FIRST HALF YEAR 2023

AB LTG INFRA

CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED), PROVIDED TOGETHER WITH INTERIM REPORT

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ABBREVIATIONS:

LTG – AB Lietuvos Geležinkeliai
LTG Group, Group – AB Lietuvos Geležinkeliai and its subsidiaries
LTG Infra, Company – AB LTG Infra
LTG Cargo – AB LTG Cargo
LTG Link – UAB LTG Link
GOV – Government of the Republic of Lithuania
EU – European Union
USA – United States of America
SOE – State-owned enterprise
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
VAT – Value added tax

The annual and interim reports and financial statements are publicly available on the Company's website https://ltginfra.lt/veiklos-rezultatai.

INTERIM REPORT

CEO'S FOREWORD

DEAR PARTNERS, CUSTOMERS AND COLLEAGUES,

After completing the last year full of challenges and having adapted to the new geopolitical reality, we worked intensively in the first half of this year on continuing the long-term transformation projects of the railway network. The most important of them are Rail Baltica, which will connect the country's railway network with the West, the electrification of the railway section Kaišiadorys-Klaipėda and the Vilnius node, digitization of processes, increasing the efficiency and safety of railway infrastructure and maintenance.

In order to apply good management practices and strengthen management competences, the new composition of the **Board of LTG Infra** was approved. Starting from 2023, the Boards of LTG's subsidiaries consist of five members: two delegated by the holding company, two independent members and one civil servant. Gediminas Almantas and Haroldas Nausėda have joined the Board of LTG Infra and hold positions as Independent Members of the Board. The position of the Board Member – civil servant is held by Ramūnas Rimkus, LTG Administration Director Ieva Lauraitytė and LTG Project and Investment Management Expert Sigitas Kubilis also work on the Board.

As for the Company's chosen Western direction of activity, the long-term **Free Rail program** was prepared and started to be implemented, the purpose of which is to create and implement a railway operation model adapted to the Baltic region, based on EU railway standards and best practices.

While implementing the strategic railway project of the European gauge **Rail Baltica**, we have entered the construction phase – in the most mature section, the border between Kaunas and Lithuania and Latvia, the railway line and its infrastructure work has begun. At the end of this year, the contract works will be carried out in full, and next year they will be intensive and their geography will expand, because this year two new contracts for the construction of embankments and engineering structures as well as access roads will be signed. In other sections – the Kaunas railway junction, Kaunas-Vilnius and Kaunas-Lithuanian and Polish borders – as well as in objects of regional importance, territorial planning activities are intensively carried out, their special plans are being prepared.

In the first half of the year, procurements of design services of utmost importance were announced for the infrastructure of the Kaunas railway station, Vilnius railway node, infrastructure maintenance depots in Kaunas and Panevėžys as well as regional stations in Kaišiadorys and Vievy. We have repeatedly announced tenders for the preparation and implementation of land acquisition projects for the needs of society.

One of the most important achievements of the first half of the year – the receipt of additional financing for the Rail Baltica project. In June, we received exclusive news from the European Commission, which allocated EUR 928 million for the implementation of the European-gauge railway Rail Baltica in the Baltic States, of which Lithuania's share is as much as EUR 394 million. This is the largest financing that Lithuania has received from the Connecting Europe Facility (CEF).

We made great progress during the first half of this year in the implementation of the **electrification project**: in February, we started work on the Kaišiadorys-Radviliškis section, and at the end of May we already entered the III stage of the works, having started the electrification works from Radviliškis to Klaipėda. Railway electrification is a strategically important project for efficient and green mobility in Lithuania. After the completion of the electrification project, 35% of the railway will be electrified, and after the completion of Rail Baltica – about 40%.

This year, we continue the **efficiency program** in order to reduce the maintenance costs of the existing infrastructure – we continue to assess the scope of repairs, digitize, and review operational processes. In order to maximize the Company's operations and find the most optimal operating model, the Manager of Investment Portfolio Management, responsible for investment planning and management of investment funds, joined the management team in the spring, and the Manager of Operational Efficiency, responsible for the implementation of an efficiency program important to the Company, joined it at the beginning of the summer.

We completed and implemented one of the largest business process, technology, data management and professional competence development project **MOVE**. We installed and started working with the new, globally recognized **business management system SAP S/4Hana**. The new management system will ensure high-quality, reliable and accessible data from a single source, more efficient planning of labor and material capacities, and will eliminate duplication of functions. After implementing a transformation of this scale, we will become more modern, efficient and competitive in business, and the Company's employees will be able to work more efficiently and comfortably.

The changed geopolitical situation highlighted the importance of railways in providing **military mobility** connections. Currently, 8 LTG Infra loading bays are adapted for loading military equipment, but we continue the modernization and development of the terminals. One of the most important development projects – to install an infrastructure in Palemonas adapted to the loading of both military equipment and other freight trains. In June, Palemonas was visited by a high-ranking management team of the Logistics Command of the German Armed Forces with an accompanying delegation of officers, who were presented with the possibilities and plans of the railway infrastructure. The German delegation indicated the growth of military cargo transportation flows, the importance of implementing the military mobility project was discussed.

We see the growing role of **intermodal terminals** in cargo transportation, therefore we are strengthening capacity to develop new routes and create opportunities for carriers to efficiently reach new markets. A contract for the modernization of the Kaunas intermodal terminal has been signed, according to which the contract work is expected to be completed by the end of this year.

In the last half year, we have continued our **long-term commitments** to society, partners and customers, so that the railway would be an efficient and convenient means of traveling and transporting goods, and the railway infrastructure would not cause problems for those who live near it. We implement the *Route without Barriers* program, which aims to make railway stations accessible to people with disabilities. Contracts for contract work at ten stations were signed, work is being carried out at three stations, and tenders were announced for contract work at five more stations.

This year, Lietuvos Geležinkeliai approved the updated strategy of the Group's activities, which includes five main directions: business expansion to Northern and Western Europe, increasing operational excellence and efficiency, strengthening organizational culture, business resilience and sustainability. These directions are also reflected in LTG Infra's strategic activities and priorities. We hope that we will effectively and significantly contribute to the Group's vision – to become the backbone of the transport system.

RŪTA JAKUBAUSKIENĖ
CEO of AB LTG Infra

(all amounts are in EUR thousand unless otherwise stated)

KEY INFORMATION ABOUT THE COMPANY

Name	AB LTG Infra
Company address	Geležinkelio g. 2, LT-02100 Vilnius
Legal form	Joint-stock company
Date and place of registration	01 July 2019, Register of Legal Entities, RoL
Company code	305202934
Phone No	(+370 5) 269 3353
E-mail	info@ltginfra.lt
Website	https://ltginfra.lt/
Core business	Management, use and disposal of the railway infrastructure and execution of the functions of the public railway infrastructure manager
CEO of the Company	Rūta Jakubauskienė
Shareholders	100% shares held by AB Lietuvos Geležinkeliai

Data collected and stored at the Register of Legal Entities of the State Enterprise Centre of Registers.

THE COMPANY'S BRANCHES, REPRESENTATIVE OFFICES ABROAD

During the analyzed period, the Company did not establish branches or representative offices.

COMPANY'S BUSINESS MODEL

AB LTG Infra together with the parent AB Lietuvos Geležinkeliai and its directly and indirectly controlled legal entities comprises a Group. LTG provides management services to the companies that make up the Group, in relation to the Company, these services are provided to the extent that it does not conflict with the requirements established in legal acts, which apply to the impartiality and financial transparency of the management of the public railway infrastructure manager, the performance of essential functions of the public railway infrastructure manager (allocation of public railway infrastructure capacity, calculation and payment of the fee for the minimum access package). To ensure the specified requirements, all decisions related to the performance of essential functions of the manager of the public railway infrastructure are made by the head of the Company or the Company's employees authorized by the head of the Company, moreover, only the Company's employees authorized by the head of the Company participate in the adoption of these decisions.

The Company's operations within the Group are guided by the **Group's Strategy** and guidelines as set out by the LTG, as well as by the approved operational policies that Group companies are required to take into account in their operations. The Company follows the **Group's Strategy** and guidelines as set out in the LTG, as well as the approved operational policies, to the extent that these documents are compatible with the above-mentioned requirements applicable to the Company as a manager of public railway infrastructure as set out in the RTC.

PRINCIPAL ACTIVITY AND FUNCTIONS

LTG Infra was registered in the Register of Legal Entities of the Republic of Lithuania on 1 July 2019, and the Company launched its activities on 8 December 2019, transferring the activities of LTG Railway Infrastructure Directorate to LTG Infra. 100% shares are held by LTG.

The main activity of the Company is the management, use and disposal of the railway infrastructure in trust and the performance of the functions of the manager of the public railway infrastructure.

The functions of the public railway infrastructure manager are set out in the Railway Transport Code (RTC) of the Republic of Lithuania and other legal acts regulating railway transport activities.

Key functions:

- renew the public railway infrastructure and carry out its technical maintenance;
- organize railway transport traffic;
- submit proposals for public railway infrastructure development program projects;
- implement public railway infrastructure development programs and projects;

- operate the public railway infrastructure except passing the decisions that for the purpose of the RTC are assigned to the Minister of Transport and Communications of the Republic of Lithuania;
- provide services constituting the minimum access package;
- manage, use and dispose of state-owned public railway infrastructure and railway service facilities.

The public railway infrastructure is used by railway undertakings (carriers) carrying passengers, luggage and freight by rail, as well as by repair undertakings, which have the right to use the public railway infrastructure in accordance with the procedure laid down in Article 28(1) and (3) of the RTC. Railway undertakings (carriers) are charged for the minimum access package that is necessary for railway undertakings (carriers) if they provide the services of passenger, luggage and/or freight transport on domestic and/or cross-border routes. This charge for the minimum access package is also paid by repair undertakings.

In 2023, the Company applied payment rates for the minimum access package, which were calculated in accordance with the Company's CEO's Order No. ĮS-PAJ(LGI)-1419 of 10 December 2021 (for the period of validity of the official train timetable for 2022-2023) and Order No. ĮS-PAJ(INFRA)-2233 of 12 December 2022 (for the period of validity of the official train schedule of timetable for 2023–2024) and published in the website section "Services. Services making up the minimum access package" https://ltginfra.lt/minimaluji-prieigos-paketa-sudarancios-paslaugos. The indicated contribution rates are calculated according to the rules for calculating and paying the fee for the minimum package of access to public railway infrastructure and the fee for allocated but unused capacity of the public railway infrastructure, approved by Resolution No. 610 of the Government of the Republic of Lithuania dated 19 May 2004 "On approval of the rules for calculation and payment of the fee for the minimum package of access to the public railway infrastructure and the fee for the allocated but unused capacity of the public railway infrastructure" (wording of Resolution No. 356 of the Government of the Republic of Lithuania dated 8 April 2020), that determine the components of the payment for the minimum package of access to the public railway infrastructure, the rates of contributions that make up this payment, the payment for the minimum access package and the payment for the allocated but unused capacities of the public railway infrastructure, calculation and payment procedure.

In 2023, railway undertakings (carriers) and repair undertakings paid premiums for the minimum access package (train traffic; transit of passengers, baggage; transit of cargo, for the market segment of cargo assigned to rail transport, where a surcharge may be applied; use of contact electricity 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 Infra. Fee rates for the use of railway service facilities managed by the operator of railway service facilities, the railway tracks located in them and the basic and additional services related to railway transport provided in these facilities are determined by the Company in accordance with Parts 1 , 2, 4 and 4^1 of Article 304 of the RTC.

The activities carried out by Company are supervised by the railway transport market regulator whose functions, since the start of 2017, have been performed by the Communications Regulatory Authority of the Republic of Lithuania.

PROVIDED SERVICES

The main services provided by the public railway infrastructure manager:

- **minimum access to the public railway infrastructure package services.** They include the processing of requests for allocation of public railway infrastructure capacity; the right to use the public railway infrastructure in accordance with the designated capacities of the public railway infrastructure, as well as switches, power supply devices to ensure the traction current in the event that such devices are available, are granted; train traffic management, which includes signalling, regulation, train traffic management; the provision, transfer and provision of train movement information as well as all other information necessary to start a service or a service for which the capacity of the public railway infrastructure has been allocated. The amounts of payment rates for the minimum access package are publicly available on the Company's website https://ltginfra.lt/minimaluji-prieigos-paketa-sudarancios-paslaugos.
- **access to the rail service facilities and the services provided in these facilities**. In 2023, the following services are provided in the company-managed RSFs: use of passenger stations, their buildings and other facilities, use of ticket sales areas, use of access to railway roads connected to railway service facilities, use of station and/or approach railway tracks assigned to the railway service facility, use of train formation and shunting facilities, use of service facilities for the storage of railway rolling stock, use of the track changing mechanism, use of the wagon distribution hill, use of railway tracks for the provision of RSF services, provision of traction current, liquidation of accidents at the RSF, intermodal loading of multimodal transport units at VIT/KIT, storage of a multimodal transport unit, use of loading areas, provision of loading services. The list of access to railway service facilities and services provided at railway service facilities is published on the Company's website https://ltginfra.lt/documents/12778/11680888/LT+GP%C4%AE%20skelbimo+forma+2022-2023+2023.02.28.+FINAL.pdf/b03b0dd3-3382-4564-b764-643d00f26b24
- **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, provision of communication services, rental services for public railway infrastructure (structures and land plots). Furthermore, the Company provides services of intermodal terminals: in addition to the main intermodal handling service for intermodal transport units, the LGT 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, handling of freight on pallets, which is very frequently requested by customers and storage of freight in covered warehouses.

MAIN CUSTOMERS

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

In 2023, the following customers used the public railway infrastructure and rail service facilities: LTG Cargo, LTG Link, UAB Akmenės Cementas, UAB Geležinkelio Tesimo Centras, UAB Gargždų Geležinkelis, UAB Transachema, UAB Top Rails, UAB Gindana, UAB Alkesta, AB Klovainių Skalda, cooperative Gerkonių Elevatorius, UAB KT Valda, VĮ Ignalinos Atominė Elektrinė, UAB Rizgonys, UAB Žvyro Karjerai, UAB Leonhard Weiss OÜ, UAB Linas Agro Grain centers, UAB Granitinė Skalda, UAB Energijos Sistemos Servisas, AB Dolomitas, UAB Agrokoncerno Grūdai, UAB Agrochema etc.

CAPACITY OF THE PUBLIC RAILWAY INFRASTRUKTURE

The public railway infrastructure operated by the Company, as well as the rules, terms, procedures and criteria for charging for the use of the public railway infrastructure and for the allocation of the capacity of the public railway infrastructure, etc., are described in the Public Railway Infrastructure Network Statement (available on the Company's website at https://ltginfra.lt/tinklo-nuostatai), which are updated on a regular basis (annually).

In mid-October 2022, 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 2022 –2023. In addition, for the period of validity of this working timetable LTG was allocating the public railway infrastructure capacities according to ad hoc applications.

MANAGEMENT OF THE COMPANY

INFORMATION ON THE SHARES AS OF 30 JUNE 2023

Authorized capital, thousand EUR	Number of shares, unit	Nominal value per share, EUR
654,928	654,928	1,000

The Company is a Group company whose sole shareholder is the parent company LTG. The shareholder of LTG is the state of Lithuania, it owns 100% of the shares, and the rights and duties of the shareholder are implemented by the Ministry of Transport and Communications of the Republic of Lithuania.

All shares of the Company are of one class – ordinary registered shares. The shares are intangible, they are recorded by entries in personal securities accounts in accordance with the procedure established by legal acts.

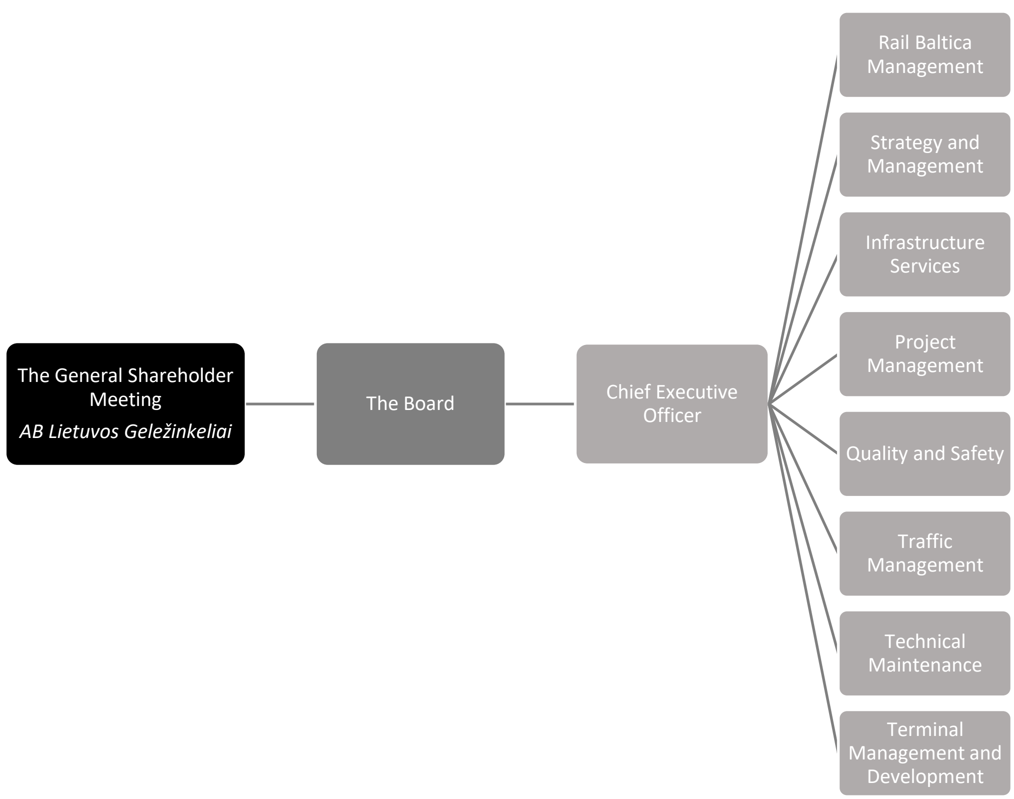
During the reporting period, the Company did not acquire its own shares or shares of other companies of the Group.

CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

Aiming at the long-term growth of the value of the LTG Group, as well as the rational and effective use of the assets, funds and other resources, meeting the expectations and representing the interests of the Shareholder, the Group's business model is focused on refining and concentrating core activities in subsidiaries. LTG Infra, as part of the LTG Group, is responsible for the performance of LTG Infra's core business and the achievement of the performance targets set by it.

In order to achieve the set goals and ensure proper management, LTG Link operates independently in its activities, makes decisions within its sphere of competence and ensures accountability and responsibility for the performance. In its activities, the Company is guided by the Law on Companies of the Republic of Lithuania and other legal acts of the Republic of Lithuania regulating the activities of joint-stock companies, including state-owned enterprises, as well as railway transport, the Company's articles of association, decisions of the Company's bodies.

The organizational structure of LTG Infra did not change during the reporting period.



ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are the main operational document that the company follows in its activities.

On January 17, 2023, the Articles of Association of the Company were amended by supplementing them with new competences of the Board and changing the limits of transactions approved by the Board.

The currently valid Articles of Association of the Company can be found on the Company's website https://ltginfra.lt/en/kas-mes-esame.

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

BODIES OF THE COMPANY

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

- The General Meeting of Shareholders;
- The Board;
- Chief Executive Officer.

The General Meeting of Shareholders – is the supreme body of the Company. The competence of the General Meeting of Shareholders, the procedure of its convening as well as resolution-passing is established by the Law on Companies, other legislation, and in the Articles of Association of the Company.

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

The Company has not issued any preference shares. The voting right was not restricted during the reporting period.

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

- regarding the arrangement of the Company's essential risks by importance and the approval of their management strategies;
- regarding the investment, purchase and sale of the Company's facilities and assets important for ensuring national security, or any other property transfer, pledging or mortgage transactions;
- regarding approval for the Company to enter into a contract for ensuring the quality and financing of railway service facilities owned by the State of Lithuania and its amendments;
- regarding the Company's becoming a founder or participant of other legal entities;
- for the Company to start carrying out a new type of activity or to terminate the Company's activities, if the corresponding decision was not taken when approving the Company's activity strategy;
- to establish the Company's branches and representative offices, to terminate their activities, to appoint and remove the heads of the Company's branches and representative offices, to approve the regulations of the branches and representative offices;
- regarding the investment of the Company's long-term assets, the balance sheet value of which is equal to or greater than EUR 3,000,000 (three million) (excluding value added tax), in companies of the Company's Group or third parties, the transfer or lease of these assets;
- regarding the pledge and mortgage of the Company's long-term assets, the balance sheet value of which is equal to or greater than EUR 3,000,000 (three million) (without value added tax);
- to make decisions regarding the surety or guarantee of the fulfillment of the obligations of other persons, the amount of which is equal to or greater than EUR 3,000,000 (three million) (without value added tax);
- to purchase fixed assets at a price equal to or greater than EUR 3,000,000 (three million) (without value added tax);
- regarding loan or other financing transactions, the value of which is equal to or greater than EUR 3,000,000 (three million);
- to make decisions to enter into transactions for the procurement of goods, services, works, the value of which is equal to or greater than EUR 3,000,000 (three million) (without value added tax) and to approve the essential conditions of these transactions (before the Company starts the procurement procedures);
- to make decisions regarding the approval of the essential conditions of the service contracts provided by the Company, if the planned annual income of the contract or the planned income during the entire period of validity of the contract may be equal to or greater than EUR 3,000,000 (three million) (without value added tax). This clause does not apply to contracts for the allocation of public railway infrastructure capacity, contracts for the use of public railway infrastructure, the use of railway service facilities managed by the Company and contracts for the provision of services provided in these facilities;
- regarding the approval of the Company, as a shareholder of subsidiary companies, of the decisions of the management bodies of subsidiary companies specified in the articles of association of these companies, regarding long-term asset investment, transfer, lease, acquisition, pledging, mortgage and surety and provision of guarantees for the obligations of other persons, the procurement of goods,

services and works, loan or other financing transactions, when the value of the transaction is equal to or greater than EUR 3,000,000 (three million) (without value added tax).

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

The Board is a collegial governing body consisting of 5 members as set out by the Company's Articles of Association. The members of the Board are elected by the General Shareholders Meeting for a term of 4 years. The Management Board elects the chairman of the management Board from among its members. The same person may be elected as a member of the Board no more than for two consecutive terms.

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 provided for by the Law on Companies and other laws, additional competences of the Board are established in the Articles of Association of the Company.

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

- Approve the business strategy of the Company;
- Set the goals of the Company;
- Approve the annual business plan (budget) of the Company;
- Approve the list of information that is considered the Company's commercial (production) secret and confidential information, the terms of use and storage of this information;
- Analyze and assess the Company's essential risks (when assessing these risks, the Board ranks them according to their importance) and approve their management strategies;
- Adopt decisions regarding the investment, purchase and sale of the Company's facilities and assets important for ensuring national security or any other transfer of ownership, pledging or mortgage transactions;
- Adopt decisions regarding the investment of the Company's long-term assets, the balance sheet value of which is equal to or greater than EUR 1,000,000 (one million) (without value added tax), in the companies of the Company's Group or third parties, the transfer or lease of these assets;
- Adopt decisions regarding the pledge and mortgage of the Company's long-term assets, the balance sheet value of which is equal to or greater than EUR 1,000,000 (one million) (without value added tax);
- Adopt decisions on surety or guarantee of the fulfillment of the obligations of other persons, the amount of which is equal to or greater than EUR 1,000,000 (one million) (without value added tax);
- Adopt decisions to purchase fixed assets at a price equal to or greater than EUR 1,000,000 (one million) (without value added tax);
- Adopt decisions on loan or other financing transactions, the value of which is equal to or greater than EUR 1,000,000 (one million);
- Adopt decisions to conclude transactions for the procurement of goods, services, works, the value of which is equal to or greater than EUR 1,000,000 (one million) (without value added tax) and approve the essential conditions of these transactions (before the Company starts the procurement procedures);
- Adopt decisions on approval of the essential conditions of the service contracts provided by the Company, if the planned annual income of the contract or the planned income during the entire period of validity of the contract may be equal to or greater than EUR 3,000,000 (three million) (without value added tax) (does not apply to contracts for the allocation of public railway infrastructure capacity, contracts for the use of public railway infrastructure, contracts for the use of railway service facilities managed by the Company and contracts for the provision of services provided in these facilities);
- Adopt decisions regarding the approval of the Company to enter into the contract for ensuring the quality and financing of railway service facilities owned by the State of Lithuania and its amendments;
- Adopt decisions regarding the Company becoming a founder or participant of other legal entities;
- Adopt decisions for the Company to start carrying out a new type of activity or to terminate the activity carried out by the Company, if the corresponding decision was not taken when approving the Company's activity strategy;
- Adopt decisions to establish the Company's branches and representative offices, terminate their activities, appoint and remove the heads of the Company's branches and representative offices, approve the regulations of the branches and representative offices;
- Adopt decisions regarding the approval of the Company, as a shareholder of subsidiary companies, of the decisions of the management bodies of subsidiary companies specified in the articles of association of these companies, regarding long-term asset investment, transfer, lease, acquisition, pledging, mortgage and surety and provision of guarantees for the obligations of other persons, the procurement of goods, services and works, loan or other financing transactions, when the value of the transaction is equal to or greater than EUR 3,000,000 (three million) (without value added tax);
- Adopt decisions regarding the Company's, as a shareholder of subsidiary companies, approval of the decisions of the management bodies of subsidiary companies regarding the connection, merger, distribution, division, transfer of activities or transfer of subsidiaries by other legal means, becoming founders, participants of other legal entities (except for decisions on becoming founders or participants of associations);

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

The Board performs the following supervisory functions:

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

The term of office of the Board is from 23-01-2023 to 23-01-2027.

None of the member of the Board holds shares of the LTG Group companies.

During the reporting period the Company held 14 meetings of the Board, of which 1 was held in form of survey (in writing).

COMPOSITION OF THE BOARD

ANDREJ KOSIAKOV

Chairperson of the Board
The position lasted until 23 January 2023

Education

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

Main employer, position

Chief Financial Officer of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

Other position held

-

IRENA JANKUTĖ-BALKŪNĖ

Board Member
The position lasted until 23 January 2023

Education

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

Main employer, position

Chief Human Resources and Culture Officer of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

Other position held

-

GEDIMINAS ALMANTAS

Independent Board Member, Chairperson
Appointed on 23 January 2023

Education

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

Main employer, position

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Other position held

Independent Member of the Board of UAB EPSO-G;
Independent Member of the Board of SE Lithuanian Airports;
Independent Member of the Board of SE Oro navigacija;
Chairman of the Board of the Lithuanian Red Cross Society.

HAROLDAS NAUSĖDA

Independent Board Member
Appointed on 23 January 2023

Education

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

Main employer, position

Director of Business Clients and Development Service of UAB Ignitis

Other position held

Board Member of UAB Ignitis;
Board Member of Ignitis Eesti OÜ;
Board Member of Ignitis Suomi Oy;
Member of the Council of the National Lithuanian Energy Association (NLEA).

RAMŪNAS RIMKUS

Board Member, Civil Servant
Appointed on 23 January 2023

Education

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

Main employer, position

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

Other position held

-

IEVA LAURAITYTĖ

Board Member delegated by the shareholder
Appointed on 23 January 2023

Education

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

Main employer, position

Administrative Director of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842.

Other position held

-

SIGITAS KUBILIS

Board Member delegated by the shareholder
Appointed on 23 January 2023

Education

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

Main employer, position

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

Other position held

-

CHANGES IN COMPOSITION OF THE BOARD DURING THE REPORTING PERIOD

On 23 January 2023, the Board Members Andrej Kosiakov and Irena Jankutė-Balkūnė were dismissed from the Board of the Company. On 23 January 2023, the LTG Infra Board of the new composition was approved.

Members of the Board declare their jobs and positions publicly, and the information can be found and checked in the Register of Private Interests.

https://pinreg.vtek.lt/app/deklaraciju-paieska

Chief Executive Officer (CEO) – is a one-person management body of the Company who organises and manages daily operation of the Company. Obligations and competences of the CEO are defined in the Law on Companies and the Articles of Association of the Company available at the Company's website https://ltginfra.lt/kas-mes-esame. The CEO is elected by the Company's Board for a 5-year term office and is accountable to the Board. The same person may be appointed as the CEO for no more than 2 consecutive terms of office.

(all amounts are in EUR thousand unless otherwise stated)

MANAGEMENT OF THE COMPANY

KAROLIS SANKOVSKI **RŪTA JAKUBAUSKIENĖ**	Chief Executive Officer	Held the position from 1 July 2019 to 31 March 2023 Appointed on 1 April 2023 (temporary)
DOVYDAS PALAIMA	Rail Baltica Management Manager	Appointed on 1 September 2022
ARVYDAS DVEILYS	Technical Maintenance Manager	Appointed on 8 December 2019
REMIGIJUS SKIRKUS	Quality and Safety Manager	Appointed on 8 December 2019
TOMAS JONIKAITIS	Traffic Management Manager	Appointed on 1 June 2021
RŪTA JAKUBAUSKIENĖ **DAINIUS ČEPLINSKAS**	Head of Strategy and Management	Held the position from 16 March 2022 to 31 March 2023 Appointed on 21 April 2023 (temporary)
RAMŪNAS DOKŠAS	Terminal Management and Development Manager	Appointed on 1 June 2022
GERDA KRASAUSKĖ **TOMAS TAMAŠAUSKAS** **RAIMONDAS ZEMIKAS**	Head of Project Management	Held the position from 22 November 2021 to 15 March 2023 Held the position from 16 March 2023 to 9 July 2023 (temporary) Appointed on 10 July 2023
TAUTVYDAS PALIULIS **JELENA PIATINA** **EGIDIJUS DARGEVIČIUS**	Manager of Infrastructure Service	Held the position from 29 August 2022 to 17 February 2023 Held the position from 18 February 2023 to 19 March 2023 (temporary) Appointed on 20 March 2023

CHANGES IN MANAGEMENT DURING THE REPORTING PERIOD

- Egidijus Dargevičius took the position of Manager of Infrastructure Services from 20 March 2023.

MANAGEMENT OF INTERESTS

At the end of the reporting period, members of the Board, the CEO and the Managers have submitted declarations on private interests, which can be found on the website of the Chief Official Ethics Commission https://www.vtek.lt. There were no conflicts of interest between the members of the Board, the CEO and the Managers during the reporting period.

INFORMATION ON REMUNERATION OF BOARD MEMBERS AND THE COMPANY'S CEO

The components of the Company's Chief Executive Officer's remuneration:

- **Basic monthly salary.** During the reporting period, the CEO left the Company, whose fixed monthly base salary was EUR 9,005, and the monthly base salary of the acting CEO at the end of the reporting period amounted to EUR 7,900.
- **Part of annual incentive.** The CEO of the Company **may be** paid a variable part of the annual salary (annual incentive). The annual incentive scheme is approved by the Company's Board. According to this scheme, 90% of the annual incentive payment is influenced by the level of achievement of the Company's annual goals, 10% by the achievement of team management and personal goals Every year, the Board of the Company approves the structure of the Company's annual goals, the management team and personal goals of the head of the Company, the threshold values and comparative weights for their achievement, and at the end of the year, it approves the results of achieving these goals and the possibility of paying out the annual incentive. The maximum possibility of an annual incentive payment cannot exceed 30% of the established annual basic salary, which includes the total remuneration received for additional duties from different sources. Maximum monthly, i.e. i.e. 1/12 of the annual incentive for 2022 could not exceed EUR 2,702.

In 2023, a **monthly (1/12) portion of the annual incentive** paid to the CEO of the Company for achievement of the goals in 2022 amounted to EUR 1,574.

Information on remuneration of the CEO is also publicly available on the Company's website: https://ltginfra.lt/atlygis.

The remuneration of the Members of the Board is linked to the time allocated to the respective activities of the Board, stipulated in the civil contracts concluded with the Members.

On 5 August 2022, amendments to Resolution No. 1092 of the Government of the Republic of Lithuania "On approval of the description of the payment procedure for remuneration to members of collegial bodies of state-owned companies and municipally-owned companies and civil liability insurance of members of collegial bodies of state-owned companies and municipally-owned companies" were adopted.

The provisions of this Resolution state that the monthly remuneration of an independent member of the collegial body of the company and a member of the collegial body who is another person selected by the entity initiating the selection should be no less than 1/4 of the average monthly salary of the head of the company and no more than the average monthly salary of the head of the company. For a civil servant holding the position of a member of the collegial body of a state-owned company or a municipality-run company – not less than 1/8 and not more than 1/4 of the average monthly salary of the head of the company. It is recommended that the remuneration of the chairman of the collegial body of a state-owned company should be at least 1/3 of the average monthly salary of the head of the company.

In implementing the provisions of the aforementioned Resolution, the updated regulation of the remuneration of the Board Members and Committee Members of AB Lietuvos geležinkeliai was approved by the order of the Minister of Transport and Communications of the Republic of Lithuania on 2 December 2022, which ***mutatis mutandis*** also applies to the members of the collegial bodies of subsidiary companies.

The decision of the sole shareholder of the Company determined the remuneration of the Members of the Board of the Company, providing that the monthly remuneration of the Chairperson of the Board of the Company is EUR 3,489, the monthly remuneration of the Independent Member of the Board of the Company is EUR 2,617, the monthly remuneration of the Member of the Board of the Company, who is a civil servant, and the Delegated Board Member of the parent Company is EUR 1,308. At the same time, the rule is established that when individual Members of the Board are elected, they are remunerated in the same amount as the Members of the active Board.

The remuneration for the activities of the Board Member is reduced if the Members do not participate in the meetings, abstain from questions due to conflicts of interest, do not express an opinion on the issues of the agenda, do not vote on them, do not perform the activities of the member, spend less time than stipulated in the contract concluded with them or perform it improperly.

