



Consolidated Annual Management Report

Consolidated and Company's Financial Statements
Independent Auditor's Report for 2024

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Overview



1.1. CEO's foreword

Dear customers, partners and colleagues,

We declare 2024 in the Group as a year of sustainable growth – even with the changing macroeconomic situation across Europe and an increasingly competitive environment – we maintained our strategic direction, found opportunities to grow and prepare for new challenges. We declare 2024 in the Group as a year of sustainable growth – even with the changing macroeconomic situation across Europe and an increasingly competitive environment – we maintained our strategic direction, found opportunities to grow and prepare for new challenges and ambitious goals.

The business development decisions made by our team demonstrate a breakthrough in all companies: LTG Group concludes 2024 having significantly renewed its train and wagon fleet, actively expanding the freight transportation business into new European markets, and having made the greatest progress among all Baltic countries in constructing Rail Baltica.

LTG group managed to balance the company's operations and implemented active diversification – this enabled revenue growth and improved financial results. This year, the Group's successful performance was further confirmed by EUR 13 million in dividends paid to the state.

Our collaboration with the shareholder – the Ministry of Transport and Communications – regarding the implementation of important infrastructure projects was particularly significant. The state's contribution to their financing enabled the proper maintenance of infrastructure and balanced our operations following the dramatic decrease in freight volumes after sanctions were imposed on Russia.

One of the LTG Group's most significant renewals in recent years and one of its largest investments is the acquisition of 15 new electric and battery-electric passenger trains,

which will replace a third of our existing train fleet. Their production began this year, with the first trains scheduled for testing on our rails in 2025. We are delighted that 5.5 million passengers chose the train as a sustainable transport option this year – 10 per cent more than in 2023. This number continues to increase steadily. The route to Riga maintained its popularity throughout the year, serving 62,000 passengers. With growing customer numbers, we remain among the most punctual in Europe – 97.8 per cent of our trains arrive on time. Residents of the country's four largest cities can now use combined train and bus tickets.

The LTG group's railway freight transportation company LTG Cargo, responding to customers' needs to transport more freight, also invested in the renewal of its fleet of more than 6,000 wagons: we acquired 500 grain wagons manufactured in Ukraine specifically for transportation in Lithuania, concluded a contract for 200 semi-wagons intended for transporting crushed stone and bulk materials, and signed a contract for the production of 17 electric locomotives. This will not only allow us to expand our transportation geography, but we also enhanced our competitiveness in the sector by organising transportations from the Czech Republic to Kaunas using only the European gauge for the first time – delivering 200 new Škoda cars intended for the Baltic States market, and transporting over 600 tonnes of new railway rails from Austria to Lithuania using the European gauge. In this way, we further met the needs of customers who choose more sustainable transportation by rail.

This year we demonstrated to partners and society an even greater commitment to sustainability principles, although the International Union of Railways (UIC) has already rated the entire LTG Group above average for sustainability progress in the railway sector.

Together with the Klaipėda port authority, we established an agreement to collaborate on the use of green hydrogen in railway transport, thereby not only adapting to the future but also creating a more sustainable, cleaner and more advanced one.

We also actively ventured into the field of innovation and artificial intelligence applications. This opens doors to



EGIDIJUS LAZAUSKAS
CEO of AB Lietuvos Geležinkeliai

progress and gives us the opportunity not only to keep pace with these processes but also to become part of them: this year we implemented a project unique not only in Lithuania but worldwide – a solar power plant integrated into a noise attenuation wall. Additionally, remote diagnostics solutions for rolling stock are being tested.

The LTG Group is implementing one of the largest projects in railway history: we are electrifying the country's most intensive railway section from Vilnius to Klaipėda, with more than 70 per cent of all works already completed this year. Upon completion of the project next year, the pro-

portion of electrified railway in the entire infrastructure will increase from the current 8 per cent to 28 per cent, which will reduce air pollution by 150,000 tonnes per year.

To strengthen the LTG Group's role in Europe, we established a representative office in Brussels, enabling even smoother integration into the Western European railway system.

We continued to uphold high governance standards: The LTG Group's governance model complies with the best practices and standards of listed companies. An assessment conducted at our initiative demonstrated that the Group complies with the provisions of the Corporate Governance Code for Listed Companies approved by Nasdaq Vilnius.

The newly established LTG Group's shared services company LTG Kompetencijų Centras: with this decision we clearly separated strategic and tactical functions within the Group, ensuring more efficient service delivery across all companies and prompt response to market changes. In this year alone, LTG Kompetencijų Centras registered nearly 100 operational improvement initiatives, which enabled "savings" or the return of almost 100 thousand work hours to operations.

This year, despite enormous challenges across all Baltic countries, was also significant in implementing one of our strategically most important projects: we rapidly carried out works on the Rail Baltica 29.2 km section, with embankment works set to take place across a 114 km section next year. After completing extremely technologically complex preparatory works for the construction of the longest bridge – 1.51 km – over the Neris river, we will see the pillars rising next year.

In 2024, with the agreement of all project stakeholders, the Rail Baltica governance model was changed, whereby the joint undertaking of the three countries RB Rail AS ensures unified project implementation, whilst the implementing entity LTG Infra is responsible for preparatory works, design, construction of the European railway gauge, preparation for operation and maintenance of the created infrastructure in the future. This change enabled even more rapid progress in implementing Rail Baltica works.

As a company important for national security, we also ensure military mobility; therefore, we participate in military mobility projects, support the development of military mobility with our capabilities and encourage investment through infrastructure accessibility. We continue to successfully carry out the works of the FREE Rail programme which will ensure the integration of the railway sector into the European railway system.

We prove that sanctions policy is not merely the implementation of sanctions packages against the aggressor country, but also forms the company's value backbone through our daily work: sanctions management processes are continuously improved within the Group, specialist competencies are developed, and this year saw the second LTG Sanctions Management Forum, now becoming a tradition, bringing together representatives from various institutions responsible for implementing and monitoring sanctions.

Another significant step in the Group's activities is the commencement of our continuous improvement journey or LEAN implementation and the "Ideas Train" initiative register – a change that enables employees to contribute to better, more efficient and faster processes within the organisation.

Public trust in the Group is also demonstrated by the LTG Group's reputation index, which increased by the largest margin in just one year – 22 points. This is one of the highest results in recent years and represents the largest reputation improvement among the 54 Lithuanian companies and 15 public sector organisations studied this year.

I am grateful to the entire LTG Group team for all the results achieved. I believe that during this year we have done even more to strengthen the company and further increase trust in it.



1.2. Activity of the Group

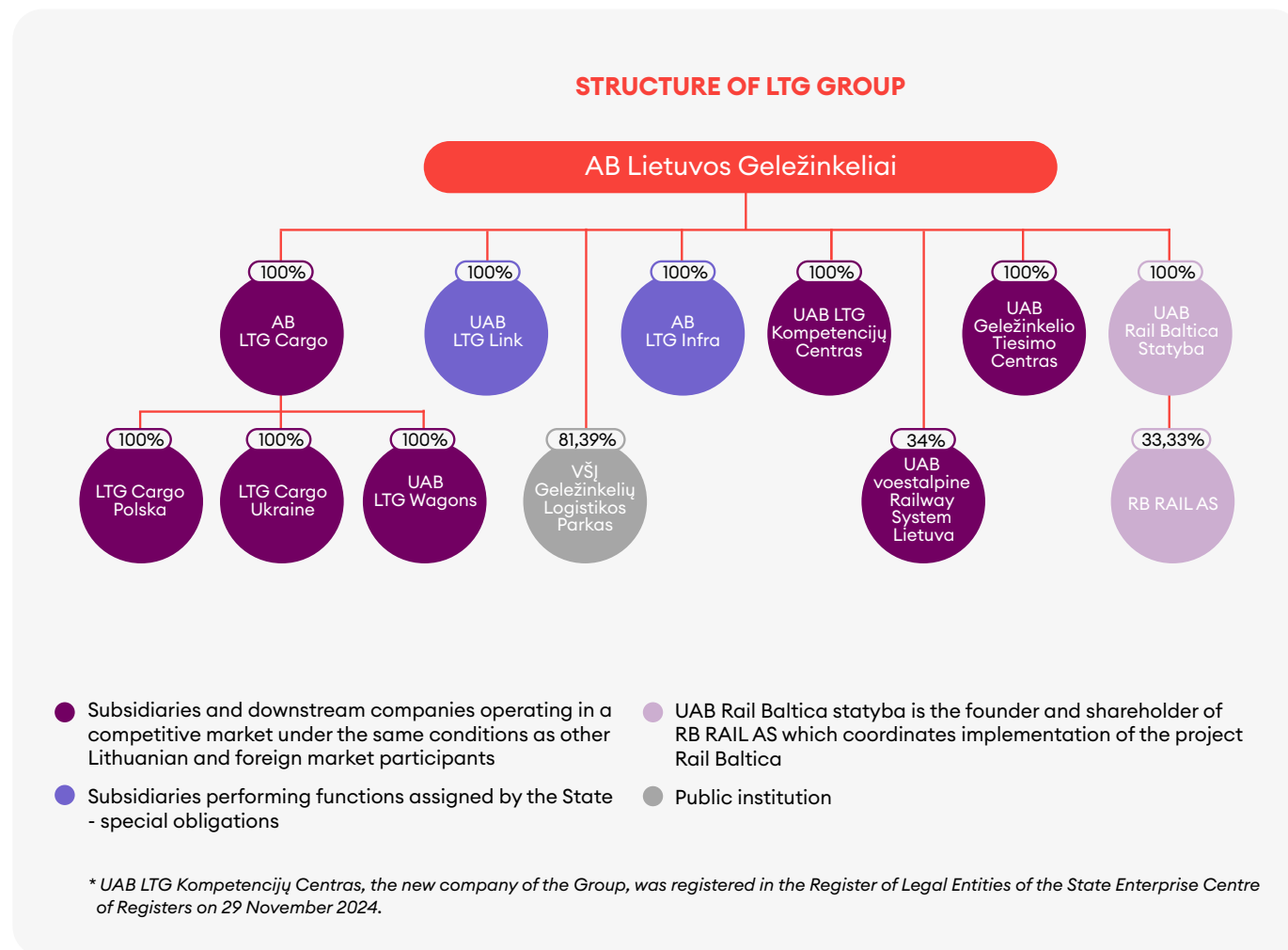
The LTG Group is a group of state-owned railway freight and passenger transport and public railway infrastructure management companies, consisting of the parent management company AB Lietuvos Geležinkeliai and its directly and indirectly owned subsidiaries, subsequent companies, and public institution.

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

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

The LTG Group also carries out special obligations imposed by the State by providing public services of passenger transportation via railway transport, also in the activities of maintenance, modernisation and development of the public railway infrastructure, providing services of the minimum access package to public railway infrastructure, and disposing public railway infrastructure under the right of trust. State funds are allocated for implementation of the special obligations. It is a significant contribution to sustainability of the LTG Group's financial flows.

Assets of railway transport concentrated within the LTG Group amounts to EUR 2.7 billion. The major portion of the assets comprises the public railway infrastructure (rail



tracks, security, electricity and telecommunication installations and structures), railway service installations (station buildings and other objects) owned as right-of-use assets and managed by the right of trust by the State of Lithuania, and assets used for their maintenance comprise 2/3 of the assets. Other assets consist of freight and passenger rolling stocks, their repair and maintenance

bases, assets necessary to serve passengers and freights, information systems and their technical equipment.

As at 31 December 2024, 5,703 employees worked for the LTG Group companies, 733 of them worked for the parent company AB Lietuvos Geležinkeliai.

Principal activities of the LTG Group



Management of the Group companies

AB Lietuvos Geležinkeliai is the parent management company responsible for coordination of activities and strategic management of the Group.

Taking into account the best practices in corporate holding governance and in the implementation of the Group's strategy, the operations of strategic management and provision of general services have been fully separated during the reporting period.

On 29 November 2024, a new legal entity UAB LTG Kompetencijų Centras was established. Internal administration activities and functions providing general services to Group companies (accounting, procurement, asset management, IT services and development, human resources, legal, safety management, service and process management) transferred to this entity in early 2025.



Freight transportation by rail

LTG Cargo is a licenced railway company engaged in freight transportation by rail, also services of repair and technical maintenance of locomotives and wagons.

LTG Cargo Group companies – LTG Cargo Polska and LTG Cargo Ukraine – provide freight transportation services in Poland and Ukraine.



Passenger transportation by rail

LTG Link is a licenced railway company providing passenger transportation by rail services in Lithuania and on international routes. The Company also ensures transit journeys from the border with Belarus to the region of Kaliningrad.



Management of the public railway infrastructure

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



Construction and repair of railway

GTC is a licenced railway company engaged in construction, repair and technical maintenance of railway infrastructure tracks, lease of specialised machinery, and provision of engineering services.

1.3. Strategy

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

We have undergone a number of significant changes over the last few years. The war in Ukraine, caused by the Russian Federation in February 2022 and the imposition and continuation of economic sanctions on Russia by the EU and the USA have led to a significant reduction in freight flows to and from third countries, including transit flows to Kaliningrad. This increased the need to accelerate implementation of our ambitions and ensure smooth integration into Europe. Cargo types are changing: flows of general cargo (coal, metals, oil) are steadily decreasing. There is a growing global focus on sustainability, ecology, the efficient use of energy and natural resources, and initiatives that reduce environmental impact and climate change.

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

On 17 December 2024, the LTG Board approved the reviewed and updated **LTG Strategy 2029: Integration into Europe**.

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

Non-financial expectations:

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

Financial expectations:

- Long-term profitability of the LTG Group must be in line with that set by the government¹.
- The LTG Group must ensure that the optimal capital structure ratio complies with that set by the government.
- Dividends are calculated in accordance with the legislation governing the determination of the share of profits to be distributed as dividends.

In order to ensure the development of the business in the directions outlined in the shareholder's letter of expectations, LTG is formulating strategic guidelines for all subsidiaries of LTG Group. Shareholder expectations are linked to strategic directions, goals, objectives and targets.

¹Key financial performance indicators of SOEs for the period 2025–2027 were approved by the Resolution No 1074 of the Government of the Republic of Lithuania of 11 December 2024 ([link](#)).



Mission, vision and values of LTG Group



Connecting people and businesses for a more sustainable future

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

MISSION



Being the backbone of the transport system

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

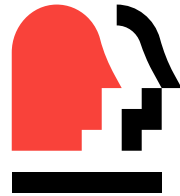
VISION

Mission, vision and values of all companies of the Group



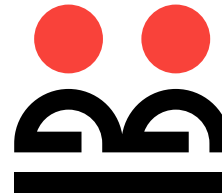
RESPONSIBILITY

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



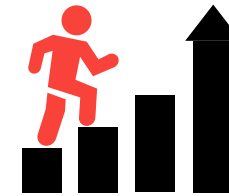
CUSTOMER

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



COOPERATION

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



DEVELOPMENT

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

VALUES

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

Strategic directions and goals

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

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

Updates of the Strategy in 2024

In order to take full advantage of the opportunities offered by the changes and to reinforce the activities, the **review of the Strategy carried out in 2024** focused on the following aspects and developments:

- **Compatibility of the needs of carriers with infrastructure development capabilities.** Possibilities of new routes, passenger stops and speed increase solutions have been evaluated and included into the strategy.
- **Improvement of customer experience.** The Strategic Direction Map was supplemented by a new Customer Experience Strategic Direction.
- **Adjustment of forecasts.** Measures aimed at increasing passenger train occupancy, and conditions for improving suburban and regional transportation were assessed. The freight flow forecasts in Lithuania were adjusted after meetings with customers and assessment of their needs for freight transportation services.
- **International development.** Ensuring transportation between capitals (Riga, Tallinn, Warsaw, Berlin and Prague)

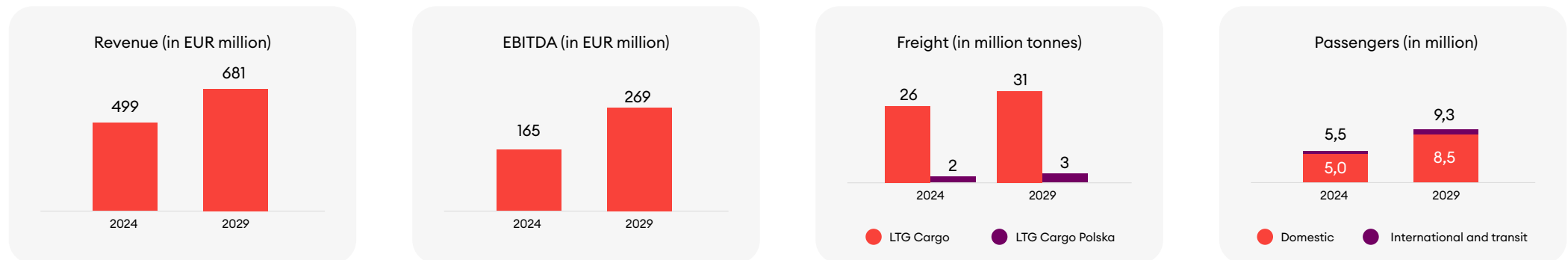
is given priority in passenger transport operations. In freight transport operations increased attention is given to North – South directions in order to i) maintain profitable main general freight transportation services, and ii) prepare for development of intermodal transportation in the future, particularly after implementation of the Rail Baltica project. The ambition for intermodal freight transport by 2029 was reviewed in order to balance the shareholder's expectations for increasing intermodal freight transport volumes and ensuring a sustainable financial return. (iii) Development priorities in the Polish freight transportation market are increase in profitability, and maintenance of own intermodal routes connecting Lithuania, Poland and Germany.

- **Pricing.** Fees for freight transportation services were reviewed to ensure that only profitable services are provided.

- **Investments review.** Investment priorities were adjusted, additional borrowing facilities for railway infrastructure projects were assessed.
- **Broadening the approach from safety prevention to resilient business.** Moving away from a preventive approach to ensuring traffic and occupational safety, the strategy is reinforced by incorporating measures to enhance the enforcement of sanctions and control.
- **Reputational risk management.** During 2024 plans for strengthening communication, stakeholder management and brand awareness were prepared, relevant indicators were included into the strategy.
- **Sustainability.** The sustainability principles promoted by LTG are consistently integrated into the LTG Strategy.

Performance forecasts

The updated strategy plans to achieve the following LTG Group's key performance results through the implementation of the planned measures, targets and objectives:



Strategic Programmes underway and Planned

In line with the long-term goals and objectives, we **develop and implement strategic initiatives** across all LTG's strategic areas: ESG, operational efficiency, business development, strengthening of organisational culture, and ensuring business resilience. From 2023 onwards, some strategic initiatives have been consolidated into strategic programmes directly managed by LTG.

We aim at ensuring:

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

Key Strategic Programmes until 2029

Rail Baltica Programme

Electrification Programme

FREE Rail Programme

Rail Baltica Programme



Rail Baltica is a greenfield rail transport infrastructure project that aims to integrate the Baltic countries into the European rail network by connecting Helsinki, Tallinn, Pärnu, Riga, Panevėžys, Kaunas, Vilnius and Warsaw.

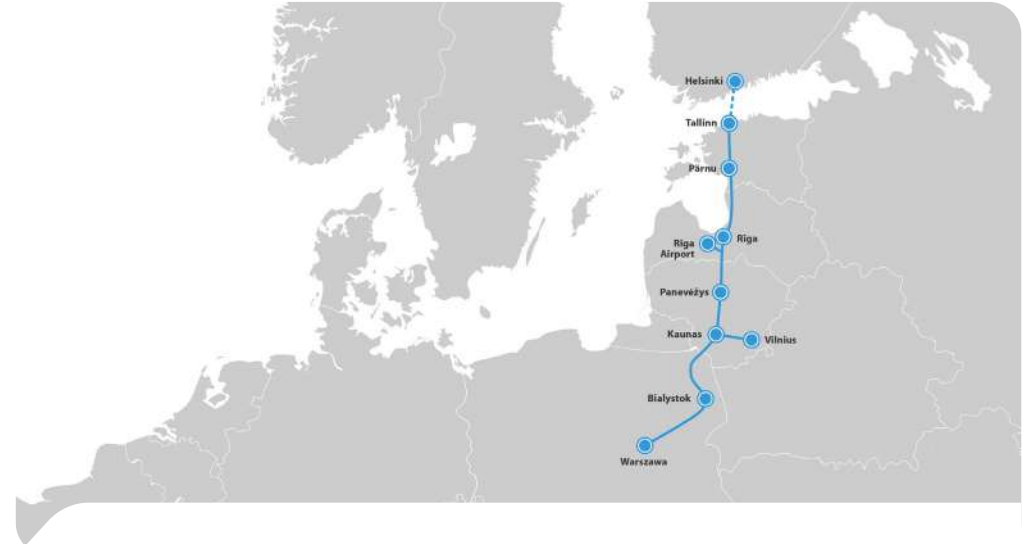
It is estimated that the implementation of Rail Baltica will generate more than EUR 6.6 billion in direct socio-economic benefits for the Baltic States, with additional indirect benefits of EUR 15.5–23.5 billion in military mobility, environmental sustainability, impact on supply chains, synergies with other sectors, etc.

Rail Baltica is implemented as a strategic programme of the LTG Group and includes both the development of the Rail Baltica line and related rail service facilities, the development of dedicated rail transport services, the upgrading of operational models for the efficient operation of the infrastructure and service provision.

Socio-economic benefits: **EUR 6.6 billion**
Indirect benefits: **EUR 15.5 - 23.5 billion**

Total investments until 2023:
more than EUR 5 billion

Rail Baltica section under construction:
29.2 km



The main works under the Rail Baltica programme are currently underway on the Rail Baltica railway line from Kaunas to the Latvian border, with active construction of the railway crossing and related engineering structures along the 29.2 km section. Preparatory implementation works (land acquisition for public needs and design procedures) are also continuing on other geographical sections.

In 2024, the implementation of the Rail Baltica programme in the LTG Group was extended and currently includes both infrastructure development and preparation for commissioning projects.

Electrification Programme



In order for Lithuania to step up its efforts to meet the objectives of the European Green Deal, intensive electrification work is being carried out on the Kaišiadorys–Radviliškis, Šiauliai–Klaipėda and Vilnius railway junction sections. In 2024, the construction of the overhead contact line (foundations, pylons, girders) continued in the Kaišiadorys–Radviliškis–Klaipėda section, and the connection of the newly built overhead contact line to the existing overhead contact line was completed at the Vilnius railway junction.

The electrification programme combines related projects such as the acquisition of electric and battery-electric passenger trains (in service from the second half of 2026) and the acquisition of electric locomotives (17 units, in service in 2028). The contract for both passenger trains and locomotives was signed with Stadler Group companies.

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

Reduction of air pollution:
150 thousand tonnes annually

Rail traffic operated by electric traction:
~50%

Length of electrified railway tracks:
~28%

FREE Rail Programme



In response to the need to ensure seamless, comprehensive integration into the European rail system, we established the FREE Rail programme in 2023. The aim of this programme is to distance LTG from unfriendly countries and to upgrade LTG's core business processes, ensuring compliance with European Union requirements and best practices. The programme aims to create a rail system that is safe and secure from foreign interference. Based on European practices, LTG has planned and already implemented part of the changes in 2024.

New operational model of LTG:

- LTG has initiated a review of the current operating model and has started consultations with Latvian and Estonian railways to adapt EU best practices to freight operations in the Baltic States. Agreement was reached on transporting part of the freight in the Baltics without using systems and networks from unfriendly countries.
- LTG Cargo has withdrawn its wagons from the common fleet and returned all its wagons from unfriendly countries. In close cooperation with the EVR Agency, we initiated the implementation of the necessary changes in the European Vehicle Register, integrating 1520 mm wagons, and started the registration of rolling stock in the European Register, obtaining the EU-wide certificate of the entity in charge of maintenance (ECM).
- The LTG Group and the Ukrainian Railways have set up a joint FREE Rail working group to achieve deeper integration into the European rail system.

Technological integration:

- A detailed analysis of the technologies used has been carried out, alternative technological solutions have been identified for all the Russian-made technological elements used to date, detailed plans for replacing them with alternatives have been drawn up, and contracts have been concluded with suppliers from friendly countries, thus solving the long-standing problem of supply chains' dependence on unfriendly countries.
- A detailed analysis of the technical documentation related to Russian standards has been carried out, the necessary changes have been identified and plans for updating the documentation have been developed.
- The old locomotive safety system is being changed.

IT architecture for a new operating model:

- IT system enhancements have been launched to mitigate the risks associated with the transfer of LTG Group data to unfriendly parties.
- Detailed analysis of the compliance of the LTG Group's IT solutions with the requirements and best practices of the newly emerging EU data sharing legislation has been launched and plans are being developed to improve the systems.

New operational model of LTG:
By 2030

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

Long-term IT solutions that comply with EU legislation: **1520 + 1435 rail track for operations**

Annual objectives for 2024

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

Strategic direction/ goals	Indicators for measuring achievement of goals	Measurement unit	Targets and tasks	Weight, %	Benchmarks for achievement of goals / targets	Indicators of achievement of goals / targets
Value creation through integration into Western markets	LTG Group EBITDA margin	%	Long-term profitability of the LTG Group in line with the shareholder's expectations	20.0	>27	33
	Strategic projects of the LTG Group	%	Successful implementation of Rail Baltica Programme, Electrification Programme, FREE Rail Programme	20.0	>80	Achieved
Operational efficiency	Operating costs to revenue ratio of the LTG Group (excluding other activity)	Ratio	Declining cost levels of the LTG Group to increase competitiveness	15.0	<0.97	0.90
Business development	LTG Group's revenue from foreign markets and new business development initiatives	EUR million	Business expansion abroad and new business development initiatives in Lithuania to grow the revenue of the LTG Group	15.0	>36.3	39.2
ESG	Preparing for the implementation of the corporate sustainability reporting directive (CSRD)	%	Growing the culture of sustainability of the LTG Group	10.0	>60	Achieved
Business resilience	Business resilience	Level	Strengthening business resilience by implementing cyber security, anti-corruption, the GDPR, information security and other risk management measures and reducing technological dependence of the LTG Group on unfriendly countries	5.0	<III	Achieved
	Lost time injury frequency rate (LTIFR)	Accidents at work *1 million / total working hours	Minimising incidents by ensuring a high level of occupational safety	5.0	<2.4	1.84
Strong organisational culture	Employee engagement	%	Increasing employee engagement	10.0	>50	83

1.4. Highlights 2024

January

In January 2024, contract works for the last (3rd) stage of the electrification of the country's most important railway artery, Vilnius–Klaipėda, started on the Radviliškis–Klaipėda section. During this stage, 199 km of the railway section will be electrified. The value of the overhead contact line installation works is estimated at EUR 191 million.

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

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

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

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

February

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

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

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

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

March

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

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

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

April

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

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

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

On 19 April, LTG Link signed financing agreements with the Nordic Investment Bank (NIB) and European Investment Bank (EIB) for acquiring electric and battery-electric trains. The NIB and EIB will provide loans of EUR 100 million each and will finance the acquisition of 9 electric and 6 battery trains, which will replace about one-third of the passenger train fleet.

Under Order No. 3-147 "Regarding Approval of a Set of Financial Statements of 2023 and a Set of Consolidated Financial Statements of 2023 of the public limited liability company Lietuvos geležinkeliai and Allocation of Distributable Profit (Loss) for 2023" of the Minister of Transport and Communications dated 29 April 2024, the annual financial reporting of AB Lietuvos Geležinkeliai for the year 2023 was approved, and profit (loss) of 2023 was distributed. The Company allocated EUR 13.0 million for dividends.

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

May

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

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

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

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

June

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

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

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

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

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

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

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

July

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

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

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

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

August

Vija Platačiūtė assumes the position of head of the LTG Group's Railway Museum. The new head will be responsible for the smooth operation of the museum, foster and promote its values, coordinate creative processes, initiate various projects, and oversee the dissemination of the museum's activities.

At the final meeting held in Vilnius, the refined solutions of the special plan for the Rail Baltica railway line between Kaunas and Vilnius were discussed.

LTG Link has begun testing dynamic pricing on the most popular route between Vilnius and Kaunas – passengers will pay less when purchasing tickets in advance for eight specific train routes. This will help the company manage passenger flows more efficiently, taking into account their number planned in advance.

The LTG Group's shares are not traded on the stock exchange; however, the company took the initiative to conduct an assessment, which confirmed its compliance with the provisions of the Corporate Governance Code for Listed Companies approved by Nasdaq Vilnius.

LTG Link and Vilnius City Municipality Administration signed a Territory Planning Process Initiation Agreement, under which preparation will begin for a detailed plan of the new train depot territory at Pramonės g. 78. The new train depot will be adapted for the maintenance of both operating trains and new electric passenger trains being manufactured by Swiss-owned company Stadler Polska.

The LTG group was awarded three "Equal Opportunities Wings" for achievements in the field of equal opportunities. This is the highest possible evaluation from the Office of the Equal Opportunities Ombudsperson, indicating that the organisation meets the criteria of all three categories. This represents significant recognition for the company, which aims to create an organisational culture based on equal opportunities.

On the last Saturday of August, marking Railway Worker's Day, the LTG group invited the public to ten special excursions. Most of these took place in LTG Group facilities normally inaccessible to the public, several offered train journeys on unusual routes and tracks where passengers are not typically carried, while museums provided special free educational activities.

September

The LTG Group's passenger transport company LTG Link has completed the renovation of a passenger carriage interior: Vilnius-Klaipėda train passengers can now travel in an exceptionally comfortable first-class carriage, which features a self-service snack zone accessible to all train passengers. It will feature 17 comfortable seats optimised for both travel and work, one seat is equipped for a passenger with a wheelchair.

The LTG group, together with the Research Council of Lithuania and partners, signed a protocol of intent regarding the initiation of the Massachusetts Institute of Technology (MIT) international science and technology initiatives programme in Lithuania. By participating in this programme, the LTG group aims to attract students from MIT – arguably the world's premier technology institution – who could undertake internships in the Group companies.

Laimonas Nekrošius, who has led LTG Cargo Sales and Development of Services for more than two years, will become the head of LTG Cargo Polska from 1 October. LTG Cargo Polska – a subsidiary of LTG Cargo, began operations in Poland in 2020 with the aim of strengthening logistics supply chains and improving freight mobility between Lithuania, Poland and Western Europe.

The LTG Group has become a member of the Lithuanian Diversity Charter, which unites public and private sector organisations and NGOs that seek to operate openly, responsibly, ensure equal opportunities and create an inclusive work environment. The Lithuanian Diversity Charter belongs to the European Diversity Charters network, which brings together 114 thousand organisations and 17 million employees, with the charter operating in 26 EU countries.

The final event of journalist Edmundas Jakilaitis and the LTG Group's initiative "Names for Trains" took place at Vilnius railway station. During the event, 7 names of significance to Lithuania were announced, which were given to trains operating in Lithuania and Latvia. The authors of the project idea and prominent public figures gathered to see off the named train – Jonas Karolis Chodkevičius – on its journey.

For International Car-Free Day, when residents are invited to give up cars and travel by bicycle, walk or use public transport, the LTG Group's passenger transport company LTG Link invited people to travel sustainably – by train – and offered a 90% discount on all domestic train route tickets.

A meeting of the General Assembly of the Community of European Railway and Infrastructure Companies (CER) took place in Berlin, during which the assembly confirmed LTG Group's CEO Egidijus Lazauskas as a member of the CER Management Committee.

During the mobilisation system verification exercise "Vytis Vault 2024" at Vilnius railway station, evacuation exercises for patients and disabled people took place, involving 160 participants, including – for the first time – people with disabilities and nursing home residents.

The LTG Group received the Governance Coordination Award for progress in governance, particularly in the areas of transparency and collegial bodies. Every year, the GCC assesses state-owned enterprises against 240 criteria and determines their governance index – LTG Group received the highest rating of A+ this year.

Concrete solutions of the engineering infrastructure development plan of the Rail Baltica Panevėžys railway node were presented to the residents, communities, interested organisations and business representatives of Panevėžys city, district and nearby areas during the final meeting. 50 questions and suggestions were received during the entire public hearing period of the detailed solutions of the special plan and during the final meeting. The residents had been provided with the opportunity to consult on issues related to their property within or adjacent to the territory of the special plan.

October

On 1 October, the LTG representative office in Brussels (Kingdom of Belgium) was registered.

The first Rail Baltica Information Centre in Lithuania was opened at Kaunas railway station. The aim of the centre is to provide up-to-date information on the ongoing project, which will fundamentally change rail transport in the Baltic region, its benefits and future phases. With the construction of the high-speed railway line, Kaunas International Station will serve more passengers than the capital city - around 11 thousand of train travellers every day. Currently, more than 4 thousand passengers pass Kaunas every day.

From now on, the public can track the progress of electrification via an interactive map. In order for Lithuania to step up its efforts to meet the objectives of the European Green Deal, intensive rail electrification work is being carried out on the Kaišiadorys-Radviliškis, Šiauliai-Klaipėda and Vilnius railway junction sections. The electrification project of the most heavily used railway line, Vilnius-Klaipėda, which began in 2017 and is divided into three stages, is scheduled for completion by the end of next year.

Verslo žinios has announced the Lithuanian transport and logistics sector companies that have achieved the greatest progress. At the top of the list is LTG Link, with LTG and LTG Cargo in the top ten. This assessment was driven by the ability to recover and make business development decisions that allowed both income and profits to grow. The list is compiled according to a rating model developed by the publication's analysts.

The LTG Group's passenger transport company LTG Link and VšĮ Panevėžio keleivinis transportas have presented a joint train and bus ticket to the residents of Panevėžys and the city's guests. Panevėžys is now the fourth Lithuanian city to offer this sustainable mobility service.

The Government approved a specific plan for the development of regional stations on the section of Rail Baltica from Kaunas to the Lithuanian-Latvian border, providing for the possibility of linking the Rail Baltica main line to the regions. Following the Government's approval of the special plan for regional stations, an opportunity has been created to build regional stations and stops with the necessary engineering infrastructure along this section.

The traditional "Green Transport Awards", now in their fourth year, were presented at the Transport Innovation Forum Litexpo. Competition participants who made the most significant contributions to changes in the transport sector through their solutions were recognised in six main categories: municipality, innovation, ambassador, business, institution and initiative. The LTG Group organises these now-traditional fourth awards in partnership with the Ministry of Transport and Communications.

At the invitation of the LTG Group's passenger transport company LTG Link, a meeting of the heads of passenger transportation companies united by the Community of European Railway and Infrastructure Companies (CER) and the International Union of Railways (UIC) was held in Vilnius. At the meeting, attended by 60 executives from across Europe, discussions focused on the current railway situation and long-term passenger transportation strategy, closely aligned with the European Union's common sustainable mobility policy.

November

The LTG Group's passenger transport company LTG Link has installed a VIP waiting lounge at the capital's railway station for passengers' convenience, which first-class passengers can use free of charge before or after their train journey.

The LTG Group's passenger transport company LTG Link conducted a pilot service on the Vilnius–Daugavpils route, with regular passenger services planned to commence in spring 2025.

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

The LTG Group's passenger transport company LTG Link has approved a new annual train timetable. It pays significant attention to convenient connections between cities, with more services planned on the most popular routes, enabling passengers to reach Klaipėda, Kaunas, Warsaw and Riga more quickly. A stop in Radviliškis is planned on the Vilnius–Riga–Vilnius route.

The LTG Group's railway infrastructure network management company LTG Infra carried out modernisation of four level crossings between Mauručiai and Kazlų Rūda. This has made the crossings even safer and more comfortable for users.

The LTG Group organised the Sanctions Management Forum for the second time, bringing together representatives from various institutions responsible for implementing and monitoring sanctions. The aim of the forum is to encourage state institutions, state-owned enterprises, banks and major Lithuanian companies to share lessons learned and seek new common solutions on how to prevent sanctions circumvention.

The European Climate, Infrastructure and Environment Executive Agency (CINEA) and RB Rail AS, an authorized joint venture by ministries of transport of three Baltic States, signed an additional financing agreement on European Infrastructure Network Facility (CEF) subsidy for Rail Baltica project this summer. The European Infrastructure Network Facility has allocated a support of nearly EUR 1.16 billion. Together with the national funding of the three Baltic States, the total allocated amount is EUR 1.43 billion. Of these, EUR 529 million have been allocated to implement the part of the project in Lithuania. The European Union (EU) continues to focus on the construction of the main line and the integration of the Baltic region into the EU.

LTG Cargo, a company of the LTG Group, which is continuously increasing its range of services and the volume of international transport to the West, carried out the first transport of passenger cars only on European gauge rail from the Czech Republic to Palemonas: 220 new Škoda passenger cars for the Baltic market were brought to Lithuania by a train comprising 22 car-carrying wagons. From the departure station in the Czech Republic to Palemonas, the cargo travelled by rail on the standard European (1435 mm) gauge, eliminating the need for vehicle reloading, and the 1000 km journey was completed efficiently – in 50 hours. From the Czech border to Mockava through Poland, the project cargo was transported by the LTG Cargo subsidiary LTG Cargo Polska.

On 29 November, the LTG Group's shared services company LTG Kompetencijų Centras was registered.

December

The LTG Group, which manages the country's railway network and provides passenger and freight transportation services, has been awarded the highest sustainability index in the transport sector – 9.2 points out of 10 possible; with environmental, social sustainability and governance areas assessed. The Sustainability Index is a tool created by the daily newspaper Verslo žinios in partnership with Swedbank, helping the public to easily track business impact on the environment and people, whilst enabling companies to demonstrate their contribution to sustainability.

LTG Cargo, the freight transportation company of LTG Group, acquired spare parts, maintenance and support services in the first three years of operation of 17 locomotives specially manufactured in Lithuania for transport purposes. It is planned that after electrification of the Vilnius–Klaipėda railway section, the network will use electricity generated from renewable energy sources, so electric locomotives will transport cargo without emitting any carbon dioxide into the environment.

The Ministry of Economy and Innovation, together with the Public Procurement Office, has been selecting the most efficient organisations conducting public procurement for the past five years. This year, the LTG group was recognised in the most innovative public procurement category for the installation of solar modules in sound-absorbing walls. These solar power plants are one of the projects within the Group's Electrification Programme. This project identified a way to utilise sound walls, which previously incurred costs and created no added value for the company, for independent electricity generation using renewable energy sources, thereby managing the company's assets more efficiently.

In preparation for the construction of the Rail Baltica high-speed railway superstructure in 2025, LTG Cargo transported 2,400 tonnes of rails to the storage area at Jonava railway station.

The LTG Group was presented with the award for organisation of the year in the field of conflict of interest management. For the first time, the LTG group was among the nominees for awards presented at the conference organised by the Chief Official Ethics Commission. The event also examined the most pertinent issues of public and private interests and the assessment of practical situations, with discussions on measures for the effective management of conflicts of interest.

