14,746	1,036	2,963	4,128
AB LTG Cargo	381	78,219	16,110	423
UAB LTG Link	148	3,300	574	57
UAB Geležinkelio tiesimo centras	5,203	434	4,291	3,108
UAB Vilniaus lokomotyvų remonto depas	291	287	-	-
UAB Gelsauga	-	5	1	1
UAB Rail Baltica statyba	19	-	-	6
UAB voestalpine VAE Legetecha	2,933	-	-	1,661
Total	23,721	83,281	23,939	9,384

	06-2020		31-12-2020	
	Purchases	Sales	Amounts receivable	Amounts payable
AB Lietuvos geležinkeliai	17,577	1,416	157	4,951
AB LTG Cargo	196	102,937	19,759	395
UAB LTG Link	214	2,854	567	47
UAB Geležinkelio tiesimo centras	7,414	606	108	3,878
UAB Vilniaus lokomotyvų remonto depas	329	432	31	56
UAB Gelsauga	-	10	-	1
UAB Rail Baltica statyba	6	-	-	14
UAB voestalpine VAE Legetecha	2,739	-	-	335
Total	28,475	108,255	20,622	9,677

The Company's accrued income and costs, the transactions with related parties are carried out in the statement of financial condition on 30 June 2021:

	06-2020		31-12-2020	
	Accrued amounts receivable	Accrued amounts payable	Accrued amounts receivable	Accrued amounts payable
AB Lietuvos geležinkeliai	1,394	43	3,988	4
AB LTG Cargo	39	13,453	32	14,181
UAB LTG Link	1,834	-	909	-
UAB Geležinkelio tiesimo centras	6	-	10	-
UAB Vilniaus lokomotyvų remonto depas	16	-	40	-
UAB Gelsauga	-	-	1	-
Total	3,289	13,496	4,980	14,185

14. MANAGEMENT COMPENSATION AND OTHER BENEFITS

On 30 June 2021, the management of the Company consisted of nine persons, i.e. the CEO and the Directors of the following Departments: Maintenance Department, Traffic Management, Project Management Department, Infrastructure Services Department, Corporate Affairs Department, Rail Baltic Coordination Department, Diagnostics Department, Technical Integration Department.

Company	30-06-2021	30-06-2020
Management compensation	368	334
Incentives*	118	121
Total managers	9	9
Bonuses to members of the Board	-	-
Total members of the Board	5	5

*Incentives are performance bonuses and lump sums

In the course of H1 of 2020 and 2021, no loans or guarantees were granted to the management of the Company, no other amounts paid or accrued, or assets transferred. More detailed information is presented in Note 16: Subsequent events.

15. CONTINGENT ASSETS AND LIABILITIES

Legal disputes.

By its Order of 6 January 2021 the Communications Regulatory Authority of the Republic of Lithuania imposed upon the Company the obligations regarding the organisation of train traffic, drawing up of the description for the assessment of the actual operation of the capacities and accounting. The Company lodged an appeal for the invalidation of the Order to the Vilnius Regional Administrative Court; by its Ruling of 18 February 2021 the Court awarded the Company's request to apply security measures and suspended the validity of the obligations until the effective date of the judicial decision. The hearing of the case is scheduled for 11 October 2021.

16. SUBSEQUENT EVENTS

The new organisational structure approved by the Board of LTG Infra came into effect on 1 July. With a view to optimising the activities of the Company and enhancing its efficiency, the organisational structure of LTG Infra is being flattened. The areas headed by seven managers are retained instead of the nine functional managers.

Impact of the sanctions imposed upon Belarus. On 9 August 2021, the US announced new sanctions on entities and individuals in Belarus, including the Belarusian potash producer Belaruskalij. Following the entry into force of the sanctions, banks will not be able to make or accept payments if they relate (directly, indirectly and through intermediaries) to Belarusian legal or natural persons newly included in the US sanctions lists. The new sanctions apply to new contracts and allow the possibility to close existing ones with the Belarusian potash producer Belaruskalij until 8 December 2021.