STRATEGY

The LTG Group, responding to the geographical and economic changes in the transport services market, which determine the changing directions of trade and passenger flows, plans its activities not only in the short-term, but also in the long-term perspective. In order the strategic strands and goals of the Sustainable Growth Strategy 2040 of LTG addressed the specific activities of the LTG Group of Companies, long-term strategies of individual LTG business units have been drafted. One of them is LTG Infra long-term strategy for 2040, which is reviewed and improved every year.

CHANGES IN THE STRATEGY UPDATED IN 2023

On 29 March 2023, the Board of LTG Infra approved the strategy, which emphasizes several important changes:

- The strategy envisages detailed planning until 2027 due to the contraction of freight flows and forecasting perspectives until 2040. It is important to analyze the short term in as much detail as possible in order to ensure the smooth and efficient operation of the Company.
- A significant event that will ensure stable technical supervision of the public railway infrastructure, improve the quality of services provided, ensure a high level of railway traffic safety, competitiveness, and proactively plan its modernization and development, is the state funding for LTG Infra. LTG Infra with the Ministry of Transport and Communications of the Republic of Lithuania has signed (in 2022) a five-year contract for the quality and financing of railway service facilities owned by the State of Lithuania, which is published on the Company's website https://ltginfra.lt/administracine-informacija. The long-term commitment of the state is enshrined in the legal acts of the European Union and Lithuania.
- In order to increase operational efficiency and accelerate the progress of one of our strategic directions – business development, the activities of all terminals of the LTG group were concentrated in LTG Infra. The ability to offer a wider package of services from a single source allows to ensure greater convenience for customers and manage available resources more efficiently. The changed geopolitical situation highlighted the importance of railways in providing military mobility connections. Currently, 8 LTG Infra loading bays are adapted for loading military equipment, and 4 more are planned to be installed by 2027. The importance of terminals and intermodal terminals is becoming important not only in order to diversify the Company's activities, but also in contributing to the increase of national security.

MISSION AND VISION

Mission

Connecting people and businesses for a more sustainable future

Vision

Being a backbone of the transport system

VALUES

Responsibility

Customer

Cooperation

Development

STRATEGIC DIRECTIONS:

1. **Infrastructure for seamless mobility** – creating convenient, attractive and accessible rail infrastructure for all, increasing connectivity, accessibility and the attractiveness of rail as a travel choice.
2. **Operational efficiency** – aims to ensure financial stability by digitalizing and automating the operations of the infrastructure manager, creating and implementing business models that increase operational efficiency, conducting operations in accordance with international corporate standards and optimizing assets.
3. **Business development** – aims to develop and diversify the services of the railway infrastructure manager, while increasing the connectivity of business areas to main railway lines. The aim is to increase the capacities of intermodal terminals, implement the diversification of activities and ensure the implementation of the European track infrastructure project Rail Baltica on the territory of Lithuania.
4. **Green course** – to use energy and natural resources efficiently, to initiate measures to reduce the impact on the environment and climate change. The aim is to ensure the goals of greenness and sustainability by providing sustainable conditions for transporting cargo and passengers, thereby contributing to the goal of the EU and the Republic of Lithuania to achieve climate neutrality.
5. **Business resilience** – apply the “safety above all” principle, ensuring a high level of traffic safety, occupational safety and business safety, follow the interests of national security, ensure technology compatibility and independence in the LTG group.
6. **Strong organizational culture** – to develop a respectful and transparent business culture, to increase the maturity of the organization, which would ensure the successful implementation of the strategy.

IMPLEMENTATION OF STRATEGIC DIRECTION PROJECTS FOR H1 2023 AND THEIR PROGRESS

Infrastructure for seamless mobility. One of the main goals of this direction is to create affordable and accessible railway infrastructure. In the last half year, a significant event was achieved, five contract works of the first stage of the program “Route without obstacles” were signed (adaptation of railway station areas for people with disabilities in Kaunas, Kaišiadorys, Šiauliai, Lentvaris and Naujoji Vilnia railway stations). After the completion of the contract works, passenger handling serviceswill be improved, accessibility of passengers with limited mobility in the infrastructure of railway stations will be increased.

Operational efficiency. Different infrastructure management digitization and optimization projects are currently being implemented: Station Management and Tools Modernization (SVIM), DaVinci Migration, Rolling Stock Automatic Control System (RAKS), etc. The projects envisage the implementation of the development of a train traffic management system and control hardware and software module redevelopment, diagnostics, modeling, design, maintenance center, also, it is planned to install a modern station management system (SMS) in the country’s most important railway stations, which will allow more efficient use of resources and ensure more efficient data exchange between railway undertakings (carriers), undertakings (which maneuver) and railway infrastructure managers of neighboring countries. During the implementation of the latter project, a contract was signed with the Polish IT company Petrosoft.pl Technologie Informatyczne Sp. z o.o for the purchase of a new station management tool. The new station management tool will ensure greater railway traffic safety, as its installation will reduce the likelihood of human error, and traffic data will be exchanged automatically, i.e. faster. The traffic management team will be able to work more efficiently and in a more modern way. The period of installation work is 12 months and 4 months of testing.

Business development. One of the main projects in this area is Rail Baltica. It is an integral part of the European Union international transport corridor North Sea-Baltic Sea. The aim of this project is to integrate the Baltic countries into the European railway network. The total length of the railway track in the Baltic countries is 870 km, of which 392 km are in Lithuania. It is planned that after the implementation of the project, the speed of passenger trains will reach up to 249 km/h, the speed of freight trains will be up to 120 km/h. The implementation of the Rail Baltica project is becoming more and more important not only by creating an alternative to transfer freight transport from roads to railways, thus contributing to the creation of less negative impact on nature and reducing the number of accidents, but also the security of the geopolitical region in the context of the war in Ukraine. In this project, in the first half of 2023, a contract was signed with the Latvian company A.C.B. for EUR 8.59 million (including VAT) for construction towards the Latvian border. The latter became the winner of the Žeimiai-Šėta (Jonava-Kėdainiai district) section of the competition for the installation of access roads. At the end of June, the European Commission allocated almost EUR 1 billion (exact amount – EUR 928 million), of which Lithuania’s share is as much as EUR 394 million, for the implementation of the European Union - European-gauge railway Rail Baltica in the Baltic States. This is the largest financing that Lithuania has received from the Connecting Europe Facility (CEF). This financing will contribute the most to speeding up the work from Kaunas towards the Lithuanian/Latvian border and will provide the opportunity to open the first sections from Kaunas to Riga, thus connecting the Baltic region with the common European railway network. In addition to these significant achievements, in the first half of the year the works continue to be successfully carried out in the most mature section of the project Kaunas-Lithuanian-Latvian border - construction works in the Jonava district, new tenders for the construction of the embankment are announced. The embankment, engineering structures, access roads for cars, a railway bridge over the Neris River will be built this year.

(all amounts are in EUR thousand unless otherwise stated)

Green course. One of the essential projects of the green course is electrification (Kaišiadorys – Klaipėda and Vilnius railway junction). In Lithuania, the transport sector accounts for the largest share of emissions into the air. After the implementation of the project, air pollution will decrease by 150 thousand tons per year. It is estimated that during the entire operation period, due to less pollution, the socio-economic benefits of the project will exceed EUR 700 million, the fuel consumption of railway undertakings (carriers) will decrease by more than 30%, and the quality of life of people living in the vicinity of the railway will improve. It is planned that after the electrification of the section from Kaišiadorys to Klaipėda, the speed of passenger trains will reach 160 km/h. In order to achieve these goals, intensive electrification works were carried out in the sections Kaišiadorys-Radviliškis, Šiauliai-Klaipėda and Vilnius railway junction in the last half year. In March, the works of installing foundations and supports on the single roads of the second electrification stage Kaišiadorys-Radviliškis were completed. In April – June, the works moved to the third stage of the Vilnius-Klaipėda electrification project – Radviliškis-Klaipėda (Draugystė st.), where the foundation and support installation works were carried out in single sections. During the works, traffic restrictions were implemented in the mentioned sections – work was carried out with 12-hour traffic breaks. During the summer season, traffic breaks are interrupted and traffic runs without restrictions until autumn, and the most intensive works take place at the Vilnius railway junction.

Business resilience. In order to improve the safety of railway traffic, the main railway road renovation program, the switch replacement program, safety improvement works at crossings are being implemented. At intersections with highways, contract work is being carried out to eliminate single-level intersections: in the Kyviškės-Valčiūnai section of intersections of different levels of the railway road and road, the works were completed already at the end of 2022, while in the section Lentvaris – Vievis, the installation of the intersection of different levels of the railway track and the road is planned to be completed at the end of 2023. Also this half-year, main road sections in Lentvaris – Vievis and Šateikiai – Kūlupėnai objects continued to be repaired. Part of the physical work remains in these sections, the end of which is expected in August.

OPERATIONAL EFFICIENCY MEASURES IMPLEMENTED BY THE COMPANY IN H1 2023

Operations optimization actions have been performed:

- the network architecture is reviewed and, if possible, it is aimed to abandon/conserve/transfer assets managed by trust law.

The analysis of the traffic intensity of the sections was carried out:

- forecasts of freight and passenger train carriers were evaluated. An analysis of the current and planned flows of passenger and freight carriers was carried out according to the sections that may affect traffic and train speed.
- further measures aimed at improving the efficiency and optimization of the management, use and disposal of assets managed by the Company, making operations more efficient and saving internal operating costs are planned.

ANNUAL GOALS FOR 2023

Taking into account the directions approved in the strategy, the Board of the Company set the main operational goals for 2023.

Key goals	Indicators for measuring the achievement of goals	Aims and objectives	Weight, %
INFRASTRUCTURE FOR SEAMLESS MOBILITY	Scope of work of trains	The product of the gross weight of the trains running on the LTG Infra infrastructure (with the weight of the locomotive in operation) and the distance traveled	10.0
VALUE CREATION WHILE INTEGRATING INTO WESTERN MARKETS	Implementation of major investment projects	Successful implementation of Western integration projects: Rail Baltica, electrification of Corridor IX, ERP system implementation	30.0
OPERATIONAL EFFICIENCY	LTG Infra costs	LTG Infra costs (excluding costs of other activities, profit tax and financial activities)	15.0
	LTG Infra's operating costs and income ratio		15.0
BUSINESS DEVELOPMENT	RSF and other additional services income	Income, which includes income from the use of railway service facilities and other additional services	10.0
GREEN COURSE (SUSTAINABILITY)	Implementation of the RES program	Implementation of renewable energy initiatives	10.0
COMPREHENSIVE SECURITY	Reduce the level of danger to traffic safety, major events that occurred due to the responsibility of the infrastructure manager	Aim for the future – 0 (zero) incidents, i.e. safe railway traffic and working environment, minimized negative impact of activities on the environment and climate change, protected the business and assets of the LTG group of companies	5.0
	Reduce the level of traffic safety risk for minor incidents		5.0

HIGHLIGHTS OF H1 2023

JANUARY

- **On 17 January**, the Articles of Association of LTG Infra were amended by supplementing them with new powers of the Board and changing the limits of transactions approved by the Board, increasing them from EUR 1 million.
- **On 23 January**, the Board of LTG Infra of a new composition was approved. The positions of Independent Members of the Board of the Company were occupied by Gediminas Almantas, currently an Independent Member of the Board of Companies SE Lithuanian Airports, SE Oro navigacija, EPSO-G, ACI Europe, and Haroldas Nausėda, who is currently the Chairperson of the Board of the Company Ignitis Suomi Oy, also the Member of the Board of the Companies Ignitis Eesti OÜ and Ignitis. Ramūnas Rimkus, currently serving as the head of the Strategic Planning Department of the Budget and Investments Department of the Ministry of Transport and Communications of the Republic of Lithuania, took the position of Board Member – civil servant in the Board.
- A group of experts from the three Baltic countries, consisting of representatives of LTG Infra, SIA Eiropas Dzelzcela linijas and OU Rail Baltic Estonia, which will manage the railway infrastructure of Rail Baltica in the territory of their countries, prepared proposals on how the capacities of the railway infrastructure could be distributed in order to use the Rail Baltica railway line currently under construction. The proposals are presented in the annual report.
- LTG Infra, responsible for the implementation of the Rail Baltica project in Lithuania, has announced the procurement of design services for infrastructure maintenance depots, which will ensure the maintenance of all Rail Baltica sections. The companies that won the tenders for the design services and project execution supervision of the infrastructure maintenance depots in Kaunas and Panevėžys will prepare technical projects that will be used to design the administrative, rolling stock service, fire and rescue train buildings, warehouse buildings, storage areas, access, service roads and other infrastructure necessary for the functioning of the depots.
- LTG Infra has announced a tender for the design of the infrastructure of the Rail Baltica Kaunas passenger station area. A little later, the design competition for the railway infrastructure of the Rail Baltica regional stations in Kaišiadorys and Vievis was announced.
- A permit for the construction of the contact network of the Vilnius railway junction was received for the contract works of the first phase of the project Vilnius–Klaipėda (Draugystės st.) contact network. Foundation installation and contact network support installation works have started.
- An agreement was signed with the Finnish company Proxion Plan Oy regarding the preparation of the concept of the implementation of a unified traffic management (interlocking) system in the network, the preparation of installation procurement documents and assistance in implementation procurement.

FEBRUARY

- After presenting to the public the special plan of the Kaunas-Vilnius section of Rail Baltica, which provides for the specific territories, land plots and their parts, through which the railway line will pass in this section, there was an extremely high level of involvement of interested parties – as many as 470 proposals and questions regarding the specification of the special plan. Taking this into account, a decision was made to additionally evaluate all proposals for updating the special plan.
- A tripartite declaration of intent was signed between the Polish railway infrastructure manager PKP Polskie Linie Kolejowe S.A., LTG Infra and Rail Baltica project coordinator and implementing organization RB Rail. The purpose of the declaration is to strengthen the close partnership with one of the most important strategic partners of Rail Baltica – PKP Polskie Linie Kolejowe S.A.
- In the course of the revision of the special plan of the Kaunas-Vilnius railway line of Rail Baltica, the procurement of design services for the Vilnius railway node was announced in parallel. It is planned to sign the contract with the tender winner in the third quarter of this year.
- The activity plan of the public railway infrastructure manager for 2023-2026 has been approved. The work of LTG Infra in the coming years is specified in the plan: investment projects, road renovation works, plans for renovation of several buildings. LTG Infra's measures to maintain stability are reviewed in order to ensure the efficient operation of the Company.
- The fifth annual meeting of LTG Infra with market participants took place. During the meeting, contractors and suppliers were presented with the Company's most important ongoing projects, purchases planned in the near future, and investment plans announced. The annual conference attracts more and more participants not only from Lithuania, but also from other countries, and this year 200 business partners gathered at the annual conference.

MARCH

- **On March 10**, LTG Infra LTG Infra announced procurement for the acquisition of X-ray equipment in the Stasylai and Kybartai sections. The system will contribute to ensuring more effective control of sanctioned goods, which is extremely relevant when assessing the changed geopolitical situation.
- **On March 29**, a strategic session of the board of the LTG Group of Companies took place, during which the strategies of the LTG Group of Companies and LTG subsidiaries were presented. Taking into account the comments of the LTG Board, final corrections were made to the strategies. On 29 March, the Board of LTG Infra approved the strategy of LTG Infra.

- The works on the installation of foundations and supports on single roads in the Kaišiadorys-Radviliškis section of the second stage of electrification have been completed. The works of the third stage Radviliškis-Klaipėda (Draugystės st.) are still being carried out.
- LTG Infra, the Company implementing the Rail Baltica project in Lithuania, signed a EUR 8.59 million (including VAT) contract with the Latvian company A.C.B. The latter became the winner of the Žeimiai-Šėta (Jonava-Kėdainiai district) section of the tender for the installation of access roads.
- LTG Infra has announced purchases for the purchase of X-ray equipment in the Stasylai and Kybartai sections. The system will contribute to ensuring more effective control of sanctioned goods, which is extremely relevant when assessing the changed geopolitical situation.

APRIL

- **On April 1**, LTG infra purchased assets related to terminal operations from LTG, worth EUR 10.8 million.
- **On April 1**, the management of LTG Infra changed. Karolis Sankovski, the CEO who managed LTG Group's infrastructure manager company LTG Infra for almost six years, has finished his work. He was replaced by Rūta Jakubauskienė, who will hold the position of the CEO temporarily until a permanent head of the Company is appointed.
- A tender was announced for the installation of a military and civilian site in Palemonas. After the implementation of the project, the capacities of the loading bay will be expanded, three additional railway tracks will be installed, and the covering of the military and loading bays will be reconstructed/installed. This will improve the country's readiness to host NATO troops.