LTG Cargo, the freight transportation company of LTG Group, acquired 200 new semi-wagons in Lithuania for the transport of bulk. Following an international public procurement process, a contract was signed with LLC TAS Dni-provagonmash, the company that will manufacture these wagons. The first semi-wagons are expected to be delivered to LTG Cargo in February-April 2025. The new wagons will primarily transport bulk and other weather-resistant cargo, such as dolomite and granite crushed stone used in the construction industry, as well as metals. This investment in expanding the rolling stock fleet amounts to EUR 12.7 million.

LTG Link, the passenger transport company of the LTG Group, is rapidly progressing towards another goal – connecting Vilnius with Tallinn via Riga. The carriers of the three Baltic states – LTG Link, Vivi and Elron – have harmonised train schedules to ensure rail connections between the capitals of the three countries.

The Supreme Court of Lithuania has adopted a non-appealable ruling on the complaint of UAB Margūnas, in which the company requested that the LTG Group freight transportation company LTG Cargo be awarded almost EUR 60 thousand in damages due to LTG Cargo's refusal to transport cargo.

At the Rail Baltica construction site, the Italian contractor Rizzani de Eccher performed pole tests to determine and verify pole holding power and solidity. The 2280 tonnes load was used - the maximum load used for such tests in the history of Lithuanian railways. In the construction of the longest bridge – 1.51 km – over the Neris river, numerous preparatory works have been completed to date: 308 piles that will support the bridge have been installed, with depths of up to 28 metres, along with retaining walls and access routes. Installation of sheet piling has begun, and preparations for concreting the pier caps are underway.

LTG Cargo, the freight transportation company of LTG Group, organised the first freight transport by rail from Austria to Lithuania: special cargo was transported by European gauge rail to Šeštokai – over 600 tonnes of new railway tracks.

1.5. Subsequent events

January

LTG Cargo, the freight transportation company of LTG Group, has taken another step away from the Railway Transport Council (RTC), based in Moscow and encompassing broad gauge railways – the registration of wagons in the European Vehicle Register (EVR) has begun.

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

The carriers of the three Baltic states – LTG Link, Vivi and Elron – have harmonised train schedules to ensure rail connections between the capitals of the three countries. Until now, there has been no possibility to travel from Vilnius to Tallinn in a single day using harmonised train services. On 6 January, with Elron adding an additional train on the Tallinn–Valga–Tallinn route, a fully functioning daily railway connection between Vilnius, Riga and Tallinn was established. The heads of carrier companies, who were the first to test the new connection, also discussed future development stages for this service: offering passengers a convenient opportunity to purchase tickets at more attractive prices and reducing the number of transfers.

Research agency Norstat, after surveying residents of all three Baltic States, found that the public recognises the importance of the Rail Baltica project, particularly for military mobility and national security. 72 per cent of respondents in Lithuania, 60 per cent in Latvia and 52 per cent in Estonia believe that military mobility is the most important reason for building a European high-speed railway gauge connecting the three Baltic States with Poland and the wider European Union railway transport network.

The LTG Group's railway freight transportation company LTG Cargo, continuing its business diversification westward, successfully performed the first test run through the Baltic states to Muga port in Estonia by applying the standard of EU railway sector – without exchanging information and connections with Russian systems of the Railway Transport Council (RTC).

LTG Cargo has been granted a technical maintainer certificate valid throughout Europe. This means that LTG Cargo can perform technical maintenance on rolling stock registered both in Lithuania and arriving from other European Union countries, covering not only European gauge but also broad gauge equipment, and that it complies with European requirements.

February

On 1 February, the composition of the Board of LTG Infra, the railway infrastructure company of LTG Group, has changed – Gediminas Šečkus, Director of Business Resilience of the LTG Group, has taken over the position from Ieva Lauraitytė.

On 3 February, more than 500 employees transferred from AB Lietuvos Geležinkeliai began working at the LTG Group's shared services company LTG Kompetencijų Centras. Leadership of the company was entrusted to Ieva Lauraitytė, who had previously served as the LTG Group's Director for Administration for two years.

LTG CEO Egidijus Lazauskas and Vilnius Mayor Valdas Benkunskas signed an agreement that will help create more convenient and efficient movement in Vilnius. This cooperation creates opportunities to develop a more efficient, sustainable and accessible city transport network, improve connectivity and reduce vehicle traffic on roads and streets. The memorandum established cooperation and coordination of plans and their implementation in the areas of route and infrastructure development, common system implementation, investment planning and communication.

The International Union of Railways (UIC) produces an annual special report to measure and compare the safety performance of 35 different railway infrastructure managers, which includes the UIC Safety Index. In the latest assessment, the LTG Group's UIC Safety Index reaches 1.44 points, which places us among the top twelve safest operating companies.

March

LTG Infra has completed the replacement of the KLUB-U locomotive safety systems on its rolling stock. All 15 of its rolling stock units are now equipped with safety systems manufactured by the Ukrainian company SRPA Impulse, ensuring greater reliability and compliance with European railway standards.

LTG Infra will build the first battery train charging station in the Baltic States, which will be designed and installed by UAB Fima. This will allow LTG Group, which has acquired battery-electric trains, to transport passengers more sustainably. The charging station is scheduled to be installed by the end of Q3 2026 for EUR 3.2 million.



Results



2.1. Overview of the main activities of the Group

Indicators of transport volumes		2024	2023	2024/2023 Δ, %	2022
Freight transportation activities LTG Cargo Group					
Total freight turnover:	in billion tonne-kilometres	7.0	7.1	(2.4%)	7.6
freight turnover in the territory of Lithuania (LTG Cargo)	in billion tonne-kilometres	5.9	6.3	(6.8%)	7.4
freight turnover in the territory of Poland (LTG Cargo Polska)	in billion tonne-kilometres	0.9	0.8	12.2%	0.2
freight turnover in the territories of other countries (Latvia, Estonia) (LTG Cargo)	in billion tonne-kilometres	0.2	-	100%	-
Freight transportation in the territory of Lithuania (LTG Cargo):	in million tonnes	25.7	27.2	(5.8%)	31.0
Domestic transportation	in million tonnes	16.1	15.4	4.4%	13.9
International transportation	in million tonnes	9.6	11.8	(18.9%)	17.1
Transit	in million tonnes	5.3	6.5	(18.7%)	8.1
Export from Lithuania	in million tonnes	2.6	3.3	(22.4%)	3.6
Import to Lithuania	in million tonnes	1.7	2.0	(13.8%)	5.4
Passenger transportation activities in the territory of Lithuania LTG Link					
Passenger turnover	in million passenger km	537.4	464.1	15.8%	432.6
Total passenger transportation:	in millions of pass.	5.536	5.039	9.9%	4.688
Domestic connection	in millions of pass.	5.010	4.680	7.1%	4.460
International connection	in millions of pass.	0.526	0.359	46.5%	0.228
Activities of the public railway infrastructure manager LTG Infra					
Train operational volume	in billion tkm gross gross	13.5	13.9	(3.0%)	15.9
Train runs	in million train km	12.4	12.3	0.8%	12.3

Freight transport activities

Freight transport activities are carried out by AB LTG Cargo and its subsidiaries LTG Cargo Polska and LTG Cargo Ukraine.

The Russian war in Ukraine and the expanding range of sanctions against Belarus and Russia have halved the volume of cargo transported within the country from 51.1 million tonnes in 2021 to 25.7 million tonnes in 2024. The focus of freight transport activities is currently on consistent growth in the Lithuanian domestic market. This is being achieved by making the necessary investments to renew the fleet of wagons (semi-wagons, grain wagons).

With the elimination of sanctioned freight flows and a significant decrease in transit volumes, the domestic freight transport volumes in 2024 (LTG Cargo) have decreased by 5.8% to 25.7 million tonnes, compared to 2023, and the freight turnover on the national network has decreased by 6.8% to 5.9 billion tonne-kilometres. Traditionally, rail transport deals with heavy or bulk cargo, such as petroleum and petroleum products, chemical and mineral fertilisers, crushed stone and other building materials, and cereals. These freight groups continued to dominate in 2024, accounting for more than 70% of total rail freight transport. The biggest drop was recorded in the petroleum products segment, which is attributable to fluctuations in petroleum prices and market supply volumes.

Domestic freight volumes continue to grow following a significant change in operating conditions. The relative share of domestic transport in the total transport volumes rose to 62.7% in 2024, whereas before the geopolitical changes, it accounted for about one third of the freight transported. **Domestic transport**, has increased by 4.4% to 16.1 million tonnes, compared to 2023. In the year under review, transport of construction materials has increased as part of road infrastructure improvement projects, and fertiliser transport has increased following the resumption of AB Lifosa's operations. The growth in these freight groups

partly offset the decrease in the transport of petroleum products.

International transport, which accounted for 37.3% of the total freight transported, has decreased by 18.9%, compared to 2023, and reached 9.6 million tonnes. Transit freight flows through the territory of the country are decreasing - in the reporting year, the volume of goods in transit decreased by 18.7% to 5.3 million tonnes, with a significant decrease in the transport of building materials and products of plant origin. Transit volumes are forecast to continue to decline in the near future.

The volume of **Intermodal transport** by container trains in 2024 decreased by 13.5% to 105.4 thousand TEU, compared to 2023². This is due to declining flows with CIS countries. Intermodal transport by semi-trailer train volumes remained stable. These shipments grew slightly over the period and amounted to 5,266 semi-trailers.

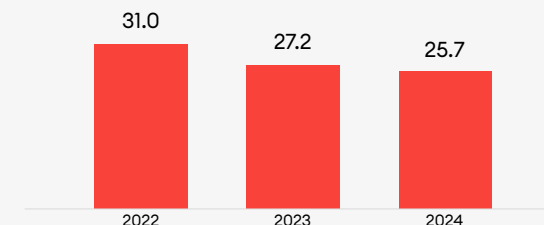
As part of diversification of activities and expansion into new markets, during the reporting period LTG Cargo started to provide freight transport services in Latvia and Estonia. Expansion in Poland is continued with regular intermodal transport between Kaunas and Duisburg (Germany). In the second half of 2024, the route Kaunas - Slavkov was discontinued due to insufficient customer interest. However, the volumes of local freight transport on the Polish market, which started in 2023, are growing, although the competitive environment on the Polish market is very active.

Total freight turnover in the reporting period was marginally stable at 7.0 billion tonne-kilometres, with freight losses on the domestic network offset by growth on foreign markets.

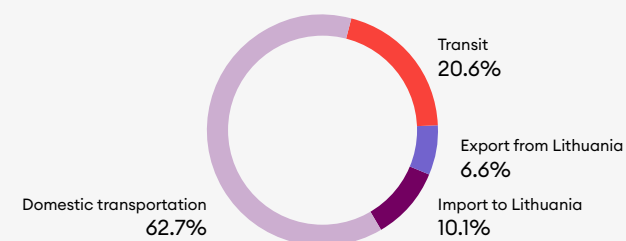
Business expansion into foreign markets, integration into Europe and diversification of services remain one of LTG Group's key strategic directions.

²unit of measurement equivalent to 20-foot container.

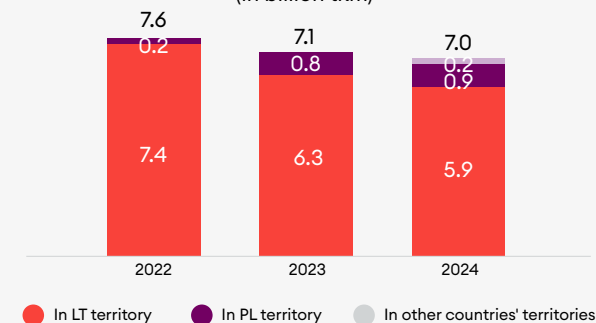
Freight transportation volumes in Lithuania
(in million tonnes)



Segments of freight transport in the territory
of Lithuania in 2024, %



Total freight transport turnover
(in billion tkm)



Passenger transportation

Passenger transportation is carried out by the LTG Group company UAB LTG Link.

Compared to 2023, the total number of rail passengers in 2024 increased by 9.9% to 5.5 million passengers and the passenger transport turnover on the national network - by 15.8% to 537.4 million passenger kilometres. The growth in the number of passengers was recorded in both domestic and international transport markets. Domestic transport routes accounted for 90.5% of rail passengers in 2024, while international routes accounted for 9.5%.

Local transport routes, increased by 7.1% to 5.0 million passengers, compared to 2023. The strategic priorities for rail passenger transport in Lithuania include ensuring connections between Lithuania's major cities (Vilnius, Kaunas, Klaipėda, Šiauliai and Panevėžys), Lithuania's resorts and new suburban stations.

The annual improvement and renewal of the timetable to meet passengers' needs, targeted marketing campaigns, the development of ticketing channels, the renewal of the rolling stock and other measures to increase the attractiveness of train travel and promote sustainable mobility have a positive impact on the growth of the number of passengers travelling by train.

The introduction of a new train ticketing system (Smart Ticketing) will lead to the introduction of dynamic ticketing for passengers by the end of 2024. This enables personalisation of travel offers, the creation of target audience groups, and the application of ticket prices based on train availability, time, season and other selected parameters.

From the second half of 2024, passengers also have the possibility to buy tickets from ticket vending machines (ticket machines) and other points of sale. In the reporting period 2024, 33 ticket machines were installed at the country's largest stations.

In order to promote the use of multimodal transport in the country and the partnership with public transport operators, the implementation of the "joint ticket" project is continuing, offering passengers to buy a joint train and bus ticket in the major cities of Lithuania.

Investments in new passenger rolling stock continued during the reporting period to ensure sustainable passenger transport on electrified lines, to adapt to the needs of disabled persons and to provide a higher level of comfort. Passenger transport by them is planned to start in 2026.

The Vilnius–Kaunas route remains the most popular local

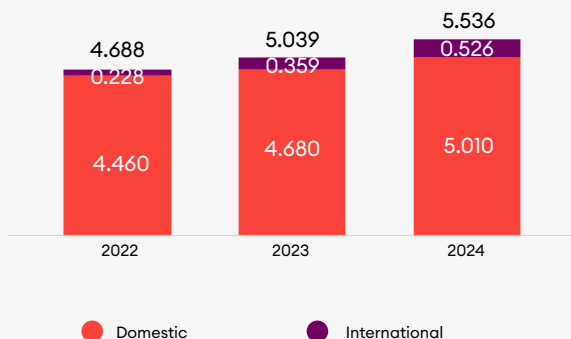
transport route (36.9% of all local transport) with almost 2 million passengers in 2024. The most popular option in the summer season remains the Seaside Express, which offers train travel to seaside resorts.

During the reporting period, **transport on international routes** accounted for the transit trains through the territory of the Republic of Lithuania to and from the Kaliningrad region, and international route trains to Poland and Latvia.

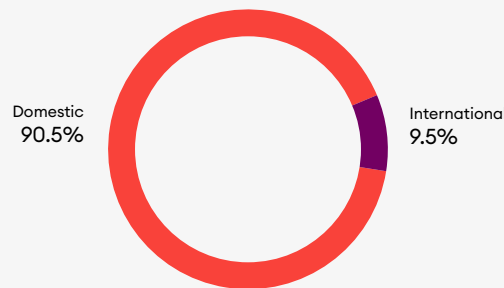
The total number of passengers in the international transport segment has increased by 46.5% to 0.5 million passengers, compared to 2023. Transit accounts for the vast majority or 80% of international travel. During the reporting period, over 200 thousand passengers travelled by international trains to Poland and Latvia, of whom 105 thousand passengers travelled on the international segment.

Geopolitical factors and uncertainties affect the development of international routes. Strategic priorities are currently focused on the development of international connections with Warsaw, Riga, Tallinn and Berlin and the construction of the new European track gauge for the Rail Baltica line, which will be used for international transport in the future.

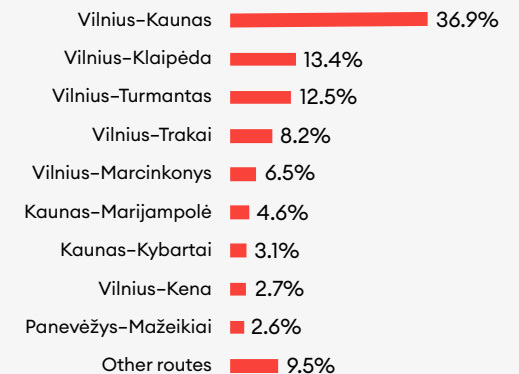
Passenger transportation volumes
(in million of pass.)



Market segments of passenger
transport in 2024, %



Structure of domestic transportation
in 2024, %



Activity of the public railway infrastructure manager

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

The activities carried out by LTG Infra are monitored 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.

Main services provided by LTG Infra:

- Minimum package services of access to public railway infrastructure;
- Access to railway service facilities and services provided therein;
- Services operated on a commercial basis.

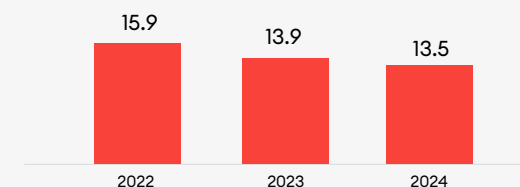
LTG Infra's provision of the minimum access package to the public railway infrastructure ensures compliance with the legal requirements for impartiality and financial transparency of operations by the public railway infrastructure manager, and the performance of the essential functions of the public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

The public railway infrastructure is used by railway undertakings (carriers) transporting passengers, luggage and freight by rail, as well as by repair companies entitled to use the public railway infrastructure. Railway undertakings (carriers) and repair companies pay LTG Infra the appropriate fee for the use of the public railway infrastructure, calculated in accordance with the procedure laid down by legislation. The manager of public railway infrastructure LTG Infra sets the rates of charges and they are available on the company's website [\(link\)](#).

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

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

Train operational volume (in Bn tkm gross gross)



LTG Infra owns and maintains assets worth EUR 2.0 billion at the end of 2024 (railway tracks, switches, level crossings, access roads, freight terminals and yards, railway stations and stops, road and other structures).

In 2024, the train work volume decreased by 3.0%, compared to 2023, and amounted to 13.5 billion tonne-kilometres gross. The indicator is mainly affected by transport volumes of LTG Cargo, the LTG Group's freight transport company, and changes in the transport volumes.

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

2.2. Financial results

Revenue of LTG Group

In 2024, the revenue of LTG Group amounted to EUR 499.1 million, and, compared to the revenue for 2023, has increased by EUR 46.5 million or 10.3%. LTG Group earned the majority of its revenue, 62.7%, from freight transport activities.

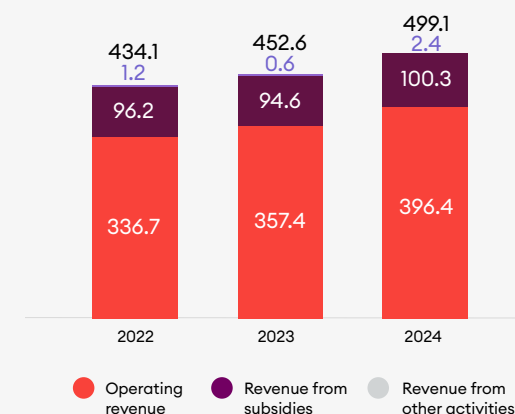
- **Income from operating activities** increased by EUR 39.0 million or 10.9% to EUR 396.4 million, compared to 2023. The increase in revenues was determined by the increase in sales revenues of the Group companies providing freight and passenger transport services in 2024:

- **Freight transportation revenue** increased by EUR 25.0 million or 8.7% to EUR 313.0 million compared to 2023. Although due to the impact of sanctions the volumes of freight transport on international routes carried out by the Group company LTG Cargo continued to decrease during the reporting period, the revenues from freight transport have increased. The decrease in transport volumes was offset by higher tariffs applied, especially in the transit segment, as well as by increased transport volumes and revenues on the domestic market. As part of the diversification and business development in the international freight market, freight operations in Latvia and Estonia were launched in 2024. Moreover, despite an intensified competition on the Polish market, the LTG Cargo's subsidiary LTG Cargo Polska also generated more revenue, with its turnover increasing from EUR 36.8 million in 2023 to EUR 39.1 million in 2024 thanks to larger transport volumes on the Polish market.
- **Passenger transportation revenue** in 2024 increased by EUR 13.6 million or 29.2% and amounted to EUR 60.4 million. The comparative weight of these revenues in the overall revenue structure of the Group increased to 12.1%. The increase in revenue, compared

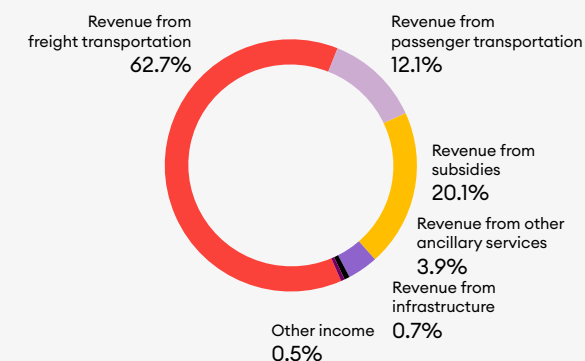
to 2023, was driven by growing passenger flows on both international and domestic routes, despite temporary traffic disruptions due to intensive rail electrification works. During the period under analysis, the growth in revenue from transit train services was more pronounced, due to higher passenger numbers and higher tariffs applied to this segment of transport. Business development and the establishment of an international route with Latvia also led to an increase in revenue in this segment in 2024.

- The Group also provides **other ancillary services**, such as maintenance and repair of rolling stock and railway infrastructure objects, lease of assets, sale of scrap metal and other services. These revenues represent 3.9% of the total revenue structure and in 2024 decreased by EUR 2.0 million or 9.3% to EUR 19.6 million. The changes in revenues were affected by the sale of non-core activities, as during the reporting period the Group's company LTG Infra transferred part of the electricity network to Energijos Skirstymo Operatorius (ESO), which resulted in a decrease in revenues from the supply of electricity to consumers. Also, during the reporting period, there was a decrease in the provision of railway infrastructure repair and maintenance services to non-LTG companies, the volumes of which depend on market needs and the investments to maintain the infrastructure, as well as on the work tenders won.
- **Revenue from the use of public infrastructure** received from companies outside the Group's transport service providers are not significant in the overall revenue structure, i.e. 0.7% of the Group's total revenues. In 2024, these revenues increase to EUR 3.4 million (2023: EUR 1.0 million).

LTG Group revenue, EUR million

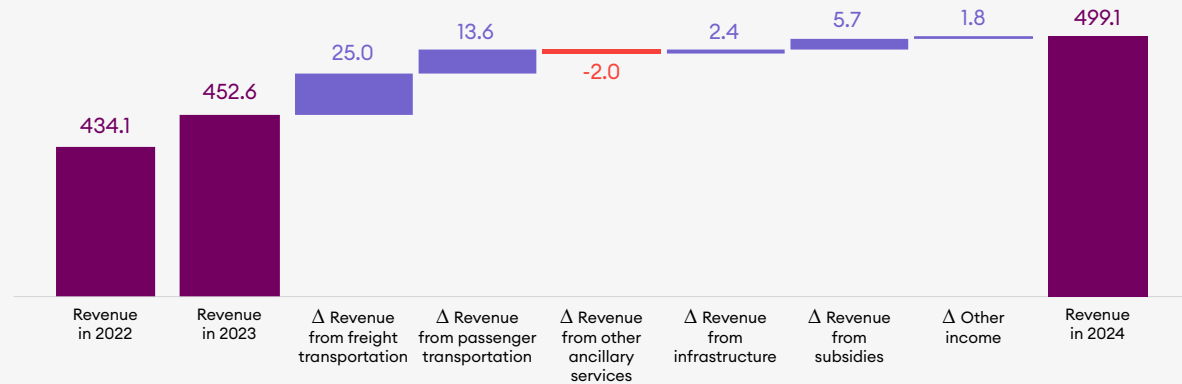


Revenue structure of LTG Group in 2024, %



- Subsidy revenue** amounted to EUR 100.3 million during the reporting period (EUR 94.6 million in 2023). Funds from the State budget are allocated to LTG Group companies, which carry out special obligations entrusted by the State. The revenue from subsidies received by the passenger transport company LTG Link to compensate the losses incurred in the provision of public passenger transport services by rail amounted to EUR 34.7 million in 2024 (EUR 34.0 million in 2023). Also, due to the significant decrease in freight transport volumes, from 2022 onwards, State funds are also allocated to balance the revenues and costs of the public railway infrastructure manager LTG Infra - the subsidy revenues amounted to EUR 65.6 million in 2024 (EUR 60.6 million in 2023). Revenue from special obligations has increased during the reporting period; however, due to higher cost growth of the Group companies performing them (mainly salary costs, maintenance programmes and purchase of materials used in operations), the total need for subsidies has increased by EUR 5.7 million.
- Other operating income, earned from sale of property objects and machinery not used in operations, amounted to EUR 2.4 million in 2024 (EUR 0.6 million in 2023).

Change in LTG Group's revenue, EUR million



Costs of LTG Group

In 2024, costs of the Group amounted to EUR 445.8 million, which show an increase by EUR 24.0 million or 5.7%, compared to 2023.

As in the previous year, the majority of the Group's costs are attributable to labour costs (36.8%), depreciation and amortisation of assets (25.2%), and energy costs (11.8%).

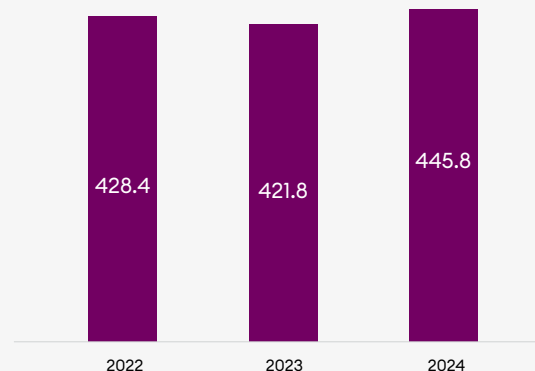
- **Costs related to employee benefits** amounted to EUR 163.9 million in 2024, showing an increase of EUR 10.6 million or 7.0%, compared to 2023. The number of employees in the Group companies decreased by 2.1% from 5,825 to 5,703, compared to 2023, while the average monthly salary increased by 10.4% from EUR 2,131 to EUR 2,353. The increase in salary costs is due to the periodic review of employee remuneration carried out annually in April throughout the LTG Group and due to the amount adjustment of certain remuneration elements in individual companies. In addition, in 2024 the Group's incentive pool for performance of employees in 2023 is larger than in the previous year.

- **Depreciation and amortisation costs** in 2024 amounted to EUR 112.2 million, showing an increase of EUR 3.2 million or 2.9%, compared to 2023. The increase in depreciation charges is due to an increase in the right-of-use assets held by LTG Cargo Polska, the LTG Group's Polish freight services provider. Meanwhile, the depreciation charge of LTG Infra, the LTG Group company managing the public railway infrastructure, decreased in the period under review. Although the investment volumes are significant, the implementation of most investment projects takes more than one year before the asset is put into operation.

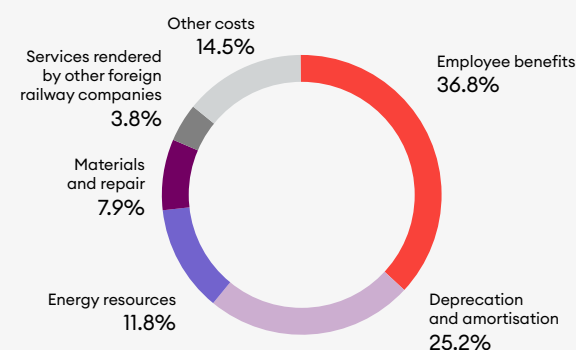
- **Costs of energy resources** (fuel, electricity) in 2024 amounted to EUR 52.7 million, a decrease of EUR 0.7 million or 1.4%, compared to 2023. This group of costs is significantly influenced by work volumes of the LTG Group's transport service providers and by fluctuations in energy prices. During the reporting period 2024, fuel costs of LTG Group decreased by EUR 2.6 million or 6.4%, while electricity costs increased by EUR 1.9 million or 14.3%.

- **Costs of materials, repair and maintenance** amounted to EUR 35.4 million in 2024 and have increased by EUR 1.7 million or 5.1%, compared to 2023. During the reporting period, there was an increase in the cost of outsourced asset repair services and spare parts, as well as more repairs were carried out to passenger rolling stock and the infrastructure needed to ensure safe traffic.

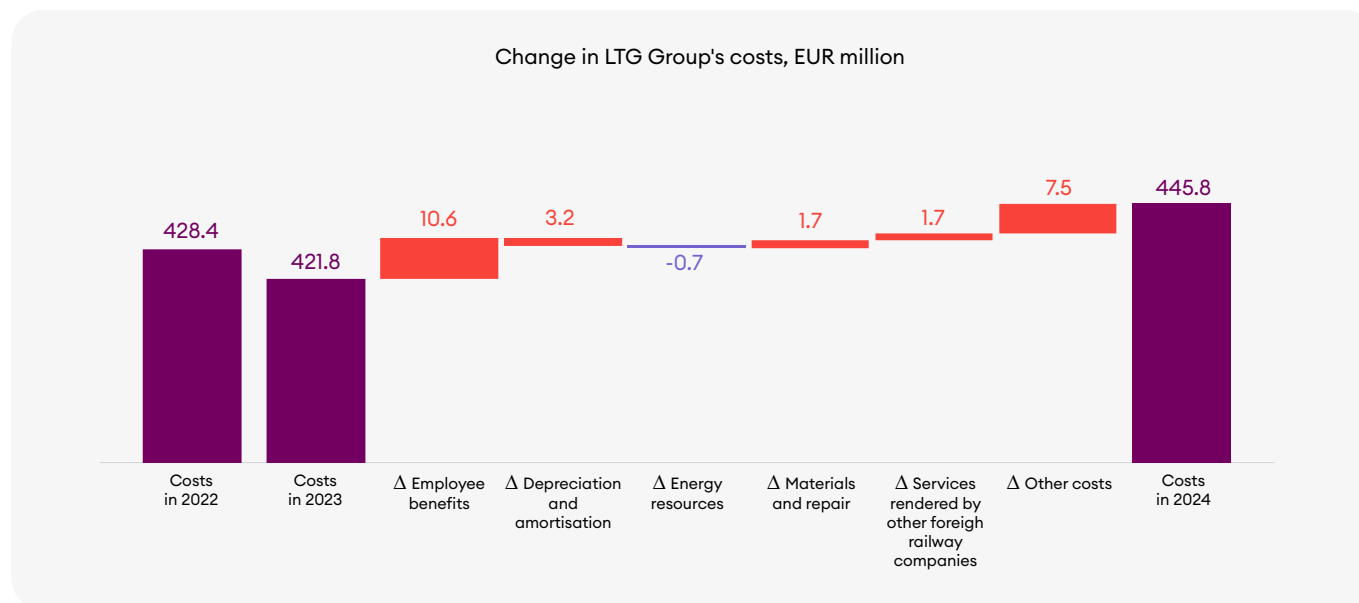
Costs of LTG Group, EUR million



Costs structure of LTG Group in 2024, %



- **Services provided by other foreign railways** in 2024 amounted to EUR 16.8 million and have increased by EUR 1.7 million or 11.1%, compared to 2023. Growth of these costs during the reporting period relates to the increased operational volumes of LTG Cargo Polska, the LTG Group's freight service provider on the Polish market.
- **Other costs** in 2024 accounted for EUR 64.8 million, showing an increase by EUR 7.5 million or 13.0%, compared to 2023. The LTG Group's costs incurred for property insurance, marketing, IT needs and the purchase of consultancy services have increased during the reporting period. In addition, an impairment of locomotives not used in operations (LTG Cargo) was recognised in 2024, as well as a partial impairment of LTG Cargo Polska assets, which resulted in an increase of other costs of the Group.



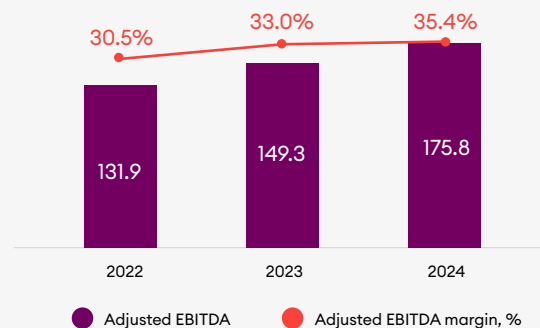
Performance of LTG Group

During the reporting period 2024, the performance and profitability ratios of LTG Group improved with LTG Group's adjusted EBITDA increasing to EUR 175,8 million and LTG Group's net profit increasing to EUR 37.0 million, compared to 2023. The results were significantly impacted by higher sales revenues of LTG Cargo and LTG Link, the LTG Group's transport service providers.

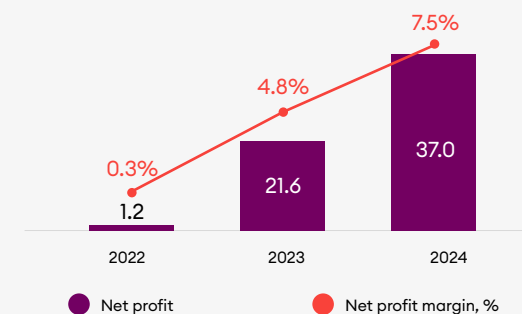
The main companies of the LTG Group - the parent company AB Lietuvos Geležinkeliai, AB LTG Cargo and UAB LTG Link - were profitable in 2024. Losses in the reporting period 2024 were incurred by AB LTG Infra, which manages public railway infrastructure, UAB Geležinkelio Tiesimo Centras, which provides railway construction and repair services, and LTG Cargo Polska Sp.zo.o., which is a freight carrier operating in Poland. The performance of the LTG Group companies is presented in section 8.2 of the Management Report.

In view of the intensified competitive environment on the Polish market, in the second half of 2024, in line with the LTG Group's long-term strategy, the strategic directions and development plans of the LTG Group's subsidiaries and downstream companies, including LTG Cargo Polska, a subsidiary of LTG Cargo, have been reviewed and updated. A reassessment of the recoverability of the investment in LTG Cargo Polska resulted in a partial impairment of LTG Cargo's investment in LTG Cargo Polska, which had a material impact on LTG Cargo's operating results.

Adjusted EBITDA of LTG Group, EUR million



Net profit of LTG Group, EUR million



Changes in the statement of financial position of LTG Group

As at 31 December 2024, the assets of LTG Group amounted to EUR 2,694.4 million and have increased by 7.8%, compare to the year ended 31 December 2023. Non-current assets, which accounted for 89.7% in the overall structure, have increased by 10.0% up to EUR 2,417.7 million. The Company's long-term investment projects, implementation of which last longer than one year, show the most significant increase in construction in progress and prepayments (ongoing railway electrification programme, construction of Rail Baltica, acquisition of new passenger and freight rolling stock). The most significant impact on the Group's non-current assets comes from construction works carried out by LTG Infra, the manager of public railway infrastructure.

As at 31 December 2024, the current assets amounted to EUR 276.7 million and have decreased by 9.7%, compared to the year ended 31 December 2023. Changes in the current

assets resulted from a decreased cash balance of the LTG Group companies accounting for EUR 176.5 million at the end of the period. At the end of 2024, funds from the State budget were allocated to LTG Infra for financing performance of special obligations as well as for compensation of costs incurred in relation to the electrification project.

During the reporting period 2024, the authorised capital remained unchanged and amounted to EUR 1,059.3 million. The equity increased by 2.0% and amounted to EUR 1,197.2 million as at 31 December 2024. The change in equity was driven by a doubling of LTG Group's profit during the period. In 2024, dividends of EUR 13.0 million were paid to the shareholder.

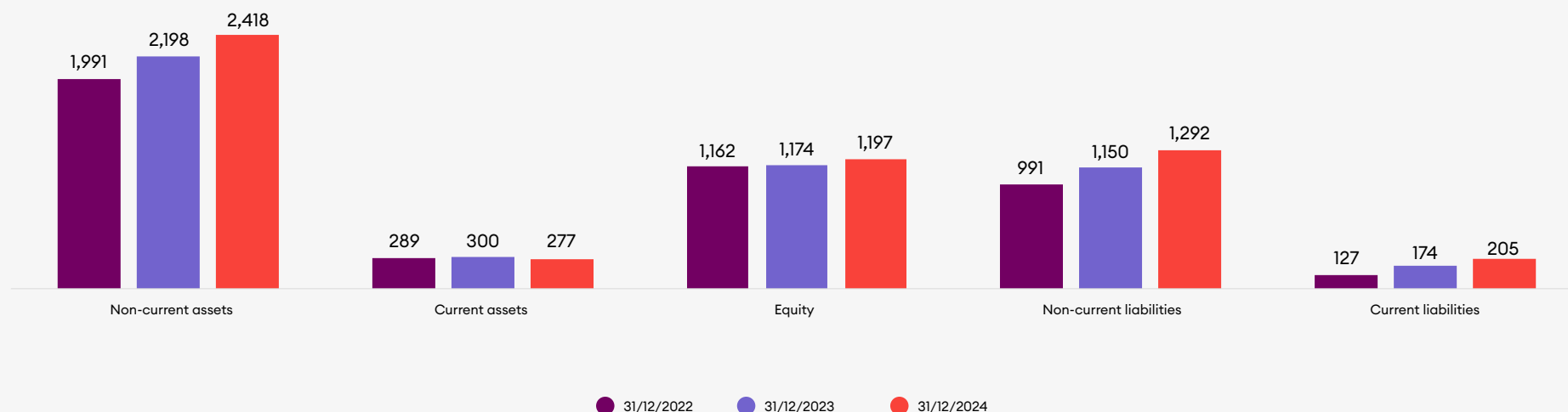
During the reporting period, the non-current liabilities of LTG Group have increased by 12.4% to EUR 1,291.9 million, resulting from an increase in grants of LTG Infra.

During the reporting period, the financial debt (including lease) has decreased by 1.8% and amounted to EUR 137.3 million. Reduction in the financial debt was determined by repayment of the existing non-current loans. During the reporting period, the non-current loan granted to finance the acquisition of rolling stock (LTG Cargo) was repaid to the European Investment Bank (EIB).

In April 2024, a new long-term financing contract was signed for the acquisition of electric passenger rolling stock (LTG Link), which will be financed equally by the Nordic Investment Bank (NIB) and the European Investment Bank (EIB). The loan is expected to be drawn down in 2026.

The Group's net debt is negative and the increase compared to the end of 2023 is due to the decreased cash balance of the Group's companies.

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



Performance of the parent company LTG

AB Lietuvos Geležinkeliai is the parent managing company of LTG Group, which in the reporting period 2024 provided strategic management and general services, fuel resale services, RSF services (refuelling of rolling stock, washing of rolling stock, use of maintenance facilities of rolling stock, etc.) and commercial services (rental of immovable property, vehicles, repair depots, services related to use and maintenance of immovable property, coordination of traffic, etc.) for the companies in the Group.

At the end of 2024, UAB LTG Kompetencijų Centras was established, which from 1 February 2025 took over all the parent company's rights and obligations related to the part of business transferred to authorised capital, arising from the contracts on shared internal administration

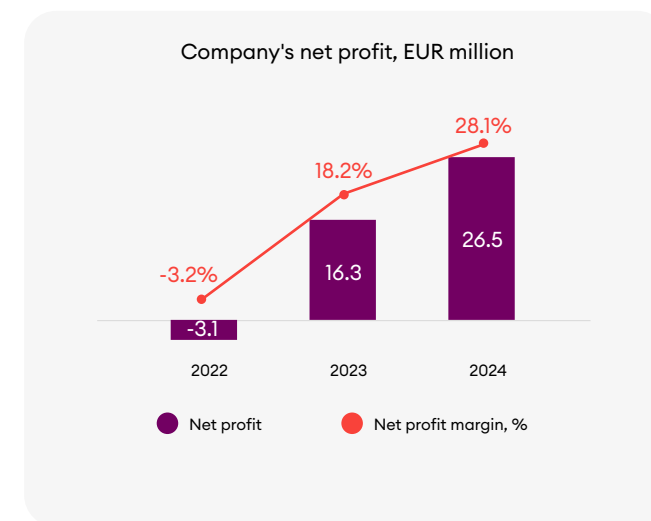
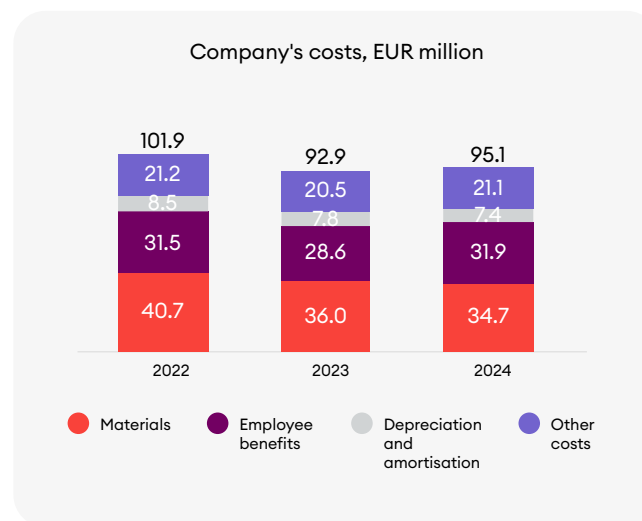
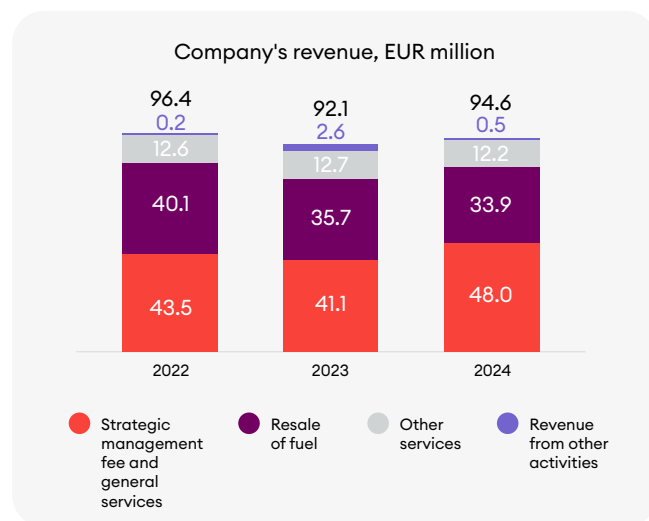
services concluded by AB Lietuvos Geležinkeliai. The contracts cover the provision of shared services to LTG Group companies: Procurement services, IT services and development, HR services (recruitment, HR projects, employment administration, training), Asset management services (vehicle, asset management and maintenance, office maintenance), Safety services (occupational, physical and asset safety, insurance, environmental protection, data protection), Legal services, Accounting services contract includes a Provision of general services to the companies of the LTG Group.

As a result of this change, the Company's financial statements for 2024, prepared in accordance with IFRS Accounting Standards, disclose the Company's profit (loss) from discontinued operations, i.e. the provision of shared

services and the sublease of vehicles to Group companies, as well as disclose assets and liabilities held for sale to a newly established company (see notes 12 and 33 to the financial statements).

The Company's financial indicators for 2024 are presented below in comparative terms, detailing the activities carried out in 2024.

Revenue of the Company in 2024 amounts to EUR 94.6 million, showing an increase by EUR 2.5 million or 2.7%, compared to 2023. The Company's revenue structure was dominated by revenues from strategic management and shared services to the Group companies (50.8%) and revenues from the fuel resale services (35.9%).



Revenue from strategic management and general services depends on the volume of services provided to the Group's companies and the Company's costs incurred in providing these services, while fuel resale revenue depends on the volume of fuel sold to carry out the activities of the Group's companies, mostly to companies providing transportation services (LTG Cargo and LTG Link).

Other operating income from the sale of unused property was not significant in 2024, while in 2023 the majority of other operating income included gains on the disposal of non-current assets after the loading terminal operations and related assets were transferred from the Company to LTG Infra.

In 2024, the **Company's costs** amounted to EUR 95.1 million and have increased by EUR 2.2 million or 2.4%, compared to 2023. The major part of the Company's costs are related to the cost of materials (resold fuel) (36.5%), payroll (33.6%), depreciation and amortisation (7.8%).

The cost of materials depends on the volumes of fuel resold to the Group companies and on price fluctuations. During the reporting period, these costs have decreased by 3.6% or EUR 1.3 million and amounted to EUR 34.7 million. Payroll costs have increased by 11.6% or EUR 3.3 million and reached EUR 31.9 million. Their growth was determined by an increased average salary following the annual revision of the

remuneration of the Company's employees. The change in the number of employees was insignificant (733 employees as at 31 December 2024; 738 employees as at 31 December 2023).

The structure of other costs is dominated by IT costs (lease of IT equipment (computer hardware, telephones, licences), consultancy for IT projects, maintenance and servicing), and by repair costs of the Company's assets.

The result of the Company's **finance activity** in 2024 amounted to EUR 28.2 million (2023 – EUR 18.4 million) During the reporting period 2024, the following dividends for 2023 were allocated to the parent company by the LTG Group companies: EUR 10.5 million from LTG Cargo, EUR 9.2 million from LTG Link, EUR 0.4 million from the associated company voestalpine Railway Systems Lietuva (in 2023, dividends received from Group companies amounted to EUR 12.3 million). In addition to the effect of larger dividend amounts, the financial result was improved during the reporting period by higher interest income from loans granted to the Group companies and cash balances on bank accounts. The Company's cash balance at the end of the period amounted to EUR 54.4 million.

During the reporting period, the Company's **net profit** has increased up to EUR 26.5 million (in 2023, net profit amounted to EUR 16.3 million).



Key financial indicators

		LTG Group			Company*		
		2024	2023	2022	2024	2023	2022
Sales revenue	EUR million	396.4	357.4	336.7	94.1	89.5	96.2
Subsidy revenue	EUR million	100.3	94.6	96.2	-	-	-
Other revenue	EUR million	2.4	0.6	1.2	0.5	2.6	0.2
Total revenue	EUR million	499.1	452.6	434.1	94.6	92.1	96.4
Expenses	EUR million	445.8	421.8	428.4	95.1	92.9	101.9
EBITDA	EUR million	165.5	139.8	112.1	6.9	7.0	3.0
Adjusted EBITDA	EUR million	175.8	149.3	131.9	26.8	20.3	5.0
EBITDA margin	%	33.3%	30.9%	25.9%	7.3%	7.8%	3.1%
Adjusted EBITDA margin	%	35.4%	33.0%	30.5%	28.4%	22.6%	5.2%
EBIT	EUR million	53.3	30.8	5.7	(0.5)	(0.8)	(5.5)
EBIT margin	%	10.7%	6.8%	1.3%	(0.6%)	(0.9%)	(5.7%)
Net profit	EUR million	37.0	21.6	1.2	26.5	16.3	(3.1)
Net profit margin	%	7.5%	4.8%	0.3%	28.1%	18.2%	(3.2%)
Non-current assets	EUR million	2,417.7	2,198.2	1,991.3	1,013.0	1,058.8	1,069.1
Current assets	EUR million	276.7	300.3	289.0	148.4	88.1	63.1
Total assets	EUR million	2,694.4	2,498.5	2,280.3	1,161.4	1,146.9	1,132.2
Equity	EUR million	1,197.2	1,174.3	1,161.5	1,128.7	1,115.3	1,099.0
Financial debt	EUR million	137.3	139.8	159.9	4.4	9.1	8.8
Net Debt	EUR million	(39.2)	(88.8)	(53.5)	(50.0)	(25.5)	4.2
Return on equity (ROE)	%	3.1%	1.9%	0.1%	2.4%	1.5%	(0.3%)
Return on assets (ROA)	%	1.4%	0.9%	0.1%	2.3%	1.4%	(0.3%)
Return on investment (ROI)	%	1.5%	1.0%	0.1%	2.4%	1.5%	(0.3%)
Financial debt / EBITDA	ratio	0.8	1.0	1.4	0.6	1.3	2.9
Financial debt / equity (D/E)	ratio	0.1	0.1	0.1	0.0	0.0	0.0
Net debt / EBITDA	ratio	(0.2)	(0.6)	(0.5)	(7.3)	(3.7)	1.4
Net debt/adjusted EBITDA	ratio	(0.2)	(0.6)	(0.4)	(1.9)	(1.3)	0.8
Loan servicing ratio	ratio	4.4	4.1	3.6	-	-	-
Equity ratio	%	44.4%	47.0%	50.9%	97.2%	97.2%	97.1%
Asset turnover ratio	ratio	0.2	0.2	0.2	0.1	0.1	0.1
Quick liquidity ratio	ratio	1.2	1.6	2.0	4.7	3.3	1.7
Gross liquidity rate	ratio	1.3	1.7	2.3	5.1	3.5	2.4

* The data of parent Company is presented under comparable conditions, i.e., until the termination of administrative activities and transfer to the newly established UAB Kompetenrijų Centras.

LTG Group funding

As at 31 December 2024, the loan portfolio of the LTG Group to credit institutions, after evaluating accrued interest on loans, amounted to EUR 110.8 million (31/12/2023: EUR 127.4 million). Public railway infrastructure investment projects were financed through long-term loans during the reporting period.

As at 31 December 2024, the weighted interest rate of the Group's loan portfolio was 4.33%. The longest maturity of financial debt is 8 years, with a final maturity in 2032. During the reporting period, the LTG Group repaid EUR 16.2 million of loans and paid EUR 6.4 million of interest.

The parent company AB Lietuvos Geležinkeliai did not have any long-term debt liabilities to external credit institutions as at 31/12/2024, but has guarantee agreements with European Investment Bank and Nordic Investment Bank for the liabilities of LTG Group companies to creditors.

On 19 April 2024, the LTG Group's passenger transport company LTG Link signed a long-term financing agreement with the Nordic Investment Bank (NIB) and European Investment Bank (EIB) for acquiring electric and battery-electric trains. The NIB and EIB will provide loans of EUR 100 million each and will finance the acquisition of 9

electric and 6 battery trains (manufactured by the Swiss Stadler group company Stadler Polska). On 25 June 2024, the Seimas of the Republic of Lithuania approved the provision of a state guarantee for these loans. Subsequently, on 23 September 2024, an agreement on the guarantee premium and asset pledge was signed between the Ministry of Finance of the Republic of Lithuania and LTG Link. The loan is planned to be utilised from 2026, with its repayment term corresponding to the validity period of the long-term public service obligation contract (PSO) concluded between the Ministry of Transport and Communications of the Republic of Lithuania and LTG Link, extending to 2032.

Additionally, at the beginning of 2025, LTG Cargo, the freight transport company of the LTG Group, signed a long-term financing agreement worth EUR 36.5 million, intended to finance the acquisition of wagons for grain transportation.

During the 2024 reporting period, to ensure liquidity risk management, the Company signed a new EUR 50 million short-term financing (overdraft) agreement with one of the Group's commercial banking partners for the 2024–2025 period. According to this and previously valid agreements, the Company had no outstanding debts at the end of the reporting period.

As at 31 December 2024, the net debt of the LTG Group was negative and amounted to (EUR 39.2 million). Compared to 31 December 2023, the decrease in LTG Group's cash resulted in an increase in the net debt ratio of EUR 49.6 million.

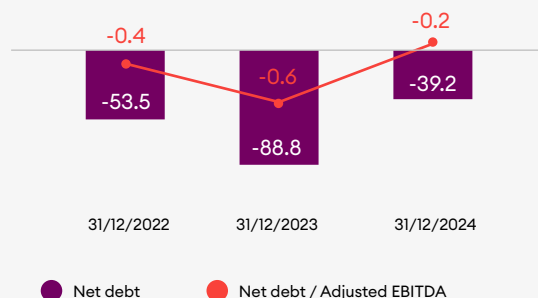
As at 31 December 2024, the Group's financial debt to equity ratio amounted to 0.1. The debt level of the Group remains low.

During the reporting period, the indicators monitored by the institutional creditors were met, the LTG Group companies did not breach any financial and non-financial obligations.

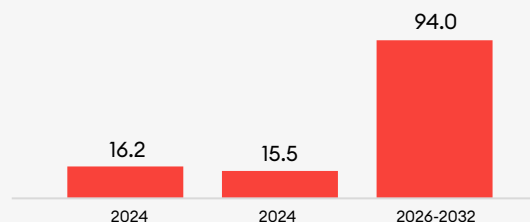
Ratios observed by the Group's institutional creditors	Measurement unit	2024	Established value
Net debt/adjusted EBITDA	Ratio	(0.2)	< 4.0
Equity ratio*	%	86.0%	≥ 35%
Loan servicing ratio	Ratio	4.4	≥ 2

* An agreement to amend the equity ratio of an existing loan agreement, changing the principle for calculating the indicator was signed in the reporting period upon approval of Nordic Investment Bank (NIB). In accordance with the investments planned by LTG Infra, the company of the LTG Group, that are significantly financed by the state and EU funds, subsidies are added to the equity of the LTG Group when calculating the ration.

LTG Group's net debt, EUR million



Repayment of long-term loans by LTG Group, EUR million



The LTG Group, seeking to ensure financing efficiency and to manage liquidity risk, has ensured the possibility for the companies to borrow from each other through cash-pool. The Parent company AB Lietuvos Geležinkeliai has concluded one Group's cash-pool agreement with a commercial bank and, accordingly, all LTG Group companies have entered into intercompany lending agreements. Each year, the LTG Group companies enter into intercompany borrowing agreements under terms and conditions consistent with normal market conditions.

2.3. Special obligations

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

The relevant list of special obligations performed by SOEs and their subsidiaries was approved on 16 March 2021 under the Order No 4-193 of the Minister of Economy and Innovation of the Republic of Lithuania with later amendments ([link](#)).

Special obligations performed by LTG Group:

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



1. Public rail passenger services

Legislation by which the SOE is vested with fulfilment of the special obligation – Article 12 of the Railway Transport Code of the Republic of Lithuania (hereinafter, RTC).

Legislation laying down the conditions for the fulfilment of the special obligation - Article 12(9) of the Railway Transport Code of the Republic of Lithuania, implementing Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) No 1191/69 and (EEC) No 1191/69. 1107/70, as amended by Regulation (EU) 2016/2338 of the European Parliament and of the Council of 14 December 2016, as well as the Resolution of the Government of the Republic of Lithuania No 716 of 7 June 2010 on the Approval of the Description of the Procedure for Compensation of Losses Incurred in the Performance of a Public Service Obligation and its subsequent amendments, adopted on the basis of these legal acts.

The pricing of the special obligation is regulated by Article 34(1) of RTC).

The budget appropriations for the function are based on the long-term public service obligation contract (PSO) concluded in December 2022 between the Ministry of Transport and Communications of the Republic of Lithuania and LTG Link as well as on the annual contract on the use of state budget funds concluded between the Ministry of Transport and Communications of the Republic of Lithuania and LTG Link.

Indicators for the fulfilment of specific obligations agreed with Appropriations Operator (LR Ministry of Transport and Communications)	Measurement units	2024	Target in 2025
Number of transported passengers on domestic and international routes in the territory of the Republic of Lithuania	million	5.0	5.8
The number of passengers transported under preferential conditions	million	1.4	1.7

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

Legislation entrusting SOEs with the following special obligation:

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

Legislation setting the conditions for the performance of the specific obligation and regulating pricing:

- Provision of minimum access package services and disposal of public railway infrastructure: the function is subject to budgetary allocations in accordance with Agreement on quality assurance and financing of public railway infrastructure and railway service facilities owned by the Lithuanian State, concluded on 6 April 2022 between the Ministry of Transport and Communications of the Republic of Lithuania and the manager of public railway infrastructure, LTG Infra, as well as the agreement on Quality Assurance and Financing of

Railway Service Facilities Owned by the State of Lithuania, and the annual agreement on the Use of State Budget Funds between the Ministry of Transport and Communications of the Republic of Lithuania and LTG Infra. Pricing is regulated by Articles 25-252 of the RTC and rules approved by the Resolution of the LRV No 610 of 19 May 2004 "On the Approval of the Fee for the Minimum Package of Access to the Public Railway Infrastructure, the Fee for the Use of the Public Railway Infrastructure for the Provision of Rail Transit Transport Services, and the Rules of the Calculation and Payment of the Remuneration for the Allocated, but Unused, Capacities of the Public Railway Infrastructure" as amended; Moreover, for the purpose of operating the public railway infrastructure, LTG Infra, as the manager of public railway infrastructure, has the right to lease public railway infrastructure, which and the conditions for this lease are regulated in Article 23(6) to (10) of the RTC, and in accordance with Article 23(12) of the said Article, the costs incurred in the performance of the functions of the manager of the public railway infrastructure as referred to in Article 24 of the RTC are to

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

- Maintenance, modernisation and development of the public railway infrastructure: the function is carried out in accordance with the annual agreement signed between the Ministry of Transport and Communications of the Republic of Lithuania and LTG Infra on the use of the state budget funds, with the use of the funds of the European Structural and Investment Funds and the European Infrastructure Network Instruments, as well as using funds of LTG Infra. Pricing is not subject to regulation.

Indicators for the fulfilment of specific obligations agreed with Appropriations Operator (LR Ministry of Transport and Communications)

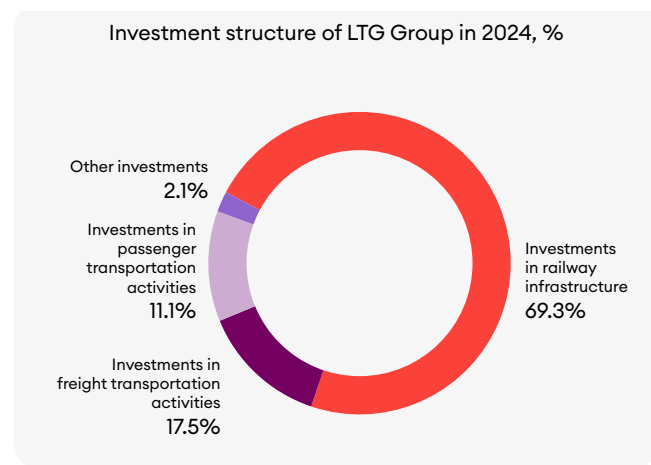
	Measurement units	2024	Target in 2025
Share of electrified railways compared to the total railway length	%	8	8
Part of the population living and working in noise prevention zones that receives a reduction in noise from railways	%	69	69
Constructed part of the European rail track (south-north direction with the Vilnius link)	%	5.6	10.5
Number of immovable properties of public railway infrastructure and state-owned railway service facilities registered during the reporting year	unit	1,396	1,003
Minutes of delay of passenger trains due to actions of the infrastructure manager	min. / thousand train km	3.4	5
Customer satisfaction with the services of the minimum access package provided by the manager of infrastructure (assessment of quality of service provision)	%	100	56
Customer satisfaction with the services of the railway service facilities provided by the manager of infrastructure (assessment of quality of service provision)	%	56	56

Results of performance of LTG Group's special obligations (unaudited)

Results of fulfilment of special obligations	Public rail passenger services			Maintenance, renewal and development of the public railway infrastructure, provision of the minimum access package to the public railway infrastructure, and disposal of the public railway infrastructure under a trust		
	2024	2023	2022	2024	2023	2022
The Statement of Profit or Loss, EUR million						
Revenue	28.4	24.7	21.1	96.2	94.3	106.1
Subsidy revenue	34.7	34.0	36.2	65.6	60.6	60.0
Expenses	61.4	56.8	54.6	156.3	148.9	163.8
Result of financing activity	(0.1)	(0.0)	(0.0)	(7.0)	(6.0)	(2.6)
Profit (loss) before tax	1.6	1.9	2.7	(1.5)	0	(0.2)
Income tax	0.2	0.4	0.4	1.5	-	(0.0)
Net profit (loss)	1.4	1.5	2.3	0	0	(0.2)
Balance, EUR million						
Total assets	178.1	166.1	160.3	1,912.9	1,748.6	1,553.4
Equity	125.3	122.3	122.9	592.6	586.6	590.2
Grants	-	-	-	1,073.7	929.7	769.3
Liabilities	52.8	43.8	37.4	246.6	232.3	193.9
Total equity and liabilities	178.1	166.1	160.3	1,912.9	1,748.6	1,553.4

2.4. Investments

In 2024, LTG Group's investments amounted to EUR 389.1 million. Investments were mainly dedicated to upgrade and expand the railway infrastructure (69.3%).



Investments of LTG Group

Group investments, EUR million	2024	2023	2022
Renewal and development of railway infrastructure	269.6	302.5	153.9
Renewal of cargo transportation infrastructure	67.9	33.5	21.5
Renewal of assets related to passenger transportation	43.3	17.7	6.6
Other investments (IT, etc.)	8.3	7.7	7.0
Total	389.1	361.4	188.9

Main directions for development and modernisation of the LTG Group

Priority areas for investments	
Integration into European gauge railway network	• Rail Baltica Programme • Investments in freight transportation activities in Poland
Green projects	• Electrification Programme: – electrification of infrastructure; – purchase of electric rolling stock, and installation of bases for their maintenance.
Ensuring safety	• Renewal of depreciated infrastructure and rolling stock to ensure safe operation • Modernisation of crossings • Development of video surveillance systems, etc.
Increasing passenger attractiveness	• Acquisition of new passenger trains • Adaptation of station areas for people with disabilities • Reconstruction of pedestrian bridges at railway stations • Installation of ticketing system • Reconstruction of the building of Vilnius station, etc.
Digitalisation of operations	• ERP modernisation programme • Modernisation of station management and tools • Improvement of the efficiency of traffic management • Digitisation of maintenance, etc.

Key investment projects

Development and renewal of railway infrastructure

Key projects / groups of projects	Work performed in 2024
1. Rail Baltica Programme	Rail Baltica, Lithuania's largest rail infrastructure project, continues and it is intended to connect the Baltic countries to the EU's dominant European rail network EUR 111.6 million were invested in the Rail Baltica project during the year. The main works of the project in 2024: - In the railway section Kaunas-LT/LV state border: - ongoing technical design works for sections of the individual railway line; - construction of the bridge over the Neris river near Jonava (the longest bridge in the Baltics - 1.5 km); - ongoing contract earthworks and engineering constructions in the railway section Šveicarija-Žeimiai and Žeimiai-Šėta (30 km); - an agreement concluded on contract works regarding earthworks and engineering constructions in the 17 km section between Šėta and Ramygala, and further procurement of contract works and materials for work in other sections; - ongoing territory planning of the Panevėžys junction. - final territory planning in the sections Kaunas-PL/LT state borders and Kaunas-Vilnius; - procurement of design works for individual sections and objects; - Procurement of design and installation services for traffic management and control systems as well as the electricity network.
2. Railway electrification programme	The railway electrification project continues in pursuit of significantly reducing air pollution and enhancing the efficiency of Lithuania's transport sector. - Implementation of the Vilnius-Klaipėda corridor electrification project involves ongoing construction works in both the Vilnius railway hub and the Kaišiadorys-Klaipėda (Draugystė station) section. In 2024, the volumes of investments in electrification amounted to EUR 95.9 million. In the Vilnius railway junction, the main works have been completed, and on the line from Kaišiadorys to Klaipėda, approximately 70% of the works have been completed. The completion of the electrification project in 2025 (electrification of 366 km of tracks) will enable freight and passengers to be transported along the entire railway corridor Kena-Vilnius/Vaidotai-Šiauliai-Klaipėda by means of environmentally friendly and efficient electric traction. - The project for installation of passenger train battery charging infrastructure (at Varėna station) has started and procurement procedures are being finalised.
3. Adapting railway infrastructure for national security needs	- Design of a military-civilian loading site in Palemonas. The site will be connected to the European gauge railways and adapted to military needs. - Reconstruction of the access road to the fuel base of the Ministry of Defence (Pajuostis, Panevėžys district). - Ongoing projects for the installation of X-ray inspection systems at the border stations of Kybartai and Stasylai. - Reconstruction of the Pirčiupiai-Jašiūnai crossing to prepare for the establishment of the Rūdininkai polygon.
4. Projects for digitalisation of railway infrastructure	- In order to improve operational efficiency of stations, the Station Management and Yard Modernisation Project is being implemented. Implementation of the project will result in development of a new operating model and station management tool will be installed. - Ongoing projects to improve the efficiency of traffic management, develop a business model for infrastructure maintenance, and other digitisation projects.
5. Projects for modernisation of railway stations	- Seeking to ensure access to train travels to passengers with disabilities, the adaptation of route without obstacles for people with disabilities in the station territory project is underway. The project renovates station accesses, builds ramps, warning strips and other measures. By the end of 2024, major exterior works have been completed at 29 stations and interior works at 23 stations. - The reconstruction of the Vilnius railway station building has been completed, increasing the attractiveness of Vilnius station for passengers and adapting the station for commercial purposes. - Pedestrian viaducts at Vilnius and Kaišiadorys stations were reconstructed to make them accessible to people with disabilities. During 2024, the main works under these projects have been carried out and the projects are in their final phase.
6. Renovation railway infrastructure objects	LTG Infra is investing in the renewal of its existing infrastructure to ensure safety and the smooth continuation of its core activities. During the reporting period, renovation works were carried out on the main railway tracks, switch replacement programme, reconstruction of defective bridges, repairs of level crossings, replacement of overhead catenary pylons in a state of disrepair (on the Vilnius-Kaunas section), a project for the replacement of the electrical switches and signalling equipment in the Vilnius Region stations, rehabilitation of the fence of the Vilnius Railway Station, replacement of air-conditioning systems in the infrastructure facilities and other asset renovation works. In 2024, the works by the value of EUR 40.1 million have been carried out to renew railway infrastructure assets, including EUR 20.6 million for the renewal of the main rail roads.
7. Other projects	- Capacity expansion works were carried out at Kaunas Intermodal Terminal. The terminal pavement was reinforced and additional handling equipment for transhipment of semi-trailers was purchased, and the semi-trailer parking area was extended. The projects have increased the handling capacity for semi-trailer transport on the Rail Baltica line. - In order to improve traffic safety at level crossings, 4 level crossing modernisation projects covering 35 crossings were implemented in 2024 (projects in 2024 included procurement of modernisation services, design works and/or contract works). - The unsafe KLUU locomotive safety systems (LSS), manufactured in Russia, are currently being replaced by new locomotive safety systems on rolling stock. In 2024, the systems in 5 rolling stocks were replaced; it is expected to replace systems in 15 rolling stocks in total.

Investments in railway infrastructure planned for the near future

- Continuation of the projects carried out in 2024 and not yet completed, the most important of which are the **Rail Baltica programme** and the Railway Electrification Programme, as well as the adaptation of stations for people with disabilities, modernisation of level crossings, digitalisation projects;
- Renovation of depreciated assets (main rail roads, switches, bridges, signalling, catenary supports, level crossings and other facilities) necessary to ensure traffic safety and maintain the parameters of the existing infrastructure.
- Intensification of investments to increase military mobility in the country (e.g., installation of a military/civilian loading site in Palemonas) and national security (e.g., installation of X-ray machines at border stations).

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



Investments in freight transportation activities

Key projects / groups of projects	Work performed in 2024
1. Rolling stock repairs	Major investments of LTG Cargo in 2024 were aimed at renewing rolling stock (locomotives and wagons) in operation to ensure continuity of freight transport operations and safe transport of freight: • EUR 12.7 million for capitalised repairs of locomotives. 134 freight and shunting locomotives were repaired in 2024. • EUR 9.9 million for capitalised repairs of locomotives. 2,403 freight wagons were repaired in 2024.
2. Acquisition of electric locomotives	As part of the LTG Group's Railway Electrification Programme, LTG Cargo acquires 17 electric locomotives. In 2024, the first purchases were made and a contract under which new locomotives will be manufactured was concluded with the manufacturer Stadler Valencia from Spain. The electric locomotives will replace old diesel locomotives and ensure environment-friendly freight transport on the electrified railway corridor Kena-Vilnius/Vaidotai-Radviliškis-Klaipėda. It is expected that operation of the new electric locomotives on the Lithuanian rail network will begin in 2027.
3. Renewal and development of the fleet of freight wagons	• To meet the need of the Lithuanian companies for transportation of grain by rail, 500 new wagons for transportation of grain (grain wagons) have been purchased. Purchase was made in 2024; manufacture and deliveries started in the second half of the year (225 grain wagons were delivered before the end of the year). The project will be completed in 2025. • During the renewal of depreciated fleet of semi-wagons, the purchase was made and a contract for the purchase of 200 new semi-wagons was signed in 2024. Manufacture and delivery of semi-wagons is expected in 2025.
4. Other projects	• The project Construction of the Depot for Rolling Stock Repairs in Vaidotai of LTG Cargo is being implemented. Technical project is being prepared as a part of the designing contract signed in 2022. The plan is to move out from the worn-out repair bases in the centre of Vilnius city and relocate locomotive maintenance and repair activities to the area near Vaidotai station. The aim is to make the new bases suitable for servicing electric locomotives currently being acquired and to increase the efficiency of locomotive repairs. • In 2024, LTG Cargo continued the Operational Control Centre Implementation Project in order to increase operational efficiency. The project results in the planning and management of freight transport activities in accordance with new business processes, automation and digitalisation of activities, and data exchange with the relevant LTG systems. • The project for replacement of Locomotive Safety Systems (LSS) is implemented. It is planned to replace unsafe Russian-made KLUB-U systems currently used in 44 mainline locomotives and 67 shunting locomotives. Designing of a new system and other preparation work started in 2024; replacement work will start in 2025.

Investments in freight transportation activities planned for the near future

- Projects started in 2024 and not yet completed are being continued, the most important being: **Acquisition of electric locomotives** (designing and launch of manufacture of locomotives is expected in 2025) and the **project for construction of the depot for rolling stock repairs in Vaidotai** (the design is expected to be completed and the project is expected enter the phase of contract works and acquisition of technological equipment in 2025).
- Upkeep programmes for the 1,520 rolling stock (locomotives and freight wagons) currently in service are being implemented.
- Renewal of the depreciated fleet of freight wagons, in particular the acquisition of new grain wagons and semi-wagons is continued.
- The project for replacement of locomotive safety systems is continued.
- Investments in the continuity of LTG Cargo Polska's operations/European rolling stock are continued.
- Smaller projects in progress:
 - renewal and modernisation of depots;
 - installation of the new Order Management System;
 - development of a condition-based locomotive repair system and etc.
- When the war in Ukraine is over, it is planned to invest in the Ukrainian railways business.

Investments in passenger transportation activities

Key projects / groups of projects	Work performed in 2024
1. Rolling stock repairs	In order to ensure that the passenger trains are prepared for the implementation of the public-service contract concluded with the Ministry of Transport and Communications of the Republic of Lithuania: - operating passenger trains are being upgraded. EUR 9.9 million were spent on overhaul repairs of passenger trains during the year, 69 passenger wagons were repaired; - a project to acquire replacement units for 730ML trains was implemented. Replacement components help minimise train downtime during major maintenance works.
2. Acquisition of electric passenger trains	The LTG Group is implementing the project for acquisition of new electric passenger trains as part of its railway electrification programme. In June 2023, LTG Link signed a contract with Standler Polska, the Polish subsidiary of the Swiss train manufacturing group Stadler Rail, for purchase of 15 electric trains (including 6 battery-powered electric trains). These trains will replace a number of LTG Link's end-of-life diesel trains. The new trains will allow ensuring environmentally friendly transportation of passengers on electrified lines, and replacement of diesel trains with battery-electric trains on individual routes that are not fully electrified. They will be more efficient, adapted to the needs of people with disabilities and will provide a higher level of comfort for passengers. 2024 marked the completion of train design, initiation of production, and an advance payment. New train testing will begin in 2025. Passenger service with the new trains is scheduled to commence in 2026.
3. Other projects	- Installation project of the ticketing system Smart Ticketing: Following the implementation of a new ticket sales system in 2022, 2024 saw the completion of phase two – the installation of ticket vending machines at stations. These machines streamline the ticket sales process, reduce operational costs and enhance passenger service quality. - The Optimisation Project of Passenger Rolling Stock Bases project is underway to accommodate new electric trains, enhance maintenance efficiency, and address environmental concerns, etc. Design work continues under the contract signed in late 2023. The reconstruction of the existing depot in Naujoji Vilnia will enable the release of passenger train maintenance territories and buildings in Vilnius city (adjacent to Vilnius station). - A project to upgrade locomotive safety systems (LSS) across the passenger train fleet is in progress. The unsafe Russian-made KLUB-U systems currently in service have to be replaced in 35 passenger trains. A works contract was signed in 2024 and preliminary activities are underway. Replacement of systems in passenger trains starts in 2025.

Investments in passenger transportation activities planned for the near future

- Projects started in 2024 and not yet completed are being continued, the most important being: **Acquisition of Electric Passenger Trains** (production and testing of first units planned for 2025) and **Optimisation of Passenger Rolling Stock Bases** (design phase to complete in 2025).
- Continuation of scheduled maintenance programme for the existing passenger trains.
- Preparation for investments into operations on Rail Baltica line.
- Additional plans include:
 - enhancing door-to-door passenger connectivity;
 - adaptation of current trains to PESA 620 passengers with individual needs;
 - replacing locomotive safety systems on trains (continuing the project);
 - implementing new on-board passenger information systems;
 - installing remote train condition monitoring systems;
 - launching new initiatives to improve service quality and operational efficiency.

2.5. Dividends

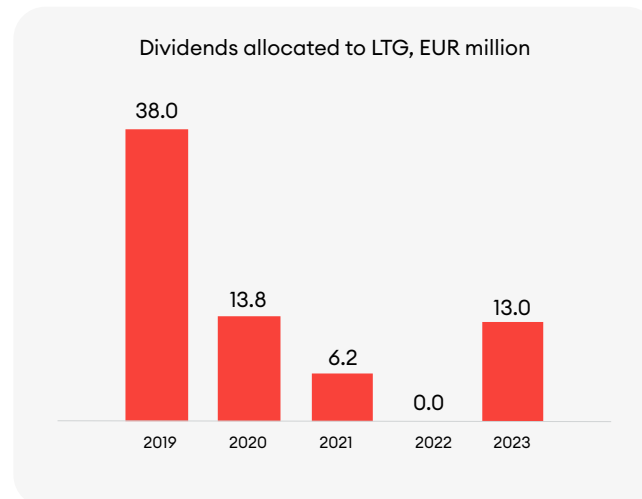
The payment of dividends by state-owned enterprises and the amount of profit distributions is governed by Resolution No 665 of 6 June 2012 of the Government of the Republic of Lithuania 'On approval of the procedure for exercising pecuniary and non-pecuniary rights of the state in state owned enterprises', and the amendments thereto [\(link\)](#).

Allocation and payment of dividends of the LTG Group companies are regulated by the Dividend Policy of LTG Group as updated during the reporting period and approved by the LTG Board. The Dividend Policy is publicly available on the Company's website [\(link\)](#).

The procedure for calculation and payment of dividends of LTG Infra, which performs the functions of the Public Railway Infrastructure Manager, is additionally regulated by the Description of the Procedure for Calculation and Use of the Public Railway Infrastructure Manager's Performance Results (including further amendments), approved by Order of the Minister of Transport and Communications of the Republic of Lithuania No. 3-289 of 6 June 2022 [\(link\)](#), which has been drawn up in accordance with the provisions of the Railway Transport Code of the Republic of Lithuania.

Allocation of dividends for the financial year is planned taking into consideration the ration of return on equity (ROE) for the reporting period of the company of the Group. The relation between the share of profits to be distributed as dividends and ROE ratio is provided in the table.

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



The share of profits distributed as dividends for the period which is shorter than the financial year must be at least 60% of the distributable profit of the company of the Group.

The Company's Board may propose to the shareholder to set a lower or higher portion of profit for dividend distribution or propose not to distribute them, taking into account the conditions and circumstances listed in the Dividend Policy.

Under the Order No. 3-147 'Regarding Approval of a Set of Financial Statements of 2023 and a Set of Consolidated Financial Statements of 2023 of the public limited liability company Lietuvos Geležinkeliai and Allocation of Distributable Profit (Loss) for 2023' of the Minister of Transport and Communications dated 29 April 2024, the annual financial reporting of AB Lietuvos Geležinkeliai for the year 2023 was approved, and profit (loss) of 2023 was distributed. The dividends amounting to EUR 13.0 million were allocated and paid by the parent company LTG to the state.

In the reporting period, the following dividends for the results in 2023 were allocated and paid by the companies of the LTG Group to the parent company AB Lietuvos Geležinkeliai (shareholder): AB LTG Cargo – EUR 10.5 million, UAB LTG Link – EUR 9.2 million; associated company UAB voestalpine Railway Systems Lietuva – EUR 0.4 million.