MAY

- **On 1 May**, LTG Infra purchased the part of cargo services business from LTG Cargo for EUR 438.0 thousand.
- LTG Infra completed the purchase of installation, development, support and training services for the station management tool. A contract was signed with the Polish IT company Petrosoft.pl Technologie Informatyczne Sp. z o.o. for the purchase of a new station management tool. The new station management tool will ensure greater railway traffic safety, as its implementation will reduce the likelihood of human error, and traffic data will be exchanged automatically.
- In the Jonava district, Minister of Transport and Communications Marius Skuodis inspected the implementation works of the Rail Baltica project. Assessing the inspected section from Kaunas towards the Latvian border, the Minister spoke with the project developers – LTG, LTG Infra managers and representatives of the joint Baltic company RB Rail AS and companies performing contract work about the current status of activities in the most mature section of the Rail Baltica project, Kaunas-Lithuania-Latvian border, and discussed the next works related to the project.
- An application has been submitted for EU funding of the project "Modernization of priority crossings of the Vilnius-Klaipėda railway line".
- Agreements are being finalized with the central project management agency regarding the financing of Klaipėda and Kretinga noise wall projects.

JUNE

- LTG Infra has re-announced four tenders for the procurement of land acquisition services for the development and implementation of projects for the needs of the public. The contract is planned to be signed this year. The suppliers who won the tenders will prepare and implement land acquisition projects for public needs for infrastructure maintenance depots near Kaunas and Panevėžys and for three sections of the railway line: Kaunas-Vilnius, Kaunas-Lithuanian and Polish borders and the Kaunas railway junction.
- The European Commission has allocated almost EUR 1 billion (exact amount – EUR 928 million) for the implementation of the European gauge railway Rail Baltica in the Baltic States, of which Lithuania's share is as much as EUR 394 million. This is the largest financing that Lithuania has received from the Connecting Europe Facility (CEF).
- The Government of the Republic of Lithuania has approved the special plan for the railway infrastructure maintenance depots in Kaunas and Panevėžys of the European gauge project Rail Baltica. At the held meeting, it was decided to start procedures for land acquisition for public needs. Infrastructure maintenance depots are an integral part of the European railway under construction and will ensure technical maintenance of all sections of Rail Baltica.
- Palemonas was visited by a high-ranking team of the Logistics Command of the German Armed Forces with an accompanying delegation of officers, who were presented with the possibilities and plans of the railway infrastructure. The German delegation indicated the growth of military cargo transportation flows, the importance of implementing the military mobility project was discussed.
- The **MOVE** project was completed and implemented – a new **business management system S/4Hana** was installed. The new management system will ensure high-quality, reliable and accessible data from a single source, more efficient planning of labor and material capacities, and will eliminate duplication of functions. LTG Infra started using the new system from 3 July.

EVENTS AFTER THE REPORTING PERIOD

On 10 July, Raimondas Zemikas, Head of Project Management, joined the management team of LTG Infra.

INFORMATION ON IMPACT OF GEOPOLITICAL CHANGES ON THE GROUP'S BUSINESS ACTIVITIES

The situation related to military actions in Ukraine is unpredictable, therefore the actions of the Governments of Lithuania and other countries are changing and it is difficult to reliably assess the possible influence on activities and results. The Company's management cannot deny the possibility that the sanctions applied to Russia and Belarus, increasing their severity, or the negative impact of such measures on the economic environment in which the Company operates, will not have an additional negative impact on the financial condition and operating results in the short and long term. LTG Infra very carefully follows and analyzes the entire geopolitical situation in Eastern Europe.

Taking into account the situation, the management of LTG Infra responsibly assesses the main risks and threats related to the continuity of operations and the impact on the activities of LTG Infra and, together with other companies of the LTG Group, takes steps to control the situation:

- In the view of the applied sanctions, business continuity plans and updated business forecasts for the entire LTG group were reviewed, paying the greatest attention to the business prospects of LTG Infra and the balancing of cash flows.
- Decisions were made regarding strict cost control of LTG Infra – only expenses necessary for the performance of activities are financed. The portfolio of investment projects was reviewed and decisions were made regarding the delay and postponement of some investment projects to later periods. The investment projects started and the necessary investments to renew the property are being carried out.
- In order to manage LTG Infra's liquidity risks, LTG and LTG Infra's management evaluated subsidies and additional financing provided by the state, and taking into account the implementation of related EU and national regulations, subsidies related to the balancing of income and costs of the public railway infrastructure manager are also planned.
- In order to ensure stable finances of LTG Infra, the Ministry of Transport and Communications of the Republic of Lithuania and LTG Infra signed a quality and financing agreement for railway service facilities owned by the State of Lithuania in April 2022, which was published on the Company's website https://ltginfra.lt/administracine-informacija. State financing of LTG Infra will ensure stable technical supervision of the public railway infrastructure, improve the quality of services provided and ensure a high level of railway traffic safety. The contract is valid for five years.

In the assessment of the Company's management, the measures and actions listed above, state aid, as well as borrowing opportunities and the cash flow generated by the main activity allowed and will allow to balance the cash flows necessary to ensure the continuity of operations and service the existing loan agreements and obligations to partners.

OVERVIEW OF KEY PERFORMANCE INDICATORS

Indicators	Measurement unit	2021 H1	2022 H1	2023 H1	2023/2022 Δ, %
Train operational volumes	bn tkm gross gross	13.8	8.4	6.8	-19%
Train mileage	mln. train km	7.1	6.2	6.1	-2%

The decrease in the train operational volumes and train mileage was caused by Russia's military actions in Ukraine and the broad-spectrum US and EU sanctions applied to Belarus and Russia during the reporting period.

ANALYSIS OF FINANCIAL AND OPERATIONAL PERFORMANCE

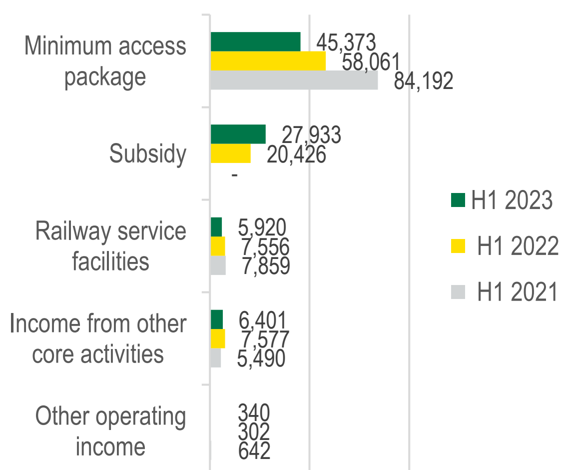
PERFORMANCE

REVENUE

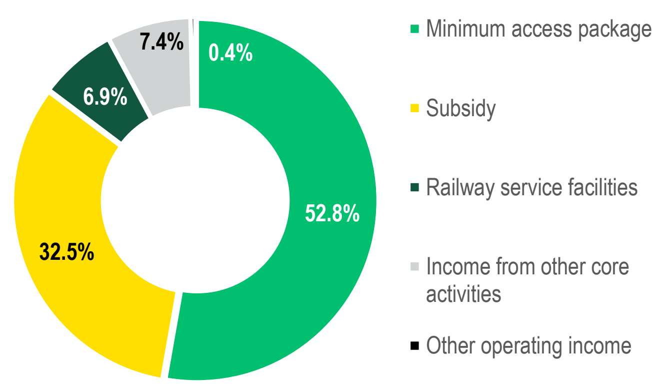
The Company's income with subsidy in H1 2023 amounted to EUR 86.0 million and compared to the income of H1 2022, it was EUR 8.0 million or 8.5% lower. Most of them – 52.8% – were revenues for the provision of services of the minimum access package.

- **Minimum access package revenue**, compared to H1 2022, decreased by EUR 12.7 million or 21.9% and amounted to EUR 45.4 million. Due to the impact of sanctions and the reduction of connections with Russia and Belarus, the volume of cargo transportation decreased by 20.5% in the analyzed period.
- **Subsidy revenue** during the reporting period amounted to EUR 27.9 million, and compared to H1 2022, it was EUR 7.5 million or 36.8% higher. The state funds were intended to balance the income and expenses of the manager of the public railway infrastructure due to the fall in freight transport volumes.
- **Revenue from services provided by the Company's operated RSFs** amounted to EUR 5.9 million or 6.9% of total revenue of the Company. Compared to H1 2022, this revenue dropped by 21.7% due to reduced volumes of service provision.
- **The Company's other operating income** is derived from the maintenance of public railway infrastructure, lease of assets, electricity, water supply, sale of scrap metal, and various other services of a commercial nature provided by the Company. These revenues amounted to EUR 6.4 million in H1 2023 and accounted for 7.4% of total revenue of the Company.
- **The Company's income from other activities** amounted to EUR 0.3 million in H1 2023.

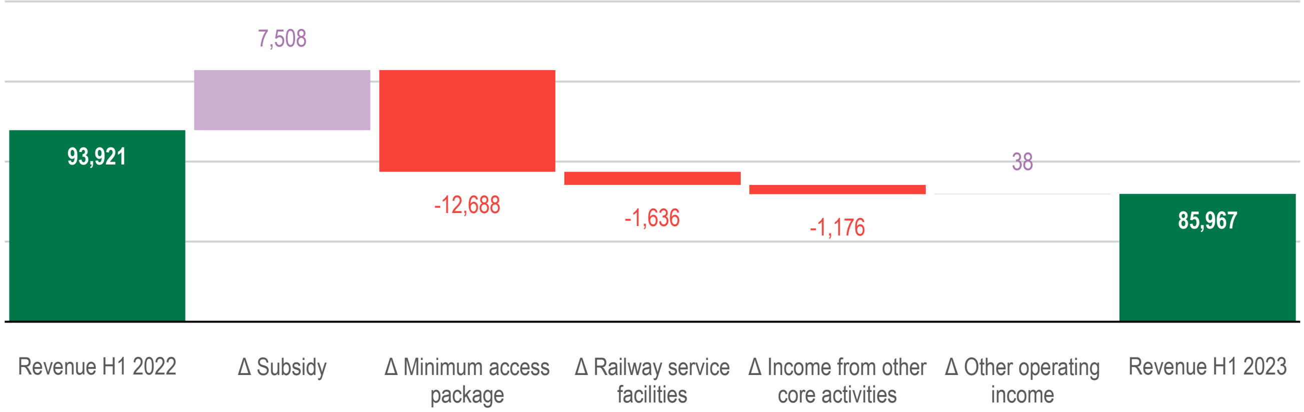
Company's revenue, EUR thousand



Company's revenue structure in H1 2023, %



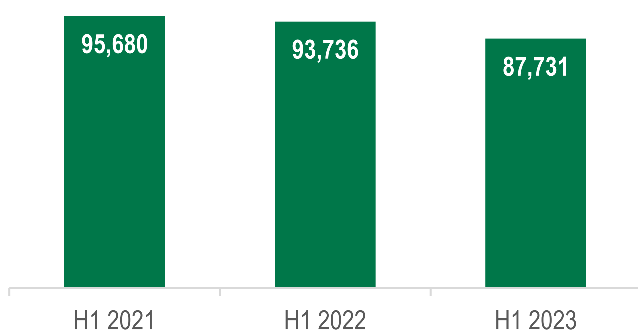
Change in Company's revenue, EUR thousand



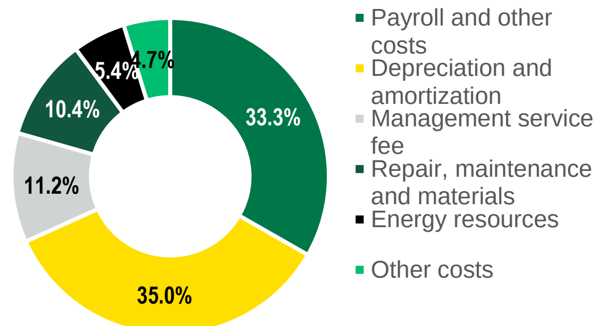
Costs

In H1 2023, the Company incurred EUR 87.7 million in costs to carry out its core and other activities. Compared to H1 2022, costs decreased by EUR 6.0 million or 6.4%. The majority of these costs include depreciation and amortization (35.0%), payroll (33.3%), management services (11.2%), materials, repairs and maintenance (10.4%) and energy resources (5.4%) costs. The remaining costs make up 4.7%.

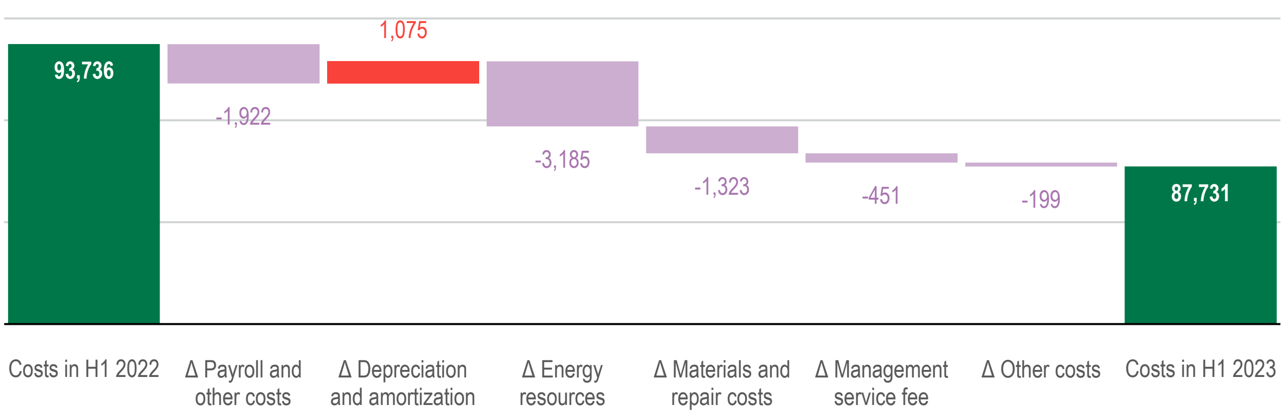
Company's costs, EUR thousand



Company's costs structure in H1 2023, %

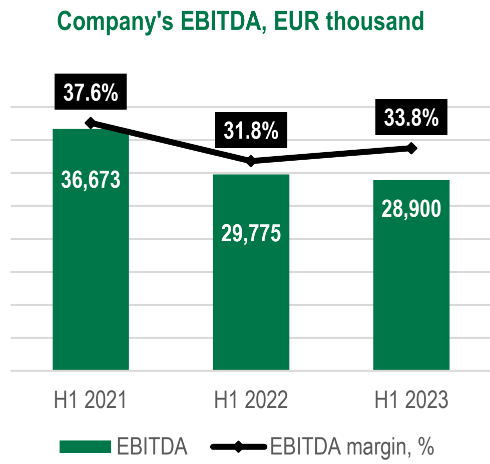


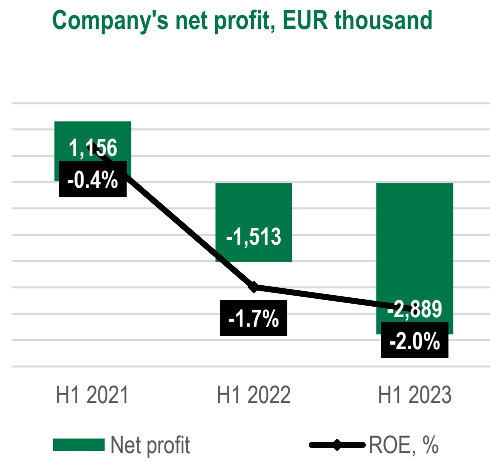
Change in the Company's costs, EUR thousand



PERFORMANCE

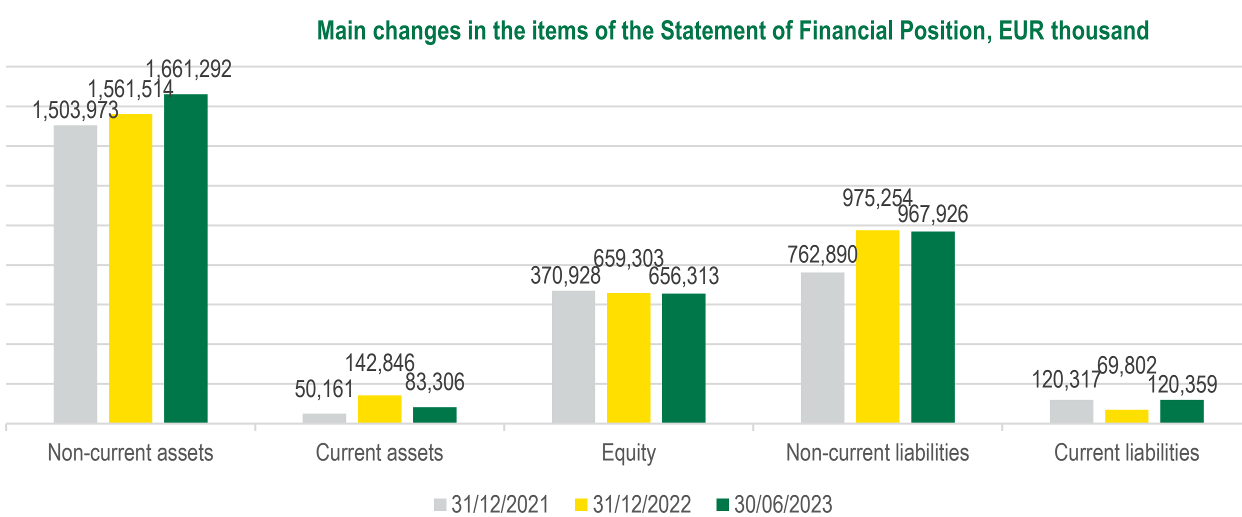
The Company's EBITDA in H1 2023, compared to the corresponding period of 2022, decreased slightly, i.e. 2.9%, and amounted to EUR 28.9 million, the incurred loss amounted to EUR -2.9 million. The Company's worse results were caused by a 12.7% decrease in income, while expenses decreased by 6.4%.