Governance report



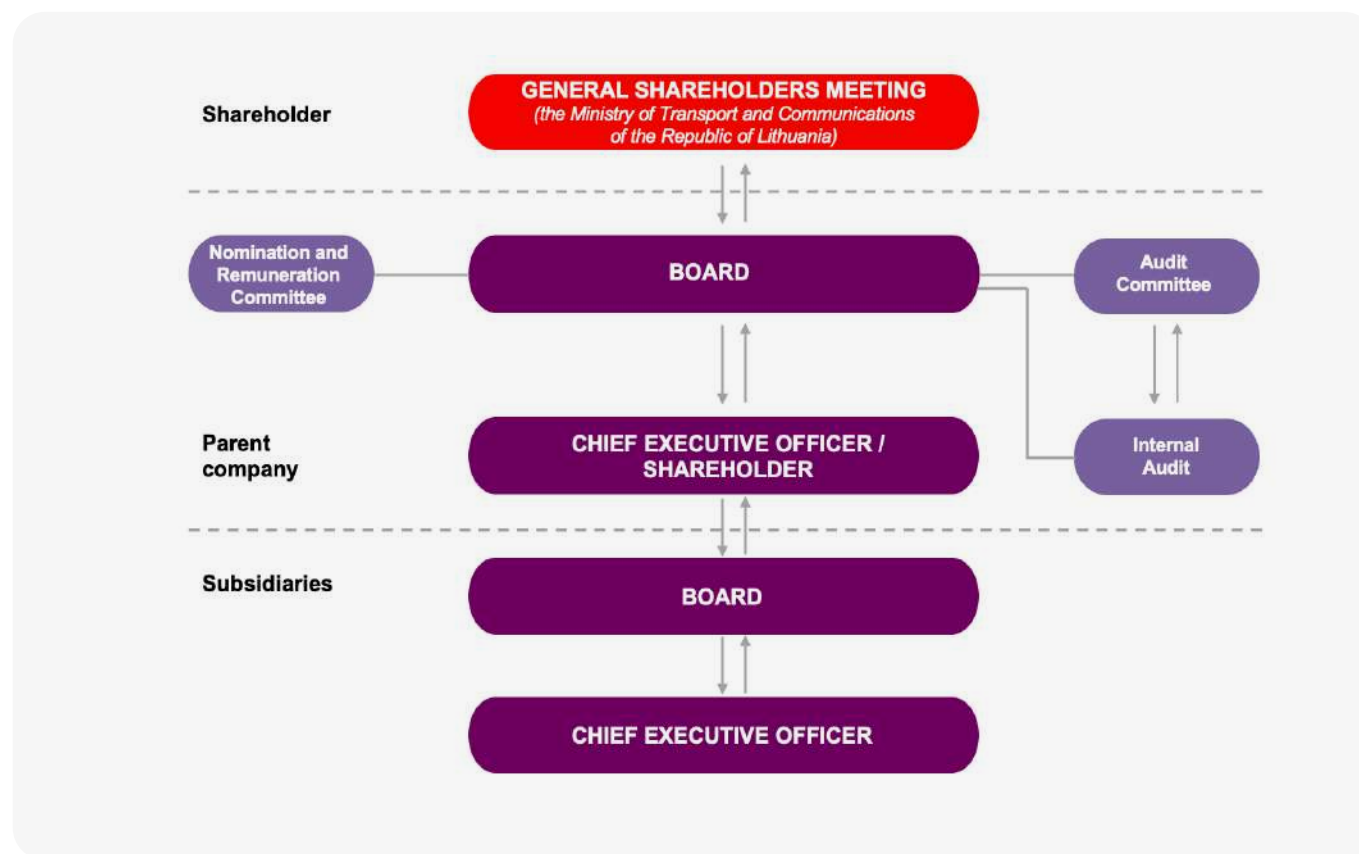
3.1. Review of governance

3.1.1. Governance model

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

As part of the LTG Group, LTG's subsidiaries are responsible for the execution of core activities and the achievement of defined performance targets. In order to achieve their objectives and to ensure proper management, the subsidiaries act independently in their activities, take appropriate decisions and ensure accountability and responsibility for performance.

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



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

3.1.2. LTG Group's management structure

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

3.1.3. Governance principles

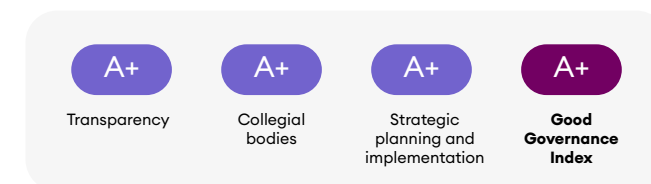
The corporate governance of the LTG Group is organised according to the following principles:

- **Openness and transparency of activities** – applied to ensure disclosure of accurate, comprehensive, and timely information about LTG Group by making public disclosures (financial, business, governance) as required by the RoL legislation. The Group companies seek to increase transparency in pursuing all their activities and in implementing their strategic goals, and public disclosures are made in a clear, accurate and understandable manner so that the shareholder and all stakeholders receive the correct information.
- **Engagement with and role of stakeholders** – applied by recognising the expectations and rights of the stakeholders as established in legislation or mutual agreements, as well as by fostering active cooperation between LTG Group and the stakeholders to create added value.
- **Effective and efficient risk management and internal control system** – applied by ensuring the transparency, effectiveness and efficiency of risk management and internal control systems.
- **Clarity and sustainability of goals** – applied by setting clear and transparent operational goals at the Group level, which are directed towards the achievement of the goals set out in the long-term strategy and towards long-term business success and growth. Successful achievement of the long-term goals is largely determined by the collegial governing bodies acting in a highly professional manner for the purpose of ensuring the effectiveness and strategic direction of the Group's management at all levels of governance, and therefore a particular focus is given to their formation, composition, role, and powers.
- **Responsibility and accountability of the governing bodies** – applied by ensuring that the governing bodies of LTG Group or of the independent companies properly perform their functions, actively exercise their rights, and properly discharge their duties, and are accountable to and act in the legitimate interests of shareholders. In their activities the governing bodies and the management observe the principles of ethical business practices, mutual respect, fairness, impartiality, loyalty, and integrity.
- **Compliance of corporate governance with the legal framework and its efficiency** – applied to ensure that LTG Group's governance model and structure comply not only with mandatory legal requirements, but also with the best corporate governance practices. LTG should continuously seek to keep a balanced approach between the allocation of powers and the application of controls within the Group and to become a role model for corporate governance practices.
- **Meeting the expectations of shareholders** – applied in seeking the growth of business value and the yield from dividends or profit contributions to the state budget, the ensuring of strategic national interests and implementation of strategic projects, in setting the shareholder's expectations of LTG Group with regard to the strategic directions of activities, in reaffirming clear goals and principles of operation and sustainable development (the letter of expectations from the authority exercising the rights and duties of the shareholder - the Ministry of Transport and Communications of the RoL).

3.1.4. Recognitions of governance

The LTG Group received the highest rating of A+ in the State Coordination Centre's (SCC) governance assessment of state-owned enterprises in 2024; it took the second place in the category of large companies and received an award for its progress in governance.

The Group received A+ rating in categories of transparency, collegial bodies, and strategic planning.



In 2024, being aware of the importance of transparency and good governance practices, and to ensure the highest level of trust of shareholders, customers and other stakeholders, and to ensure compliance with the highest standards of governance, the Company carried out the assessment of compliance with the provisions of the Corporate Governance Code for the Companies listed on Nasdaq Vilnius and disclosed the results of this assessment. The LTG Group received an award in the initiative of the year for the leadership in responsible corporate governance in Nasdaq Baltic awards held in February 2025.

3.2. Internal regulation

Corporate Governance of the LTG Group is organised in accordance with the legislation of the Republic of Lithuania regulating the management of companies, including the state-owned enterprises, EU legal framework, and is based on the good governance practices outlined in the OECD Guidelines on Corporate Governance of State-Owned Enterprises and the OECD Principles of Corporate Governance, documents of the Baltic Institute of Corporate Governance defining the good practices and principles of corporate governance as well as the Corporate Governance Code for the Companies Listed on Nasdaq OMX Vilnius.

The LTG Group's corporate governance is also regulated by internal documents: Articles of Association of the LTG Group, rules of procedure of the Boards of the Group companies, operating regulations of the committees of the LTG Board, rules of procedure of the LTG functional committees, policies of the LTG Group, and other documents adopted at the Group level.

3.2.1. Articles of association

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

During the reporting period, the Articles of Association were not amended. The effective version of the Articles of Association of Company is available at the Company's website ([link](#)).

The Articles of Association of LTG 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.

3.2.2. Operating policies of the Company

During the reporting period 2024, the following operational policies were approved by the LTG Board and introduced by the LTG Group:

- An updated **Risk Management Policy**, which provides a coherent and common principles-based risk management framework for the LTG Group to achieve the objectives set out in the long-term strategy and to maintain and enhance the value of the LTG Group.
- The **Stakeholder Policy** which aims to understand the key concerns and expectations of stakeholders for the LTG Group and to respond consistently and quickly to issues and concerns of stakeholders.
- The **People and Culture Policy**, which establishes general principles governing the People and Culture function within the LTG Group, with the aim of managing the human potential and the cultural domain in order to sustainably achieve the LTG Group's strategic objectives.
- The **Sustainability Policy**, which aims to set out the LTG Group's sustainability principles and priorities, defining key sustainability-related activities and governance model. The policy prioritises the relevant sustainability areas where the LTG Group's activities have the greatest environmental impact and seek to create the greatest value.
- The **Whistleblowing Policy**, which sets out a unified model, principles and responsibilities for the management of whistleblowing channels within the LTG Group. The LTG Group complies with the responsible conduct framework in accordance with the Guidelines for Multinational Enterprises adopted by the Organisation for Economic Co-operation and Development (OECD).
- The **Internal Audit Policy** that defines the fundamental principles, objectives and organisation of the management of internal audit activities within the LTG Group.
- An updated **Compliance Management Policy**, which sets out a unified compliance management model, principles and responsibilities for the LTG Group.
- The **Transport Management Policy**, which aims to set out the procedures and conditions for the allocation, use and control of official vehicles, shared vehicles and private vehicles for LTG Group employees.
- The **Dividend Policy**, which lays down the dividend policy for the LTG group as a whole, to be followed by the governing bodies of the companies in the LTG Group when deciding on the distribution of dividends to those companies. The implementation of the Policy aims at contributing to the creation of greater value for the LTG Group and ensuring that shareholders and other market participants of LTG Group companies are properly informed about the future long-term return on their investment in the LTG Group.

The policies approved by the LTG Board are publicly available on the Company's website ([link](#)).

3.3. Management bodies of the Company

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

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

3.3.1. General Meeting of Shareholders

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

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

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

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

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

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

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

Competences of the General Meeting of Shareholders are as follows:

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

Major decisions of the Shareholder in 2024:

- The Company's sets of the financial statements and consolidated financial statements for the year 2023 were approved.
- The Company's distributable profit (loss) for the year 2023 was distributed.
- The following decisions of the Company's Board were approved:
 - to approve the decision of LTG Cargo Board regarding the acquisition of electric locomotives;
 - to approve the decision of LTG Infra Board regarding the conclusion of contracts for the installation of the upper track structure of the Rail Baltica project section Kaunas–Panevėžys–LT/LV borders;
 - to approve the decision of LTG Infra Board regarding the conclusion of a transaction for the installation of a new railway embankment for double track and construction of engineering structures in the Ramygala–Berčiūnai section of the Rail Baltica railway line on the Kaunas–Panevėžys–LT/LV state border section;
 - to approve the decision of LTG Infra Board regarding the conclusion of a transaction for the installation of a new railway embankment for double track and construction of engineering structures in the Berčiūnai–Joniškėlis section of the Rail Baltica railway line on the Kaunas–Panevėžys–LT/LV state border section;
 - to approve the Company's lending and borrowing agreements with LTG Infra;
 - to approve the decision of LTG Infra Board regarding the approval of train purchase financing transactions;
 - to approve the decision of LTG Infra Board regarding the conclusion of procurement transactions for construction works of the new railway embankment in the Šėta–Ramygala section of the Rail Baltica railway line on the Kaunas–Panevėžys–LT/LV state border section;
 - to approve the decision of LTG Infra Board regarding the conclusion of a procurement transaction for the construction works of the railway superstructure on the Rail Baltica Šveicarija–Šėta section.

The Shareholder's expectations

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

In this regard, the letter regarding the objectives that the state pursues and raised expectations in the Company was approved by the Order of the Minister of Transport and Communications of 4 October 2022. The letter of expectations of the shareholder is available on the Company's website [link](#).

According to the letter of expectations, the priorities of the state in the activity of LTG Group are as follows:

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

3.3.2. Board

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

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

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

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

The Board is accountable to the General Meeting of Shareholders.

Competence of the Board

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

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

- for the Company to become an incorporator or a member of other legal persons;
- on the opening of branches and representative offices of the Company;
- on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or greater than EUR 3,000,000 (excluding value added tax) (calculated separately for each type of transaction);
- on the pledge and mortgage of the Company's non-current assets with a carrying amount equal to or greater than EUR 3,000,000 (excluding value added tax) (calculated as the total amount of transactions);
- on offering of suretyship or guarantee for fulfilment of obligations of other persons the amount thereof is equal to or greater than EUR 3,000,000 (excluding value added tax);
- on the acquisition of the non-current assets the price whereof is equal to or greater than EUR 3,000,000 (excluding value added tax);
- on approval that the Company's executive may conclude transactions for acquisition of goods, works and services where the value of each transaction is equal to or greater than EUR 3,000,000 (excluding value added tax), after having considered the draft procurement documents submitted by the chief executive officer;
- on transactions related to loans and/or other financing where the value of each transaction is equal to or greater than EUR 3,000,000 (excluding value added tax);

- on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guaranties for the obligations of others, the purchase of goods, services, and works, and the granting of a loan or any other financing transactions, where the carrying amount of non-current assets to be invested, transferred, leased (calculated individually for every type of transaction), the cost of non-current assets to be acquired, the carrying amount of non-current assets to be mortgaged or pledged (calculated for the total amount of transactions), the amount of the obligations of others for which sureties and guaranties are to be granted, the value of the transaction for the purchase of goods, services, works, or of the value of a loan or other financing transaction, respectively, is equal to or greater than EUR 6,000,000 (excluding value added tax).
- regarding the Company's, as a shareholder of subsidiary companies, approval of the decisions of the management bodies of subsidiary companies regarding becoming of the subsidiaries the founders, participants of other legal entities (except for decisions on becoming founders or participants of associations);
- on consent that the Company, as a shareholder of subsidiary companies, would adopt decisions regarding incorporation, merger, division or transfer of any other legal form of operation of subsidiaries.

The Board shall analyse and assess the information submitted by the head of the Company on:

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

The Board performs the following supervisory functions:

- supervises the activities of the head of the Company, submits feedback and proposals regarding the activities of the head of the Company to the General Meeting of Shareholders;
- considers whether the Company's Chief Executive Officer is fit for office if the Company is making 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;
- decides on other matters within the competence of the Board to supervise the Company and the activities of the Company's Chief Executive Officer, as provided for in these Articles of Association, as well as in the decision of the General Meeting of Shareholders.

Composition of the Company's Board

The term of office of the Board is 20/07/2021–20/07/2025. During the reporting period, neither member of the Board held shares of the LTG Group companies.



KĘSTUTIS ŠLIUŽAS

Chairman of the Board, Independent Board Member
Holds the position from 20 July 2021

Education

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

Main employer, position

CEO of IPI srl/OJI Group (Japan).

Other positions held

Member of the Supervisory Board and Member of of the Audit Committee at PayRay Bank, UAB.



EUGENIJUS PREIKŠA

Independent Board member
Holds the position from 20 July 2021

Education

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

Main employer, position

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

Other positions held

Member of the Supervisory Board at UAB ILTE.



DR. AURIMAS VILKELIS

Independent Board member
Holds the position from 20 July 2021

Education

- IMD Lozana (Switzerland), High Performance Board Programme;
- ETH Zurich (Switzerland), Post doctoral research;
- Vilnius Gediminas Technical University, Doctor's degree in Technology.

Main employer, position

Head for Transport at Swiss Post (Switzerland).

Other positions held

Independent member of the Supervisory Board of Klaipėdos valstybinio jūrų uosto direkcija AB (Klaipėda State Seaport Authority).

**BERNARD GUILLELMON**

Independent Board member
Holds the position from 20 July 2021

Education

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

Main employer, position

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

Other positions held

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

**DALIA ANDRULIONIENĖ**

Independent Board member
Holds the position from 20 July 2021

Education

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

Main employer, position

UAB EPSO-G, Manager of Contracting Business Development.

Other positions held

UAB ALTAS komercinis transportas, Chairperson of the Board.

**ROMAS ŠVEDAS**

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

Education

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

Main employer, position

- Head of the Governance Department at VšĮ Valdymo Koordinavimo Centras (State-delegated Board Member);
- Head of MB Romas Švedas ir partneriai.

Other positions held

- Member of the Supervisory Board at RB Rail AS;
- Lecturer at the Vilnius University, Institute of International Relations and Political Science;
- Board member of the European Movement Lithuania (non-governmental organisation);
- Facilitator at Business Executive Training Centre.

**AGNĖ AMELIJA MIKALONĖ**

Board Member, civil servant
Holds position from 20 July 2021

Education

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

Main employer, position

Principal adviser at the Ministry of Transport and Communications of the Republic of Lithuania.

Other positions held

Board member at AB Via Lietuva.

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

Activities, most significant achievements and decisions of the Board

During the reporting period, the Board of the Company organised its work in accordance with the Board's annual activity plan approved on 09 December 2023, which provided for the consideration of organisational, strategic, planning, risk management, goal-setting and evaluation, the Board's self-assessment of its own performance, and the reporting of the Company's performance, amongst other items. The activity plan of the Board for 2025 was approved on 22 October 2024.

During the reporting period, a total of **22 meetings of the Board** were held, including 5 meetings which took place in the form of a written survey.



Operating strategies and planning-related decisions

During the reporting period, the Board held two strategic sessions, aiming to respond to the changing geopolitical and business environment. During these sessions, the LTG Group's strategy and its implementation, key investments and projects, risks and challenges were reviewed. The progress of strategy implementation in subsidiaries was also reviewed and evaluated.

During the reporting period, regular meetings with the boards of subsidiaries were also organised to harmonise strategic projects.

Like every year, the Board considered and took decisions necessary for the efficient and uninterrupted operation of the Company:

- to approve the operational plan (budget) of LTG;
- to set the LTG Group's annual targets, metrics and target values;
- to approve the strategy of LTG and LTG Group;
- to prioritise the LTG's risks and to approve priority risk management strategies;
- to approve the annual report for 2023 and the Company's interim and consolidated reports for 2024;
- to amend the Company's organisational structure.

The Board also played a significant role in establishing the competence centre structural unit and subsequently transferring it to a separate LTG Group company – UAB LTG Kompetencijų Centras.

Decisions of the Company's subsidiaries

During the reporting period, the Board of the Company also considered, analysed and approved the highest value transactions by the Boards of the subsidiaries.

The most important decisions taken by the Board of the Company on subsidiaries' transactions as follows:

- to approve the decision of LTG Cargo Board regarding the acquisition of electric locomotives;
- to approve the decision of LTG Infra Board regarding the conclusion of contracts for the installation of the upper track structure of the Rail Baltica project section Kaunas–Panevėžys–LT/LV borders;
- to approve the decision of LTG Infra Board regarding the conclusion of a transaction for the installation of a new railway embankment for double track and construction of engineering structures in the Ramygala–Berčiūnai section of the Rail Baltica railway line on the Kaunas–Panevėžys–LT/LV state border section;
- to approve the decision of LTG Infra Board regarding the conclusion of a transaction for the installation of a new railway embankment for double track and construction of engineering structures in the Berčiūnai–Joniškėlis section of the Rail Baltica railway line on the Kaunas–Panevėžys–LT/LV state border section;
- to approve mutual lending and borrowing agreements between the Company's subsidiaries;
- to approve the decision of LTG Infra Board regarding the approval of train purchase financing transactions;
- to approve the decision of LTG Infra Board regarding the conclusion of procurement transactions for construction works of the new railway embankment in the Šėta–Ramygala section of the Rail Baltica railway line on the Kaunas–Panevėžys–LT/LV state border section;
- to approve the decision of LTG Infra Board regarding the conclusion of a procurement transaction for the construction works of the railway superstructure on the Rail Baltica Šveicarija–Šėta section.

The Board's role in risk management

At each meeting, the Board reviewed the Company's essential business, legal and compliance, cyber security and other risks, their management strategies, and impact on strategic projects. During the reporting period, the Board approved the Company's key risks and their management strategies.

The Board's relations with the Shareholder

During the reporting period, the Board maintained strong relations with the shareholder. When updating the strategy, reviewing and updating governance practices and risk management strategies, the Board adhered to the guidelines set out in the shareholder's letter of expectations.

As stipulated in the company's Articles of Association, the shareholder's approval was obtained for the largest and most important company's transactions, and active discussions with the shareholder were held on the revised strategy, its implementation and alignment with shareholder expectations, various initiatives and projects (Rail Baltica, Electrification, FREE Rail).

The Board's role in the Company's internal regulation

During the reporting period, the following company policies were approved and/or updated by Board decisions:

- Risk Management Policy;
- Stakeholder Policy;
- People and Culture Policy;
- Sustainability Policy;
- Whistleblowing Policy;
- Internal Audit Policy;
- Compliance Management Policy;
- Transport Management Policy;
- Dividend policy.

All LTG Group policies are published and accessible on the LTG website.

Projects of the Company

During the reporting period, the Board of the Company paid particular attention to the following Company's major projects and their implementation: Rail Baltica, Electrification, FREE Rail. The progress, challenges and risks of these projects were presented at each regular Board meeting.

The Board not only approved various transactions related to the Rail Baltica project, but also discussed issues concerning its management, supervision, phasing, settlement agreements in civil cases, and disputes with service providers.

The Board actively collaborated with key national and EU institutional stakeholders regarding the company's main projects, their implementation, challenges and prospects. In April 2024, the Board visited Brussels and met with key institutional stakeholders and their representatives, including DG Move, CER, UIRR, CINEA, Permanent Representation of Lithuania to the EU and others. In these meetings, the Board discussed the new long-term strategy of the LTG Group, the FREE Rail initiative, Kaliningrad transit, sanctions management, the Rail Baltica project and its development, military mobility, intermodal freight transport, cross-border passenger carriage by rail, the next multiannual financial framework, revision of the TEN-T network regulation, and regulation on railway infrastructure capacity management.

This involvement of the LTG Board contributed to strengthening the LTG Group's position as a regional railway transport leader and enabled essential breakthroughs in the management of the Rail Baltica project. This is evidenced by the fact that LTG is the only freight transport company using 1435 mm gauge in the Baltic region, the first in the region to commence international passenger carriage, whilst LTG Cargo received the European rolling stock maintenance certificate and is the only company certified to transport freight in the region.



The Board's role in improving the Group's governance

During the reporting period, the Board continued to monitor the implementation of previously received recommendations from the Baltic Institute of Corporate Governance (BICG) and the Governance Coordination Centre (GCC) regarding governance improvement. As a result, the company received an A+ GCC assessment score, secured second place in the large companies category and received an award for progress in the field of governance.

To ensure the confidence of the shareholder, customers and other stakeholders, and to comply with the highest governance standards, the Board evaluated compliance with the provisions of the Corporate Governance Code approved by Nasdaq Vilnius, and disclosed the results.

During the reporting period, the Board also integrated ESG into the LTG Group's governance model.

Self-assessment of the Board and its results

In accordance with the Board's Rules of Procedure and in line with good governance practices, on 27 February 2024 the Board carried out self-assessment of its performance for 2023 and on 18 February 2025 – self-assessment of its performance for 2024. The Board identified key areas and actions required in such areas as relations of the shareholder with its subsidiaries, sustainability, stakeholder management and the organisation of meetings.

The Board's self-assessment index rose from 4.62 to 4.77 compared to the previous year. Although results improved in all assessment areas, strategic planning showed the most significant improvement (from 4.45 to 4.74).

The results of the Board's self-assessment were summarised in the Board's report, which was submitted to the Company's shareholder.

Prevention and management of conflict of interest

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

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



3.3.3. Committees of the Board

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

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

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

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

- Audit Committee;
- Nomination and Remuneration Committee.

Audit Committee

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

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

The functions of the Audit Committee are to:

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

Composition of the Audit Committee

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

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



EUGENIJUS PREIKŠA

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



DR. AURIMAS VILKELIS

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



BERNARD GUILLELMON

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



ROMAS ŠVEDAS

Committee member
Holds the position from 23 August 2021
Member of the Board

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

Activities, most significant achievements and decisions of the Audit Committee

During the reporting period, the Audit Committee has performed its work in line with the annual activity plan of the Audit Committee approved on 9 January 2024, which included consideration of issues related to the functioning of internal and external audit, risk management and control systems, as well as sustainability in LTG and its subsidiaries. The Activity Plan 2025 of the Audit Committee was approved on 3 December 2024.

During the reporting period, **14 meetings of the Audit Committee** were held.

The main matters and proposals considered by the Audit Committee in 2024:

- Recommended to the LTG Board to approve the 2024 objectives for the Head of Internal Audit;
- Recommended to the LTG Board to recommend to the shareholder the appointment of an audit firm to perform the audit of the annual financial statements and consolidated financial statements;
- Recommended to the LTG Board to recommend to the shareholder the appointment of an audit firm to perform limited assurance services for annual sustainability reports;
- Reviewed the results of the audit of LTG's financial statements for 2023 and provided its conclusions and assessments to the LTG Board;
- Reviewed the results of the audit of the financial statements for 2023 of LTG subsidiaries and provided its conclusions and assessments to the LTG Board;
- Reviewed the draft 2024 interim financial statements and interim reports (including consolidated) of LTG and LTG Group.

The Committee's role in ensuring reliability of financial reporting

The Committee and the Company's management discussed the drafts of the Company's consolidated financial statements, subsidiaries' annual and interim reports, and the progress of preparing consolidated and company's annual and interim reports.

The Committee, together with the financial statements auditor, discussed the audit plan and progress, significant risks, materiality level, auditors' independence, audit team composition, and audit timeframes.

Review of the internal control environment

The Committee devoted significant attention to risk management issues, discussed quarterly risk management reports and provided the Committee's insights. The Committee members highlighted concerns regarding the physical protection of railway infrastructure, which resulted in the development and implementation of a railway infrastructure critical facilities protection concept by LTG management.

Additionally, the Committee members, in accordance with the LTG Related Parties Transactions Policy, evaluated transactions between LTG Group companies and related parties and provided opinions. The Committee members evaluated and provided recommendations to the LTG Board regarding the approval of LTG whistleblowing and internal audit policies.

The Committee also discussed other topics related to the internal control environment – corruption risk management, sanctions management, the FREE Rail programme, strengthening the LTG Group's mobilisation preparedness, and sustainability issues.

Monitoring internal and external audit recommendations

The Committee continuously monitors the implementation of the recommendations made by Internal Audit and external competent authorities. Significant attention in 2024 was devoted to monitoring delays. As a result, overdue internal and external audit recommendations during the second half of 2024 decreased from 27% to 8%. External reports were discussed at Committee meetings. External recommendations were largely implemented within the established timeframes.

Supervision of the internal audit system

During the reporting period, the Committee discussed and analysed quarterly Internal Audit reports. The Committee discussed and provided suggestions and insights for the draft 2024 internal audit plan. The Committee members also discussed the internal audit budget and other issues raised by the Head of the LTG Internal Audit.

The Committee provided feedback on the performance of the internal audit function.

Self-assessment of the Audit Committee

In accordance with the Audit Committee's Rules of Procedure and in line with good governance practices, on 15 February 2024 the Committee carried out self-assessment of its performance for 2023 and on 11 February 2025 – self-assessment of its performance for 2024. The results of self-assessment were discussed at the Committee Meeting where areas for improvement and necessary measures were identified for respective areas. The Audit Committee's self-assessment index rose from 4.50 to 4.74 compared to 2023.

Nomination and Remuneration Committee

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

Functions of the Nomination and Remuneration Committee:

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

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

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

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



Composition of the Nomination and Remuneration Committee

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

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



DALIA ANDRIULIONIENĖ

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



KĘSTUTIS ŠLIUŽAS

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



AGNĖ AMELIJA MIKALONĖ

Committee member
Holds the position from 23 August 2021
Board Member

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

Activities, most significant achievements and decisions of the Nomination and Remuneration Committee

During the reporting period, the Nomination and Remuneration Committee organised its work in accordance with the Annual Operational Plan of the Nomination and Remuneration Committee, approved on 7 December 2023, which provided for the consideration of the main nomination and remuneration issues. The Operational Plan 2025 of the Nomination and Remuneration Committee was approved on 12 December 2024.

During the reporting period **14 meetings of the Nomination and Remuneration Committee** took place.

The role of the Committee in the appointment of the LTG Group's top management

In 2024, the Committee considered candidates for the positions of the Head of the subsidiary UAB Geležinkelio Tiesimo Centras, Board President of LTG Cargo Polska z.o.o, Head of the Company's representative office in Belgium and Head of the newly created company UAB LTG Kompetencijų Centras. During discussions of the final candidates, the Committee provided feedback on the information presented, which is recorded in detail in the meeting minutes. The Committee also discussed the competency composition of LTG subsidiaries' boards, evaluated changes and their impact on the implementation of company strategies.

Role of the Committee in discussing key issues related to management of the Company and employees, and related regulatory documents

In 2024, the Committee regularly discussed issues related to the creation, operation and transfer of LTG Kompetencijų Centras to a separate legal entity, reviewed the implementation progress of this project, evaluated the achievement of objectives, anticipated benefits and emerging risks. The company UAB LTG Kompetencijų Centras was successfully established on 29 November 2024, and the competence centre business operated by the Company was transferred to it on 1 February 2025.

During the reporting period, the Committee also evaluated drafts of the People and Culture and Transport Management policies, provided its insights and suggestions, analysed and evaluated succession planning for critical positions, and plans for increasing diversity within the Group and reputation improvement action plans.

The Committee also reviewed remuneration management principles, the annual variable remuneration fund, the cascading of objectives and incentives for annual performance results. The long-term objective implementation incentive programme was presented and analysed, along with draft 2025 objectives for the CEOs of LTG and subsidiaries, setting high ambitions for strategy implementation priorities.



Changes in the Company's governance structure, strengthening effective governance and competencies

The Committee devoted significant attention to the structural changes of LTG and its subsidiaries. Updated structures of LTG Link, LTG Infra and LTG were presented to the Committee, with changes and their value to the organisations being considered. An important change in LTG Infra is the design competence development programme, which is essential for implementing the ambitious goals of the Rail Baltica programme.

Self-assessment of the Committee

On 14 February 2025, the Committee conducted an annual self-assessment, during which it evaluated and discussed the areas of the Committee's activities, meetings, relations with management, and self-assessment of the Committee Chairman and Committee members.

Compared to previous years, the Committee's self-assessment index slightly decreased (from 4.76 to 4.71). Committee members gave lower ratings to the areas of the Committee's activities and the Committee's relations with management. Meanwhile, the evaluation of the Committee Chairman and Committee meetings areas improved compared to 2023. The self-assessment result of Committee members remained unchanged.

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

Name, surname of the member	Meetings of the Board	Meetings of the Audit Committee	Meetings of Nomination and Remuneration Committee
Number of meetings (including external meetings, written vote in advance)	22	14	14
KĘSTUTIS ŠLIUŽAS	21	-	14
EUGENIJUS PREIKŠA	20	14	-
DR. AURIMAS VILKELIS	21	14	-
BERNARD GUILLELMON	22	14	-
DALIA ANDRULIONIENĖ	22	-	14
ROMAS ŠVEDAS	22	14	-
AGNĖ AMELIJA MIKALONĖ	22	-	14



3.4. Management

Head of the Company

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



The essential functions and competences of the CEO:

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

Egidijus Lazauskas has been holding the position of the CEO of AB Lietuvos Geležinkeliai from 23 June 2022 (date of the beginning of the first 5-year term of office).

Previous experience

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

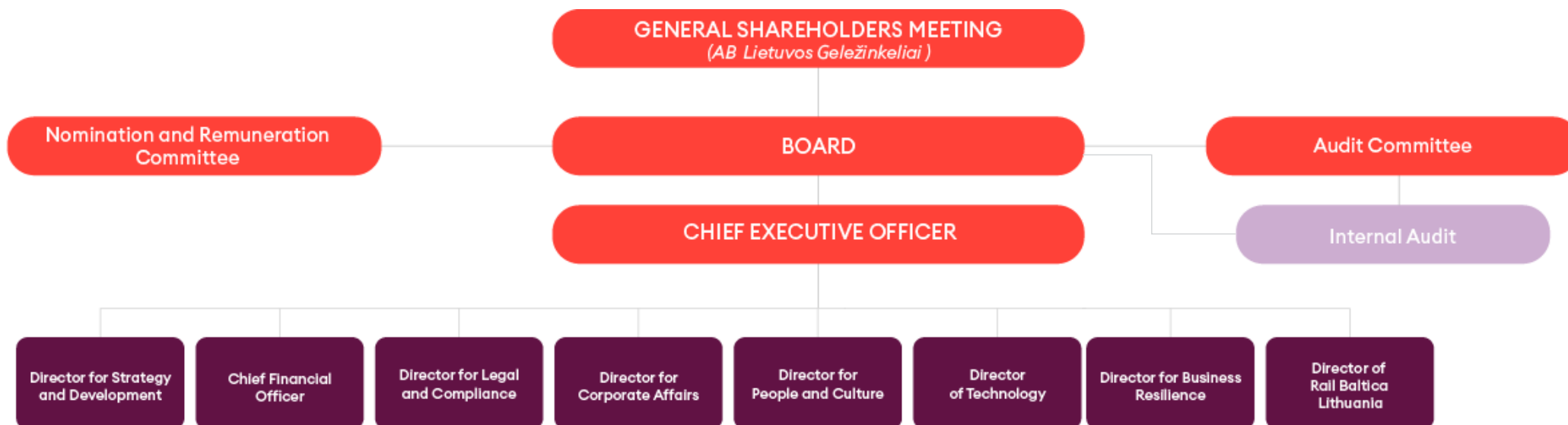
Before E. Lazauskas started working at the LTG Group, he led the infrastructure projects team at the company Ernst & Young Baltic. He has also led Lithuanian and international teams of experts working in the logistics sector, participated in the preparation of the feasibility study for the establishment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

Education

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

Organisational structure of the Company

A new structure of the Company was approved by the Board of the Company on 22 October 2024; this structure does not include the position of the Director of Administration as of 1 February 2025.



Management of the Company

VYTAUTAS RADZEVIČIUS

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

IRENA JANKUTĖ-BALKŪNĖ

Director for People and Culture
Holds the position from 10 July 2017

VYTAUTAS BITINAS

Director of Technology
Holds the position from 21 November 2022

ANDREJ KOSIAKOV

Chief Financial Officer
Holds the position from 2 October 2017

ALEKSANDRAS ZUBRIAKOVAS

Director for Corporate Affairs
Holds the position from 25 September 2023

IEVA LAURAITYTĖ

Director for Administration
Held the position from 21 November 2022 to 31 January 2025

EGIDIJUS LAZAUSKAS

Chief Executive Officer
Holds the position from 23 June 2022

IRMANTAS BERŽAUSKAS

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

GEDIMINAS ŠEČKUS

Director for Business Resilience
Holds the position from 1 February 2024

ARENIJUS JACKUS

Director of Rail Baltica Lithuania
Holds the position from 17 October 2023

Management of interests

At the end of the reporting period, members of the LTG Board, members of the LTG Committees, the CEO and the Company's management have submitted declarations on private interests, which can be found in the Register of Private Interests of the Chief Official Ethics Commission. There have been no conflicts of interest between the members of the Board, the CEO and managers of the Company during the reporting period.

Internal Audit

The LTG Group has established a centralised Internal Audit function, which acts as a third line and covers all LTG Group companies. The Internal Audit function had 8 auditors as at 31 December 2024. The purpose of internal audit is to strengthen the organisation's ability to create, protect and preserve value by providing independent, risk-based and objective assurance, advice, insight and

foresight to the LTG Board and top management, thereby contributing to LTG Group of companies' strategic objectives.

In 2024, the activity of the division was organised on the basis of the guiding principles set out in the International Standards for the Professional Practice of Internal Auditing. Audit provides risk-based assurance services, advice/consultation and insight, and carries out necessary investigations. It also regularly monitors the implementation of recommendations made and the correction of other internal control weaknesses identified by external auditors and supervisory authorities.

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

The activities of the Internal Audit in 2024 have been planned on the basis of an independent risk assessment and the prioritisation of activities and processes to be

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

In 2024, Internal Audit continued to focus on the implementation of the Quality Assurance and Improvement Programme. Such continuous activity monitoring allows to initiate and implement the necessary solutions to improve the activities of the audit department. Taking into consideration the entry into force of the Global Internal Audit Standards on 9 January 2025, the updated Internal Audit Policy was approved as well as internal audit processes and methodology of Internal Audit were reviewed at the end of 2024.



Remuneration report

4.1. Overview

The objective of the Remuneration Policy applicable within the LTG Group is adoption of long-term decisions that are linked to the well-being of employees, ensuring the following:

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

Initiatives and events in 2024

- To maintain consistency of remuneration review principles and competitiveness in the market, **a periodic review of base salaries** was carried out in the spring of 2024 – the LTG Group's monthly payroll fund was increased by EUR 777 thousand, and, on the basis of uniform review criteria, the pay rise has been implemented for 91% of employees. Particular attention has been paid to reduce the gap between the remuneration of LTG Group's top executives and market practices – solutions for gradual steps in implementing review of remuneration among general directors in LTG Group companies were discussed and adopted in the boards of LTG Group companies.
- Having assessed the results of the LTG Group and its subsidiaries achieved in 2024, the **annual incentive fund for 2023** amounting in total to EUR 7.1 million was distributed to employees of the LTG Group in April 2024.
- Despite growing market prices for services, in 2024 well-targeted investments continued to be made into the **benefits package** while maintaining its volumes and aiming to improve existing conditions. An agreement was concluded with an external supplier for urgent psychological consultations in the event of a crisis (loss of a family member, loss of an employee, etc.).
- The year 2024 became the pilot year for six **additional incentive / variable remuneration programmes** aimed at additional employee motivation in target areas related to successful project implementation, customer service quality, efficient procurement, growing sales of assets and services.
- An in-depth study and preparation work were carried out for introduction of the employee **recognition programme**.
- An agreement was reached together with social partners that the existing Sectoral collective agreement and the arrangements provided therein are maintained for the remaining two years – until negotiations for a new edition of the sectoral collective agreement.

Plans for 2025

- Introduction of consistent incentive schemes based on results of the pilot additional incentive / variable remuneration programmes or, in case of an objective need, continuation of the pilot programmes by adjusting them. Developing together the list of areas where it would be appropriate to introduce additional incentive / variable remuneration programmes, and including an increasing number of employees into remuneration programmes for individual additional efforts.
- Further implementation of gradual steps aimed at reducing the gap between the remuneration of LTG Group's top executives and market practices.
- Introduction of the employee recognition programme.
- Inclusion of remuneration and additional incentive elements into initiatives for increase of employee engagement and strengthening of organisational culture.

4.2. Remuneration and its structure

The principles of remuneration and the fringe benefits to be granted are set out in the **LTG Group's Sectoral Collective Agreement** and the **Remuneration Policy**. The implementation of the Remuneration Policy is described in the Remuneration Methodology, and internal process standards are used to define the detailed principles of practical implementation. All relevant documents are published on the LTG Group's intranet in the knowledge base and the news for employees.

Elements of setting and review of the remuneration

Methodological evaluation of positions;

Periodic comparison of internal remuneration data with the market;

The direct link between the possibilities of the change in remuneration and the employee's performance efficiency - the results of achieving the annual goals, extra effort and value-based behaviour.

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

Periodic review of remuneration is conducted every year, and the review principles are linked to clear and objective criteria – the comparison of the existing remuneration of employees with the market, the LTG Group's financial results and the budget allocated for the review, as well as the assessment of the annual performance of each employee. The periodic review of remuneration generally takes effect on 1 April of each year. The implementation of the review for 2024 resulted in an increase in the parent company's monthly remuneration fund by EUR 151 thousand, and 83% of employees have received a pay rise on the basis of uniform review criteria.

At the end of the financial year and after evaluating the results achieved by the LTG Group and its individual companies, an **annual incentive fund** shall be established. Such fund is an employer-initiated employee incentive for good performance and positive performance, as referred to in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, and shall be granted on the basis of Article 142(1)(2) of the Labour Code of the Republic of Lithuania. This incentive is also forward-looking as a motivational tool for employees, and individual opportunities of such incentives are linked to the corporate levels of positions and the summarising of each employee's annual performance.

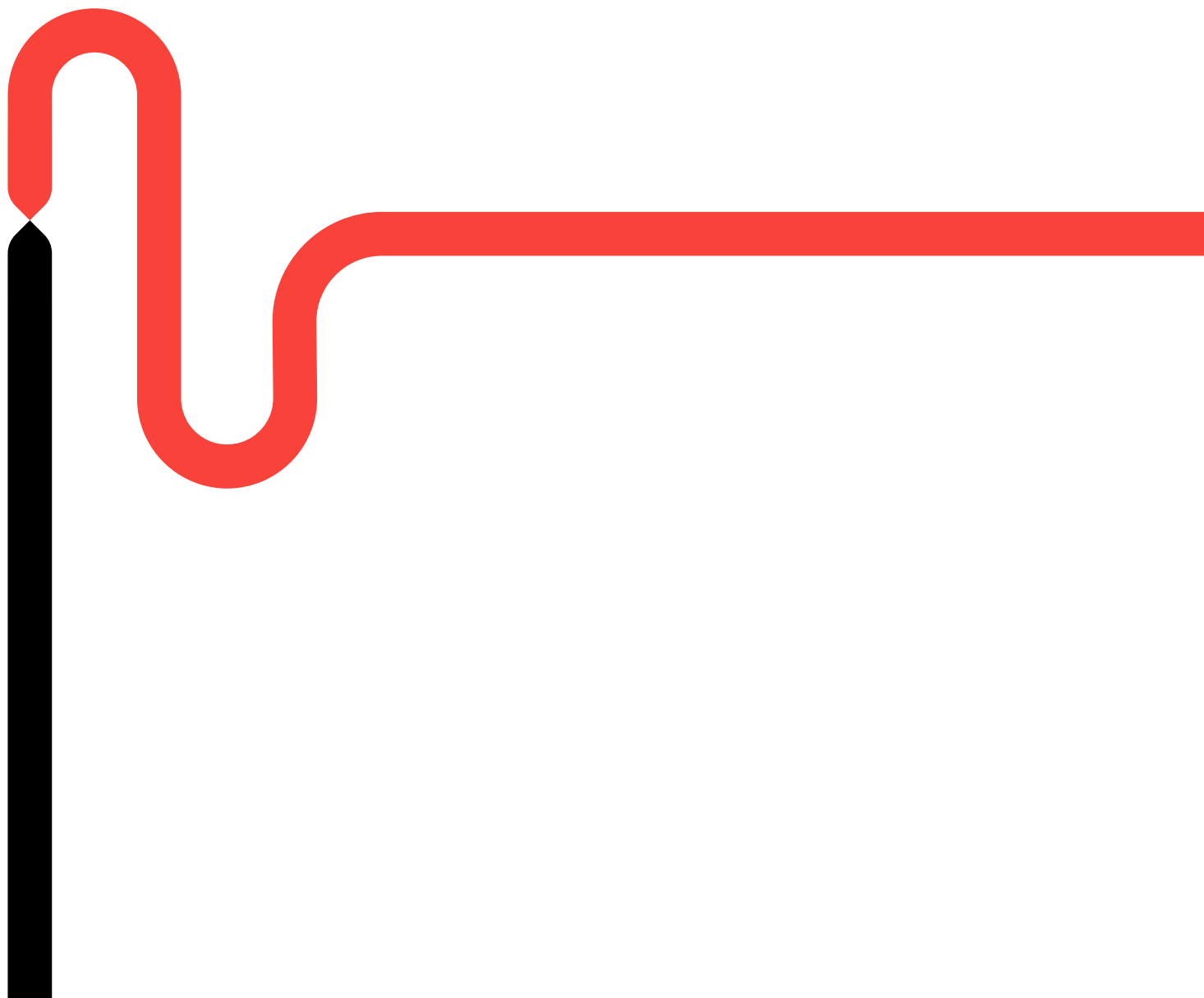
Maximum annual incentive opportunities by general function groups

General function group	Maximum annual incentive opportunity having exceptionally exceeded the goals set for the LTG Group, the Company or an employee	
	Coefficient on the basic monthly salary	Percentage on the basic annual salary
CEO and the Managers Council of the LTG Holding		
Top-level management	3.6	30%
Senior executives and specialists in exceptional fields		
Middle-level managers and individual experts	2.4	20%
Team leaders and experienced professionals		
Specialists and experienced operational/service staff	1.4	12%
Operational/service staff, qualified workers		

The process of management of employees' performance and its appraisal remains geared towards cascading of the LTG Group's annual objectives, embedding a culture of high performance, personal accountability and continuous feedback, as well as the principle of "rewarding the best".

The package of fringe benefits within the LTG Group includes lump-sum payments in the event of the birth of an employee's child or the death of a close family member, support in the event of natural disasters, loyalty payments for employees who leave the organisation at retirement age, additional holidays and other benefits as provided for in the LTG Group's Sectoral Collective Agreement and the Remuneration Methodology. Employees are also provided with insurance against accidents and supplementary voluntary health insurance, under the terms of which they are reimbursed for outpatient and inpatient treatment and diagnostics, preventive health check-ups and vaccinations, and prescription medicines and medical aids. In addition, employees can choose dental, rehabilitation or optical services. Around 80% of employees declare their choice of supplementary voluntary health insurance each year. Also, the employees of the LTG Group can benefit from a discount programme for various services and goods. In case of a crisis, the employee may be offered emergency psychological counselling.

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



4.3. Remuneration of the Company's governance bodies

Remuneration of the Company's Chief Executive Officer

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

- **Basic monthly salary.** The Company's Chief Executive Officer's basic monthly salary set out in the employment contract amounted to EUR 12,740 as at the end of the reporting period. During the reporting period, the basic monthly salary of the Company's Chief Executive Officer increased by 15% from EUR 11,075 to EUR 12,740.
- **Annual performance incentives.** The annual variable remuneration (annual incentive) might be paid to the Company's Chief Executive Officer in addition to the basic monthly salary. The incentive scheme shall be approved by the LTG Board. Under this scheme, the level of achievement of the Company's annual performance affects the payment of incentives. Each year, the Board of the LTG approves the structure of the annual goals of the LTG Group, also threshold values and benchmarks for their achievement and, at the end of the year, verifies performance against the goals and the possibility of paying the annual performance incentive. The maximum amount of the possible annual incentive is up to 30% of the annual basic salary. The maximum amount of monthly incentive, i.e. 1/12 of the annual incentive share for 2023, could not exceed EUR 3,323. A monthly portion (1/12) of the annual incentive paid to the CEO of LTG in 2024 for achievement of the goals for the year 2023 amounted to EUR 2,503.
- In addition to direct remuneration, the total remuneration package of the CEO of LTG includes measures defined by internal principles, creating added value to the employer, and **non-cash remuneration**.

Implementation of the Company's goals for 2023 to pay annual incentives to the Chief Executive Officer

Main goals	Indicators for measuring achievement of the goals	Measurement unit	Weight, %	Benchmarks for achievement of goals	Indicators of achievement of goals
Value creation through integration into Western markets	LTG Group EBITDA margin	%	25.0	>25	31
	LTG Group's value creation projects for integration into Western markets	%	20.0	Implementation of approved projects	Partly achieved
Operational efficiency	LTG Group's operating costs to revenue ratio	Ratio	15.0	<1.03	0.93
Green deal	ESG rating	Level of achievement	10.0	ESG rating achieved	Achieved
Business development	LTG Group income from foreign markets	EUR million	20.0	>40	44
	Level of business resilience	Level	5.0	<III	Achieved
Comprehensive security	Lost Time Injury Rate	Accidents at work *1 million / total working hours	5.0	Improve occupational safety	Achieved

Remuneration of the Company's Board and Committees

Remuneration of the members of the Company's Board and Committees are established in LTG Board Member Agreements and LTG Committee Member Agreements concluded with them.

Remuneration of independent members of the Board and Committees, including independent members delegated by the shareholder and civil servants acting as members of a collegiate body, has been established in accordance with the amendment to the Resolution of the Government of the Republic of Lithuania No 1092 On Approval of the Procedure for Payment of Remuneration to Members

of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises and on the Civil Liability Insurance of Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises adopted on 3 August 2022, stipulating that the monthly remuneration of an independent member of a company's collegiate body and of a member of the collegiate body who is another person chosen by the entity initiating the selection should be at least 1/4 of the average monthly salary of the company's CEO and no more than the average monthly salary of the company's CEO. For a civil

servant holding a position as a member of a collegiate body of a state-owned company or a municipally-owned company, the remuneration should be at least 1/8 and not more than 1/4 of the average monthly salary of the company's CEO. It is recommended that the remuneration of the chairman of a collegiate body of a state-owned company should be at least 1/3 of the average monthly salary of the company's manager.

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

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

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

Name, surname of the member	Remuneration for the activities of the Board Member, EUR	Remuneration for the activities of the Audit Committee Member, EUR	Remuneration for the activities of the Nomination Committee Member, EUR
Kęstutis Šliužas	44,904	-	16,836
Eugenijus Preikša	33,684	25,260	-
Dr. Aurimas Vilkelis	33,684	16,836	-
Bernard Guillelmon	33,684	16,836	-
Dalia Andrulionienė	33,684	-	25,260
Romas Švedas	33,684	16,836	-
Agnė Amelija Mikalonė	16,836	-	-

* The remuneration is shown inclusive of all payable taxes and charges.

Information on the remuneration of the members of the Board, the members of the Committee and the CEO is also available on the company's website, in the [Governance section](#).

4.4. Information on employees' remuneration

Indicators of the LTG Group

As at 31 December 2024, the number of employees in the LTG Group was 5,703, with a further 76 employees on long-term leave (parental leave, maternity leave, military service etc.). Compared to the data as of 31 December 2023, the number of employees in the LTG Group decreased by 122 employees or by 2.1%. Compared to the year 2023, the average monthly salary increased by 10.4% from EUR 2,131 to EUR 2,353. Remuneration changes have been affected by the remuneration review implemented across the LTG Group in April 2023, as well as changes in employee distribution across function groups and adjustments made to the amounts of certain remuneration components in individual companies of the LTG Group.

In addition to payment of additional annual incentives, the total **remuneration fund of the LTG Group** amounted to EUR 158.3 million in 2024 (excluding compensations for unused vacation, severance payments, accruals, capitalised salaries) and, compared to 2023, when it amounted to EUR 149.3 million, it increased by EUR 9.0 million.

Having assessed the results of the LTG Group and its subsidiaries achieved in 2023, the annual **incentive fund** amounting in total to EUR 7.1 million was distributed to employees of the LTG Group in April 2024.

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

Group companies	31/12/2024		31/12/2023		31/12/2022	
	Number of employees	Average salary, EUR	Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
AB Lietuvos Geležinkeliai	733	3,216	738	2,908	785	2,616
AB LTG Cargo group of companies	1,793	2,322	1,852	2,098	2,026	1,862
UAB LTG Link	633	2,318	593	2,125	567	1,851
AB LTG Infra	2,353	2,119	2,418	1,920	2,453	1,749
UAB Geležinkelio Tiesimo Centras	194	2,320	227	2,130	291	1,947
UAB LTG Kompetencijų Centras	1	1,017	-	-	-	-
UAB Rail Baltica Statyba	3	3,614	3	3,668	4	3,148
Total**	5,703	2,353	5,825	2,131	6,126	1,922

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

** In cases where the same employee works for several LTG Group companies, the number of unique employees is indicated at LTG Group level.

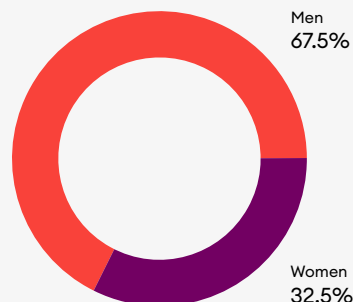
Number of employees of the LTG Group and average salary by general function groups

Function group	31/12/2024**						31/12/2023		31/12/2022	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
CEO of the LTG Holding*	1	-	1	12,740	-	-	1	10,897	1	10,450
Managers Council of the LTG Holding*	12	4	8	9,107	-	8,868	12	8,308	11	8,181
Top-level managers	43	20	23	7,116	6,993	7,222	42	6,584	35	6,247
Senior executives and specialists in exceptional fields	156	55	101	5,151	5,014	5,230	139	4,867	115	4,514
Middle-level managers and individual experts	637	296	341	3,494	3,446	3,533	587	3,231	545	3,075
Team leaders and experienced specialists	1,757	665	1092	2,330	2,258	2,373	1,742	2,146	1,821	2,006
Specialists and experienced operational/ service staff	1,963	509	1,454	2,214	1,800	2,423	1,567	2,067	1,633	1,859
Operational/service staff, qualified workers	1,134	306	828	1,641	1,556	1,664	1,735	1,538	1,965	1,414
Total	5,703	1,855	3,848	2,353	2,315	2,372	5,825	2,131	6,126	1,922

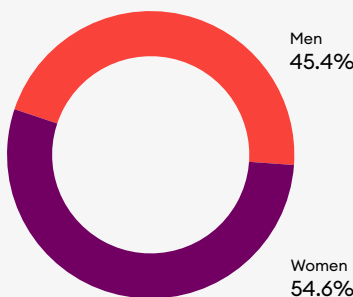
* Fixed remuneration at the end of the period.

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

Distribution of the LTG Group's employees by gender in 2024, %



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



Average salary ratio between women and men by general function groups*

Function group	Measurement unit	2024		2023		2022	
		LTG Group	Company	LTG Group	Company	LTG Group	Company
All employees	ratio	1 : 0.98	1 : 0.95	1 : 0.96	1 : 0.94	1 : 0.95	1 : 0.93
Top-level management	ratio	1 : 0.97	1 : 1.01	1 : 1.03	1 : 1.02	1 : 1.11	1 : 1.12
Senior executives and specialists in exceptional fields	ratio	1 : 0.96	1 : 0.90	1 : 1.00	1 : 0.95	1 : 1.03	1 : 1.00
Middle-level managers and individual experts	ratio	1 : 0.98	1 : 0.94	1 : 0.96	1 : 0.91	1 : 0.97	1 : 0.91
Team leaders and experienced specialists	ratio	1 : 0.95	1 : 0.91	1 : 0.95	1 : 0.90	1 : 0.97	1 : 0.88
Specialists and experienced operational/service staff	ratio	1 : 0.74	1 : 0.90	1 : 0.73	1 : 0.87	1 : 0.76	1 : 0.88
Operational/service staff, qualified workers	ratio	1 : 0.94	1 : 0.73	1 : 0.92	1 : 0.94	1 : 0.91	1 : 1.00

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

The LTG Group applies transparent and uniform remuneration principles to all employees, irrespective of their gender or certain aspects of their individual identity - remuneration is determined in accordance with the compensation range assigned to the corporate level of a specific position as well as with objective criteria related to an employee's experience and competencies, as well as to his / her performance results.

Nevertheless, the actual differences between the average salaries of women and men by general function group remain. These differences are caused by the overall distribution of women and men, with more men than women working not only in the railway industry as a whole, but also in a number of function groups, in particular in operational positions. Women predominate in positions related to support /

administrative functions, where the remuneration level in the market is relatively lower. Men are concentrated in positions where the field of activity generates more competitive remuneration in the market, or where there is a special type of work - physical exertion, outdoor or other special conditions - where the remuneration level in the market is higher. At the same time, the opposite situation can be observed in certain job groups, where women, although not predominant, occupy positions for which there is a shortage in the market, leading to relatively higher pay, in which case remuneration of women exceed that of men.

Indicators of the distribution of the LTG Group's and the Company's employees by age/gender/length of service are presented in the Sustainability Report integrated into the consolidated annual management report.

Company indicators

Data on the average remuneration of the Company's employees by general function group are publicly available on the Company's website in the Remuneration section, and it is updated at the end of each calendar quarter. A comparison of average salaries of women and men is published alongside.

As at 31 December 2024, the number of employees in the Company was 733, with a further 28 employees on long-term leave (parental leave, maternity leave, military service, etc.). Compared to the data as of 31 December 2023, the number of employees in the Company decreased by 5 employees or by 0.7%. The average monthly salary, compared to 2023, increased by 10.6% from EUR 2,908 in 2023 to EUR 3,216 in 2024.

Excluding the payment of additional annual incentives, the total remuneration fund of the Company amounted to EUR 28.1 million and, compared to 2023, when it amounted to EUR 26.2 million, it increased by EUR 1.9 million.

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

Function group	31/12/2024**						31/12/2023		31/12/2022	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
CEO of the LTG Holding*	1	-	1	12,740	-	-	1	11,075	1	10,450
Managers Council of the LTG Holding*	8	2	6	8,623	-	8,657	8	7,905	7	8,044
Top-level management	19	11	8	7,027	7,056	6,986	17	6,666	12	6,462
Senior executives and specialists in exceptional fields	72	39	33	5,171	4,905	5,478	66	4,918	57	4,545
Middle-level managers and individual experts	270	159	111	3,604	3,501	3,739	268	3,342	258	3,166
Team leaders and experienced specialists	278	171	107	2,401	2,312	2,540	290	2,223	329	2,104
Specialists and experienced operational/service staff	38	18	20	1,874	1,766	1,968	40	1,763	66	1,727
Operational/service staff, qualified workers	48	1	47	1,704	1,265	1,727	48	1,582	55	1,492
Total	733	400	333	3,216	3,139	3,305	738	2,908	785	2,616

* Fixed remuneration at the end of the period. The detailed remuneration structure of the Head of the LTG holding is disclosed in the section Remuneration of the Company's Governance Bodies of the Remuneration Report. Having taken into account annual performance incentives, the actual average monthly salary of top-level managers amounted to EUR 10,237 in 2024.

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



Risks and risk management report



The Company applies and continuously improves the **unified risk management system of LTG Group**. It is defined in the LTG Group's risk management policy (publicly available on the Company's website [link](#)), methodologies and process standards developed in accordance with the International Organisation of Standardisation (ISO 31000) and the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management (COSO ERM).

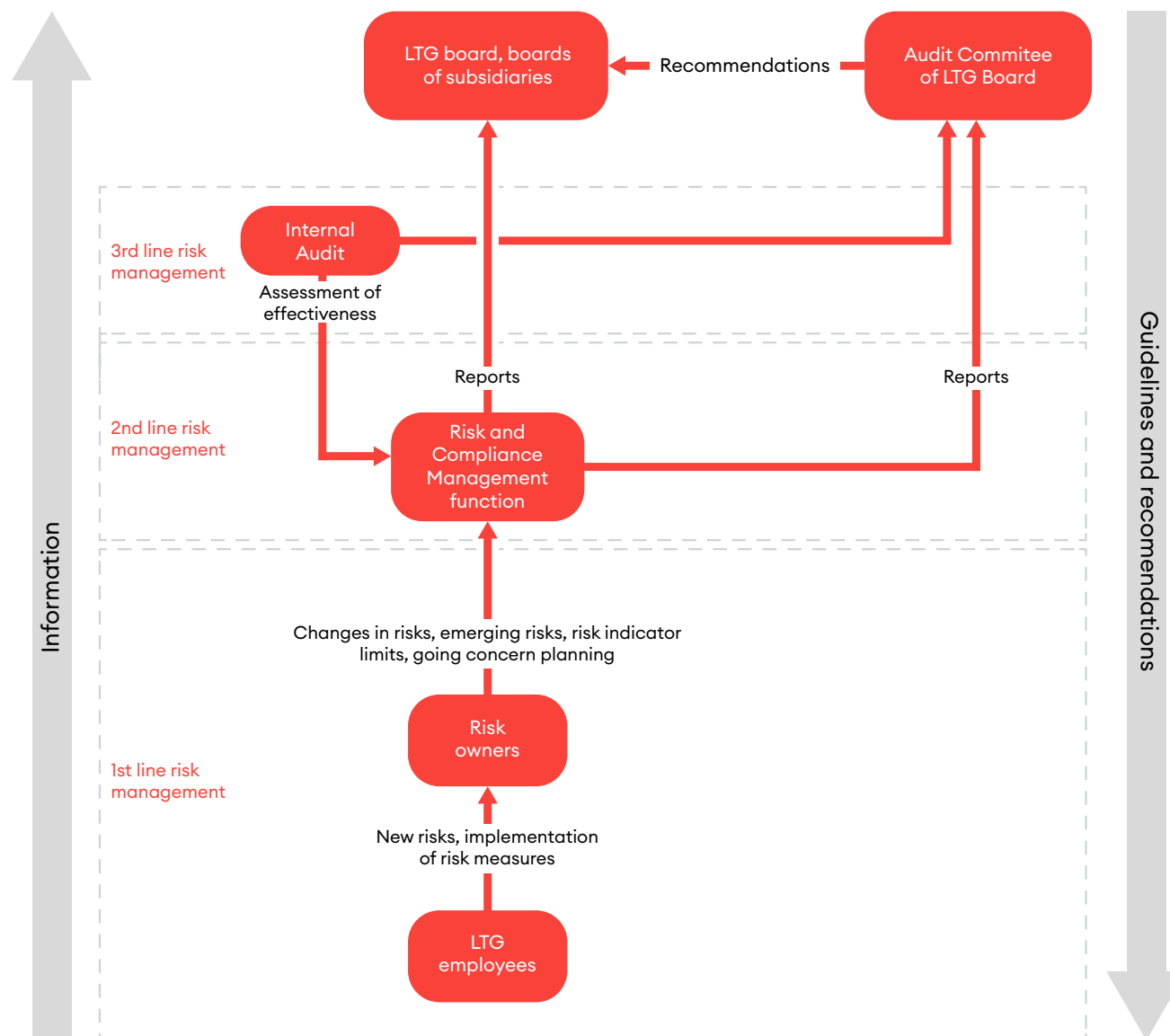
In the LTG Group, the risk management responsibilities are allocated according to **the Three Lines Model**. According to it:

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

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

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

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



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

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

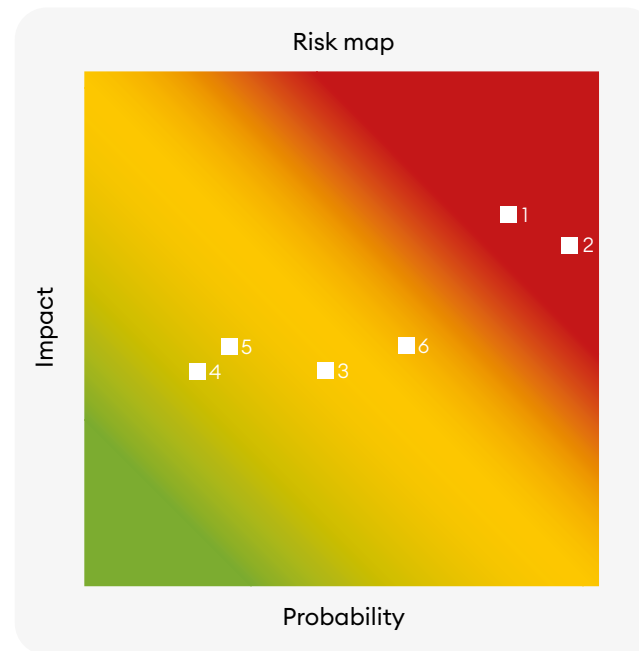
The level of identified risks is assessed by determining their likelihood and potential impact (considering financial, legal, reputational, business continuity and employee safety impacts) and assigning them to one of four risk categories (strategic, operational, financial, compliance). In this context,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

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

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

Main risks of the LTG Group and their management measures

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



Risk	Main sources of risk	Potential impact	Basic risk management measures
Risk of delays in strategic infrastructure projects	- Failure to secure public funding - Low involvement of market participants - Delays by contractors	- Delayed implementation of projects - Reputational damage - Loss of EU funding	- Detailed planning of project execution - Timely communication with stakeholders - Monitoring of project implementation
Possible provocations in the context of hybrid threats	- Geopolitical situation - Activities of hostile states or groups	- Cyber attacks - Operational disruptions - Spread of misinformation - Data theft	- Incident management and monitoring - Management of security vulnerabilities - Cooperation with authorities
Challenges of expansion in foreign markets	- Lack of technical operational compatibility - Compliance with local legal regulations	- Failure to achieve strategic objectives - Insufficiently rapid diversification of activities	- Consolidation of the customer service process - Ensuring quality control
“Third party” risks	- Possible non-compliance with supplier/partner sanction requirements - Increased delivery times - Changes in prices of materials and raw materials	Work delays	- Advance planning - Reallocation of resources - Sanction control and monitoring - Finding alternative suppliers - Rolling stock recovery programmes
Lack of critical competences due to the development of new technologies and the ageing of employees	- National labour market trends - Ageing of employees - Changing nature of work as new technologies emerge	Potential impact on business processes	- Improvement of working conditions - Management of critical positions - Increasing the prestige of the position - Employer branding - Cooperation with educational institutions
Risk of safety incidents	- Failure to comply with work safety instructions - Unsafe behaviour of railway users <i>Inherent risks specific in the activity. These risks are managed with a strong focus applying continuous and systematic measures.</i>	- Financial losses due to damage to rolling stock or infrastructure - Damage to reputation due to traffic/worker safety failures - Disruption of operations due to traffic accidents	- Periodic training and coaching - Safety system checks - Periodic monitoring of physical and technical security - Quality control inspections



Sustainability report



6.1. About sustainability report

This consolidated Sustainability Report provides information on the LTG Group (hereinafter the LTG Group or the Group) which consists of the parent management company AB Lietuvos Geležinkeliai (LTG) and its directly owned subsidiaries (LTG Cargo, LTG Link, LTG Infra, Geležinkelio tiesimo centras, Rail Baltica statyba) and the companies owned by them. Information on the above companies is also provided in the financial statements. Material topics and information provided in the Sustainability Report cover all companies of the Group and the parent company and detailed information on sustainability of each Group company is not prepared, unless stated otherwise. The Sustainability Report should be read as a part of consolidated annual management group report and together with management reports of other Group companies.

The Sustainability Report is prepared in accordance with the general European Sustainability Reporting Standards (ESRS), the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania as well as the recommendations and good practice of the Governance Coordination Centre. The LTG Group is not obliged to present Sustainability Report in accordance with ESRS for 2024 but it seeks to comply, as far as possible, with the requirements of the Corporate Sustainability Reporting Directive (CSRD) in order to prepare for the implementation of the provisions of the law from 2025. Currently, sectoral ESRS requirements applicable to the LTG Group operations are not published yet, therefore, any information related to ESRS sectors is not disclosed in this Sustainability Report.

Methodologies for calculation and presentation of the indicators provided in this report are in compliance with

ESRS requirements, unless stated otherwise. The quantitative data points indicate the group companies for which each data point is calculated. Most data points provide information on companies operating in Lithuania that are directly controlled by the Group, unless otherwise stated. The LTG Group prepares the report in accordance with the ESRS requirements for the first time, therefore, the methodologies for calculation of some indicators may be different from the figures previously disclosed in the sustainability reports for previous periods. All indicators presented in this Sustainability Report are calculated on the basis of the performance results of the LTG Group taken directly from the IT systems in use, unless stated otherwise. No calculation or logical errors related to disclosure of the results presented in this Sustainability Report are known to the LTG Group.

The first detailed inventory of greenhouse gas (GHG) emissions and all energy types in use is currently carried out by the LTG Group for the first time. The Group has calculated only the parent company's and its direct subsidiaries' first and second scope emissions and energy consumption until the end of 2024. When disclosing the results for 2025, it is planned to provide the results of 1, 2, and 3 scope GHG emissions of all companies in the Group.

Detailed information on the operations, structure and management model of the LTG Group and its companies is provided in this consolidated annual management report in which this Sustainability Report is included.

The impact of the LTG Group and its companies is not restricted only to direct operations. The Sustainability Report discloses information related to the Group's value

chain. Materials, such as different metals and their alloys, oil products and fossil fuel, energy from renewable and non-renewable sources, materials and equipment acquired from direct and indirect suppliers, are very important in the upstream operations of the LTG Group companies. The LTG Group can significantly reduce its negative impact on environment and manage risks that may occur due to violations of human rights by cooperating with direct suppliers and establishing respective environmental, social and other requirements. LTG Infra ensures management, use and disposal of railway infrastructure, maintains intangible and tangible assets, therefore, allows LTG Link and LTG Cargo providing services. At the end-use chain, successful relations with business (freight transportation and other services) and private customers, other users of railway infrastructure and carriers from other countries are important for successful operations of the company. The Group companies may operate by making a significant contribution to changing habits and making supply chains "greener".

Information disclosed in the Sustainability Report follows the definitions of concepts and periods prescribed by ESRS, unless stated otherwise. The sustainability report does not contain undisclosed information regarding intellectual property, know-how or innovations; nor does it provide additional information required by other legislation or other sustainability reporting standards.

Information provided in the Sustainability Report covers the period from 01/01/2024 to 31/12/2024. The report includes the latest information available as at the end of the reporting period.

6.2. Sustainability in the LTG Group

Business development in Lithuania is boosted by the European Green Deal which aims to transform EU climate, energy, transport and tax policies to make Europe a climate-neutral continent by 2050, that economic growth is decoupled from the use of natural resources, and socially fair transformation ensures that no person and no place is left behind. Railways have been hailed as the transport of the future - for their environmental friendliness and their particular importance in Europe, as the concept of mobility changes and as the era of fossil fuels gives way to clean electricity and the attraction of other renewable energy sources. In the LTG Group, sustainability is one of 6 strategic directions and it is significantly related to the implementation of the long-term goals of other directions: operational efficiency, business development, business resilience, customer experience and strong organisational culture.

A long-term goal of sustainability is to form sustainability culture and practice in the LTG Group that allows developing and implementing the long-term strategy of the LTG Group of companies and increasing attractiveness of the LTG Group of companies to all parties concerned.



Sustainability-related priorities and liabilities

The LTG Group aims to perform its activities with minimum negative impact on the environment and maximum positive impact on people's quality of life. As the largest railway group in the Baltic States, the Group relates success of its operations in the future with the areas of environment protection, social partnership and responsible governance (ESG). Also, the operations are aimed at contributing to progress of the state and promotion of sustainability in Lithuania.

The LTG Sustainability Policy updated in 2024 is an important document setting the LTG's goals and objectives of sustainability activities, sustainability principles and priorities. This policy sets out the long-term priorities for the environmental protection, social and governance areas in which the LTG has the greatest impact on the environment, seeks to create the greatest value and make a significant change.

The LTG aims to build its future based on the culture of sustainability and to adhere to strict sustainability principles and values when making its business decisions. Sustainable activities in the LTG are based on the principles of the United Nations Global Compact, the resolutions of the Paris Agreement, the European Union Strategy Papers (the European Commission's Communication on Promoting Corporate Social Responsibility, the Green Paper). In addition, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, recommendations of the State Coordination Centre established by the Government of the Republic of Lithuania ensuring implementation of the Good Governance principles in state-owned enterprises are essential to the sustainability activities.

When implementing its strategic goals and sustainability management priorities, the LTG Group seeks to make a direct contribution to implementation of the global UN Sustainable Development Goals, with a particular emphasis on six:

- **Good health and well-being** (goal 3). The safety, health and well-being of employees are top priorities of the Group. As one of the largest employers in Lithuania, the Group takes care to ensure that thousands of its employees would be able to perform their functions safely and contributes to ensure their comfort and health. Also, the Group always takes care of the safety and well-being of its clients, partners and members of the surrounding communities by ensuring comfortable and safe transportation by one of the greenest means of transportation – trains. The Group's safety vision is zero incidents.
- **Decent work and economic growth** (goal 8). Railways are an integral part of the country's economy and transport. With its sustainable, safe and planned development, the organisation contributes to the economic growth of the country and region, as well as stability of the labour market. The organisation does not tolerate corruption or discrimination, promotes a respectful communication culture equal rights. The LTG Group takes care of the well-being of its employees, continuously aims to improve working conditions and guarantees a stable and competitive remuneration for work.
- **Industry, innovation and infrastructure** (goal 9). The LTG Group contributes to the development of a sustainable and reliable transport infrastructure, promotes the use of innovations and digital technologies in transportation and internal processes. By ensuring safe and reliable transportation, we contribute to the Lithuanian and regional industry growth and efficient activities.
- **Sustainable cities and communities** (goal 11). Communication and cooperation with communities and response to their interests is important for the activities and development of the LTG Group. We aim for the communities not only to be informed about the planned projects, but for them to participate in related discussions, express their expectations and needs. Furthermore, the Group contributes to the state sustainable transportation policy and ensures sustainable possibilities for inter-city travels.
- **Responsible consumption and production** (goal 12). In their activities, the Group contributes to the creation of a circular economy and strives to use green technologies in production and other activity cycles. Sorting and reuse of waste, as well as responsible use of materials are promoted. Energy and other resources are saved by implementing modern innovative technologies, encouraging employees and customers to be responsible, and educating them about the need for sustainable consumption.
- **Climate action** (goal 13). The Group aims for a further significant mitigation of our activities on the climate and wish to become a climate-neutral organisation by 2050. Railway electrification is carried out, opportunities to transport freights via intermodal transport are expanded, and passengers are encouraged to travel by railways – the most environmentally friendly means of transportation.

In addition to the stated goals, the LTG Group also contributes to other global priorities such as efficient use of energy and natural resources, gender equality, the aim to ensure access to quality education, etc.

Through its actions and initiatives, the LTG Group contributes to the implementation of the European Green Deal and the Paris Agreement, committing to become climate-neutral by 2050. The LTG Group is committed to the principles of the Global Compact in the areas of human rights, employee rights, non-discrimination, environmental protection, the development of environmentally friendly technologies and the fight against corruption.

Sustainability goals and strategic indicators

The LTG's priority goals in environmental protection, social and governance areas in the LTG's strategy for 2025–2029 are established by taking account of where and how LTG's operations have the highest impact on the environment, may create the highest value for the society and make significant and measurable change. The priorities of sustainability also contribute to the implementation of LTG's mission and vision, correspond to the values of organisation and expectations of stakeholders.

Area	Aims / Strategic objectives	Indicator	2025	2029
Environmental	Minimise impact on environment and climate change	CO ₂ emissions per unit of revenue, t CO ₂ eq/EUR million	252	127
	Optimise energy consumption	Total energy consumption savings, GWh	4.7	43.4
Social responsibility	Increase of occupational safety	Lost time injury frequency rate (LTIFR): number of injuries / million work hours	1.59	1.35
	Promote an inclusive high-performance culture	Employee engagement rate (measured during employee survey, %)	83	85
	Reduce the level of risk to society	Indicator of risk for public safety, number of fatalities and serious injuries / mn. train km	0.42	0.40
Governance	Ensure reliable management practices at the highest level	Good governance practices	A+	A+



Associations, ratings and awards related to sustainability



AB Lietuvos Geležinkeliai has been the member of Lithuanian Responsible Business Association (Lietuvos atsakingo verslo asociacija, LAVA) since 2024. The association unites companies and organisations that care about environmental protection, social responsibility, good corporate governance practices.



Diversity Charter is a non-governmental organisation that unites businesses, public and non-governmental sector organisations that are aimed at creating an open and inclusive work environment and strengthening their social responsibility. The LTG officially became the member of this charter in autumn 2024.



The LTG Group is a part of the international initiative Women in Rail - it is an agreement which encourages women to choose to work at railway companies through a range of activities across Europe. Each member of the association undertakes to seek gender equality in their activities.



Since 2022, the LTG has been participating in the new assessment of the International Union of Railways designed to assess sustainability progress in the railway sector. The Rail Sustainability Index (RSi) is a rating system and an online tool designed for the global railway community and providing the contribution of the railway sector to the achievement of the Goals for Sustainable Development of the United Nations.

In 2024, the LTG Group participated for the third time in the sustainability assessment of progress in the rail sector carried out by the International Union of Railways (UIC). The Rail Sustainability Index is a rating system and online tool developed for the global rail community to show the contribution of railways to the UN Sustainable Development Goals (SDGs). UIC members in different countries and continents submit their quantitative and qualitative sustainability data for assessment. In 2024, UIC evaluated the efforts of the LTG Group in achieving SDGs higher than the average of organisations in global rail sector: the result of LTG was 57.9% whereas the total average was 42.02%.



Using the sustainability assessment tool managed by Verslo žinios in partnership with Swedbank, the sustainability index of AB Lietuvos Geležinkeliai was determined to be 9.2 (where 10 is the maximum score). The index is determined by evaluating the company's responses to 32 questions (14 of which are mandatory) across four areas: importance of sustainability within the company, environmental protection, social sustainability and governance. The responses help to reveal the company's policy, specific actions taken and results already achieved. By undertaking the sustainability index assessment, the company demonstrates openness to both itself and the public. Its responses and attached documents are made publicly available for review by all visitors to Rekvizitai.lt.



Each year, the Governance Coordination Centre evaluates State-owned Enterprises (SOEs) against 240 criteria and determines their governance index. This index is one of the main tools used to evaluate qualitative aspects of SOE governance, responding to OECD recommendations, Transparency, Selection and Ownership Guidelines and other documents regulating SOE activities, as well as global best practices. The LTG Group rose from fourth to second place in the list of large companies in 2024, with both the Group and all subsidiaries receiving the highest A+ ratings.



The Business and Public Sector Reputation Index research is conducted by the consulting and business management services company Civitta, together with the communication agency Fabula Rud Pedersen Group, Lithuanian Marketing Association LiMA, the Investors' Forum (a voluntary, independent business association of the largest and most active investors in the Lithuanian economy), the Lithuanian Startups Association Unicorns Lithuania and the data analysis company Repsense. According to the Reputation Index research, in 2024 the reputation index of Lietuvos geležinkeliai reached 23 points, marking one of the highest increases in recent years. This impressive jump is the largest among the 54 Lithuanian companies and 15 public sector organisations evaluated.



In 2024, the Office of Equal Opportunities Ombudsperson awarded the LTG Group a third "Equal Opportunities Wing" out of a possible 3. "Equal Opportunities Wings" is an assessment of an organisation's achievements in the field of equal opportunities. The third wing was awarded for creating a safe and inclusive organisational environment through: implementation of "Guidelines for Violence and Harassment Prevention and Equal Opportunities Assurance", transparent and publicly accessible salary system, established discrimination reporting procedures, impartial complaint handling mechanisms and other related measures.