CHANGES IN THE STATEMENT OF FINANCIAL POSITION

- The Company's assets as at 30 June 2023 amounted to EUR 1,744.6 million and, compared to 31 December 2022, increased by 2.4%.
- Non-current assets, which represented 95.2% of the total structure, increased by 6.4% up to EUR 1.661.3 million. In the course of the Company's long-term investment projects, the implementation of which takes several years, the unfinished construction increased most significantly.
- During H1 2023, current assets decreased by EUR 59.5 million due to a decrease in cash balance and reached EUR 83.3 million on 30 June 2023.
- Equity decreased by EUR 3.0 million during H1 2023 and reached EUR 656.3 million on 30 June30, 2023. The changes were caused by the decrease in the result of the reporting period of the Company.
- Non-current liabilities decreased by EUR 7.3 million or 0.8% during H1 2023 and amounted to EUR 967.9 million on 30 June 2023. Changes were caused by repayment of long-term loans, no new long-term loans were received during the reporting period.
- Current liabilities increased by EUR 50.6 million in H1 2023 and reached EUR 120.4 million on 30 June 2023. The changes were caused by increased trade and other payables.



KEY FINANCIAL INDICATORS *

	Measurement unit	H1 2021	H1 2022	H1 2023
Sales revenue	EUR thousand	97,541	73,194	57,694
Subsidies	EUR thousand	-	20,425	27,933
Income from other activities	EUR thousand	642	302	340
Total income	EUR thousand	98,183	93,921	85,967
Costs	EUR thousand	(95,680)	(93,736)	(87,731)
EBITDA	EUR thousand	36,673	29,775	28,900
Normalized EBITDA	EUR thousand	36,536	29,341	28,682
EBITDA margin	%	37.6%	31.8%	33.8%
Normalized EBITDA margin **	%	37.5%	31.3%	33.5%
EBIT	EUR thousand	2,502	185	(1,764)
EBIT margin	%	2.6%	0.2%	-2.1%
Net profit (loss)	EUR thousand	1,156	(1,513)	(2,889)
Net profit margin	%	1.2%	-1.6%	-3.4%

	Unit of measurement	31-12-2021	31-12-2022	30-06-2023
Non-current assets	EUR thousand	1,503,973	1,561,514	1,661,292
Current assets	EUR thousand	50,161	142,846	83,306
Total assets	EUR thousand	1,554,134	1,704,360	1,744,598
Equity	EUR thousand	670,928	659,303	656,313
Financial debt	EUR thousand	160,201	143,118	133,356
Net debt	EUR thousand	149,280	31,111	112,923

	Unit of measurement	31-12-2021	31-12-2022	30-06-2023
Return On Equity (ROE)	%	-0.4%	-1.7%	-2.0%
Return On Assets (ROA)	%	-0.2%	-0.7%	-0.7%
Return On Investment (ROI)	%	-0.2%	-0.7%	-0.8%
Financial debt / EBITDA	times	2.5	2.7	2.6
Financial debt / Equity	%	23.9%	21.7%	20.3%
Net debt / EBITDA	times	2.3	0.6	2.2
Net debt / Normalized EBITDA	times	2.2	0.5	1.9
Loan servicing ratio	times	4.2	2.2	2.2
Equity ratio	%	43.2%	38.7%	37.6%
Asset turnover ratio	times	0.1	0.1	0.1
Quick liquidity ratio	times	0.3	2.0	0.6
Total liquidity ratio	times	0.4	2.0	0.7

* For definitions of the indicators see page 36 of the Report.

** when calculating the normalized EBITDA indicator for 2022, severance pay and compensation for employees dismissed during the implementation of the *Operational Optimisation Project* (EUR 0.7 million) were added to provisioning costs not related to normal operations.

(all amounts are in EUR thousand unless otherwise stated)

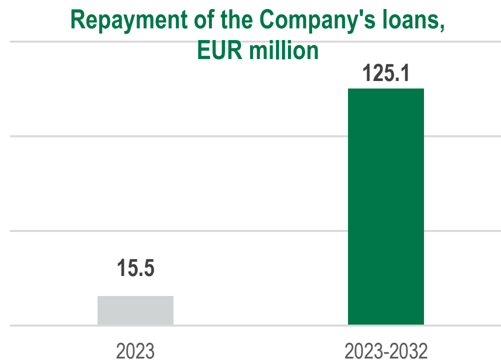
COMPANY'S FUNDING

The Company's debt portfolio as at 30 June 2023 amounted to EUR 131,695 thousand (31 December 2022: EUR 141,082 thousand). There were no new loans.

As of 30 June 2023 the weighted interest rate of the debt portfolio of the Company amounted to 4.5% (31 December 2022 – 1.3%). The longest debt repayment period reached 11 years, and the last deadline for the repayment is year 2032.

The Company uses the Group's short-term borrowing account - Cash pool - to balance working capital and ensure liquidity, which enables it to optimise the use of working capital and the cost of short-term borrowing. The Group's account agreement is valid until 31 December 2023. The terms of the agreement are in line with normal market conditions.

Ratio	Measurement unit	2023 H1	Value set by bank
Net debt/Normalized EBITDA	Times	1.9	Not higher than 4.0
Equity ratio	%	37.6	Not lower than 35%
Loan servicing ratio	Times	2.2	Not lower than 2



DIVIDEND POLICY

The payment of dividends and the amount of profit contributions in state-owned enterprises is regulated by Government Resolution No. 665 of 6 June 2012 "On the Approval of the Description of the Procedure for the Exercise of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises", and the amendments to the Resolution (for more information, please refer to the webpage of the Seimas of Lithuania's legislation at https://e-seimas.lrs.lt/portal/legalActEditions/lt/TAD/TAIS.427069). The consolidated version is valid from 5 April 2022.

The allocation and payment of dividends of the Company is governed by the LTG Group's Dividend Policy and the description of the procedure for the calculation and use of the Public Railway Infrastructure Manager's operating result, approved by the Order of the Minister of Transport and Communications of the Republic of Lithuania No. 3-289 of 6 June 2022, which has been drawn up in accordance with the provisions of Article 24^1 (9) of the RTC (https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/40eeb720e5cf11ec896de0b71e988500?positionInSearchResults=0&searchModelUUID=e543e5aa-2bc5-4ba6-8090-8578eaa477f2).

According to the LTG Group's Dividend Allocation Policy, the allocation of dividends for a financial year or a period shorter than a financial year is planned taking into account the level of return on equity, earned net profit, financial opportunities to pay dividends, the implementation of economic projects important to the state, and other conditions and circumstances set forth in LTG Group's Dividend Allocation Policy.

The Board of the Company may propose a higher share of profit to be distributed for dividends taking into account the implementation of financial plans, significant financial ratios (net profit, EBITDA, financial debt to EBITDA ratio, financial debt to equity ratio) at the end of the reporting period, if the payment of such higher share of profit would not have a negative effect on the implementation of the Company's **Long-term Strategy** (2040).

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

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

The Company, which performs the functions of the Public Railway Infrastructure Manager, shall pay the dividends calculated according to the procedure established in the Dividend Allocation Policy to the extent that it complies with the provisions of paragraphs 10-12 of Article 24[1] of the RTC and the description of the procedure for calculating and using the performance of the Public Railway Infrastructure Manager.

SPECIAL OBLIGATIONS

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

The Company has a specific obligation to maintain, modernize and develop the public railway infrastructure and to provide services constituting the minimum access package.

The purpose of the special obligation:

• to provide services constituting the minimum access package to railway undertakings (carriers) on non-discriminatory terms;

• to maintain, modernize and expand the public railway infrastructure by implementing the projects provided for in the state investment program and ensuring the use of European Union funds.

Maintenance, modernization and development of public railway infrastructure and provision of services constituting the minimum access package

Legislation entrusting SOEs with the following special obligation:

• Provision of minimum access package services: Part 51 of Article 3, Part 1 of Article 23 and Clause 6 of Part 1 of Article 24 of the RTC;

• Maintenance, modernization and development of public railway infrastructure: Part 51 of Article 3, Part 1 of Article 23 and Clauses 1, 3 and 4 of Part 1 of Article 24 of the RTC.

Legislation establishing the conditions for the fulfilment of the special obligation and regulating pricing:

- Provision of minimum access package services: budget allocations are allocated for the performance of the function in accordance with the agreement on quality and financing assurance of public railway infrastructure and railway service facilities owned by the State of Lithuania concluded by the Ministry of Transport and Communications of the Republic of Lithuania and Public Railway Infrastructure Manager LTG Infra on 6 April 2022, and the contract for the use of state budget funds for the implementation of the program "Implementation of Transport and Communications Policy" concluded annually by the Ministry of Transport and communications of the Republic of Lithuania and LTG Infra. Pricing is governed by Articles 25–25[2] of the RTC and fee rates are calculated in accordance with the Fee Rules approved by Resolution No. 610 of the Government of the Republic of Lithuania of 19 May 2004 "On Approval of the Rules for Calculation and Payment of the Fee for the Minimum Payment of Access to Public Railway Infrastructure, the Fee for Using the Public Railway Infrastructure for the Provision of Transit Rail Transport Services and the Fee for the Allocated Public Railway Infrastructure" (wording of Resolution No. 1022 of the Government of the Republic of Lithuania of 12 October 2022).
- maintenance, modernization and development of public railway infrastructure: the function is carried out in accordance with the annual agreement between the Ministry of Transport and Communications of the Republic of Lithuania and AB LTG Infra for the use of state budget funds for the implementation of the program "Implementation of Transport and Communications Policy", the funds of the European Structural and Investment (ESI) Funds and the European infrastructure networking measures are allocated and the own funds of LTG Infra are used. Pricing is not regulated.

Details of the Company's Special Obligations are available on the Company's website: https://ltginfra.lt/veiklos-rezultatai and in the 2022 Annual Report of the Company.

INVESTMENTS

LTG Infra's investments in H1 2023 amounted to EUR **146.8** million. EUR **85.7** million of EU support and state budget funds were used, most of them for Rail Baltica and electrification projects. The increase in the scope of the contract work for these two projects led to a significant increase in the investment level of LTG Infra compared to previous periods.

Investments, EUR million	2021 H1	2022 H1	2023 H1
Rail Baltica	5.5	5.9	38.8
Electrification of the Vilnius-Klaipėda corridor	0.2	0.8	79.7
Track upgrade programme	7.9	3.8	6.4
Other	24.5	17.5	21.9
Total	**38.1**	**28.0**	**146.8**

KEY INVESTMENT PROJECTS IN H1 2023

DEVELOPMENT AND RENEWAL OF RAILWAY INFRASTRUCTURE

1. The biggest project of Lithuanian railway infrastructure **Rail Baltica**, designed to connect the Baltic countries with the dominant European railway network in EU countries, continues. During the first half of the year, EUR 38.8 million was invested. Project progress in the H1 2023:

- *In the railway section Kaunas-LT/LV state border*:
  - technical design works for individual sections of the railway line and territorial planning for additional infrastructure in the Panevėžys junction and regional stations are being carried out;
  - the construction works of the bridge at Jonava over Neris have started. It will be the longest bridge in the Baltic States – the length of the bridge reaches 1.5 km;
  - construction works on the embankment have started in a part of the Kaunas-Ramygala section (30 km);
  - procurement for construction works for the remaining part of the Kaunas-Ramygala section (48 km) are carried out;
  - preparations are being made for construction in the Ramygala-Panevėžys and Panevėžys-LT/LV border sections;
- *In the railway section Kaunas-Vilnius:*
  - the final stage of territorial planning is carried out;
  - procurement of land for public needs and procurement for design is carried out;
- *In the railway section Kaunas-LT/PL state border:*
  - the final stage of territorial planning is carried out;
  - procurement of land for public needs and procurement for design is carried out.
- Preparation of special plans for the infrastructure depot and regional stations continues.
- The Rail Baltica project is financed by EU and state budget funds. In June 2023, EU funding for the Rail Baltica project (EUR 394 million for Lithuania's part) will allow the start of contract work on new sections and other project activities,

2. In order to increase the competitiveness of the Lithuanian transport sector and significantly reduce air pollution, the **Railway Electrification Program** is being continued. During the implementation of the electrification project of the Vilnius-Klaipėda corridor, contract works are being carried out both at the Vilnius railway junction and at the Kaišiadorys-Klaipėda (Draugystės station) section. In H1 2023, the volume of investments for electrification increased to EUR 79.7 million. The project is largely financed by the EU and the state budget. By 2025, after the electrification of the Vilnius node and the railway line from Kaišiadorys to Klaipėda (is being continued.) (366 km), it will be possible to transport cargo and passengers on the Kena-Vilnius/Vaidotai-Šiauliai-Klaipėda routes using ecological and efficient electric traction.

3. Other important investments in the development and modernization of railway infrastructure:

- In 2023, the contract works for the construction of the *second road on the Livintai-Gaižiūnai railway section* will be completed. 10.8 km of new road was built and 10.7 km of existing road was reconstructed.
- The level of safety at railway and road intersections is being increased:
  - the project for the *Installation of two-level railway and car road intersections in Lentvaris-Vievis (38+855 km) and Kyviškės-Valčiūnai (18+419 km) sections* is being implemented. The stage of the project in the Kyviškės-Valčiūnai section was completed in 2022, during the reporting period, contract work continued in the Lentvaris-Vievis section. After the implementation of the project at the mentioned crossings, where both train and road traffic is intense, traffic safety problems will be basically eliminated;

– *10 priority crossings in the Vilnius-Klaipėda railway corridor* are being modernized: the modernization of one crossing has been completed, the procurement procedures for the modernization of the remaining 9 crossings are being completed. After the implementation of the project, the technical safety measures provided for in the standard of the International Union of Railways will be installed;

- Digitization of railway infrastructure is carried out:
  – In order to increase the efficiency of station operations, the Station Management and Tool Modernization (SVIM) project is being implemented. After the implementation of the project, a new operating model will be created and the most suitable station management tool will be installed;
  – The ERP system is being modernized. LTG INFRA started working in the business management system SAP S/4Hana from 1 July 2023;
  – The project for the implementation of rolling stock automatic control systems (RAKS) is carried out. Procurement procedures were carried out during the reporting period. The installed system will help ensure the level of security of passengers, cargo and railway infrastructure;
  – The automation, communications, electricity supply (ARE) equipment monitoring system implementation project was initiated, which will allow increasing the efficiency of technical maintenance of automation devices, timely identification of faults, automating the maintenance process and reducing costs;
  – Traffic management efficiency increase, infrastructure maintenance operation model creation and other digitization projects are carried out.
- Investments are made in railway stations in order to increase their attractiveness to the public:
  – In H1 2023, the implementation of the Station Information System development project was continued. The scope of the project includes installing a modern passenger information system and equipment at 50 stations;
  – In order to make train travel easily accessible for passengers with disabilities, the project of adapting the route without barriers for people with disabilities is being implemented in the station area. After the project is implemented, station accesses will be renovated, ramps will be installed, paths will be repaired, warning tapes and other measures will be installed;
  – Vilnius railway station reconstruction project is carried out, which will increase the attractiveness of Vilnius station for passengers and adapt the station for commercial purposes. During the reporting period, contract works were carried out at the Vilnius railway station;
  – The project of connecting the Plungė railway and bus stations is being completed, which creates a common transport node, which will allow organizing more convenient passenger communication by different modes of transport.
- The *Kaunas intermodal terminal capacity development* project is being implemented. The design and contract for the reconstruction of the terminal surface is in progress. After the implementation of the project, the loading capacity and sales volume of additional services will be increased.
- In order to be an environmentally friendly company and to meet the needs of society, the *program of installation of noise reduction walls* is completed. In total, 9 noise suppression walls were installed in 7 municipalities within the scope of the program.
- Together with the State Service of Protected Areas under the Ministry of the Environment of the Republic of Lithuania, the project of *adapting the technical service path of the Lyduvėnai railway bridge to visitors* is being implemented. Until the end of 2023, visitors will be able to admire the views from the longest (599 m) and highest (42 m) Lyduvėnai railway bridge in Lithuania.
- The replacement of locomotive safety systems (LSS) in self-propelled infrastructure rolling stock was initiated. Procurement for the installation of new systems has begun, with the aim of replacing 17 rolling stock with unsafe Russian-made KLUB-U systems currently in operation.

4. During the reporting period, renovation works were carried out on the main railway roads, a switch replacement program was carried out, defective bridges were reconstructed, crossings were repaired, the replacement of catenary supports in an emergency condition was started (on the Vilnius-Kaunas section), the project of replacing the electrical switches and signal centralization equipment in the stations of the Vilnius region and other property renovation works are being carried out. During H1 2023, works worth EUR 10 million were completed during the renovation of railway infrastructure assets, including: EUR 6.4 million for the renovation of main roads.