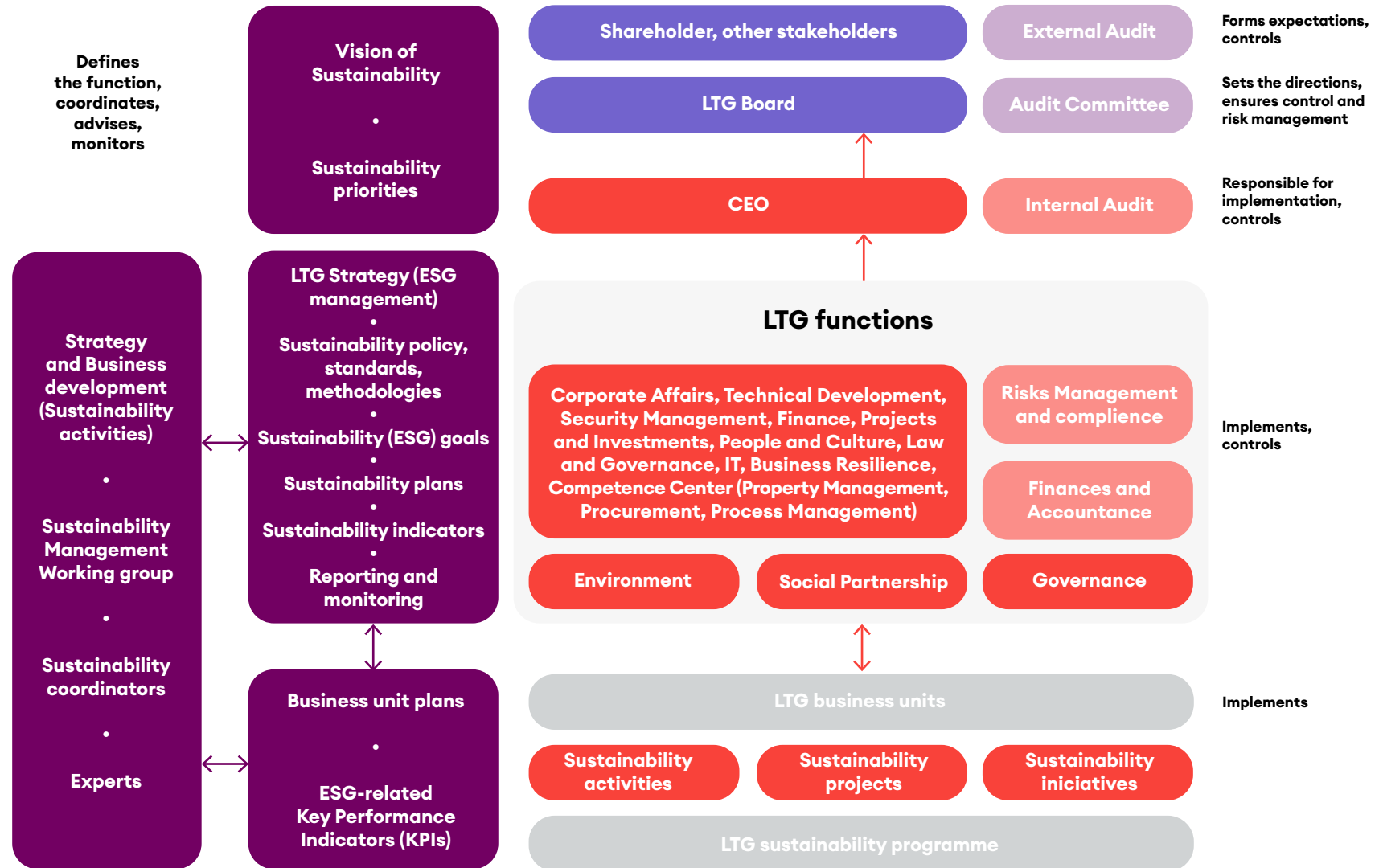
LTG Link secured first place among Lithuanian transport and travel sector companies in the "Sustainable Brand Index 2024" Lithuania ranking. The ranking reveals how consumers evaluate brands through the lens of sustainability, taking into account the United Nations Sustainable Development Goals. In Lithuania, 2,500 respondents evaluate 84 brands across 12 sectors according to environmental and social responsibility criteria. Selection criteria include market position, market share, turnover and overall brand awareness.

6.3. Sustainability management

Role of administrative, management and supervisory bodies

The sustainability area in the LTG Group is managed by assigning respective responsibilities to the management bodies on the company and implemented at the level of corporate functions, divisions and operating units. When approving the LTG Group's strategy and assessing the information on strategy development, the Board of the company approves the goals of sustainability-related strategic direction and monitors their implementation. The Board also approves amendments to the Sustainability Policy as well as any other policies and most significant internal documents related to the management of ESG-related operations in the group: Policies of People and Culture, Remuneration, Anti-Corruption, Employee Code of Conduct, etc.

Information on the **Board** of the Group, its composition, competences and experience of the members, committees of the board and their tasks are disclosed in detail in the section Governance of this consolidated annual management report.



Information on the **Board** of the Group, its composition, competences and experience of the members, committees of the board and their tasks are disclosed in detail in the section governance of this consolidated annual management report.

5 Men (71%) and 2 women (29%) are employed in the board of AB Lietuvos Geležinkeliai. The board is composed of a member delegated by the shareholder, no employee representative. The board understands the importance of competences necessary for supervision of the sustainable LTG strategy and management of sustainability in the management bodies of the group companies. Competences related to the control and reporting of sustainability risks are continuously reviewed and improved.

Audit Committee of AB Lietuvos Geležinkeliai consisting of three independent members and one member of the board delegated by a shareholder is responsible for the management of impacts, risks and opportunities. Among other responsibilities, the audit committee performs maintenance of LTG's internal control, risk management and internal audit systems, monitoring and assessment of efficiency. The committee submits its findings, opinions and proposals to the board. Activities, proposals, decisions of the committees do not reduce or exclude the responsibility of the board.

The LTG Group has an integrated **risk management system** and sustainability-related risks are a part of this management system. The level of identified risks is assessed by determining their likelihood and potential impact (considering financial, legal, reputational, business continuity and employee safety impacts) and assigning them to one of four risk categories (strategic, operational, financial, compliance). In this context, risk owners are selected for each of the risks and management/mitigation actions are required. The dynamics of risks and the progress in implementing the measures are monitored periodically on a quarterly basis. Such logic is applied at separate levels and areas of the group's operations when assessing the risks of the specific business unit, risks at group level, project or programme level; it is also used, for example, in the planning of internal audits or the activities of safety-related functions.

The **Supervisory Board** is not formed in the LTG. Information on management of the group is provided in the section governance of this consolidated annual management report.

Information provided to management and supervisory bodies of the Company

Provision of information on operations and changes related to sustainability is provided to the management bodies in the following procedure and frequency:

- The Audit Committee is informed once a month (but no less than once a quarter) about activities, projects of sustainability management and their results.
- Information about sustainability management is provided to the LTG Board twice a year by the LTG 's Sustainability Manager.

The Audit Committee, the LTG Board and the boards of the LTG subsidiaries are actively involved in risk management processes: they approve lists of priority risks and their management strategies, assess and acquaint themselves with Risk management reports, proactively propose inclusion of new risks, ask for extended information on the management status of individual risks.

The Audit Committee actively provides recommendations for the LTG Group's risk management and improvement of the risk management system in order to ensure internal control of the LTG Group, monitoring of the effectiveness of business processes and solutions of problematic issues.

Risk management information is also used in strategic planning. The context of internal and external risks is considered in detail while the relevance of the strategy is being reviewed each year in top-level management strategic sessions. Accordingly, strategic directions, targets and other elements are adjusted and supplemented as needed. Frequent receipt of information about risks (each quarter, and each month in the LTG Board) allows to use relevant data for adoption of more efficient solutions.

The list of risks is reviewed and updated each year in the LTG Group. The list concluded includes not only business but also relevant operational and geopolitical risks which could have an impact on the Group's activities. As the risks identified are related to the company's strategic and operational activities, the list is treated as confidential and is not disclosed.

The LTG Board ensures a mechanism for monitoring appropriate results by the following actions:

1. Approval of essential policies and procedures (e.g. the Stakeholder Engagement Policy, the Related-Party Transaction Policy, the Internal Audit Policy, the Risk Management Policy, etc.).
2. Regular reporting and reviews. Specific topics are discussed in Board meetings each quarter or as needed.
3. Internal and external audits.
4. Risk reports. The risk status is communicated to the Board each quarter at group level.

Integration of sustainability in incentive schemes

Pursuant to Resolution of the Government of the Republic of Lithuania No. 1092 "On the Approval of the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises and the Civil Liability Insurance of Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises" adopted on 3 August 2022, remuneration of the LTG Board members and committee members is fixed in monthly amounts and is not dependent on the achievement of sustainability goals.

ESG indicators, linked to the group's strategic objectives (disclosed in the Sustainability Objectives and Strategic Indicators section of this Sustainability Report), are included into the overall structure of the LTG Group's annual goals, and achievement of these goals is directly related to the volume of the incentive fund for annual performance results dedicated to all employees of the LTG Group. Review of individual annual performance of the employees coordinating the ESG area and the steps for its development in the LTG Group as well as of the assessment of their performance depends on the achievement of the goals set for these positions that are dedicated to fulfil direct functions. For their part, results of the annual performance review and its assessment are directly related to the volumes of the periodic review of base salaries and annual performance incentives of these employees.

In 2024 the ESG area indicator amounted to 10% of the overall structure of the LTG Group's annual goals. The maximum total incentive of the company's general director for annual performance results amounts to 30% of the annual base salary; therefore, the maximum incentive for achievement of the ESG indicator would amount to 3% of the annual base salary. The impact of the ESG indicator achievement would be similar on the volume of the incentive fund intended for incentives of remaining employees for annual performance results.

Statement on sustainability due diligence

The table provides information on the paragraphs of this Sustainability Report in which detailed information on the indicated parts of due diligence is presented in detail.

Core elements of due diligence	Parts of the Sustainability Report
a) Embedding due diligence in governance, strategy and business model	Sustainable strategy
b) Engaging with affected stakeholders in all key steps of the due diligence	Sustainable strategy; Sustainability management; Social area; Governance area
c) Identifying and assessing adverse impacts	Material impacts, risks and opportunities; Environmental, Social, Governance areas
d) Taking actions to address those adverse impacts	Environmental, Social, Governance areas
e) Tracking the effectiveness of these efforts and communicating	Environmental, Social, Governance areas



Risk management and internal controls over sustainability reporting

In the LTG Group, strategic decisions are made taking into account the experience gained, the identified and managed risks and resilience of the activities carried out, as well as the context of the external environment and related global factors. Given the significant contribution and impact of its activities at national level, the LTG Group seeks to promote sustainable organisational change, creating benefits for the state, society and employees. In the updated strategy at the end of 2024, the LTG Group underlines its ambition to base the future on a culture of sustainability and to take a holistic, values-based approach to all business decisions.

The LTG Group has two separate control functions – Risk Management and Internal Audit.

Risk management methodology

The Company applies and continuously improves the unified risk management system of LTG Group. It is defined in the LTG Group's risk management policy, methodologies and process standards developed in accordance with the International Organisation of Standardisation (ISO 31000) and the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management (COSO ERM). For more information on the company's risk management system, please refer to the "Risks and risk management report" section of this consolidated annual management report.

Sustainability risks are identified and managed through the Group's standardised risk management process. The analysis and assessment of these risks takes into account the priorities identified in the Group's Sustainability Policy.

The LTG Group has established a centralised **Internal Audit**, which acts as a third line and covers all LTG Group companies. Audit provides risk-based assurance services, advice/consultation and insight, and carries out necessary investigations. Activities of the Internal Audit cover all of the LTG Group companies and functions. For more information on activities and regulation of the Internal Audit, please refer to the "Governance" section of this consolidated annual management report.

Risk management activities are cyclical and contextual, applied at different levels - strategic, operational, program, project. Risks identified at different levels are systematized and a list of priority risks at the level of the LTG Group of companies is compiled in accordance with the procedure established in the Risk Management Methodology and Process Standards. Top-level managers, the LTG Board and the boards of the LTG subsidiaries are involved in risk prioritisation and calibration.

Reporting to the Board

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

Internal audit reports to the Board on a quarterly basis. Quarterly reports review audits completed during the previous quarter. Internal audits are carried out in accordance with the internal audit plan approved by the Board and concluded based on the risk assessment. Sustainability management audits were carried out in 2023 and 2024. During these audits, reporting issues were also addressed.

6.4. Sustainable strategy

6.4.1. Strategy, business model and value chain

Sustainability in the LTG Strategy

In developing its strategy, the LTG Group takes into account the most significant ESG (environmental, social and governance) aspects and the requirements of the European Sustainability Reporting Standards (ESRS).

The LTG strategy integrates environmental, social and governance (ESG) aspects into key decision-making processes. The most significant elements of the strategy related to sustainability challenges and affecting them are presented below.

By implementing these measures the Group aims for sustainability factors to be not a separate strategy element but key principles integrated into all company activities creating long-term value, reducing negative environmental impact and promoting close social relationships. Clear indicators are set for all of the strategic elements. They are monitored on a regular basis thus ensuring progress in the right direction towards long-term climate neutrality, a more significant role in railway transport, a more efficient use of energy and resources, and a better social environment.

Elements of the strategy	Measures of the strategy	Objectives for sustainable development
Improving governance and decision-making	- Including ESG (environmental, social and governance) principles into strategic decisions. - Regular assessments and reports of indicators, including those of the ESG strategic direction. - Identification of environmental and social risks, and their proactive management.	A clear and transparent governance model ensures that sustainability priorities are integrated into the long-term development of the LTG, decisions of top-management and the Board.
Operational efficiency and decarbonisation	- Geležinkelių linijų elektrifikavimas ir modernių, Electrification of railway lines and acquisition of modern, eco-friendly rolling stock. - Installation of energy-saving measures, efficient use of infrastructure. - Pilot projects moving towards renewable energy sources.	These measures reduce greenhouse gas emissions, energy consumption and contribute to the climate neutrality objectives.
Transformation of mobility and modality	- Promotion of the railway as an eco-friendly alternative to road and air transport. - Development of intermodal routes, improvement of the quality of passenger and freight services. - Solutions for an integrated ticket system and mobility.	Reduced pollution, congestion; increased attractiveness of public transport corresponding to long-term targets of the European Green Deal.
Sustainable value chain and circular economy	- Implementation of a responsible procurement policy. - Increase in transparency and competitiveness of the supply chain. - Independence from the influence of unfriendly countries.	Efficient management of resources, business resilience.
Digitalisation and innovations	- Installation of smart technologies for traffic management and supervision. - Data-based solutions for energy consumption management and process optimisation. - Promotion of innovations, collaboration with technological partners.	Increased process efficiency, reduced energy consumption and improved management of sustainability indicators.
Social well-being and inclusion of stakeholders	- Employee trainings, development of existing and future competences, promotion of diversity and equal opportunities. - Adapting infrastructure for community needs, reduction of noise and other negative health effects. - Regular dialogue with local communities, authorities and other stakeholders.	Improved work environment, strengthened community trust in the LTG and reputation of the organisation.

Sustainability in the LTG business model

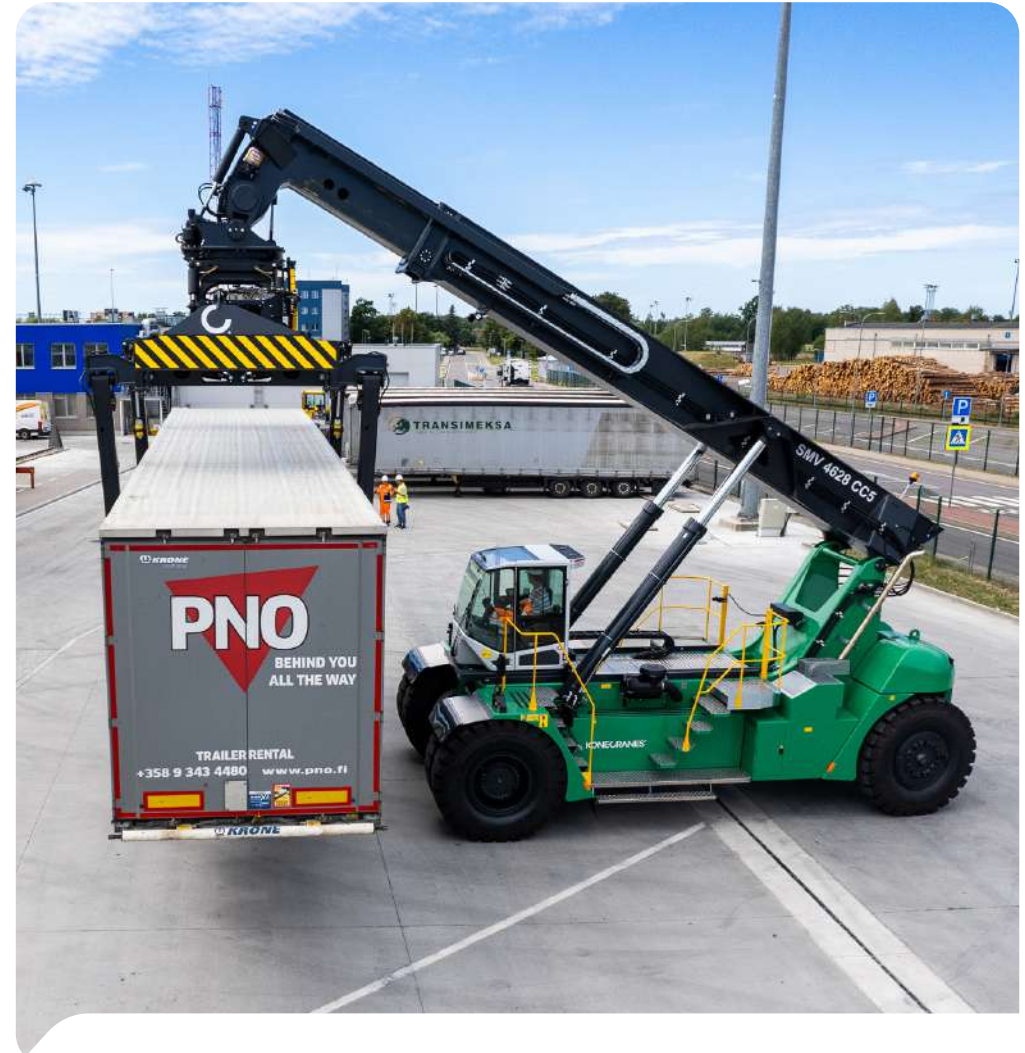
LTG sustainable development goals are closely linked to different business elements – in the upstream chain they are linked to groups of suppliers of raw materials, goods and services; categories of consumers and end-users (business and individual clients, communities and the public); geographic markets and other stakeholders. In order to reduce environmental footprint, increase attractiveness of railway transport and promote fully sustainable mobility, we gather strategic solutions ensuring better quality of services, a more efficient use of resources and international integration into Europe.

By expanding the supply and attractiveness of railway products, the LTG Group offers a sustainable alternative to traditional modes of transport, therefore reducing total greenhouse gas emissions in the country and promoting use of renewable energy sources. A modern, less polluting rolling stock fleet and an electrified network with intermodal routes, convenient and accessible multimodal transport solutions allow the passengers to balance environmental, economic and social interests.

In order to ensure a sustainable impact throughout the value chain, the LTG Group collaborates with various interested groups: local communities, authorities, suppliers, clients and partners. This is how we create a positive social and economic effect, reduce negative impact on the environment, improve processes of the supply chain, promote transparency and responsibility responding to current market expectations and sustainability goals of the European Union. For more information on group relations and collaboration with stakeholders, please refer to the ["Interests and views of stakeholders"](#) section of this Sustainability Report.

The activities, composition, activity markets, users and services of the LTG Group are described in the ["Activity of the Group"](#) section of this consolidated annual management report.

As the main activities of the LTG Group are directly related to railways – freight transport by rail, passenger transport by rail, management of public railway infrastructure, construction and repair of railway – and other activities contribute to performance of the main activities, the circle of main customers comprises passengers travelling by trains, business customers whose employees travel or whose freight is transported by railway, and carriers using the infrastructure. All client types are of equal importance for performance of core activities contributing in equal measure to development of sustainable activities.



Description of activity model

Main areas of activity:

- Infrastructure management:
 - Development, maintenance and modernisation of the railway network.
 - Long-term investment projects (development and modernisation of TEN-T: maintenance and electrification of 1520 mm network, Rail Baltica).
 - Management of infrastructure capacity in order to ensure smooth and safe train traffic.
- Passenger and freight transportation services:
 - Development of passenger train routes, integrated ticket systems, smooth connection with other modes of transport, modernisation of train fleet into a more sustainable and accessible (adapted) to all rolling stock.
 - Market needs are taken into consideration in order to offer sustainable, reliable and economically competitive freight transportation solutions.
- Ancillary services:
 - Rolling stock technical maintenance and infrastructure construction, lease services.
- Innovations:
 - Installation of digital solutions (predictive maintenance, smart traffic management, optimisation of electricity costs).
 - Implementation of innovations in cooperation with technological partners, promotion of pilot projects.

Participants of the value chain:

- Suppliers and contractors:
 - Rolling stock manufacturers, suppliers of technologies and components, contractors of infrastructure construction and maintenance, suppliers of energy and other resources.
 - Suppliers of services and products are selected by applying sustainability/green criteria in procurement and with whom long-term relations based on reliability and social responsibility are expected to be established.
- Customers and end-users (passengers, business customers):
 - Passengers who expect a convenient, reliable, fast and accessible transportation.
 - Business customers who value the efficiency of logistics, competitive conditions and the ability to integrate sustainable rail transport into their supply chains, or those using other services offered by the LTG Group.
- Distributors and partners:
 - Organisations ensuring ticket sales, management of terminals, development of intermodal logistics centres.
 - Collaboration with providers of public transport and mobility services allowing to offer integrated travel and freight transportation solutions.
 - Partners with whom initiatives and projects of public interest are organised.

Value creation mechanism:

Activities are focused on ensuring a reliable, modern and environmentally friendly railway infrastructure. This allows to offer competitive passenger and freight transport services, reduce emissions, digitalise processes and contribute to regional and international mobility. Such business model creating value through efficient infrastructure, sustainable transportation and reliable supply chain responds to long-term market trends and sustainability goals.



Products and services of the Group

The products and services of the LTG Group are described in the “Activities of the Group” section of this consolidated annual management report.

The LTG Group carries out its activities in Lithuania, Poland, Latvia, Estonia and Ukraine; given the geopolitical situation of the recent period, within three years no employees remain in Russia and China. The products and services of the Group are not related to the chemical industry (except for logistics), with controversial weapons (including logistics), tobacco cultivation or tobacco industry; therefore, the report does not disclose data related to these areas.



Transportation of sanctioned goods

In fulfilment of the liabilities undertaken when the Republic of Lithuania was entering the EU, LTG Cargo, the subsidiary of the LTG, carries out freight transportation by railway from the Russian Federation to Russia's Kaliningrad region (and vice versa). The Railway Transport Code of the Republic of Lithuania establishes that the only entity which can carry out such transit is the railway company (carrier) that is indirectly owned by the Republic of Lithuania (that is subsidiaries of the LTG).

The EU's extension of restrictive measures on individuals and measures targeting certain sectors of the Russian economy as a result of Russia's unlawful and unprovoked invasion of Ukraine in 2022 has not substantially changed the EU's position on the need to ensure the proper conduct of transit operations in Kaliningrad. However, for the sake of clarity, on 13 July 2022, the European Commission published additional guidance for the EU Member States on the transit of goods from Russia. The national authorities also take the position that these activities must continue in order to avoid the risk of escalation with Russia.

On 19 July 2022, the Commission of International Sanctions of the Republic of Lithuania, which is provided in Article 10 of the Law on International Sanctions, decided in the meeting that transportation of sanctioned goods in transit to Kaliningrad must be carried out when the goods are essential and when there is no unusual increase in flows. The principles of the quota system have been established to manage the risk of unjustified transportation. On 27 July 2022, the Ministry of Transport and Communications of the Republic of Lithuania presented the letter No. 3173 with the obligations on the basis of which the quota system is applied by the LTG Group. When assessing whether the transit of goods could lead to circumvention of the restrictive measures, the average of the previous three years' transit is calculated, which is the quota for the following year. The first quota was established in 2022 after summing up of the amounts of sanctioned essential goods transported in 2019–2021 and deriving the average. Averages are calculated separately for each

type of goods (in accordance with the general freight nomenclature codes). The averages are also calculated separately and differently when freight is transported to the direction Russia–Kaliningrad and Kaliningrad–Russia. Amounts of transported goods are recorded by LTG Cargo and information is provided to the Commission of International Sanctions which approves the quotas recalculated according to new averages. The amount of transported goods is not disclosed in order not to harm the interests of national security.

It is important to emphasize that quotas are calculated and they allow transportation only of sanctioned essential goods; therefore, sanctioned luxury goods, military and dual-use goods are not allowed for transportation.

Management of resources

Sustainable management of resources is one of the key parts of LTG activities. The Company aims to balance solutions that create long-term value with environmental conservation, social responsibility and economic efficiency. Acquisition of various types of resources (financial, material, human, technological), their development and conservation are based on the time horizon of the planning strategy for future needs (detailed planning for 5 years, guidelines until 2040).

Main directions for management of resources:

1. Financial resources:

- The LTG, seeking to ensure financing efficiency and to manage liquidity risk, has ensured the possibility for the companies to borrow from each other through the LTG cash-pool.
- Possibilities to diversify resources for financing of activities are monitored on a continuous basis, including support from the EU funds, national investments and borrowed funds.
- In December 2022, LTG Link and the Ministry of Transport and Communications of the Republic of Lithuania signed a long-term contract for passenger transportation (PSO - public service obligations) for 2023–2032, whereby it is undertaken to provide services of public passenger transport by rail. Thus, necessary funding for the implementation of the special obligation, including renewal of the train fleet, is ensured.
- In April 2022, the Ministry of Transport and Communications of the Republic of Lithuania and LTG Infra signed a contract for quality assurance and financing of public railway infrastructure and state-owned railway service facilities (MAC – Multi-annual Contract). Under the contract, financing to balance revenues and costs is allocated. Support is expected throughout the strategy period until 2029.
- Projects for modernisation and development of public infrastructure of national importance are partly financed from the EU funds. European Structural and Investment Funds: The European Regional Development Fund (ERDF), the Cohesion Fund (CF), the Connecting Europe Facility (CEF).
- Subsidiaries of the LTG (LTG Infra, LTG Cargo) finance a part of their investment programme with funds borrowed from institutional banks. The main creditors are the European Investment Bank (EIB) and the Nordic Investment Bank (NIB).
- Financial risk is managed in a consistent manner, clear criteria is used for selection of investment projects and setting of priorities.
- Long-term optimal capital structure is coordinated with the Government of the Republic of Lithuania through the annual net debt to adjusted EBITDA ratio and ensures sustainable growth and steady business development.

2. Material and infrastructure resources:

- Optimal use and modernisation of infrastructure (railway network, stations, terminals).
- Assessments of the technical condition are carried out systematically, application of innovative technologies is promoted in order to increase productivity (remote, predictive and preventative diagnostic tools, mobile technical maintenance, automation, enablement of artificial intelligence) so that repair costs and risk are reduced over time.

3. Human resources:

- Investments into development of employee competencies and professional trainings to promote understanding of sustainable technologies, innovation and digital solutions.
- Improvement of work environment, promotion of equal opportunities, diversity and inclusion in order to bring together a motivated, value-creating team.
- Safe work environment, ensuring employee health and well-being in the long term.

4. Technological and intellectual resources:

- Implementation of digitalisation and innovations in the areas of traffic management, energy consumption, maintenance and provision of services.
- Efforts are made for a closer cooperation with research institutions, educational establishments, technology companies and other partners in order to create new values and solutions, and to ensure future competences.
- Protection for intellectual property, spread of knowledge and best practices within LTG.

5. Conservation of the environment and natural resources:

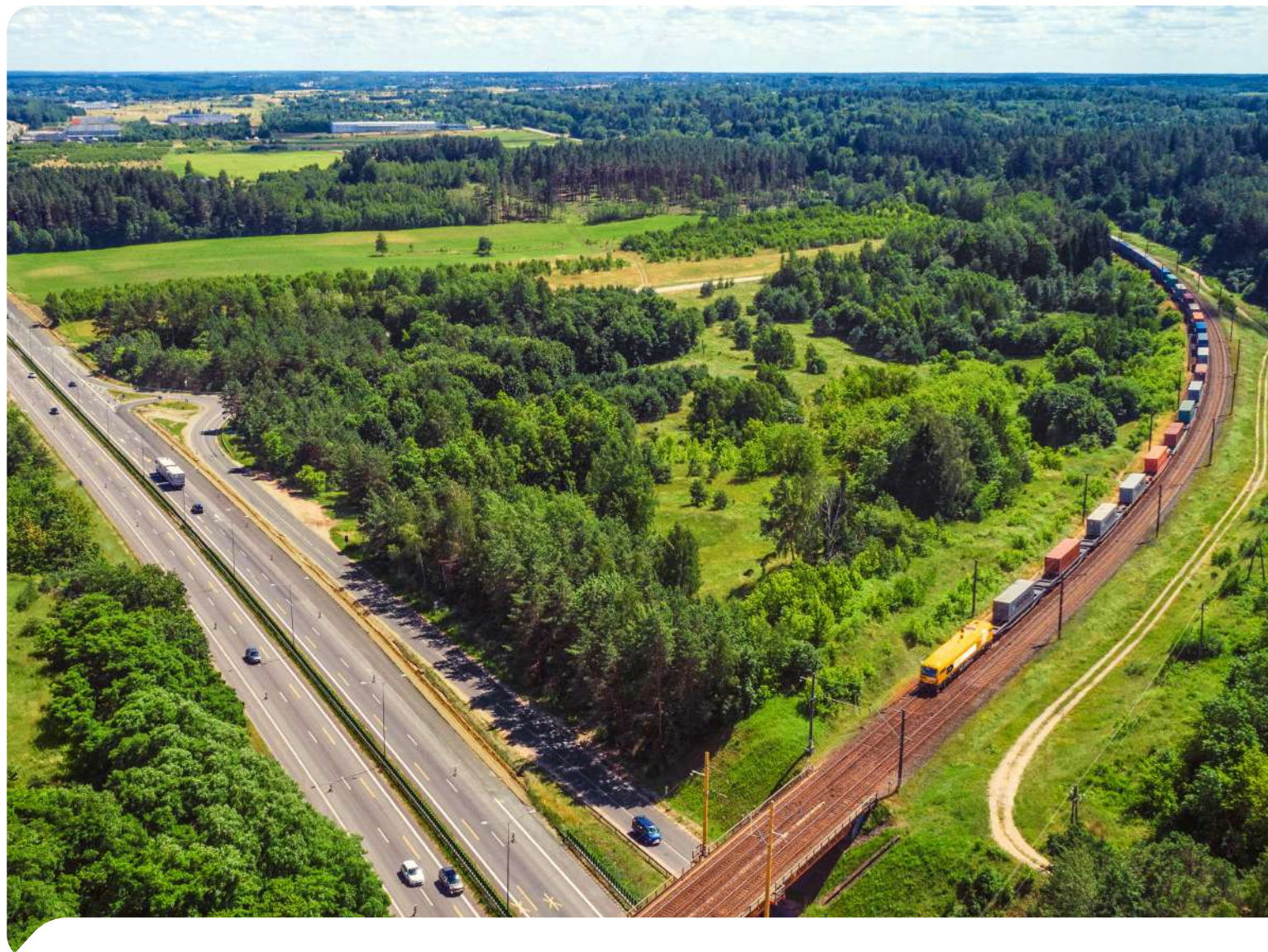
- Environmental researches are carried out, assessment of environmental impact is carried out in infrastructure projects.
- Decision-making is based on optimisation of processes, energy and the cost of raw materials.
- Identification of the risks related to climate change, their management and adaptation to an evolving environment.

Such holistic approach to resource management, their acquisition, development and protection ensures that over time LTG will remain competitive, innovative and resilient in the changing world ensuring a positive impact on the environment, society and economy.

Benefits of stakeholders from activities

LTG activities contribute to sustainability, reliability and innovations of the wider transport and logistics ecosystem. This means that the Group's investments into infrastructure, service quality, digitalisation, decarbonisation and social well-being create tangible benefits not only to the existing LTG customers, but also ensures value in the long-term for investors, partners, employees, local communities and the whole state. For more information on the Group's collaboration with stakeholders, please refer to the following ["Interests and views of stakeholders"](#) section of this Sustainability Report.

For more information on the Group's employees as one of the key stakeholders with an impact on the Group's performance results, please refer to the ["Own workforce"](#) section of this Sustainability Report.



6.4.2. Interests and views of stakeholders

In the LTG Group, relations with stakeholders are managed in accordance with the approved Stakeholder Management Policy. It stipulates that stakeholder contacts with stakeholders shall be managed in a centralised, semi-centralised, decentralised way. The nature of these processes is determined by principles set out in the stakeholder engagement methodology.

With respect to the infrastructure manager LTG Infra, decentralised or semi-centralised stakeholder management is applied, ensuring the principles of manager impartiality and protection of confidential information.

The LTG Group identifies 7 key stakeholders in its activities and bases its sustainability activities on their expectations, assessing potential impacts.

Stakeholder	Description	Cooperation goals
Employees	All LTG Group employees working directly in the parent company or its subsidiary companies.	LTG Group focuses on ensuring the well-being of employees, development of human capital and involvement of employees in the LTG Group's activities. The aim is to develop effective social dialogue with employees and organisations representing their interests, to create improved working conditions, ensuring job security, transparent remuneration procedures, opportunities for qualification enhancement and professional development.
Ministry of Transport and Communications and other state institutions	The shareholder rights and duties of the AB Lietuvos Geležinkeliai group of companies are exercised by the Ministry of Transport and Communications of the Republic of Lithuania. Other state institutions to which LTG Group companies report on their respective areas of responsibility.	The Ministry of Transport and Communications is the shareholder of the LTG Group; therefore, cooperation with the Ministry is based on principles of mutual benefit and interest, ensuring business success, initiating and making effective decisions, supporting and maintaining progressive initiatives, representing the LTG Group in pursuit of common interests and goals, and strengthening the importance and authority of the company group in the business environment. The LTG Group cooperates with other governmental institutions with supervisory, control and regulatory functions and provides them with regular reports on plans and performance results, including those related to the implementation of sustainability goals.
International rail transport organisations	International organisations of which AB Lietuvos Geležinkeliai is a member.	The purpose of the LTG Group's membership in international organisations is to create a favourable international regulatory and legal environment and conditions for business, to represent the interests of the company and the rail transport sector on strategic, legal and technical issues in EU institutions, and to ensure cooperation with other railway companies. The aim is to exert influence by participating in meetings of international organisations, establishing and improving legal and technical standards for international rail transport. This contributes to the development and management of the LTG Group's reputation.
Associated industry and business organisations	AB Lietuvos Geležinkeliai is a member of several key associated industry and business organisations.	Associated industry and business organisations represent members' interests in governmental and other institutions as well as international organisations, support service exports and investment development, help open new markets and participate in business missions abroad and related events in Lithuania, expand cooperation between members, promote synergy between science and technology, and unite Lithuanian business and community for the development of civil society.
Business partners and customers	Private customers (passengers), business customers and partners, as well as suppliers cooperating with the Group companies.	By actively maintaining cooperation with business partners and customers and expanding the customer base, the Group aims to achieve operational sustainability and development goals. Pursuing sustainability, the company consistently improves the quality of services provided, implements digitalisation initiatives, and manages customer expectations.
Media, society	A broad section of society that has or helps to form opinions about the LTG Group, its activities and reputation.	The company strives to promptly inform the public about ongoing processes. Open, transparent, professional and timely communication is one of the company's main priorities.
Communities	Communities are parts of society directly affected by the Group's activities and business development.	The LTG Group pays significant attention to informing communities about processes important to them and involving them in the company's developing initiatives. Community and traffic safety is the highest priority. To enhance safety, community education projects are initiated and various technical measures are implemented.

In formulating and implementing strategic changes, LTG consistently relies on dialogue with stakeholders. This approach ensures that each decision is made taking into account the expectations, values and priorities of customers, employees, local communities, suppliers, investors and institutions.

Main methods of stakeholder engagement:

- **The shareholder's expectations.** The strategy is based on the official letter of expectations of the Ministry of the Republic of Lithuania, the shareholder of the LTG, which is prepared at least once in four years. Long-term development guidelines are formed to all business units of the LTG based on the shareholder's expectations.
- **Feedback integration.** When developing the service portfolio and strategic initiatives, stakeholder proposals submitted through customer satisfaction and service evaluation surveys, as well as during public consultations, are analysed and integrated. If consistent trends are observed (e.g., the need for improvement of digital services or enhancement of passenger experience on trains), planned measures are accordingly developed and/or adjusted.
- **Continuous monitoring cycle.** Changes are evaluated by monitoring performance indicators and regularly reporting to LTG governing bodies. Upon reaching certain indicators or identifying discrepancies with expectations, the strategy and its measures are adjusted, thus ensuring expectations are continuously met.
- **Transparency and publicity of activities.** The Group publishes a wide range of information on its activities, performance, projects and plans, organises public presentations of projects, is open to inquiries and complaints from stakeholders, etc.

The LTG strategy is reviewed on annual basis, which helps to ensure that all the measures integrated into the strategy are being implemented, that they comply with the plans, and that they are in line with the realistic expectations of all stakeholders. In the first quarter of each year, the LTG management and the LTG Board review the long-

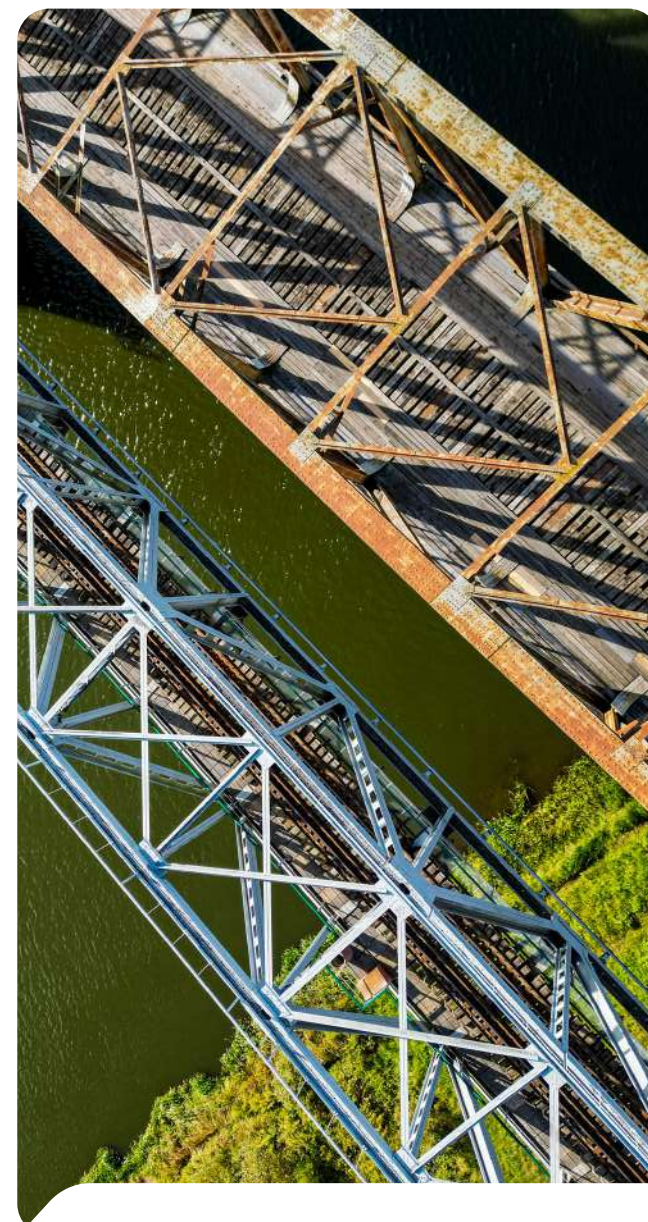
term development guidelines prepared for all LTG companies, their compliance with the shareholder's expectations and, where possible, the opinion of stakeholders.

In the reporting period, the LTG's Strategic Direction Map was supplemented by a new Customer Experience Strategic Direction. This direction includes measures to understand customer expectations, tailor services, ensure overall service accessibility (ensuring barrier-free accessibility of stations, platforms) and enhance the LTG's reputation. Although the general strategic goals remain the same, there are corrections to respond the changes in the market environment and to meet the stakeholders' expectations better. Such changes do not imply a radical change in the strategy but they significantly increase the LTG's focus on implementation of social objectives, effective use of resources and long-term value for customers, investors, communities and the whole transport sector.

Continuous listening to the opinion of stakeholders (customers, communities, state authorities, employees, suppliers) and monitoring their expectations ensures that boards and managers can make sustainable decisions that create long-term value. Therefore, the LTG applies different communication channels and procedures that help recording the positions of stakeholders regularly.

The main methods to ensure provision of stakeholders' information to the LTG Board and LTG management:

1. Regular reports on performance results and achievement of annual goals are submitted to the LTG management and LTG Board in accordance with the corporate reporting procedures and terms and are presented during regular discussions of performance results.
2. Partnerships with educational establishments and representatives of employees.
3. Public dialogues and consultations: forums, meetings with communities; public events; social dialogue with people with individual needs; electronic platforms and surveys.
4. Fostering a culture of feedback and organisational culture.



6.5. Material impact, risks and opportunities

6.5.1. Introduction to the double materiality process

At the end of 2024, the LTG Group conducted a double materiality assessment in accordance with the requirements set out in the European Sustainability Reporting Standards (hereinafter – ESRS), and information materials and explanations from the European Commission and the European Financial Reporting Advisory Group (EFRAG). This detailed and systematic assessment, complying with ESRS requirements and best practice, was conducted in the Group for the first time, as previously only some of the necessary impacts and risks were assessed.

Methodology and assumptions of the 2024 assessment

The materiality assessment took into account the value chain of the LTG Group companies, including upstream chain, corporate operations and downstream chain aspects, as well as the direct and indirect impacts, risks and opportunities arising from it. Double materiality assessment is carried out from the perspective of the LTG Group. Some impacts, risks or opportunities are more important and material to specific companies of the LTG Group; therefore, the assessment sought to balance and summarise impacts, risks and opportunities. The company's value chain consists of upstream chain suppliers, the company's own operations to ensure freight and passenger transportation, and downstream chain individual and business customers, as well as other types of customers that use the railway infrastructure. In double materiality analysis, suppliers are understood as the first tier direct suppliers, communities are understood as groups of people directly affected by the company's operations or

infrastructure due to their proximity to the railway infrastructure, and consumers and end-users are understood as the company's direct customers.

Taking into account the overall context of the Group's activities and value chain, topics were identified from the topics, sub-topics and sub-sub-topics outlined in Application Requirement 16 of ESRS where negative and/or positive actual or potential impacts on the environment and people are determined, as well as risks and/or opportunities that could materially affect the company's financial position.

The company plans to improve the process and methodology of materiality assessment in 2025. It also plans to implement additional advisory activities to validate the results of the double materiality assessment and to ensure that it has captured key impacts, risks or opportunities.

Stakeholder engagement. To understand the importance and relevance of sustainability issues, the company conducted a survey of internal and external stakeholders. Representatives from various LTG business areas and functions were involved in the process of identifying, describing and assessing material impact, risks and opportunities. The process was also informed by surveys conducted in 2023 of representatives from financial and regulatory institutions, and in 2024 of internal (employees and company board representatives) and external (individual and business customers) stakeholder groups, to identify the most important sustainability topics for these groups in the environmental, social and governance areas.

Data sources. Impacts, risks and opportunities were es-

tablished, described and assessed on the basis of experience and expertise of internal representatives of various business areas and functions of the LTG, available statistical data and data of internal research, historical or similar context. In assessing impacts, risks or opportunities, scientific sources, studies, sectoral data and general information have been taken into account, thus assessing the perspective of nature as a silent stakeholder. Community representatives were not interviewed separately, but potential impacts, risks and opportunities were assessed based on ongoing contact or historical events.

Assessment. The assessment is carried out based on ESRS provisions. Using the scales and principles applied in the LTG Group's Risk Management Policy, the matrix is adapted to evaluate the values of magnitude, scope, irremediability and probability. The materiality assessment of identified impacts is based on the strength of the impact and, in the case of a potential impact, the probability. When assessing negative impacts, consideration is given to the magnitude, scope and irremediability of the impact, whilst when assessing positive impacts – to the magnitude and scope of the impact. The financial impact and probability of risks or opportunities are also assessed according to the scale provided in the policy. When assessing negative impacts and risks, points are awarded taking into account the measures and activities implemented by the company aimed at their reduction or mitigation.

Materiality threshold. Materiality threshold corresponding to the higher than average limit based on assessment matrix was established in compliance with the principles prescribed in the Risk Management Policy of the LTG Group.

Interdependence of impacts, risks and opportunities

In assessing double materiality, the company took into account the fact that impacts, risks and opportunities in sustainability are closely interrelated. The LTG Group considers that risks arise as a result of uncontrolled impact and possibilities occur when aiming to mitigate or eliminate impacts. Being aware of these relationships and interdependencies, the company has systematically identified actual and potential negative or positive impacts and the resulting risks or opportunities through the double materiality assessment.

Assessment of impacts, risks and opportunities

When assessing the materiality of identified impacts, risks and opportunities, the assessment matrix used in the LTG Group's Risk Management Policy and methodology and the impact thresholds specified therein were applied. The impact of each impact, risk and opportunity was determined taking into account different factors, such as the effect on company's revenues or expenses, and investment requirements. Additionally, during the probability assessment, consideration was given to activities already undertaken by the Company and measures applied to reduce the impact or risk. Assessment process:

- 1. Initial review and selection.** The company's working group formed for the double materiality assessment, consisting of internal representatives from various LTG business areas and functions, performed an initial review of sustainability topics and selection of material topics based on the analysis of internal and external sources.
- 2. Identification.** After the initial selection of sustainability topics, the working group representatives identified actual, potential negative or positive impacts, risks and opportunities within each material topic (at the most detailed level).

3. Assessment. Based on ESRS, the provisions of the LTG Group's Risk Management Policy and the adapted assessment matrix, the working group representatives conducted an assessment of each identified impact, risk and opportunity by assigning values.

4. Calibration of results. The obtained results of the materiality assessment of impacts, risks and opportunities were discussed and validated in meetings with representatives of various governing bodies of the Group.

5. Approval of results. The results were presented to and discussed with the Group's management and the Company's Board.

The double materiality assessment is linked to the company's strategic planning cycle. The company reviews the double materiality assessment annually, taking into account annual business performance results, strategy reviews or other circumstances. If no significant internal or external factors are identified that could change the assessment, the company conducts a detailed double materiality assessment every 2–3 years.

Integration of sustainability risks and opportunities

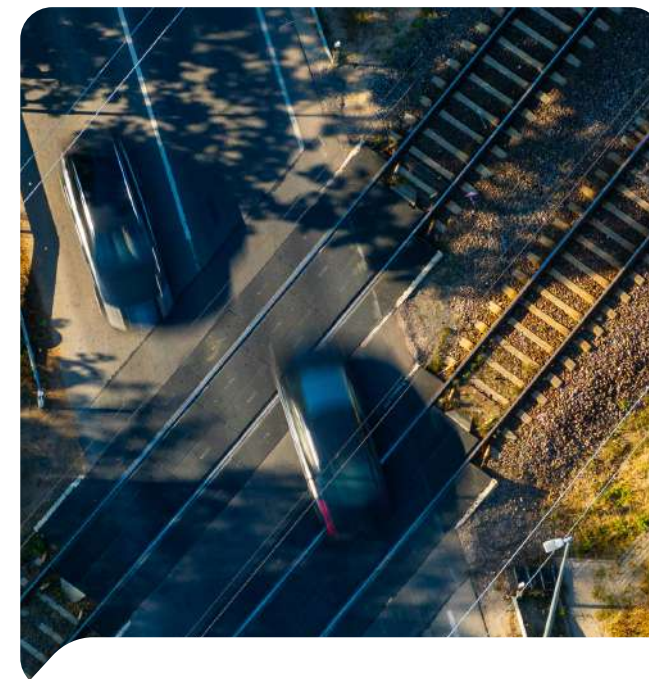
The LTG Group and its constituent companies have considerable experience in identifying and managing strategic, operational, compliance and other risks. In order to comprehensively manage emerging risks and arising opportunities, the Company plans to enhance the LTG risk management process in 2025 by integrating risks and opportunities related to sustainability topics (including climate, social areas and human rights assurance), which were identified during double materiality assessment.

Material opportunities identified during the double materiality assessment open up prospects at both strategic and operational planning levels. These represent potential to promote the company's financial growth, implement innovations, enhance reputation and create long-term

value. The opportunities identified during the assessment arise across various areas of the Company's activities. They can only be effectively utilised through consistent incorporation into core business processes. This will help ensure the implementation of strategic goals, long-term company competitiveness and resilience, whilst contributing to broader environmental and social objectives.

Approval of double materiality assessment results

In accordance with the Sustainability Policy approved by the LTG Board and to ensure sustainability management at the highest level, the results of the double materiality assessment are presented at the Group's Board level.



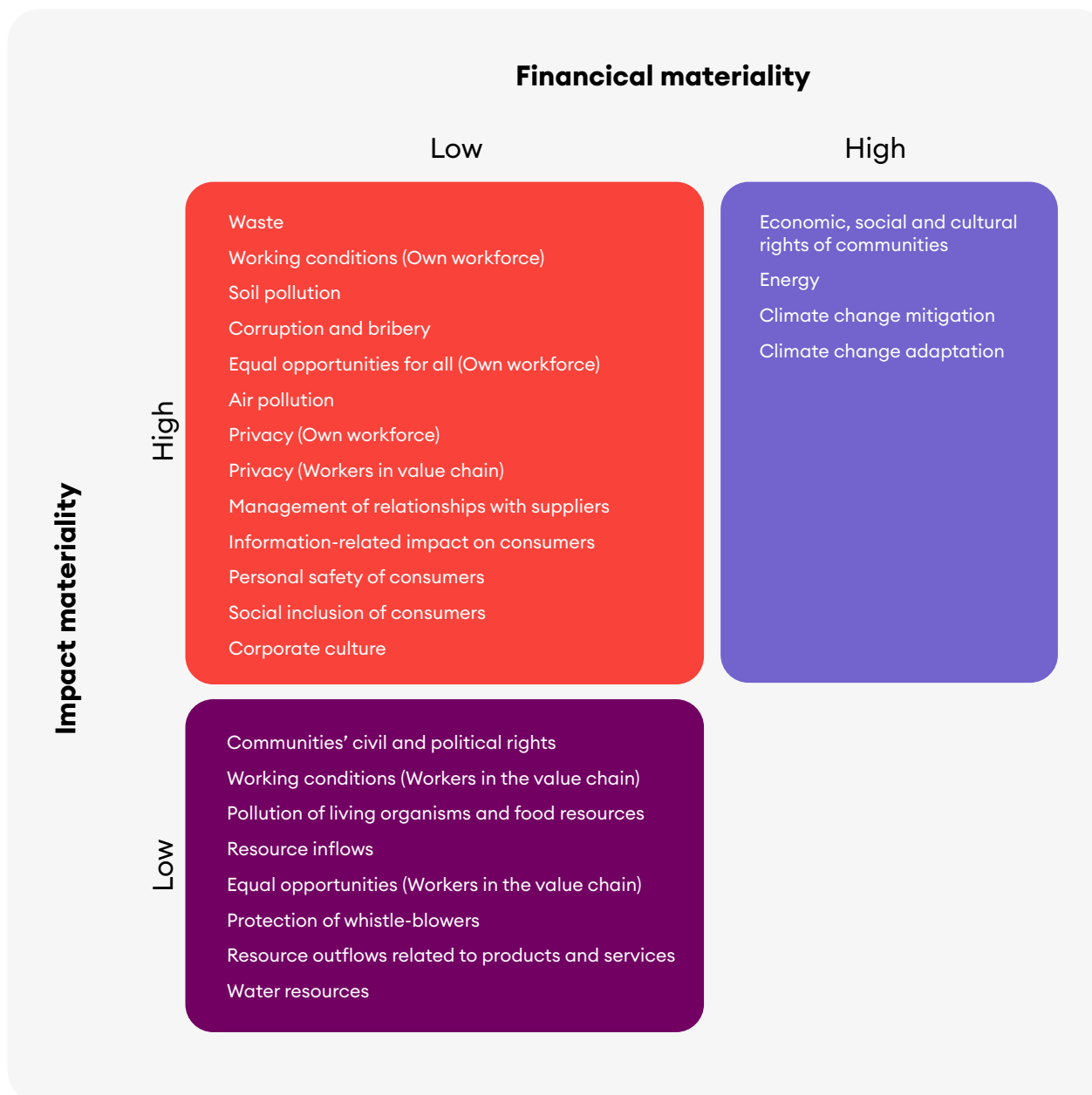
6.5.2. Analysis of the double materiality results – impacts, risks and opportunities

With new sustainability reporting requirements coming into force, in 2024 the Group conducted a double materiality assessment. The purpose of this analysis is to determine which sustainability topics are most material for the activities of the entire Group, what impact the Group has and how it is itself affected by certain sustainability-related aspects. After evaluating the risks and opportunities and the extent of impacts, key sustainability topics of highest impact and/or financial materiality have been identified. Details on these topics are disclosed in this Sustainability Report. Topics of lower impact and financial materiality are not disclosed or are only briefly disclosed.

In assessing the materiality of risks and opportunities, the Company follows the LTG Group's risk management system and applies the LTG Group's limits, so that the probability of occurrence or financial materiality of the identified risks may be immaterial at the LTG Group level, but highly relevant to the LTG Group companies. For further information on the risk management system in place within the Group and the assessment matrix used, please refer to the section ["Risks and risks management report"](#) in this consolidated management report.

The double materiality assessment did not reveal any evidence of a possible financial impact on the current financial position, financial performance and cash flows as a result of significant risks and opportunities. Nor have any material risks and opportunities been identified that could result in a material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements in the next reporting period. The Group has decided to take the opportunity to disclose information on a step-by-step basis without providing the expected financial impact of material risks and opportunities on the financial position, financial performance and cash flows in the short, medium and long term.

All information on the management of material sustainability issues is further disclosed in this Sustainability Report.



In assessing the materiality of risks and opportunities, the Company follows the LTG Group Risk Management provisions and applies the LTG Group framework, so that the likelihood of occurrence or financial materiality of the identified risks may be insignificant at LTG Group level but highly relevant for LTG Group companies.

IRO	Description of material impacts, risks and opportunities	Time horizon	Where does an impact originate?	Interaction with strategy and business model
E1 Climate change: Climate change adaptation				
Negative impact	Disruption of the Company's operations and service delivery affect other stakeholders, such as freight transport for business customers or the ability to reach the place of destination for individual customers.	Short-term, medium, long-term	Throughout the value chain	At the end of 2024, the Group launched for the first time a comprehensive assessment of the Climate Change Risks and implementation of the Plan for Adaptation Measures. Once completed, the results of the analysis will be integrated into the risk management framework and the Group's strategy renewal cycle.
Risk	Emergence of physical and transitional climate risks. Disruption of operations, equipment failures, damage to infrastructure due to extreme weather events; this can increase costs, need for investments and reduce revenues.	Short-term, medium, long-term	Company's own operations	
Opportunity	Climate risk management plan. Timely assessment and management of physical and transitional climate risks can help avoid losses and increase the Company's resilience in the face of changing circumstances.	Medium, long-term	Company's own operations	
E1 Climate change: Climate change mitigation				
Negative impact	GHG footprint. The GHG footprint of the LTG group is significantly affected by the use of fuels and other polluting energy sources.	Short-term, medium, long-term	Throughout the value chain	The Group's climate change mitigation objectives and ambition to achieve climate neutrality are documented in the Group's Business Strategy and in the adopted Sustainability Policy. The Company is working on projects of various kinds to move away from dependence on old, fossil-fuelled vehicles and towards electrification, by upgrading tracks and acquiring electric trains and locomotives.
Positive impact	Transport services with a lower GHG footprint. Rail freight and passenger transport contributes to a less polluting way of travelling and helps companies reduce their GHG footprint.	Short-term, medium	Company's own operations, downstream chain	
Risk	Insufficient resources to meet the Paris Agreement commitments. Meeting the Paris Agreement targets and achieving zero emissions by 2050 requires significant investment, which must be aligned with the Company's business objectives and growth.	Medium, long-term	Company's own operations, downstream chain	
Opportunity	Decarbonisation strategy and plan. Targeted measures and targeted investments will help the Company to reduce its negative impacts, manage the risk of not meeting the Paris Agreement commitments, and take advantage of business development opportunities, i.e. to expand services and contribute to reducing the GHG footprint of transport supply chains.	Medium, long-term	Company's own operations, downstream chain	
E1 Climate change: Energy				
Negative impact	Energy consumption. The Company consumes a significant amount of energy from polluting sources, such as fossil fuels for traction, heating and lighting of infrastructure.	Medium, long-term	Upstream chain, Company's own operations	The LTG Group consumes energy for its direct operations - passenger and freight transport, an intensive electrification programme, and other measures to replace the consumption of polluting energy sources with less polluting ones. Electrification of railway sections will allow a significant reduction in the use of fossil fuels and their subsequent phase-out. Energy efficiency solutions are particularly relevant for the company's direct operations, as well as for ensuring the optimal operation and efficiency of existing infrastructure.
Risk	Dependence on fossil fuels or other polluting energy sources. The active use of fossil fuels in operations may lead to higher costs due to volatile prices and a declining attractiveness in terms of business development, with less opportunity to borrowing funds.	Medium, long-term	Upstream chain, Company's own operations	

IRO	Description of material impacts, risks and opportunities	Time horizon	Where does an impact originate?	Interaction with strategy and business model
E2 Pollution: Air pollution				
Negative impact	Air pollution from particulate matter, nitrogen oxides, volatile organic compounds or other sources.	Short-term, medium	Company's own operations	Although the Group's direct operations are not considered to be highly polluting, the Group closely monitors pollution levels. The company also manages infrastructure and stationary sources of pollution, e.g. fuel burning plants, welding posts, furnace posts, paint shops, etc.
E2 Pollution: Soil pollution				
Negative impact	Historical contamination in areas managed by the Company. Remediation works and monitoring are being carried out in areas where historical contamination has been identified, but the soil contamination is having a negative impact on the quality of groundwater and the quality of life of the surrounding communities.	Medium, long-term	Company's own operations	Historical contamination of sites has been identified in the company's operations, which is currently under control. The likelihood of direct new contamination due to freight transport accidents is not high.
E5 Circular economy: Waste				
Negative impact	Generated waste. The Company's activities generate various types of hazardous and non-hazardous waste. Only part of the waste can be recycled, sorted or diverted for recycling, while the rest has to be diverted for energy recovery or landfill.	Short-term, medium, long-term	downstream chain, Company's own operations	Waste is generated as a by-product of operations, also as a result of major changes, such as upgrading IT equipment, modernising equipment, etc.
S1 Employees: Working conditions				
Positive impact	Working conditions. The Company consistently cares for the welfare and safety of its employees, and maintains social dialogue and consistent involvement of employees in decision-making, complies with the Lithuanian and international standards that ensure human rights. The Company's commitments are described in internal policies and procedures indicators are monitored.	Short-term, medium, long-term	Company's own operations	Employees are one of the key resources ensuring full functioning, operations and implementation of innovations.
Negative impact	Health and Safety. The Company's activities related to transportation, railroad construction, maintenance, and other operations involve some risks to the health and safety of employees. The impact is well managed through the implemented safety management systems.	Short-term, medium	Company's own operations	
S1 Employees: Ensuring equal opportunities				
Positive impact	Trainings and educating. To ensure the future competencies, the Company implements staff training and development activities that are necessary to achieve the organisation's strategic objectives, strengthen the competitive advantage, foster the work environment that promotes professional growth, and maintain the culture of continuous learning.	Short-term, medium	Company's own operations	Employee engagement and development is an important prerequisite for sustainable business development, while internal career opportunities and non-discrimination principles allow us to make the best use of the potential of our existing staff.

IRO	Description of material impacts, risks and opportunities	Time horizon	Where does an impact originate?	Interaction with strategy and business model
S1 Employees: Other work-related rights				
Negative impact	Ensuring privacy, and personal data protection. Due to the large amount of data managed by employees and the importance of adequate personal data protection, the company pays great attention to the management of this area, thereby reducing the associated risks, but the importance of the impact itself remains high.	Short-term, medium	Company's own operations	In accordance with the laws of the Republic of Lithuania and internal regulations, the LTG Group companies ensure the safety and confidentiality of the processed personal data of employees and the compliance of the data processing activities with the requirements of the EU General Data Protection Regulation (GDPR) and other legislation governing the protection of personal data.
S3 Paveikiamos bendruomenės				
Negative impact	Social and economic rights of communities. The development, expansion and operation of railway infrastructure affects economic or social aspects of life due to an increasing pollution, increasing traffic, and decreasing safety of the community. The economic impacts are also felt due to the depreciation of assets, due to the proximity to the infrastructure being developed or due to the repurposing, subdivision, separation, thus making accessibility more difficult.	Short-term, medium, long-term	Throughout the value chain	Rail operations rely on a wide and diverse infrastructure, the development, expansion and operation of which can have negative economic or social impacts through increased pollution, noise pollution, impacts on biodiversity and ecosystems, and reduced community safety.
Negative impact	Safety. The impact is felt in the form of incidents or accidents arising from the lack of traffic safety at railway junctions, especially those that are not well protected, a worsening of the criminogenic situation with an increase in the theft of freight or unprotected equipment.	Short-term, medium	Company's own operations, downstream chain	Safety measures are implemented to raise public awareness, increase knowledge of safety rules and introduce protective measures to reduce the likelihood of incidents.
Negative impact	Sound pollution and vibrations. Communities are affected by noise and vibration from rail transport.	Short-term, medium	Company's own operations	The Group carries out the noise reduction programme by installing noise attenuation walls and other measures. Through development of the infrastructure, the Company communicates with communities, organises meetings and project presentations, responds to queries and complaints.
Opportunity	Promoting a safety culture, investing in safe infrastructure and other safety solutions to avoid incidents.	Short-term, medium, long-term	Company's own operations	
Opportunity	Integration of noise management and mitigation measures and related aspects into the Company's operations.	Short-term, medium	Company's own operations, final chain	

IRO	Description of material impacts, risks and opportunities	Time horizon	Where does an impact originate?	Interaction with strategy and business model
S4 Consumers and end-users				
Negative impact	Cyber security and data protection. Due to the specific nature of activities, which include provision of services to passengers and businesses, management and maintenance of general-purpose information systems, critical infrastructure and industrial process management information systems, the Company handles public, confidential information, trade secrets, personal data of the Group of entities and its business partners, as well as personal data of its customers, business partners, and employees, and is therefore a potential target.	Short-term, medium	Throughout the value chain	In 2024, the LTG's Strategic Direction Map was supplemented by a new Customer Experience Strategic Direction. This direction includes measures to understand customer expectations, tailor services, ensure overall service accessibility (ensuring barrier-free accessibility of stations, platforms) and enhance the LTG's reputation.
Negative impact	Safety. The impact is felt due to incidents or emergency situations, as well as due to unsafe behaviour by individuals when crossing tracks or failing to comply with safety requirements. Limited accessibility of infrastructure for persons with special needs and reduced mobility.	Short-term, medium	Throughout the value chain	
Negative impact	Engagement and accessibility. Due to historical circumstances, the railway infrastructure is not adapted to persons with individual needs, which limits the possibility of using the company's services.	Medium, long-term	Company's own operations	
Risk	The delay in the implementation of a high-value infrastructure accessibility project for people with individual needs or disabilities poses reputational and financial risks to the Company.	Short-term, medium, long-term	Company's own operations	
G1 Business ethics				
Positive impact	Corporate governance maturity. Due to the nature of its activities and the public functions it performs, the Company's governance maturity ensures the management of processes, improves satisfaction and productivity of employees, and enhances the organisation's competitiveness in the market.	Short-term, medium, long-term	The Company's own operations	In 2023, the new values of the LTG Group were updated, with a strong focus on communication of values. Approved Employee Code of Ethics.
Negative impact	Anti-corruption and bribery. The Company has a zero-tolerance policy towards corruption, which means that it does not tolerate any form or action related to corruption: bribery, fraud and other illegal actions; however, the incurred incidents reduce confidence of public and the customers.	Short-term, medium	Throughout the value chain	The Company has a zero-tolerance policy towards corruption, which means that it does not tolerate any form or action related to corruption: bribery, fraud and other illegal actions.

6.6. Sustainability areas

6.6.1. Environment

Based on double materiality analysis, LTG Group identifies that it generates both negative and positive environmental impacts, faces associated risks, and can leverage material opportunities in climate change adaptation, climate change mitigation and energy consumption. In the context of climate change mitigation, rail transport is one of the environmentally friendliest modes of transport, consuming up to ten times less fuel for freight and passengers transportation than road transport. Together with the constantly improved legal framework of the European Union and balanced financial support, this creates preconditions for the development of environmentally friendlier railway transport business, improving the technical-technological and organisational mechanisms of railway transport interaction with other modes of transport. In this context, the LTG Group can be proud of its successful development results. In the context of climate change adaptation, it is essential to evaluate LTG Group's operations and its dependence on various infrastructure including railways, buildings and other facilities. Acute and chronic physical climate risks can impact the company's operational capabilities and revenue generation.

The modern economy is inextricably linked to the transport sector, which ranks among the highest contributors to total greenhouse gas emissions across all economic sectors. Railways remain one of the greenest modes of transport, maintaining their relevance and importance over many years. The rapid progress in railway electrification and promotion of energy efficiency enables an even greater contribution to Lithuania's and the European Union's shared goal of climate neutrality. Through its strategy and Sustainability Policy, LTG Group declares its commitment to this common goal by implementing projects that will be detailed further in this Sustainability Report.

In the environmental area, the LTG Group identifies two main priorities on which attention and investments are focused:

- Reduction of environmental impact;
- Digitalisation and promotion of innovation.

In this Sustainability Report, LTG Group does not disclose the ESRS topics "Greenhouse gas removal and reduction projects financed by carbon credits" and "Carbon pri-

cing". LTG Group does not participate in GHG emission reduction projects financed by carbon credits, therefore these topics have been assessed as having no impact on the Group's activities.

Disclosure on the ESRS requirement "Expected financial impact of material climate-related physical and transformation risks and potential opportunities" is planned for the 2025 Sustainability Report when the Group completes the decarbonization plan and climate change risk assessment.



Climate change

Climate change mitigation transition plan

In 2024, LTG Group began its climate change risk assessment and development of resilience measures, alongside the preparation of a decarbonisation plan. These projects are scheduled for completion in 2025, with their outcomes to be integrated into the Group's strategy and risk management systems, and disclosed in the 2025 sustainability report. The preparation of the Decarbonisation Plan includes calculating LTG Group's direct and indirect GHG emissions for the baseline year 2024. Based on actual emissions data, the Group will establish objectives and tasks aligned with the goal of the Paris Agreement of limiting global warming to 1.5°C. The quantitative assessment – specifically the investment LTG Group will allocate to implementing its transformation plan – will be determined once the plan is finalised and its objectives, tasks and GHG reduction measures are formulated.



Policies related to climate change mitigation and adaptation

LTG Group's ambitions and primary objectives are set forth in the Group's Sustainability Policy. According to the policy, the main business objectives in managing climate change factors are to reduce CO₂ emissions, increase energy efficiency and the use of energy from renewable sources, and develop a circular economy, as well as describing other priority areas. The policy states that the LTG Group, in collaboration with its stakeholders, will take into account their expectations and suggestions in the field of sustainable development and will be guided by the values approved by the Group.

The LTG Board is responsible for approving the Sustainability Policy and its amendments. Implementation of the policy falls under the responsibility of the Group's Sustainability Manager, who reports directly to the Director for Strategy and Development. The LTG Sustainability Policy applies uniformly across all Group companies and functions, regardless of geographical location. The Sustainability Policy is published on the LTG Group's website and is freely accessible to all stakeholders.

The Sustainability Policy declares the LTG Group's commitment to reduce net CO₂ emissions to zero by 2050. To achieve this, the LTG Group has set the following climate change mitigation targets:

- Reducing impact on climate is one of the fundamental priorities that LTG Group aims to fulfil while demonstrating environmental leadership. In managing climate change factors, the main business objectives are to reduce CO₂e emissions, enhance energy efficiency, increase consumption of energy from renewable energy sources (hereinafter – RES), and advance the circular economy. In mitigating climate change impact, the goal is to adapt and provide infrastructure and other measures that will maximise the benefits of intermodality, while encouraging stakeholders to choose more sustainable modes of transport, particularly rail transport.

- The Group aims to gradually reduce energy consumption across all LTG Group operations, particularly in freight and passenger transportation, through the implementation of more energy-efficient and environmentally friendly solutions.
- The objective is to increase the proportion of energy consumed from RES and promote the transition to RES in heat production.

The Group's goals and plans related to climate change adaptation and resilience to climate risks will be disclosed in the Sustainability Report for 2025 after the climate change risk assessment is completed.

The methodology, principles and assumptions for evaluating the materiality of climate change impacts, risks and opportunities are detailed in the Methodological section of the [Double Materiality Assessment](#). As illustrated in the materiality matrix, climate change, including the sub-topics of "Climate change adaptation", "Climate Change Mitigation" and "Energy", represents material topics for the company. LTG Group's impacts, risks and opportunities relating to Climate Change are detailed in the [Double Materiality Results Analysis](#) section of this Sustainability Report.

Actions and resources in relation to climate policy

Total energy consumption savings

The anticipated goal outcome is total energy consumption savings (accounting for LTG Group's planned expansion). The Group aims to gradually reduce energy consumption across all LTG Group operations, particularly in freight and passenger transportation, through the implementation of more energy-efficient and environmentally friendly solutions, while enhancing energy efficiency.

Energy reduction stands as one of LTG Group's key priorities. To achieve this goal, long-term objectives are established and various projects and equipment modernisation are initiated in the following areas:

- Building maintenance:
 - Smart air conditioning and lighting control systems in renovated administrative premises
 - Conversion from gas heating to liquid fuel heating
 - Modernisation and adjustment of lighting systems
 - Implementation of a building energy resource conservation plan
 - Preservation of unused buildings
- Railway infrastructure, rolling stock:
 - Modernisation and/or adjustment of lighting systems in station areas and platforms
 - Installation of solar power plants
 - Optimisation of railway switch heating
 - Phasing out less efficient rolling stock (where feasible, in line with reduced freight volumes)
- Organisation of personnel work, training and education on energy resource conservation

Reduce CO₂e emissions in carrier operations

The anticipated strategic goal outcome is reduced CO₂e emissions in freight and passenger transportation operations (accounting for LTG Group's planned expansion). The objective is to achieve net-zero CO₂e emissions by 2050.

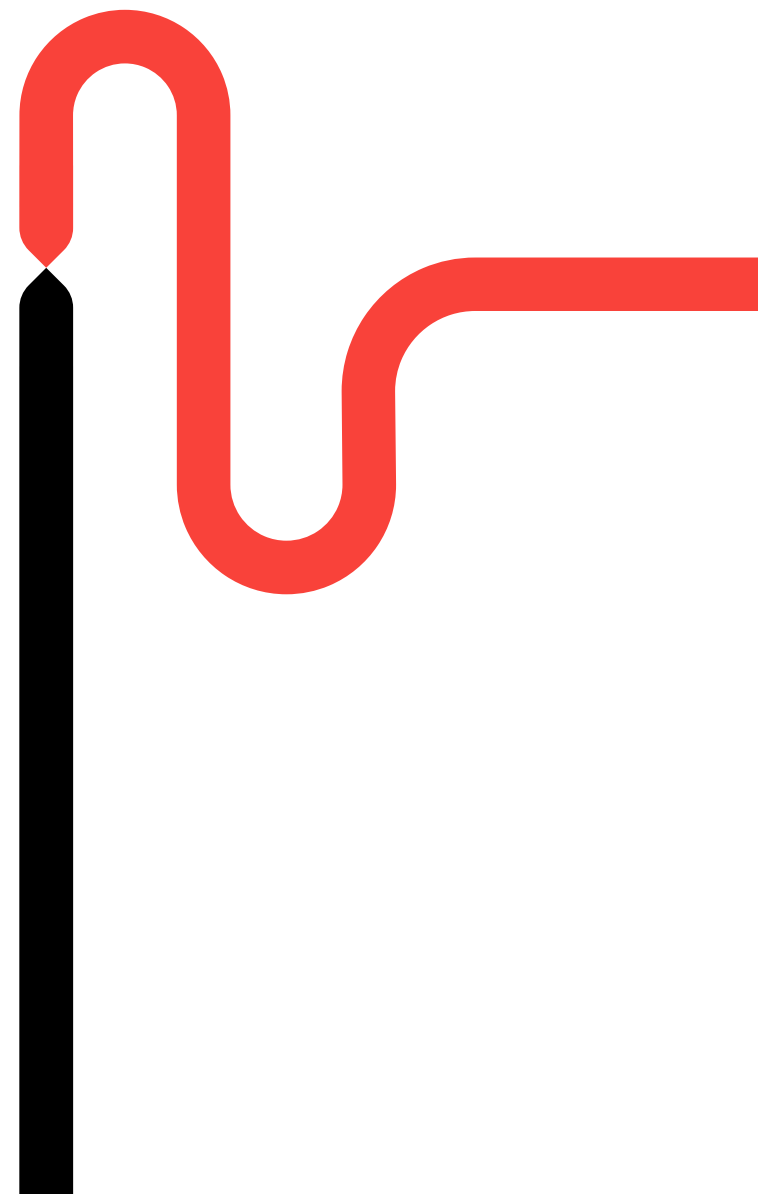
Projects contributing to climate change mitigation:

- An international project Rail Baltica, aimed at connecting the Baltic States with the European-gauge track network dominating in the EU countries. The total length of the route in the Baltic States is 870 km, of which 392 km is in Lithuania. The Rail Baltica project is important in providing an alternative to freight transportation by road and shifting freight transportation to rail, thus contributing to a reduction in environmental impacts and accidents.
- The railway electrification project continues in pursuit of significantly reducing air pollution and enhancing the efficiency of Lithuania's transport sector. Implementation of the Vilnius–Klaipėda corridor electrification project involves ongoing construction works in both the Vilnius railway hub and the Kaišiadorys–Klaipėda (Draugystė station) section. Upon completion, the project will increase the proportion of electrified railway in the total infrastructure from the current 8 percent to 28 percent. The completion of the electrification program will enable freight and passenger transportation using environmentally friendly and efficient electric traction throughout the entire Kena–Vilnius/Vaidotai–Šiauliai–Klaipėda railway corridor. It is calculated that with the introduction of electric passenger trains fully adap-

ted for people with special needs, and electric freight trains, traffic intensity is projected to decrease by 3,600 cars and 18,000 trucks. Notably, these measures will achieve a reduction in GHG emissions of 150,000 tonnes annually.

- LTG Cargo, the freight transportation company, acquired spare parts, maintenance and support services in the first three years of operation of 17 electric locomotives specially manufactured in Lithuania for transport purposes. It is planned that after electrification of the Vilnius–Klaipėda railway section, the network will use electricity generated from renewable energy sources, so electric locomotives will transport cargo without emitting any carbon dioxide into the environment. The introduction of new electric locomotives is projected to save approximately 780 thousand tonnes of CO₂ annually (compared to road transport), enabling the company to offer fully green transportation solutions to businesses.
- LTG Link anticipates the delivery of newly ordered electric passenger trains that will eliminate traction-related GHG emissions. Testing of these Swiss-technology electric trains is scheduled to begin in Lithuania in 2025, and the company's customers will begin travelling on the first new trains in mid-2026. In purchasing these trains, LTG Link will also acquire train parts supply and technical support services for an exceptionally long period – until 2037. Low-floor vehicles will enable easier boarding for elderly people, passengers with baby strollers, small children or those with mobility disabilities.

- The first project integrating a solar power plant into a noise attenuation wall was completed. A 22.2 kW solar power plant installed along the Kyviškės-Vaičiūnai railway line has commenced supplying electricity to the grid, with an expected annual generation of up to 14 MWh of electricity. The noise attenuation walls incorporate 60 bifacial 370W SoliTek modules, featuring high durability, resistance to extreme weather conditions and self-cleaning capabilities. The pilot project, spanning 12 months, includes monitoring of the solar power plant to evaluate bifacial module efficiency and noise reduction performance under real conditions. The data collected will enable assessment of the project's success and inform planning for future solar power plant installations in sound attenuation walls. This solution will reduce grid load through localised energy generation and consumption. Over its lifecycle, the solar power plant is expected to achieve savings of 420 tonnes of CO₂ and preserve more than 9,500 trees.
- In pursuit of optimal energy resource utilisation, LTG Group continuously seeks innovative solutions to ensure efficient electricity consumption. The Group has initiated a 12-month pilot project to test electricity storage (battery) technology. The first such battery has been installed in the LTG administration building on Pelesos Street in Vilnius. The electricity storage testing initiative aims to efficiently utilise existing railway infrastructure buildings, evaluate new technologies and optimise the Group's electricity expenditure.
- As part of energy consumption reduction efforts, including fuel, LTG Cargo has developed a fuel conservation plan. Implementation of this plan is projected to reduce annual fuel consumption by 5 percent. For instance, analysis of locomotive operations in freight transportation and shunting movements has led to measures that reduce diesel fuel consumption by 6 tonnes weekly – equivalent to filling approximately 120 passenger car fuel tanks.
- A pilot project was launched in 2024 to evaluate the impact of paraffinic diesel usage. The project aims to assess paraffinic diesel's effects on railway rolling stock technical condition, energy and operational performance, and air pollutant emission levels. This diesel, produced entirely from recycled organic waste, is believed to generate lower CO₂ and dust emissions while providing exceptionally clean combustion. If trial results confirm that these indicators, including environmental parameters, meet expectations and surpass conventional diesel performance, paraffinic diesel will be deployed more extensively across all of the Group's diesel traction rolling stock. The pilot project is scheduled to continue until the end of 2026.
- As part of its energy conservation efforts, the Group conducted an energy inventory of buildings and infrastructure, leading to the discontinuation of several energy-inefficient buildings. In operational buildings, energy resource utilisation is continuously monitored for efficiency, with measures including the implementation of lighting and heating control systems and the adjustment of heating, ventilation and lighting levels based on usage intensity.