EMPLOYEES

Attention to employees and development of organizational culture is one of the strategic directions. Special attention is paid to ensuring employee well-being and functional competences, as well as growing human capital and encouraging employees to get involved in ongoing activities. The aim is to develop effective social dialogue with employees and create more comfortable working conditions by implementing advanced technological solutions and providing employees with the necessary work tools and benefits. Leadership of employees and managers is encouraged. Educational initiatives are carried out together with social and educational partners. An organizational culture of high results is formed and supported, the aim is to create employee behavior in daily activities based on common values and open feedback, to increase employee involvement and loyalty, to develop employee honesty and respect for people.

IMPORTANT EVENTS OF H1 2023

- In February, the results of the extended study "Voice of Employees" conducted for the fourth year in a row on the factors influencing organizational culture were summarized. This time there was a record turnout – 89% of LTG Group employees expressed their opinion. Based on the results of the research, individual priorities for the development of organizational culture significant for specific activities are determined.
- Lecture cycles for employees on mental and physical health and self-knowledge will continue in 2023. In May, employees were invited to diversity charter events and a lecture dedicated to diversity and inclusion in the organization – which is important to create a safe and respectful work environment.
- In order to ensure current students' and potential employees' knowledge about railways and the Group of Companies, cooperation with Lithuanian educational institutions is further strengthened – cooperation agreements have been signed with Vilnius Gediminas University of Technology (VILNIUS TECH), Kaunas University of Technology, Kaunas College of Technology, Vilnius College of Technology and Design and VGTU Engineering Lyceum for cooperation in the preparation and implementation of scientific research projects and together achieving a closer contact between studies and practice. LTG Group specialists will share their long-term experience and knowledge in the fields of railway transport engineering and technologies of this sector, students and schoolchildren will be introduced to the perspectives of engineering specialties and engineering in the railway field, as well as business and scientific innovations.
- From 1 April 2023, an annual review of basic salaries was implemented, linked to clear and objective criteria – a comparison of the existing employee compensation with the market, the Company's financial results and the budget allocated for the review, and the evaluation of the annual performance of each employee. The total budget for the revision of basic salaries in the spring of 2023 in LTG Group amounted to about 6.5%.
- In addition to the basic salary, the employees are provided with free accident insurance and additional voluntary health insurance, which covers outpatient and inpatient treatment and diagnostics in private institutions, preventive health examinations and vaccinations, prescription drugs and medical aids. Additionally, employees can choose dental, rehabilitation or optical services. In the renewed collective agreement of the branch, following an agreement with the social partners, from 2023 the one-time payments upon the birth of an employee's child or the death of a family member increased by 50% – from 200 to 300 EUR, after taxes. The package of additional benefits for employees also includes support in case of natural disasters, loyalty payments for employees who leave the organization after reaching retirement age, additional holidays and other benefits provided for in the collective agreement of the LTG Group branch and the Remuneration Determination Methodology. In addition, all employees of the Group travel around Lithuania by train for free.
- After the end of the financial year and the evaluation of the results achieved by the Company, the employees were given an annual incentive. This incentive is a fund awarded at the initiative of the employer to encourage good work and positive results of the Company's activities, as specified in Clause 6 of Part 2 of Article 139 of the Labor Code of the Republic of Lithuania, and which is awarded on the basis of Clause 2 of Part 1 of Article 142 of the Labor Code of the Republic of Lithuania. Incentives are also forward-looking as a motivational tool for employees, and individual annual incentive opportunities are linked to the corporate levels of positions and the evaluation of each employee's annual performance. The decision on the formation of the annual incentive fund was made by the Board of the Company after a detailed assessment of all circumstances. During the distribution of the annual incentive fund for the results achieved in 2022, EUR 1.8 million was paid to the Company's employees in June 2023.

NUMBER OF EMPLOYEES AND AVERAGE SALARY

The number of employees of the Company reached 2,496 on 30 June 2023, and another 25 employees were on long-term absence (childcare, maternity leave, military service, etc.).

Compared to the data of 31 December 2022, the number of employees of the Company increased by 43 employees or 1.8%.

Compared to 2022, the average monthly salary changed from EUR 1,749 to EUR 1,880. The biggest influence on wage growth was the annual wage review held in the entire LTG group of companies in April 2023.

The total wage fund amounted to EUR 27.4 million. Additionally, in June 2023, as in other LTG Group companies, the Company's employees were paid an annual incentive amount of EUR 1.8 million for work results.

(all amounts are in EUR thousand unless otherwise stated)

Employee groups by position	31-12-2021		31-12-2022		30-06-2023**					
	Actual number of employees as of the end of the period	Average salary, EUR	Actual number of employees as of the end of the period	Average salary, EUR	Actual number of employees as of the end of the period			Average salary, EUR		
					Total	Female	Male	Total	Female	Male
CEO*	1	5,770	1	9,005	1	1	-	7,900	-	-
Top-level managers *	6	6,803	9	6,569	7	-	7	6,763	-	-
Senior executives and specialists in exceptional fields	17	4,334	22	4,498	28	4	24	4,663	-	-
Middle-level managers and individual experts	116	2,968	143	3,109	153	43	110	3,166	3,152	3,171
Team leaders and experienced specialists	1,070	1,844	963	1,963	961	254	707	2,076	2,055	2,083
Specialists and experienced operational/service staff	614	1,501	439	1,597	450	239	211	1,700	1,696	1,705
Operational/service staff, qualified workers	1,137	1,254	876	1,326	896	221	675	1,418	1,421	1,417
Total	**2,961**	**1,613**	**2,453**	**1,749**	**2,496**	762	1,734	**1,880**	1,834	1,901

* fixed remuneration as at the end of the period is provided;
** In 2021, the Company started publishing salary data by gender. For reasons of confidentiality, the average salary information and the difference in the average salary are not disclosed if there are fewer than 5 employees of the same gender in a job group.

As at 30 June 2023, the fixed monthly salary of the Company's CEO amounted to EUR 7,900. Evaluating the salary paid to the CEO who left the Company and the annual incentive paid to him for work results (1/12th part), as well as the salary paid to the newly appointed CEO until June 30, 2023, the average actual salary of the Company's CEO amounted to EUR 10,018.

As at 30 June 2023, the fixed monthly salary of top-level managers as stated in their labour contracts, amounted to EUR 6,763, As at 30 June 2022, the fixed monthly salary of top-level managers as stated in their labour contracts, amounted to EUR 7,429.

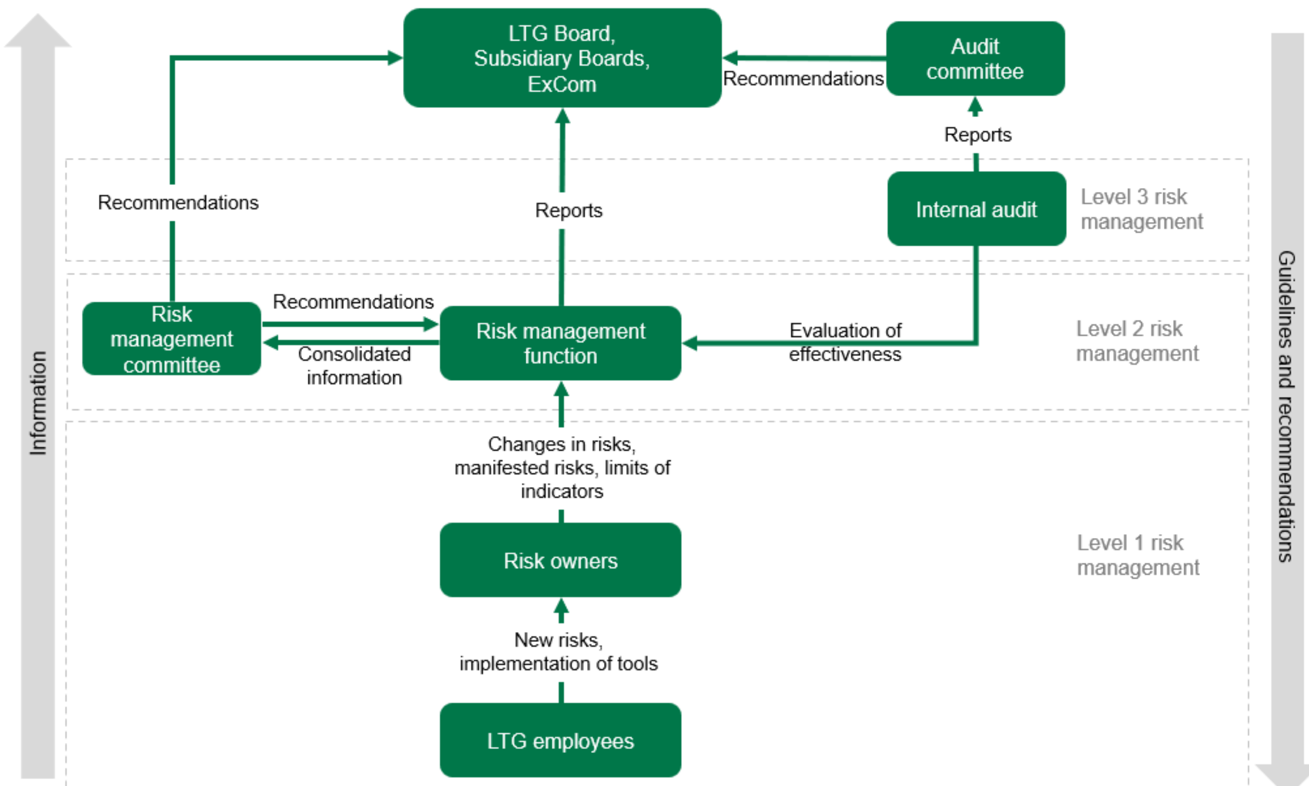
KEY RISKS AND THEIR MANAGEMENT

A **unified LTG Group risk management system** is implemented and continuously improved in the Company. It is defined in LTG Group's risk management policy, methodology and process standards, prepared in accordance with international ISO 31000 (*International Organization of Standardization*) and COSO ERM (*Committee of Sponsoring Organizations of the Treadway Commission, Enterprise Risk Management*) standards and best practice examples.

In LTG Group, risk management responsibilities are divided according to the **Three Lines of Defense model**
According to it:

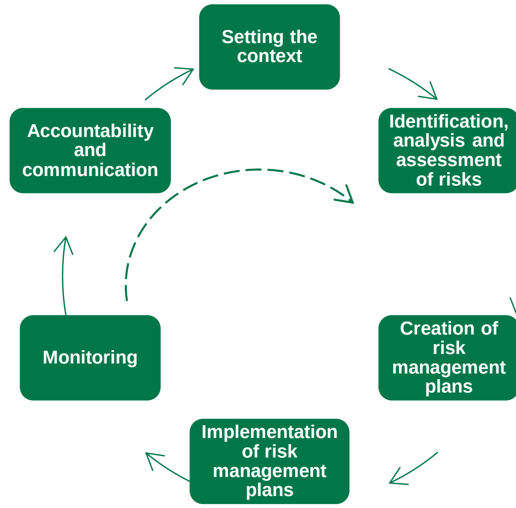
- Level 1 risk management activities are carried out by LTG Group companies and LTG corporate functions, which identify, assess and manage risks;
- Level 2 risk management activities are carried out by the Risk and Compliance Management function of LTG, which develops and improves the overall system and performs coordination and control activities;
- Level 3 risk management activities are carried out by LTG Internal Audit, which conducts an independent evaluation of the effectiveness of Level 1 and Level 2 risk management, provides comments and recommendations

Managers of various levels and collegial bodies actively participate in risk management practices. The **Risk Management Committee** is actively operating in the LTG Group of companies, the chairman of which is the Director of Business Resilience of the LTG Group. The Risk Management Committee operates in the following main areas of activity: in order to ensure an overall picture of the risks of the LTG group of companies, carries out risk calibration and refines priority risks (systemic or relevant at the level of the LTG group of companies); assesses the status of priority risk management; makes suggestions regarding the selection of risk management tools, recording of new risks; provides recommendations for improving the overall risk management system.



LTG Group's risks are managed in stages. The general periodic cycle consists of the following basic steps:

1. Setting the context.
2. Identification, analysis and assessment of risks.
3. Creation of risk management plans.
4. Implementation of risk management plans.
5. Risk management monitoring.
6. Accountability and communication.



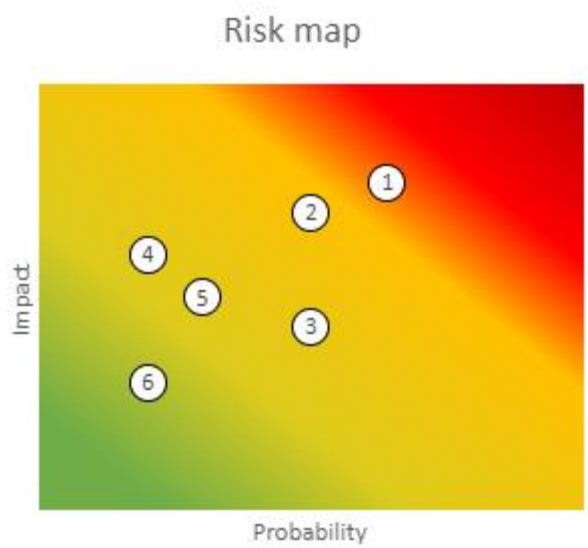
The level of identified risks is assessed by determining their probability and potential impact (assessing the financial, legal and impact on reputation, business continuity, employee safety) and assigning them to one of four risk categories (strategic, operational, financial, compliance risks). Based on this, risk owners and necessary management/mitigation actions are selected for each of the risks. Risk dynamics and progress in the implementation of measures are monitored periodically every quarter.

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

Risk management activities are continuously receiving more and more attention and increasing importance. The risk and compliance management function reports directly to the Director of Business Resilience, ensuring direct reporting channels and strengthening the importance of risk and other resilience issues in strategic decision-making.

KEY RISKS AND MANAGEMENT TOOLS

1. Risk of delays in strategic infrastructure projects.
2. Risk of insufficient financial resources to implement investment plans.
3. Risk of insufficient assurance of environmental requirements.
4. Risk of using outdated technologies.
5. Supply chain disruptions.
6. Risk of incidents (natural operational risk).



Risk	Main sources of risk	Possible effects	Key risk management tools
Risk of delays in strategic infrastructure projects	• Insufficient financial resources of the company • Failure to secure state funding • Increasing scope of projects	• Delayed implementation of projects • Damage to reputation	• Re-planning, phasing of projects • Ensuring the need for human resources • Contract work control • Securing external financing • Strengthening of cooperation between interested parties • Timely communication with interested parties
Risk of insufficient financial resources to implement investment plans	• Change in the political and economic situation • Supply chain disruptions • Declining flows • Pricing restrictions	• Financial impact • Infrastructure is not updated in a timely manner	• Search for alternative sources of financing • Control of completed works and used funds
Risk of insufficient assurance of environmental requirements	• Insufficient funding • Improper equipment • Insufficient prevention measures	• Reputational damage • Financial costs	• Implementation of territory cleaning projects • Installation of noise reduction measures • Monitoring the effectiveness of preventive measures
Risk of using outdated technologies	• The changing business environment results in the rapid emergence of new technological needs • Old systems are not supported	• Operational efficiency • Business continuity	• Technology modernization • Implementation of new solutions • Transferring functionality to other systems
Supply chain disruptions	• Rising prices of materials and raw materials • Extended delivery times	• Disturbances in operations	• Advance planning • Search for alternatives • Re-distribution of resources for more intensive sections
Risk of incidents (natural operational risk)	• Phenomena caused by the elements • Failure to follow instructions • Human errors	• Operational disturbances • Financial losses • Damage to reputation • Injuries to employees or others	• Raising the maturity level of safety culture • Safety leadership development for managers • Reviewing and updating the form of the health and safety instructions for employees • Periodic training and coaching

(all amounts are in EUR thousand unless otherwise stated)

			• A mobile application that helps ensure the safety of employees • Security system checks • Periodic control of the implementation of physical and technical protection

INFORMATION ON EXTERNAL AUDIT

Audit of the LTG Group and the Company's financial statements is conducted in accordance with International Standards on Auditing.

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

Information on the remuneration for the audit services performed in 2022 is set out in the LTG Group's consolidated and Company's 2022 Annual Report, which is available on the Company's website https://ltginfra.lt/.

INFORMATION ON COMPLIANCE WITH THE TRANSPARENCY GUIDELINES

The Company follows the requirements of the Guidelines for Ensuring Transparency of State-Owned Enterprises approved under GOV Resolution No. 1052 of 14 July 2010 by disclosing the required information in annual and interim reports and on its website https://ltginfra.lt/. Structured information on the compliance with the guidelines on transparency is presented in the 2022 annual report of the Company that is available at the website of the Company https://ltginfra.lt/veiklos-rezultatai.

(all amounts are in EUR thousand unless otherwise stated)

DEFINITIONS

Revenue	Revenue + Income from other activities excluding income from financial activities
Sales revenue *	Revenue, excluding subsidy, income from other activities and financing activities
Subsidies	State budget funds to finance special obligations carried out by LTG Infra
Costs	Costs, excluding the corporate tax and expenses for financing activities
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) of the last 12 months/Average equity at the beginning and end of the reporting period
Return On Assets (ROA)	Net profit (loss) of the last 12 months/Average of assets at the beginning and end of the reporting period
Return On Investment (ROI)	Net profit (loss) of the last 12 months/(Average of assets at the beginning and end of the reporting period - Average of current liabilities at the beginning and end of the reporting period)
EBIT	Profit (loss) before corporate tax – Financial activity result
EBITDA	Profit (loss) before corporate tax - Financial activity result + Depreciation and amortization
Normalized EBITDA	Profit (loss) before corporate tax + Interest expenses - Interest income + Depreciation and amortization + Increase (decrease) in the value of non-current assets, inventories and investments + Increase (decrease) in the value of receivables and contract assets + Cost of provisions not related to operationg activities
EBIT margin	EBIT / sales revenue
EBITDA margin	EBITDA / sales revenue
Normalized EBITDA margin	Normalized EBITDA / sales revenue
Net profit margin	Net profit (loss) / sales revenue
Equity ratio	Equity at the end of the period / Total assets at the end of the period
Loan servicing ratio	(Net profit (loss) for the last 12 months + Depreciation, amortization and grants expenses for the last 12 months + Interest expenses for the last 12 months (adjusted considering the non-monetary items)) / (debt for interest amortization + Interest payable for the last 12 months)
Financial debt / EBITDA	Financial debt / EBITDA for the last 12 months
Net debt / EBITDA	Net debt / EBITDA for the last 12 months
Asset turnover ratio	Sales revenue for the period of the last 12 months / assets at the end of the reporting period
Quick liquidity ratio	(Current assets at the end of the reporting period - Inventory at the end of the reporting period) / Current liabilities at the end of the reporting period
Total liquidity ratio	Current assets at the end of the reporting period / Current liabilities at the end of the reporting period
Train operational volumes (Gross-gross tonne-kilometre)	A figure calculated by multiplying the gross weight of the train, including the weight of the locomotive in operation, by the distance travelled.
Total employees	Listed number of active employees at the end of the period (excluding employees on parental leave, military service, long-term unemployment)
Average salary	Average gross salary per employee

* the Subsidy is added to the Sales Revenue to calculate LTG Infra's financial indicators.

LTG INFRA

AB LTG INFRA

CONDENSED INTERIM FINANCIAL INFORMATION
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL
REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

FOR THE SIX-MONTHS PERIOD ENDED ON 30 JUNE 2023 (UNAUDITED)

(all amounts are in EUR thousand unless otherwise stated)

FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

	Notes	30-06-2023	31-12-2022
NON-CURRENT ASSETS			
Property, plant and equipment	3	1,638,884	1,537,685
Land		152,040	152,031
Buildings and structures		937,224	940,365
Machinery and equipment		116,480	115,467
Vehicles		13,179	13,579
Other assets, equipment, fittings and tools		61,821	62,213
Construction in progress and prepayments		358,140	254,030
Right-of-use assets	4	1,624	1,959
Intangible assets	5	14,698	16,019
Software		12,640	14,050
Other intangible assets		2,058	1,969
Investment property	6	5,862	5,785
Financial assets		116	-
Other non-current assets		108	66
Total non-current assets		**1,661,292**	**1,561,514**
CURRENT ASSETS			
Inventories	7	13,348	5,693
Non-current assets held for sale	7	402	323
Trade and other receivables	8	45,991	24,453
Prepayments		3,132	370
Cash and cash equivalents		20,433	112,007
Total current assets		**83,306**	**142,846**
TOTAL ASSETS		**1,744,598**	**1,704,360**

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF FINANCIAL POSITION (continued)

	Notes	30-06-2023	31-12-2022
EQUITY			
Share capital		654,928	654,928
Legal reserve	9	1,258	1,258
Other reserves	9	3,117	19,005
Retained profit (loss)		(2,990)	(15,888)
Total equity		**656,313**	**659,303**
LIABILITIES			
Non-current liabilities			
Grants	10	812,984	808,340
Loans and other borrowings	11	117,301	125,078
Lease liabilities		784	1,130
Employee benefits		3,583	3,159
Trade and other payables	12	5,796	8,960
Provisions		14,470	14,470
Deferred income tax liabilities		13,008	14,117
Total non-current liabilities		**967,926**	**975,254**
Current liabilities			
Loans and short-term portion of long-term loans	11	14,394	16,004
Lease liabilities		877	906
Income tax liability		68	40
Employee benefits		9,637	8,961
Trade and other payables	12	95,317	43,665
Provisions		66	227
Total current liabilities		**120,359**	**69,803**
TOTAL EQUITY AND LIABILITIES		**1,744,598**	**1,704,360**

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

Financial statements and explanatory notes on pages 38 to 53 were approved and signed by:

Rūta Jakubauskienė
CEO
(The document has been signed with a qualified e-signature)

Raimonda Duobuvienė
AB Lietuvos geležinkeliai
Accounting, Financial Reporting and Control,
Financial Controller acting in accordance
with Power of Attorney No. [G(INFRA)-255/2022 dated 04-10-2022
(The document has been signed with a qualified e-signature)

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30-06-2023	30-06-2022
Revenue		57,694	73,194
Subsidy		27,933	20,425
Income from other activities		340	302
Total income	13	85,967	93,921
Remuneration and social insurance costs		(29,194)	(31,116)
Depreciation and amortisation	3,4,5,6,10	(30,665)	(29,590)
Materials		(3,245)	(3,606)
Fuel		(919)	(1,170)
Electricity		(3,815)	(6,749)
Repairs and maintenance		(5,919)	(6,880)
Management services		(9,815)	(10,266)
Increase (decrease) in the value of non-current assets		151	35
Increase (decrease) in the value of receivables		27	(6)
Change in provisions		161	127
Other costs		(4,498)	(4,516)
Operating profit (loss)		(1,764)	184
Finance income		217	39
Finance costs		(2,488)	(1,680)
Profit (loss) before taxation		(4,035)	(1,457)
Income tax		1,146	(56)
Net profit (loss)		**(2,889)**	**(1,513)**
Other comprehensive income (expenses)		**-**	**-**
Total comprehensive income (expenses)		**(2,889)**	**(1,513)**

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

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Legal reserve	Other reserves	Retained earnings (losses)	Total
Balance as at 31 December 2021		**654,928**	**1,258**	**23,613**	**(8,871)**	**670,928**
Net profit (loss)		-	-	-	(1,513)	(1,513)
Total comprehensive income (expenses)		*-*	*-*	*-*	*(1,513)*	*(1,513)*
Unrecognized profit (loss) for the reporting period		-	-	-	(91)	(91)
Reserves used		-	-	(4,608)	4,608	-
Total transactions with owners of the Company		*-*	*-*	*(4,608)*	*4,517*	*(91)*
Balance as at 30 June 2022		**654,928**	**1,258**	**19,005**	**(5,867)**	**669,324**
		,	,	,	,	,
Balance as at 31 December 2022		**654,928**	**1,258**	**19,005**	**(15,888)**	**659,303**
Net profit (loss)		-	-	-	(2,889)	(2,889)
Total comprehensive income (expenses)		*-*	*-*	*-*	*(2,889)*	*(2,889)*
Unrecognized profit (loss) for the reporting period		-	-	-	(101)	(101)
Reserves used	9	-	-	(15,888)	15,888	-
Total transactions with owners of the Company		*-*	*-*	*(15,888)*	*15,787*	*(101)*
Balance as at 30 June 2023		**654,928**	**1,258**	**3,117**	**(2,990)**	**656,313**

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

(all amounts are in EUR thousand unless otherwise stated)

STATEMENT OF CASH FLOWS

	Notes	30-06-2023	30-06-2022
Cash flows from operating activities			
Net profit (loss)		**(2,889)**	**(1,513)**
Adjustments			
Depreciation and amortisation	3,4,5,6	42,412	39,090
Grants (amortisation)	10	(11,747)	(9,500)
(Profit) loss from disposal/write-off of non-current assets		159	365
(Reversal) of impairment losses		(178)	(29)
Change in accumulated income/costs		(7,598)	(10,629)
Interest (income) costs		2,249	1,206
Lease liability interest		(18)	31
Increase (decrease) in provisions		(161)	(126)
Income tax expense (income)		(1,146)	56
Cash flows from operating activities after adjustment		21,083	18,951
Changes in working capital			
Decrease (increase) in inventories		(2,644)	6,999
Decrease (increase) in trade and other receivables and prepayments		(18,264)	(13,432)
Increase (decrease) in current and non-current trade payables and received prepayments		45,512	(10,636)
Increase (decrease) in employment related liabilities		1,101	(248)
Increase (decrease) in other non-current and current payables		4,534	(6,302)
Income tax (paid)		-	(2,114)
Net cash from operating activities		51,322	(6,782)
Cash flows from investing activities			
(Acquisition) disposal of non-current assets		(114,629)	(29,567)
Change in prepayments for non-current assets		(32,508)	2,010
Loans granted		-	(3,933)
Net cash from investing activities		(147,137)	(31,490)
Cash flows from financing activities			
Loans (repaid)		(9,497)	(9,667)
Interest paid		(2,345)	(884)
Grants received (used to decrease costs)		16,509	52,782
Lease liability interest		18	(31)
Lease liability payments		(444)	(432)
Net cash flows from financing activities		**4,241**	**41,768**
Net increase (decrease) in cash and cash equivalents		**(91,574)**	**3,496**
Cash and cash equivalents at the beginning of the period		**112,007**	**10,921**
Cash and cash equivalents at the end of the period		**20,433**	**14,417**

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

EXPLANATORY NOTES OF FINANCIAL STATEMENTS

1. GENERAL INFORMATION

AB LTG Infra ("the Company") was registered in the Register of Legal Entities of the Republic of Lithuania on 1 July 2019. 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 private legal entity of limited civil liability, independently organizing economic, financial, organizational, and legal activities. The Company is part of AB Lietuvos Geležinkeliai Group whose sole shareholder is AB Lietuvos Geležinkeliai. The Company's registration code 305202934, VAT payer code LT100012666211, legal (registered) address: Geležinkelio g. 2, LT-02100 Vilnius.

The company's main activities are railway infrastructure management and public railway infrastructure manager services.

As at 31 December 2022 and 30 June 2023 the parent company AB Lietuvos Geležinkeliai was the sole shareholder of the Company. 100% of the shares of AB Lietuvos Geležinkeliai are owned by the Lithuanian State, represented by the Ministry of Transport and Communications of the Republic of Lithuania.

As at 31 December 2022 and 30 June 2023, the Company's authorized capital was equal to EUR 654,928 thousand. It consists of 654,928 ordinary registered shares with a nominal value of EUR 1,000 each. All shares are fully paid.

The company has no branches nor representative offices.

The Company's actual number of employees at 30 June 2023 was 2,496 (2,453 employees as at 31 December 2022).

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim financial statements of the Company for the six-month period ended on 30 June 2023 have been prepared in accordance with International Financial Reporting Standards (IFAS), adopted for application in the European Union and applicable to interim financial reporting (International Accounting Standard (IAS) No. 34 "Interim Financial Reporting").

In order to better understand the data presented in these condensed interim financial statements, these statements must be read together with the audited financial statements of the Company for 2022, which are published on the Company's website https://ltginfra.lt/veiklos-rezultatai.

The presentation currency is Euro. These statements are presented in thousands of euros unless otherwise stated.

The financial year of the Company coincides with the calendar year.

These financial statements have been prepared using the historical cost method.

These financial statements for the six-month period ended on 30 June 2023 are unaudited. The annual financial statements for the year ended on 31 December 2022 were audited by KPMG Baltics, UAB.

Standards and interpretations of standards not yet in force

New standards, amendments to standards and interpretations came into force for annual periods beginning on 1 January 2023. These new standards, standard amendments and interpretations do not have a significant impact on the Company.

The following standards, amendments to standards and interpretations were issued on 28 February 2023, but which were not required to be applied for the annual periods ending on 31 December 2023:

Long-term liabilities with special bank indicators (amendments to IAS 1)

The 2020 amendments to IAS 1 "Presentation of Financial Statements" clarify the requirements for classifying liabilities as current or non-current, taking into account the rights available at the end of the reporting period. The amendments were supposed to apply from 1 January 2022, but the effective date was later pushed back to 1 January 2023, and then to 1 January 2024. The International Accounting Standards Board has issued additional amendments clarifying the classification of liabilities into non-current and current liabilities.

The new amendments clarify that the special bank indicators of loan contracts will not affect the classification of liabilities at the end of the reporting period, if the economic entity has to comply with the special bank indicators after the end of the reporting period. However, if the entity is required to comply with these indicators before or on the reporting date, this will affect the classification, even if such compliance with the bank's special indicators is checked only after the end of the reporting period.

The amendments require the disclosure of information if the economic entity classified the obligation as a non-current obligation and this obligation is subject to special bank indicators, which must be observed 12 months after the end of the reporting period. Disclosures include:

- the residual value of the liability;
- information on special bank indicators;
- facts and circumstances, if any, indicating that the entity may have difficulty meeting the bank's special indicators.

Amendments must be applied retrospectively, in accordance with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Based on the currently available information, in the assessment of the Company's management, the new amendments, after their first application, will not have a significant impact on the Company's financial statements.

Sale and leaseback obligations (amendments to IFRS 16)

In September 2022, the International Accounting Standards Board finalized narrow-scope amendments to the requirements of IFRS 16 "Lease" for sale and leaseback transactions, which clarify how an entity accounts for sales and leasebacks after the transaction date.

The amendments clarify that when measuring the lease liability after a sale and leaseback, the seller-lessee determines "lease fees" and "adjusted lease payments" in such a way that the seller-lessee does not recognize any gain or loss related to the existing right-of-use property.

These amendments may particularly affect sale and leaseback transactions where the rents include variable fees that are independent of an index or rate.

The amendments apply to annual reporting periods from 1 January 2024.

Based on the currently available information, in the assessment of the Company's management, the new amendments, after their first application, will not have a significant impact on the Company's financial statements.

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

(all amounts are in EUR thousand unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT

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

	Land	Buildings and structures	Machinery and equipment	Vehicles	Other assets, equipment, fittings and tools	Construction in progress and prepayments	Total
Acquisition cost							
31 December 2021	**153,734**	**955,756**	**149,626**	**10,153**	**79,883**	**308,289**	**1,657,441**
- acquisitions	-	64	7,903	93	49	144,126	152,235
- assets sold, written off, disposed	(1,660)	(903)	(3,420)	(2)	(260)	(426)	(6,671)
- transferred from current assets	-	-	51	-	-	-	51
- transferred to current assets	-	(25)	(262)	(538)	(2)	-	(827)
- transferred to intangible assets	-	-	-	-	-	(22)	(22)
- transferred to investment property	-	(1,810)	-	-	-	-	(1,810)
- reclassifications	(43)	180,013	903	6,782	608	(188,263)	-
31 December 2022	**152,031**	**1,133,095**	**154,801**	**16,488**	**80,278**	**263,704**	**1,800,397**
- acquisitions	1	8,855	1,532	2	1,013	130,821	142,224
- assets sold, written off, disposed	-	(313)	(264)	-	(171)	(150)	(898)
- transferred from current assets	-	-	-	-	-	-	-
- transferred to current assets	-	-	(155)	(3)	-	-	(158)
- transferred to intangible assets	-	-	-	-	-	-	-
- transferred to investment property	-	(249)	-	-	-	-	(249)
- reclassifications	8	18,694	6,333	165	1,511	(26,711)	-
30 June 2023	**152,040**	**1,160,082**	**162,247**	**16,652**	**82,631**	**367,664**	**1,941,316**
Accumulated depreciation and impairment losses							
31 December 2021	**-**	**(133,317)**	**(27,209)**	**(2,060)**	**(12,269)**	**(1,824)**	**(176,679)**
- depreciation	-	(59,979)	(13,510)	(1,016)	(5,944)	-	(80,449)
- impairment	-	59	-	-	3	(7,850)	(7,788)
- assets sold, written off, disposed	-	296	1,287	1	144	-	1,728
- transferred to current assets	-	5	101	166	1	-	273
- transferred to investment property	-	206	(3)	-	-	-	203
31 December 2022	**-**	**(192,730)**	**(39,334)**	**(2,909)**	**(18,065)**	**(9,674)**	**(262,712)**
- depreciation	-	(30,231)	(6,691)	(566)	(2,895)	-	(40,383)
- impairment	-	2	-	-	-	150	152
- assets sold, written off, disposed	-	155	142	-	150	-	447
- transferred to current assets	-	-	59	2	-	-	61
- transferred to investment property	-	(54)	57	-	-	-	3
30 June 2023	**-**	**(222,858)**	**(45,767)**	**(3,473)**	**(20,810)**	**(9,524)**	**(302,432)**
Carrying amount							
31 December 2021	**153,734**	**822,439**	**122,417**	**8,093**	**67,614**	**306,465**	**1,480,762**
31 December 2022	**152,031**	**940,365**	**115,467**	**13,579**	**62,213**	**254,030**	**1,537,685**
30 June 2023	**152,040**	**937,224**	**116,480**	**13,179**	**61,821**	**358,140**	**1,638,884**

(all amounts are in EUR thousand unless otherwise stated)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 29,519 thousand (EUR 28,724 thousand as at 30 June 2022). This amount includes depreciation costs of EUR 40,383 thousand (EUR 37,714 thousand as at 30 June 2022), decreased by EUR 10,864 thousand in grant depreciation costs (EUR 8,993 thousand as at 30 June 2022).

As at 30 June 2023 the carrying amount of assets under the right of trust accounted for EUR 940,276 thousand (as at 31 December 2022 it was EUR 947,811 thousand).

The acquisition price of fully depreciated property, plant and equipment used by the Company amounted to EUR 15,197 thousand (EUR 14,819 thousand as at 31 December 2022). Most of the fully depreciated property, plant and equipment consisted of buildings and structures, machinery and equipment.

4. RIGHT-OF-USE ASSETS

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

	Buildings and structures	Vehicles	Other equipment, fittings and tools	Total
Acquisition cost				
31 December 2021	**20**	**3,056**	**6**	**3,082**
- acquisitions	17	1,189	-	1,206
- assets sold, written off, disposed	-	(1,081)	-	(1,081)
31 December 2022	**37**	**3,164**	**6**	**3,207**
- acquisitions	93	31	-	124
- assets sold, written off, disposed	(20)	(44)	(6)	(70)
30 June 2023	**110**	**3,151**	**-**	**3,261**
Accumulated depreciation and impairment losses				
31 December 2021	**(14)**	**(1,456)**	**(3)**	**(1,473)**
- depreciation	(8)	(793)	(2)	(803)
- assets sold, written off, disposed	-	1,028	-	1,028
31 December 2022	**(22)**	**(1,221)**	**(5)**	**(1,248)**
- depreciation	(3)	(439)	(1)	(443)
- assets sold, written off, disposed	20	28	6	54
30 June 2023	**(5)**	**(1,632)**	**-**	**(1,637)**
Carrying amount				
31 December 2021	**6**	**1,600**	**3**	**1,609**
31 December 2022	**15**	**1,943**	**1**	**1,959**
30 June 2023	**105**	**1,519**	**-**	**1,624**

(all amounts are in EUR thousand unless otherwise stated)

5. INTANGIBLE ASSETS

The Company's intangible assets consisted of:

	Software	Concessions, patents, licenses, trademarks and similar rights	Other intangible assets	Total
Acquisition cost				
31 December 2021	**19,885**	**34**	**309**	**20,228**
- acquisitions	-	-	1,717	1,717
- assets sold, written off, disposed	(1)	(1)	(18)	(20)
- transferred from tangible assets	23	-	(1)	22
31 December 2022	**19,907**	**33**	**2,007**	**21,947**
- acquisitions	-	-	96	96
30 June 2023	**19,907**	**33**	**2,103**	**22,043**
Accumulated amortization and impairment losses				
31 December 2021	**(3,043)**	**(34)**	**(42)**	**(3,119)**
- amortization	(2,815)	-	(14)	(2,829)
- assets sold, written off, disposed	1	1	18	20
31 December 2022	**(5,857)**	**(33)**	**(38)**	**(5,928)**
- amortization	(1,410)	-	(7)	(1,417)
30 June 2023	**(7,267)**	**(33)**	**(45)**	**(7,345)**
Carrying amount				
31 December 2021	**16,842**	**-**	**267**	**17,109**
31 December 2022	**14,050**	**-**	**1,969**	**16,019**
30 June 2023	**12,640**	**-**	**2,058**	**14,698**

The Company's intangible assets, which were fully amortized but continue to be used, amounted to EUR 240 thousand (EUR 240 thousand as at 31 December 2022). Software accounted for the majority of amortized assets.

The total amortization of the Company's intangible assets shown in the profit (loss) statement and the statement of other comprehensive income accounted for EUR 534 thousand (EUR 337 thousand as at 30 June 2022). The amount includes EUR 1,417 thousand in amortization costs (EUR 847 thousand as at 30 June 2022) decreased by EUR 883 thousand in grant amortisation costs (EUR 510 thousand as at 30 June 2022).

(all amounts are in EUR thousand unless otherwise stated)

6. INVESTMENTS ASSETS

The Company's investment property consisted of:

	Buildings and structures
Acquisition cost	
31 December 2021	**5,010**
- assets sold, written off, disposed	(6)
- transferred to currents assets	(44)
- transferred from tangible assets	1,810
31 December 2022	**6,770**
- transferred from tangible assets	249
30 June 2023	**7,019**
Accumulated depreciation and impairment losses	
31 December 2021	**(517)**
- depreciation	(277)
- assets sold, written off, disposed	3
- transferred to currents assets	9
- transferred from tangible assets	(203)
31 December 2022	**(985)**
- depreciation	(169)
- transferred from tangible assets	(3)
30 June 2023	**(1,157)**
Carrying amount	
31 December 2021	**4,493**
31 December 2022	**5,785**
30 June 2023	**5,862**

7. INVENTORIES AND NON-CURRENT ASSETS HELD-FOR-SALE

Inventories of the Company comprised:

	30-06-2023	31-12-2022
Superstructure materials	5,538	2,539
Materials	1,952	2,171
Spare parts	641	610
Fuel	141	183
Other inventories	131	190
Total raw materials, supplies and components	8,403	5,693
Total goods purchased for resale	4,945	-
Non-current assets held for sale, total	402	323
Total	**13,750**	**6,016**

The change in the write-down of the Company's inventory to net realizable value is reflected in the write-down to net realizable value expense item of the statement of profit (loss) and other comprehensive income.

On June 30, 2023, the accounting value of the Company's inventory of EUR 18,566 thousand was reduced by EUR 4,816 thousand to the net realizable value (on 31 December 2022 – EUR 10,832 thousand was reduced by EUR 4,816 thousand).

(all amounts are in EUR thousand unless otherwise stated)

8. TRADE AND OTHER RECEIVABLES

The Company's trade and other receivables included:

	30-06-2023	31-12-2022
External trade receivables, gross value	1,883	1,781
Impairment (-)	(1,382)	(1,409)
Total external trade debtors	**501**	**372**
Receivables from related parties	1,364	12,052
Impairment (-)	-	-
Total receivable from related parties	**1,364**	**12,052**
VAT receivable	127	1,539
Other receivables from the budget	33,900	6,553
Accrued income	100	150
Accrued income from related parties	7,910	1,652
Other receivables	2,089	2,135
Impairment (-)	-	-
Total other receivables	**44,126**	**12,029**
Total	**45,991**	**24,453**

The Company's trade and other receivables on 30 June 2023, compared to 31 December 2022, increased by EUR 27,933 thousand for the most part due to the recorded subsidy accumulation in accordance with the contract of "Ensuring the Quality and Financing of the Public Railway Infrastructure and the Facilities of Railway Services Owned by the State of Lithuania" dated 6 April 2022 (on 30 June 2022, in comparison with 31 December 2021, the majority increased by EUR 20,425 thousand).

The Company's external trade debtors comprised:

	30-06-2023	31-12-2022
Not overdue	328	255
Overdue 0– 60 days	100	128
Overdue 60– 120 days	116	6
Overdue 120– 180 days	6	5
Overdue 180– 360 days	6	8
Overdue for over 360 days	1,327	1,379
Impairment allowance (-)	(1,382)	(1,409)
Total	**501**	**372**

9. RESERVES

Legal reserve. The legal reserve means a reserve which is required by the provisions of legal acts of the Republic of Lithuania. An annual transfer of 5% of net profit to the legal reserve is compulsory until the reserve reaches 10% of the share capital. As at 30 June 2023, the legal reserve amounted to EUR 1,258 thousand (As at 31 December 2022: EUR 1,258 thousand).

Other reserves. The result of the Company's activities in 2022 was a loss of EUR 11,625 thousand. According to the shareholder's decision, the 2022 loss and the remaining part (EUR 4,263 thousand) of the 2021 loss were covered by funds from other reserves. On 30 June 2023, other reserves amounted to EUR 3,117 thousand (as at 31 December 2022 – EUR 19,005 thousand).

10. GRANTS

Movement of grants of the Company is presented below:

	30-06-2023	31-12-2022
Opening balance	**808,340**	**603,030**
Received	17,159	300,020
Received free of charge (land, assets)	1	-
Used to reduce depreciation costs of property, plant and equipment	(10,864)	(20,672)
Used to reduce amortisation costs of non-current intangible assets	(883)	(1,679)
Used to reduce other costs	(650)	(4,935)
Used to balance revenue and costs	-	(59,962)
Transferred to short-term payables	-	(2,466)
Impairment	-	(3,066)
Repaid/transferred	(119)	(1,930)
Closing balance	**812,984**	**808,340**
Including assets managed under right of trust	**239,583**	**237,002**

Grants are related to the financing of investment programs, assets received under the Trust Agreement and subsidies intended to offset costs and balance the revenues and costs of the public railway infrastructure manager.

11. LOANS AND OTHER BORROWINGS

The Company's borrowings consisted of:

	30-06-2023	31-12-2022
Long-term loans	117,301	125,078
Loans and short-term portion of long-term loans	13,836	15,555
Loan interest	558	449
Total	**131,695**	**141,082**

During first half of 2023, the Company repaid EUR 9,497 thousand (EUR 9,667 thousand during the first half of 2022) and paid EUR 2,345 thousand (EUR 884 thousand during the first half of 2022) in interest.

Loans of the Company comprised:

	Loan currency	30-06-2023	31-12-2022
Nordic Investment Bank 3[1]	EUR	66,194	69,871
Nordic Investment Bank 4[2]	EUR	29,229	32,667
Nordic Investment Bank 5[3]	EUR	35,714	38,095
Loan interest	EUR	558	449
Total		**131,695**	**141,082**

[1] (NIB-3) loan is intended for the renovation and development of the railway infrastructure. In the first half of 2023, the Company repaid EUR 3,677 thousand of loans and paid EUR 1,321 thousand of interest.

[2] (NIB-4) loan was granted to ensure the co-financing of the national part of the public railway infrastructure project Rail Baltica, financed by EU support funds in 2007-2013. In the first half of 2023, the Company repaid EUR 3,439 thousand of loans and paid EUR 870 thousand EUR in interest.

[3] (NIB-5) loan is intended for the implementation of 2014-2020 investment projects and the Rail Baltica project. In the first half of 2023, the Company repaid EUR 2,381 thousand of loans and paid EUR 154 thousand of interest.

(all amounts are in EUR thousand unless otherwise stated)

12. TRADE AND OTHER PAYABLES

The Company's trade and other payables consisted of:

	30-06-2023	31-12-2022
Trade payables	76,405	30,135
Trade payables to related parties	6,758	6,340
Prepayments received	3,432	4,718
Prepayments received from related parties	25	41
Cash guarantees received	1,560	1,672
Cash guarantees received from related parties	606	577
Prepayments received for the use of railway infrastructure	615	1,069
Accumulated costs	2,930	2,555
Accumulated costs from related parties	882	273
Accumulated liabilities for the use of railway infrastructure	-	882
Accumulated liabilities for the use of railway infrastructure from related parties	-	1,601
Other amounts payable and liabilities	7,900	2,762
Total	**101,113**	**52,625**

As the Company is intensively carrying out construction works on the Rail Baltica railway sections and continuing work on other projects, the majority of trade payables were liabilities for contract works.

13. SALES REVENUE

The Company's revenue consisted of:

	06-2023	06-2022
Revenue from use of railway infrastructure	45,373	58,061
Revenue from use of railway service facilities	5,920	7,556
Revenue from other operating activities	6,401	7,577
Total revenue from operating activities	57,694	73,194
Subsidy	27,933	20,425
Total subsidy	27,933	20,425
Income from other activities	340	302
Total income from other activities	340	302
Total	**85,967**	**93,921**

(all amounts are in EUR thousand unless otherwise stated)

14. RELATED PARTY TRANSACTIONS

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

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

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

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

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

Due to the abovementioned reasons, the Company does not disclose transactions with the Government of the Republic of Lithuania and other economic entities controlled by the Government of the Republic of Lithuania. The Company's related party transactions:

Related party transactions of the Company:

	30-06-2023		30-06-2023	
	Sales	Purchases	Receivables	Payables
AB Lietuvos geležinkeliai	1,517	21,249	270	2,273
AB LTG Cargo	48,707	192	642	240
UAB LTG Link	3,212	200	387	36
UAB Geležinkelio tiesimo centras	429	8,168	55	4,698
LTG Cargo Polska Sp.zo.o.	-	-	8	-
LTG CARGO UKRAINE LLC	2	-	7	-
UAB Rail Baltica statyba	-	25	-	-
voestalpine Railway Systems Lietuva, UAB	-	1,473	-	142
Total	**53,867**	**31,307**	**1,369**	**7,389**

	30-06-2022		31-12-2022	
	Sales	Purchases	Receivables	Payables
AB Lietuvos geležinkeliai	1,314	10,884	462	2,777
AB LTG Cargo	60,775	329	10,763	298
UAB LTG Link	3,775	178	770	64
UAB Geležinkelio tiesimo centras	184	3,806	57	3,538
UAB Rail Baltica statyba	-	26	-	6
voestalpine Railway Systems Lietuva, UAB	-	1,495	-	275
Total	**66,048**	**16,718**	**12,052**	**6,958**

* From 2022, purchases and sales are disclosed after evaluating cumulative and resales.

(all amounts are in EUR thousand unless otherwise stated)

14. RELATED PARTY TRANSACTIONS (CONTINUED)

The Company's accrued receivables and payables with related parties recorded in the Statement of Financial Position:

	30-06-2023		31-12-2022	
	Accrued receivables	Accrued payables	Accrued receivables	Accrued payables
AB LTG Cargo	7,543	20	198	1,592
UAB LTG Link	278	16	380	8
AB Lietuvos geležinkeliai	45	505	1,065	267
voestalpine Railway Systems Lietuva, UAB	-	62	-	-
UAB Rail Baltica statyba	-	5	-	-
UAB Geležinkelio tiesimo centras	10	274	9	7
Total	**7,876**	**882**	**1,652**	**1,874**

15. MANAGEMENT REMUNERATION AND OTHER BENEFITS

As at 30 June 2023, the management consisted of the CEO and the heads of these departments: Maintenance; Traffic Management; Quality and Safety; Project Management; Infrastructure Services; Strategy and Governance; Terminal Management and Development; Rail Baltica Management.

Company	30-06-2023	30-06-2022
Management remuneration	526	345
Incentives*	61	59
Number of managers	9	9
Benefits to Board Members	55	-
Number of Board Members	5	2

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

In H1 2023 and H1 2022, the Company's management was not granted any loans, guarantees, there were no other disbursed or accrued amounts or asset transfers, except as stated above.

16. CONTINGENT ASSETS, LIABILITIES AND POTENTIAL LIABILITIES

On 30 August 2018, VAS Latvijas dzelzcelš and SIA LDZ CARGO applied to LTG in writing with a claim to compensate the damage suffered by these companies. According to these companies, they suffered damage due to the dismantling of the railway section Mazeikiai – Latvian border, and the amount of damage was EUR 82,340 thousand. The aforementioned companies also require the payment of 6% interest for the period from the occurrence of the damage to the day of its compensation. LTG Infra, as the successor of procedural rights, does not agree with these demands and considers them unfounded.

On 12 January 2022, the Court of Justice of the European Union issued a decision rejecting the appeal and upholding the decision of the General Court of the European Union of 18 November 2020, by which the fine of EUR 27,873 thousand imposed by the European Commission on 2 October 2017, was reduced to EUR 20,069 thousand for AB Lietuvos geležinkeliai. The said fine was paid in 2018.

Two civil cases LTG Infra vs UAB Sweco Lietuva and DB Engineering & Consulting GMbH are still pending in the Vilnius District Court:
- Project Kaunas - Vilnius - LTG Infra, on 30 January 2023, a claim for EUR 30 thousand late interest for service delays and on 24 February 2023, UAB Sweco Lietuva and DB Engineering & Consulting GMbH counterclaim against LTG Infra due to illegally credited EUR 190 thousand in delays, and an award of EUR 1,390 thousand for additional services.
- Project PL-Jiesia – LTG Infra, 13 March 2023, a claim for EUR 152 thousand late interest for service delay and the counterclaim of UAB Sweco Lietuva and DB Engineering & Consulting GMbH against LTG Infra requesting a debt of EUR 101 thousand, EUR 850 thousand for additional services provided; EUR 18 thousand late interest; 10.5 percent annual procedural interest, calculated from the day the claim is filed until the full execution of the court decision; litigation costs – EUR 8,000 stamp duty.

Since both cases are being prepared for trial (procedural documents are being exchanged), the final positions of the parties regarding the claims have not been finalized, and the court hearing has not yet been scheduled. However, LTG Infra basically supports its requirements and does not agree with the requirements of UAB Sweco Lietuva and DB Engineering & Consulting GMbH, therefore provisions are not formed.

17. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the end of the reporting period.