Energy consumption and mix

Energy saving represents a fundamental measure in combating climate change and reducing EU energy dependence. Energy efficiency means achieving the same outcome while consuming less energy. This enables energy savings and reduces emissions from power plants. The LTG Group is already one of the largest consumers of electricity in Lithuania; therefore, energy efficiency solutions are especially relevant. The electrification of main railway sections and introduction of electric and battery-powered locomotives and trains will further increase the Group's electricity demand. The Group is committed to continued investment in advanced technologies that reduce pollution and energy consumption while protecting the environment, to increasing its share of renewable energy, and to initiating its own renewable energy production.

Renewable energy sources account for over 12 percent of LTG Group's total energy consumption, with green electricity comprising 96 percent of total electricity consumption (current technical infrastructure limitations prevent achieving 100 percent renewable electricity sourcing).

2024 m.		
Group energy consumption	MWh	%
Total energy consumption	421,630.80	100
Energy consumption from fossil resources		
Fuel consumption from coal and coal products	5.9	0%
Fuel consumption from crude oil and petroleum products	332,133.0	79%
Fuel consumption from natural gas	29,202.7	7%
Fuel consumption from other fossil sources	-	-
Consumption of purchased or acquired electricity, heat*, steam, and cooling from fossil sources	8,299.2	2%
Total energy consumption from fossil fuels	369,640.8	88%
Energy consumption from renewable resources		
Fuel consumption for renewable sources	1,311.4	0%
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	50,462.8	12%
The consumption of self-generated renewable energy	215.9	0%
Total energy consumption from fossil fuels	51,990.0	12%

*Due to lack of data on heat energy sources, LTG Group attributes all heat consumption to energy from fossil resources.

Energy consumption indicators are calculated using data solely from LTG Group companies located in Lithuania (LTG, LTG Infra, LTG Link, LTG Cargo, Rail Baltica statyba, GTC). Emissions from other companies within the Group will be calculated and disclosed in the Sustainability Report for 2025. Consumption data is derived from precise measurements from facilities with energy metering devices and transactional accounting records. Calculations exclude geothermal heating facilities that lack dedicated energy metering devices. Data collected in other natural units, such as volume (cubic metres) or mass (kilograms, tonnes), is converted to MWh using DEFRA 2024 conversion coefficients. The data presented within the metrics and the adopted methodology has not been validated by an independent third party.

Projects initiated by LTG Infra contribute 215.9 MWh (0.4 percent) to self-generated renewable energy through solar panels and geothermal energy systems. LTG Group does not utilise energy from nuclear resources.

2024	
Electricity generated by LTG Infra from renewable sources, MWh	
Geothermal heating	208.6
Solar energy generation	7.3

Total energy consumption in LTG Group is being disclosed for the first time and cannot be compared with previously disclosed indicators. The data has not been subject to third-party assurance.

Greenhouse gas emissions

LTG Group operates in the transport sector, representing a traditionally lower-emission mode of transport. However, due to significant energy consumption – primarily from fossil fuels used for traction, as well as electricity and heat energy – the company's operations generate a greenhouse gas emissions footprint. During 2021–2023, the Company's GHG emissions calculations were limited to traction rolling stock emissions. In 2024, LTG Group calculated its Scope 1 and 2 GHG emissions in accordance with GHG Protocol provisions. The assessment of scope 3 GHG emissions will start in 2025, and the results will be disclosed in the Sustainability Report for 2025. LTG Group's GHG assessment methodologies are harmonised with and conform to international standards.

The growth in freight and passenger transportation corresponds to an increase in GHG emissions. To address the impacts on climate change arising from GHG emissions, the LTG Group has approved and initiated rolling stock electrification plans to phase out high-emission vehicles, while simultaneously working to optimise its infrastructure and increase renewable energy generation.

	2024
Total GHG emissions of the LTG Group, t CO₂eq	
Location-based GHG emissions	103,563
Market-based GHG emissions	87,612
Scope 1 GHG emissions breakdown by group companies, t CO₂eq	
LTG Group in total	85,902
AB Lietuvos Geležinkeliai	3,936
AB LTG Cargo	66,123
UAB Geležinkelio Tiesimo Centras	1,217
AB LTG Infra	3,664
UAB LTG Link	10,962
UAB Rail Baltica Statyba	0
Percentage of Scope 1 GHG emissions subject to regulated ETS*	0
Scope 2 GHG emissions breakdown by group companies, t CO₂eq	
LTG Group's Scope 2 GHG emissions, calculated using the location-based method	17,660
AB Lietuvos Geležinkeliai	429
AB LTG Cargo	1,534
UAB Geležinkelio Tiesimo Centras	137
AB LTG Infra	11,368
UAB LTG Link	4,192
UAB Rail Baltica Statyba	0
LTG Group's Scope 2 GHG emissions, calculated using the market-based method	1,710
AB Lietuvos Geležinkeliai	116
AB LTG Cargo	43
UAB Geležinkelio Tiesimo Centras	136
AB LTG Infra	1,259
UAB LTG Link	156
UAB Rail Baltica Statyba	0
Scope 3 GHG emissions breakdown by group companies, t CO₂eq	
LTG Group's Scope 3 GHG emissions	not calculated for 2024

*LTG Group does not participate in the European Union Emissions Trading System (EU ETS); therefore, the percentage of Scope 1 GHG emissions from regulated ETS is 0.

This Sustainability Report only discloses data for the parent company and its directly owned companies. Emissions from other Group companies will be calculated and disclosed in the Sustainability Report for 2025.

Emissions calculation methodology: LTG Group's Scope 1 and Scope 2 GHG emissions are calculated using quantitative assessment methodology, following GHG Protocol calculation principles. The GHG emissions calculation encompasses the emissions of both LTG Group's parent company and its direct subsidiaries. The calculation follows the principle: activity quantitative data multiplied by emission factor. Carbon footprint is measured in CO₂ equivalent (CO₂eq).

Scope 1 (direct) GHG emissions: LTG Group's direct GHG emissions are generated by vehicle operations and organisational activities that produce greenhouse gases. Calculations cover both stationary energy sources (boilers, radiant heaters, generators, equipment testing stands, etc.) and mobile sources (traction rolling stock, passenger cars and trucks). The calculations also include hydrofluorocarbon (freon) emissions from leakage during air conditioning system filling and operation. Quantitative business activity data for direct GHG emissions calculations was sourced from the business management system (internal accounting records). Emission factors were derived from DEFRA, 2024.

Stationary fuel-burning equipment generates GHG emissions from multiple sources: natural gas, liquid fuel, biofuel (excluding biogenic CO₂ emissions from total organisational emissions), propane/butane, kerosene, diesel and petrol – used in equipment for rolling stock repair, testing stands and other purposes.

Mobile fuel-burning equipment/sources generate GHG emissions from diesel, petrol and gas (LPG).

GHG emissions from refrigerant gas leakage: R407 R134A.

Scope 2 (direct GHG emissions): LTG Group's indirect GHG emissions stem from purchased electricity and thermal energy consumption in administrative and production buildings, as well as electricity consumption for electric traction. Quantitative business activity data for indirect GHG emissions calculations was sourced from the business management system (internal accounting records). Emission factors were derived from the European Residual Mixes Report 2023 and legislation of the Republic of Lithuania.

Electricity consumption emissions were calculated using both location-based and market-based methods (with the majority of LTG Group's purchased and consumed electricity suppliers certified as originating from renewable energy sources).

Emissions from thermal energy consumption: district heating.

To account for the direct CO₂ impact from biomass combustion in stationary sources, CO₂ emissions from biomass combustion were calculated separately and excluded from Scope 1 GHG emissions.

	2024
Biogenic emissions, t, CO₂eq	
AB Lietuvos Geležinkeliai	131
AB LTG Infra	293
Total LTG Group	424

This sustainability report marks LTG Group's first disclosure of Scope 1 and Scope 2 emission indicators. The data presented has not yet undergone third-party verification.

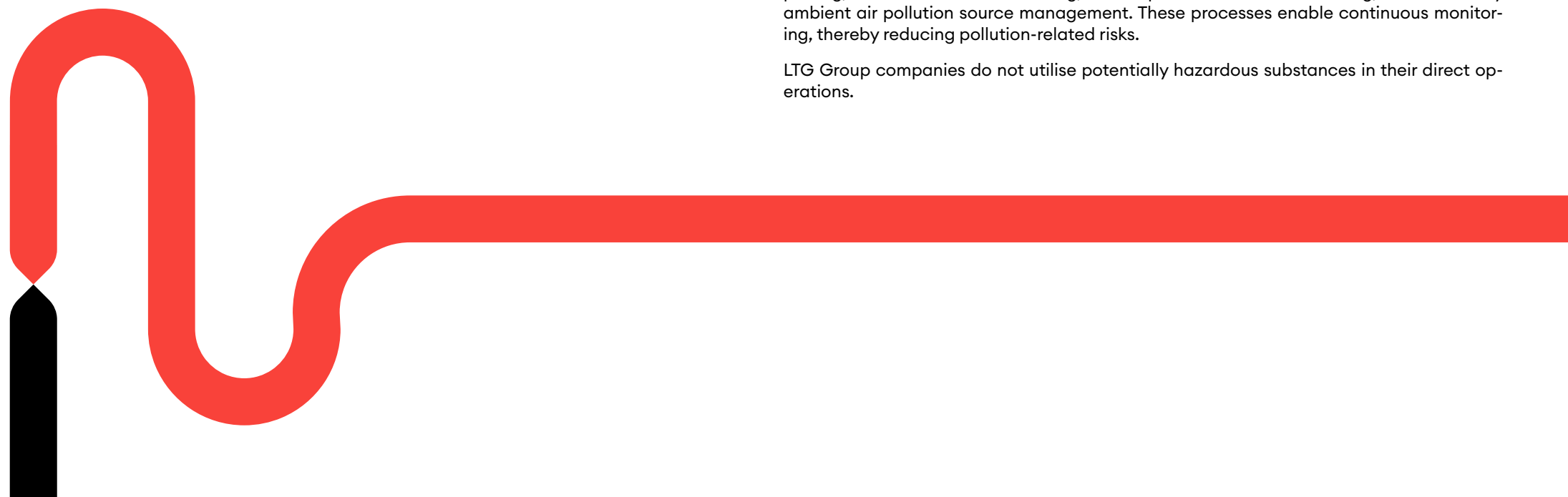
Pollution

The methodology, principles and assumptions for evaluating the significance of pollution impacts, risks and opportunities are detailed in the Methodological section of the Double Materiality Assessment. As illustrated in the materiality matrix, "Pollution" represents a significant theme for the Company, particularly regarding "Air pollution" and "Soil pollution" aspects. The Group's impacts, risks and opportunities relating to Pollution are detailed in the [Double Materiality Results Analysis](#) section of this Sustainability Report. The LTG Group has not yet set specific targets for the reduction of environmental pollution, but is constantly striving to comply with the standards set by national legislation, through regular monitoring and inspections.

Regulation of pollution measurement and reduction activities

LTG Group consistently performs legally mandated actions for pollution level monitoring, reporting and management throughout its operations. The following approved **processes** govern related activities: groundwater monitoring, wastewater discharge control and reporting, extracted water monitoring, mobile pollution source monitoring, and stationary ambient air pollution source management. These processes enable continuous monitoring, thereby reducing pollution-related risks.

LTG Group companies do not utilise potentially hazardous substances in their direct operations.



Air and soil pollution

For 2024, this Sustainability Report evaluates air pollution primarily from major sources – specifically paint shops and their volatile organic compound (VOC) emissions into ambient air. The list of other pollution sources and methodology for assessing other facilities and individual analytes is scheduled for coordination and approval in 2025. VOC emissions are calculated based on the quantity of chemical components used in paint shops.

The pollution data are calculated for the first time in this Sustainability Report, therefore, the change cannot be assessed.

Pollutant name	2024				
	CO	NO _x	SO _x	PM	NMVOC
LTG Group's total air pollutant emissions*, t					
AB Lietuvos Geležinkeliai	3.0	5.6	0.1	0.3	2.1
AB LTG Cargo	233.7	1,144.7	0.0	31.5	117.7
UAB Geležinkelio Tiesimo Centras	1.6	7.6	0.0	0.2	0.7
AB LTG Infra	4,1	9,8	0,1	0,8	2,2
UAB LTG Link	34.7	169.7	0.0	4.7	15.2
UAB Rail Baltica Statyba	0.0	0.0	0.0	0.0	0.0
LTG Group	277.2	1,337.4	0.2	37.4	137.9

* Air pollution emissions have been calculated for LTG Group's traction rolling stock, boiler houses and paint shops. Calculations for emissions from remaining pollution sources are planned for 2025.

For the Sustainability Report, LTG Group calculates air pollution using a quantitative method, based on operational data of chemical substances and fossil fuel consumption. The organisation does not incorporate additional estimates in its calculations. The calculation of air pollutants (CO, NMVOC, NO_x, SO₂, PM) encompasses emissions from all wholly-owned LTG Group subsidiaries in Lithuania. The calculation follows the principle: activity quantitative data multiplied by emission factor of a respective pollutant.

LTG Group's air pollutant emissions are generated by operating vehicles and other organisational activities: stationary (boilers, radiant heaters, generators, equipment testing stands, etc.) or mobile (traction rolling stock, passenger cars and trucks) pollution sources. Major air pollution sources are also evaluated, specifically paint shops and their non-methane volatile organic compound (NMVOC) emissions.

Quantitative business activity data for emissions calculations was sourced from the business management system (internal accounting records). The calculation of pollutant emissions into ambient air uses internal accounting data on various fuel and chemical substance consumption. Emission factors are derived from the EMEP/EEA air pollutant emission inventory guidebook 2023. For paint shop NMVOC emissions (from various chemical substances including paints, solvents, and thinners), calculations are based on Section 3 of chemical safety data sheets, incorporating only NMVOCs or substances that generate NMVOCs through environmental reaction. The NMVOC content is calculated for each product based on its percentage in the chemical substance or mixture. The total organised NMVOC emissions in tonnes per year is determined by summing the NMVOC quantities from all material components.

Historically contaminated sites

LTG Group manages territories with identified historical pollution that predates and is unrelated to the Group's actions and operations in the reporting period of this Sustainability report. The Group's current operations do not generate significant soil pollution. The extent of historical pollution is currently unknown.

Due to historical railway and railway-related operations, certain territories under LTG management (including oil product storage/transfer areas, wagon washing facilities, sleeper soaking sites, and locations of traffic incidents involving oil spills) are or may be contaminated with oil products or other chemical substances. These historically contaminated sites undergo continuous monitoring, with regular monitoring reports produced and necessary remedial measures implemented when identified.

The objective of the LTG Group is to identify contaminated sites managed by the LTG Group and to remediate the priority contaminated sites by 2030 (the list of priority sites will be clarified and disclosed at a later stage):

- Information on contaminated sites in cooperation with state institutions is collected.
- A programme for the management of contaminated sites is developed by identifying priority contaminated sites and the type of management and funding required.
- Ecogeological surveys of priority contaminated sites are performed and management/monitoring plans are prepared.

To manage contamination in these sites, the LTG Group conducts groundwater monitoring at 10 locations under established monitoring programs: Vilnius 2nd water intake, Vaidotai railway station, Vilnius fuel terminal, Kaunas fuel terminal, Kaunas Public Logistics Centre intermodal terminal, Radviliškis fuel terminal, Bugeniai fuel terminal, Bugeniai wagon washing facility, Klaipėda fuel terminal and Draugystė railway station. Oil extraction from groundwater surface is currently underway at the Vilnius and Kaunas fuel terminals. Other contaminated sites are subject to monitoring only, as no deterioration has been identified and therefore no remedial measures are required.

Resource use and circular economy

The methodology, principles and assumptions for evaluating the significance of resource use and circular economy impacts, risks and opportunities are detailed in the Methodological section of the Double Materiality Assessment. The "Circular Economy" theme is significant to the Company, particularly regarding the "Waste" aspect. LTG Group's impacts, risks and opportunities in this area are detailed in the Double Materiality Results Analysis section of the Sustainability Report.

The development of circular economy principles is identified as one of the priority sustainability objectives in the Group's Sustainability Policy, but to date the Group has not adopted a specific policy in this area, nor related targets and indicators. The company's assessment of actual and potential impacts, risks and opportunities related to resource use and circular economy principles implementation is based on shareholder expectations, regulatory and legal requirements of the Republic of Lithuania, historical experience and available data. In accordance with the legal requirements of the Republic of Lithuania, the Company declares and publicly discloses waste generation data through the GPAIS system, monitors waste types, and manages waste sorting and non-recyclable waste direction for energy recovery.

	Total waste	Non-hazardous	Hazardous
Waste generated in 2024, t			
LTG	1,949.5	105.0	1,844.8
LTG Infra	10,163.4	7,976.0	2,187.3
LTG Cargo	11,289.8	11,000.0	289.4
LTG Link	86.4	47.0	39.5
GTC	11,135.1	10,955.8	179.3
Rail Baltica statyba	0.0	0.0	0.0
Total	34,624.2	30,084.0	4,540.3

LTG Group and its subsidiaries actively pursue measures to implement circularity principles and reduce waste generation. The LTG Group's waste management priorities are: to reduce the amount of waste generated, to implement the principles of the circular economy, to ensure the safe management of waste in a manner that is safe for human health and the environment, and to rationalise the use of material and energy resources from waste, thereby minimising the use of natural and other resources and the disposal of waste in landfills.

The LTG Group does not recycle waste itself, but purchases these services from certified service providers. The Group plans to disclose the amount of waste by type of recycling in future Sustainability Reports, as it is in the process of obtaining the necessary information from its suppliers.

LTG Group aims to maximise the proportion of its waste that is suitable for recycling or energy recovery. In 2024, LTG Group achieved outstanding results – with 98 percent of total waste volume suitable for recycling and energy recovery. A future goal of the LTG Group is to maintain high rates of recycled waste and to provide for measures not only to reduce the total amount of waste but also to promote the reuse of materials, extending their useful life as much as possible.

The Company actively promotes circularity principles through its public procurement procedures, particularly through green procurement requirements, and implements initiatives to reduce both waste volume and the negative impact thereof. Since 2019, the LTG Group has achieved significant reductions in paper consumption for printed documents across its entire operations. While over 90 percent of all documents are now digital, the Group continues to implement innovations and process improvements to further reduce overall paper consumption. LTG regularly holds auctions for used computer and office equipment; in the past year alone, 160 computers and 26 units of network and communication equipment were prepared and sold for reuse. In 2023, LTG also delivered over 5 tonnes of obsolete, energy-inefficient and redundant IT equipment to an electronic waste collection and recycling company.

To achieve its objectives in 2024, the Group successfully completed, continued or initiated the following waste reduction and circularity projects and initiatives:

- 2.4 thousand tonnes of old wooden sleepers were processed. 1.9 thousand tonnes of sleepers were transferred to waste management facilities. The remaining portion, comprising nearly 6.7 thousand units or approximately 0,5 thousand tonnes of old sleepers, was sold at auction and transferred to repair the narrow-gauge railway section in north-eastern Lithuania.
- LTG Infra team initiated a pilot project in collaboration with Estonian company SRTS OSAÜHING to install German-manufactured composite sleepers in structures such as bridges. A metal bridge located between Jōniškis and the Latvian border was selected for this pilot project. Ten composite track sleepers were installed at this location. These sleepers offer enhanced sustainability as they are manufactured from recycled materials: fibreglass, polyurethane, polymers, secondary rubber materials, and plastic waste mixtures. In addition to their operational technical advantages, they provide a longer service life compared to conventional wooden and reinforced concrete sleepers. The pilot project's observation results will inform decisions on wider implementation of such material sleepers across LTG Group facilities.
- The Group addresses both operational waste and waste accumulating within its territories. Unaffiliated individuals frequently dispose of waste in forested, remote areas within LTG-managed zones. In 2024, 19 territory inspections were conducted, primarily in response to complaints from residents and local communities about abandoned waste on LTG territory. All waste and litter discovered during inspections was removed.
- A contract was established with waste management company UAB Atliekų tvarkymo centras for the management of filters, oil, electronics and battery waste. The service encompasses the collection of all types of used filters (air, fuel, oil), electronics, and batteries. The waste are transferred to waste managers for recycling and reuse.
- The waste manager processes used oil waste through recycling to produce high-quality base oil.
- A project for disposing of unusable furniture was successfully initiated and implemented. 9 tonnes of unusable furniture were transferred to the waste manager for shredding and subsequent reuse in new furniture production. Following this successful pilot project, preparations are underway to continue the collaboration with the waste manager.
- After testing, rubber waste is now classified as non-hazardous waste and transferred to waste managers. This waste will be repurposed as construction material in the future.
- LTG Group actively promotes employee awareness and knowledge regarding waste reduction and circularity principles. In 2024, an educational excursion to the Kariotiškės landfill was organised to enhance employee understanding of these activities. The excursion aimed to educate employees about waste management and associated challenges, enhance awareness of proper waste sorting in production processes, promote circular economy principles, and encourage waste reduction.

6.7. Disclosures under the EU taxonomy regulation

The Taxonomy Regulation

Report for 2024 on compliance of the LTG with Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment³ ("the Taxonomy Regulation"). The Taxonomy Regulation is a framework for classifying economic activities into environmentally sustainable and unsustainable. The purpose of this classification is to ensure market transparency and to help direct investment towards those economic activities that are sustainable and therefore necessary to achieve the European Green Deal objective of climate neutrality by 2050⁵. The Taxonomy Regulation's classification also helps to protect investors from "greenwashing" by ensuring their safety; it provides companies, investors and legislators with harmonised definitions of sustainable economic activities; and, ultimately, it helps companies to become more environmentally and socially responsible.

In July 2021, the European Commission adopted Delegated Act (EU) 2021/2139⁶ on sustainable actions to mitigate and adapt to climate change. In March 2022, an additional Delegated Act (EU) 2022/1214⁷ covering economic activities related to fossil gas and nuclear energy was ad-

opted and in June 2023, Delegated Act (EU) 2023/2486⁸ was adopted setting out the criteria for the non-climate change environmental targets (together "the Delegated Acts"). Thus, both the Taxonomy Regulation and the Delegated Acts lay down criteria for identifying whether or not economic activities are considered to be environmentally sustainable.

The following steps are taken to assess the compliance of an organisation's economic activities with the Taxonomy Regulation:

1. identification of the taxonomic economic activities carried out by the organisation;
2. assessment of the conformity of the activities with the technical screening criteria laid down in the Delegated Acts;
3. verification of the assurance of minimum safeguards;
4. determination of compliance;
5. disclosure of key financial indicators related to the activities concerned.

Application of the Taxonomy Regulation in the LTG Group

In this report, the LTG provides preliminary/conditional disclosures of the Taxonomy Regulation for the year 2024 (financial period from 1 January 2024 to 31 December 2024 inclusive). Disclosures will be final and fully compliant with the requirements of the Taxonomy when a climate change risk assessment is carried out and all disclosures are made based on its results.

Every effort has been made to comply with the relevant requirements of the Delegated Acts and other legal acts when presenting the disclosures required by the Taxonomy Regulation. The responsible units of the LTG Group were involved in the application process of the Taxonomy Regulation within the LTG Group and various discussions and deliberations are being organised. However, due to the lack of specific information in the railway sector, some assumptions have been made as no examples could be found on how to implement in practice some of the requirements of the Taxonomy Regulation.

Explanations of definitions used in taxonomy disclosures:

- **taxonomy-eligible economic activity:** an activity that is included in the Delegated Acts and has the potential to meet the technical and selection criteria;
- **taxonomy-aligned economic activity:** an activity that is included in the Delegated Acts and meets the criteria set out in Article 3 of the Taxonomy Regulation;
- **taxonomy-eligible but not aligned economic activity:** an activity which is included in the Delegated Acts but does not meet the criteria set out in Article 3 of the Taxonomy Regulation;
- **non-taxonomy economic activity:** an activity which is not included in the Delegated Acts.

³(EU) 2020/852 <https://eur-lex.europa.eu/eli/reg/2020/852/oj/eng>

⁴EU taxonomy for sustainable activities: https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

⁵European green deal: <https://www.consilium.europa.eu/en/policies/european-green-deal/>

⁶(ES) 2021/2139 https://eur-lex.europa.eu/eli/reg_del/2021/2139/oj/eng

⁷(ES) 2022/1214 <https://eur-lex.europa.eu/eli/C/2023/305/oj/eng>

⁸(ES) 2023/2486 https://eur-lex.europa.eu/eli/reg_del/2023/2486/oj/eng

In order to prepare the disclosures of the Taxonomy Regulation for the LTG Group, the following steps were taken:

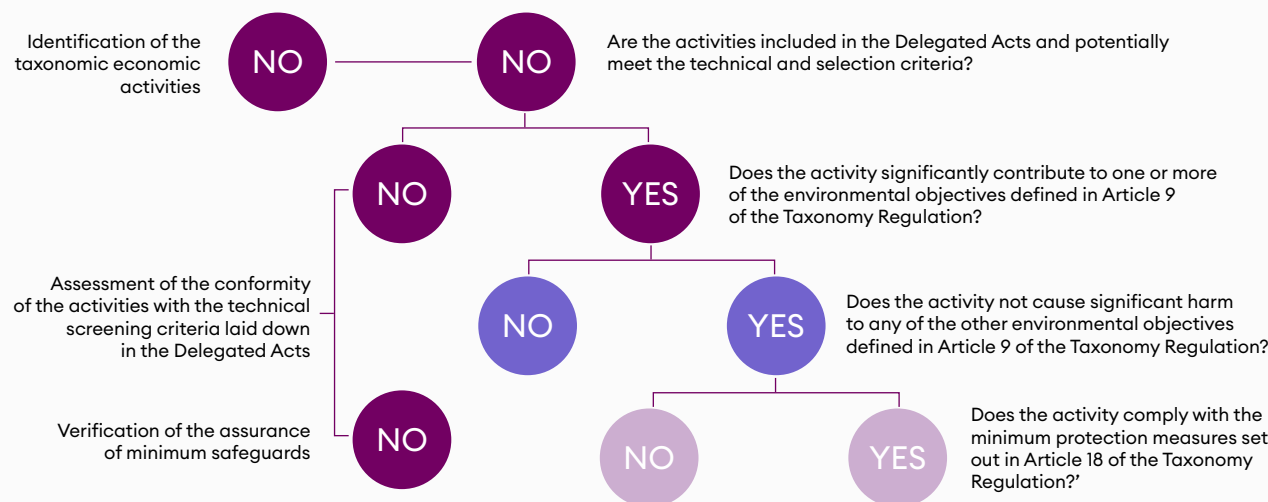
1. Identification of all economic activities relevant to the LTG Group that fall within the scope of the Taxonomy Regulation. The economic activities have been identified through a detailed analysis of the Delegated Acts. Although the classification in the Taxonomy Regulation is based on the Statistical Classification of Economic Activities in the European Community (hereinafter referred to as 'NACE'), an economic activity may be considered to meet the description of the activity and the criteria for analysis even if the company's NACE sector is not included in the relevant section of that Delegated Act⁹. The list of economic activities has been kept under constant review during the preparation of the disclosures in the Taxonomy Regulation in order to provide the most accurate information.
2. The assessment of the compliance of the economic activities relevant to the LTG Group with the technical screening criteria set out in the Delegated Acts:
 - a. The assessment implies whether the identified economic activities make a significant contribution to one or more of the environmental objectives defined in Article 9 of the Taxonomy Regulation:
 - I. climate change mitigation;
 - II. climate change adaptation;
 - III. Sustainable use and protection of water and marine resources;
 - IV. transition to a circular economy;
 - V. pollution prevention and control;
 - VI. protection and restoration of biodiversity and ecosystems.

- b. The assessment implies whether the identified activities do not cause significant harm to any of the other environmental objectives defined in Article 9 of the Taxonomy Regulation.
3. Verification is performed of whether the minimum safeguards set out in Article 18 of the Taxonomy Regulation are ensured. The analysis is performed to examine whether the identified economic activities are carried out in compliance with the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises (MNEs) and the United Nations (UN) Guiding Principles on Business and Human Rights.

4. Compliance is determined by assessing which economic activities carried out by the LTG Group are taxonomy-aligned and which are considered taxonomy-eligible. A final list of activities that meet the LTG Group criteria is drawn up.
5. Key financial indicators are disclosed: in line with the requirements of the Taxonomy Regulation, indicators for turnover, capital expenditure (CapEx) and operating expenditure (OpEx) are provided.

Below is a diagram illustrating the steps involved in classifying economic activities into environmentally taxonomy aligned and eligible, based on the Taxonomy Regulation.

A detailed examination of the requirements of the Taxonomy Regulation together with the Delegated Acts has led to the identification of six taxonomic economic activities relevant to the LTG Group (Table 1).



⁹Commission Notice on the interpretation of certain legal provisions of the Delegated Act on disclosures under Article 8 of the EU Taxonomy Regulation concerning the provision of information on taxonomic economic activities and assets: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=oj:JOC_2022_385_R_0001

Taxonomic economic activities relevant to the LTG group:

Activities referred to in the Delegated Acts	Taxonomy code	NACE code	Description of activity
Passenger interurban rail transport	6.1.	H49.10, N77.39	Purchase, financing, hire, leasing and operation of passenger vehicles using railway rolling stock on trunk networks covering a large geographical area, carriage of passengers by intercity railways and operation of sleeping carriages or restaurant/restaurants as an integrated activity of a railway undertaking.
Infrastructure for rail transport	6.14.	F42.12, F42.13, M71.12, M71.20, F43.21 and H52.21	Construction, upgrading, operation and maintenance of railways and underground roads, bridges and tunnels, stations, terminals, railway infrastructure, safety and traffic management systems, including architectural, engineering, design, building inspection and survey, monitoring and mapping and other services, as well as physical, chemical and other analytical testing of all types of materials and products.
Freight rail transport	6.2.	H49.20 and N77.39	Purchasing, financing, leasing, hiring and operation of freight transport for use on trunk networks as well as on short-line freight trains.
Acquisition and ownership of buildings	7.7.	L68	Purchase and operation of real estate.
Remediation of contaminated sites and areas	2.4.	39, 33.20, 43.11, 43.12, 71.12, 71.20, 74.90 and 81.30	*due to the large-scale activity the description is presented at the end of the report: <u>Activities 2.4. Description of the activity "Treatment of contaminated sites and areas"</u> <u>(within the scope of activity)</u>
Use of concrete in civil engineering	3.5.	F42.12, F42.13, F42.2 and F42.9	The use of concrete in the construction of new, or in the reconstruction or maintenance of existing civil engineering objects, with the exception of the concrete surfacing of the following elements: streets, highways, motorways, other vehicular roads and footpaths, bridges, tunnels, runways, taxiways and aprons of aerodromes, all of which are included in the scope of the economic activity 'Maintenance of roads and highways'.



Assessment of the compliance with the criteria of the Taxonomy Regulation

Having identified taxonomic activities that are important to the LTG Group, it was determined that the LTG Group's activities have a direct impact on four environmental objectives: climate change mitigation, climate change adaptation, transition to a circular economy as well as pollution prevention and control.

The requirements of these environmental objectives are detailed below:

- 1. climate change mitigation:** specifies criteria to identify whether the economic activity makes a significant contribution to stabilising, reducing or improving the removal of greenhouse gas emissions;
- 2. climate change adaptation:** refers to criteria for predicting the potential adverse effects of climate change and planning appropriate action. The aim is to prevent, reduce and mitigate the potential damage caused by climate change, or to exploit the opportunities that may arise;
- 3. pollution prevention and control:** refers to the criteria that require economic activities to make a significant contribution to the elimination of pollution of air, water, soil, living organisms and food resources;
- 4. transition to circular economy:** refers to criteria for assessing whether economic activities promote the efficient use, reuse and recycling of resources.

These activities were further assessed against the technical screening criteria defined in the Taxonomy Regulation. The assessment examined whether:

- I.** the identified activities make a significant contribution to one or more environmental objectives;
- II.** the identified activities do not cause significant harm to other environmental objectives.

It is important to note that in preparing the disclosures required by the Taxonomy Regulation for 2024, the LTG Group did not undertake an assessment of risks and vulnerabilities related to climate change. This means that this Report presents **preliminary/conditional conclusions on the sustainability of economic activities**.

The LTG Group plans to complete a detailed assessment of climate change risks in 2025. The assessment will also provide more details on possible climate change scenarios and set objectives of the impact of climate change adaptation relevant to the LTG Group. Following this analysis, new data under the Taxonomy Regulation will be reviewed and disclosed in 2026.

It should be noted that irrespective of the failure to carry out a climate-related risk and vulnerability assessment in accordance with the requirements of the Delegated Acts, the LTG Group anyway aims to adapt to the risks posed by the impacts of climate change:

- 1.** The following climate change factors have been taken into account in the planning of the Rail Baltica infrastructure: the selection of surface water drainage solutions takes into account the maximum flow rate due to extreme rainfall associated with climate change, and the transverse and longitudinal drainage (ditches, gullies, drains, pipes, evaporation and infiltration basins) have been selected accordingly in order to protect the railway infrastructure from flow amplification and to preserve the hydrological regime in the water bodies.
- 2.** The LTG Group is strengthening rail infrastructure to better control potential risks from changes in wind and rainfall patterns. Resilience is increased through the implementation of greenery projects on railway lines: trees and shrubs of different species are designed, while the remaining undeveloped areas of the infrastructure are planted with a specific mix of grass seeds best suited to local conditions. Plantation not only provides effective protection against strong wind gusts, but also stabilises the soil adjacent to the railway infrastructure. These proactive actions help to reduce the potential negative risks from increased rainfall, such as landslides.
- 3.** The LTG Group aims to adapt to climate change risks related to temperature and heat stress. The LTG Group is implementing a pilot project to test composite sleepers in the railway infrastructure. These sleepers are more resistant to temperature fluctuations and could provide an alternative to wooden and reinforced concrete sleepers. Also, in view of the heat waves caused by climate change, an increasing attention is being paid to climate control and ventilation systems for planned buildings and trains.

Taxonomic economic activities and their sustainability relevant to the LTG Group:

Activities	Is it environmentally sustainable?	Description of taxonomic economic activities
6.1. Passenger interurban rail transport	Yes	LTG Infra, an LTG Group company, electrifies railway sections which allows replacing fossil fuel trains with electric ones. The electrified trains and passenger wagons do not emit CO ₂ directly and thus contribute to the climate change mitigation. Three railway sections in Lithuania are now fully electrified: Vilnius–Kaunas, Vilnius–Trakai and Vilnius–Kėna. This represents 8% of the country's total network. After completion of electrification program, the length of electrified railway tracks in the country will reach almost 28%.
6.14. Infrastructure for rail transport	No	LTG Group operates electrified lines on major tracks and an Environmental Impact Assessment (EIA) has been carried out for the electrification project. However, this economic activity is considered not taxonomy-aligned as the infrastructure is also used to transport fossil fuel.
6.2. Freight rail transport	No	Currently, the economic activity "Freight rail transport" is not sustainable. Rail transport for freight generates CO ₂ emissions, and trains and wagons are also used to transport fossil fuel.
7.7. Acquisition and ownership of buildings	No	This economic activity is not considered taxonomy aligned as the LTG Group does not manage any building with an A class energy performance certificate.
2.4. Remediation of contaminated sites and areas	No	In the clean-up of contaminated sites, the LTG Group endeavours to follow best practice by following the maintenance phase of contaminated sites with control or monitoring activities long enough to ensure long-term risk control. Nevertheless, to date, these economic activities do not meet the other criteria of the analysis and are therefore considered not taxonomy-aligned.
3.5. Use of concrete in civil engineering	No	The LTG Group aims to contribute to the transition to a circular economy and in its activities, uses concrete products suitable for further use in the maintenance of non-main roads. However, while disclosing the information for 2024, the LTG Group did not have information on the recycled content of construction materials, and it is therefore assumed to be 100% primary raw materials. For this reason, the use of concrete in civil engineering is considered not taxonomy-aligned economic activity.



Minimum safeguards

Compliance with the minimum safeguards set out in Article 18 of the Taxonomy Regulation is the final (third) criterion for assessing taxonomic activities. The purpose of this criterion is to ensure that activities and investments are not considered sustainable if they violate fundamental social principles and human and workers' rights or if they do not meet the minimum standards of responsible business. The minimum safeguards include compliance with the following principles:

1. OECD Guidelines for Multinational Enterprises;
2. the UN Guiding Principles on Business and Human Rights, which include the principles and rights set out in eight of the ten core conventions contained in the International Labour Organisation's (ILO) Declaration on Fundamental Principles and Rights at Work;
3. the Fundamental Principles and Rights at Work set out in the International Bill of Human Rights.

To summarise the principles discussed in Article 18 of the Taxonomy, in practice, the minimum safeguards cover the following four main themes¹³:

1. Human rights;
2. Bribery, bribe-seeking and blackmail;
3. Taxation;
4. Fair competition.

In order to ensure minimum safeguards, the LTG Group must have*:

1. Procedures to uphold social principles, human and workers' rights and meet minimum standards of responsible business conduct;
2. Due diligence procedures to ensure that the procedures, principles and standards mentioned in point 1. above are met.

It should be noted that the LTG Group strictly adheres to the above standards and principles in its activities in accordance with (i) Supplier Code of Conduct of the LTG Group; (ii) Employee Code of Ethics of the LTG Group; (iii) the LTG Group's principles of remuneration, resistance to corruption, implementation of sanctions, and control; (iv) the LTG Group's guidelines on "Preventing Violence and Harassment and Ensuring Equal Opportunities"; (v) other policies and principles. The publicly available policies and guidelines are available here: <https://ltg.lt/en/about-us/prevention-of-corruption/> and <https://ltg.lt/en/sustainability/sustainability-management-and-results/>.

The LTG Group aims to ensure that these standards are met. For example:

1. Compliance with procedures is verified by internal audit;
2. The "Voice of Employees" survey is conducted annually and measures three key indicators that reflect the culture of the organisation: employee engagement, employee satisfaction, eNPS and other areas that affect their engagement. The survey then assesses and identifies areas of strength and areas for improvement, identifies the root causes of the rating, identifies potential improvement initiatives for individual areas and develops centralised and localised plans for business units.
3. Lectures and discussions on discrimination are organised on a regular basis and various measures are taken to prevent violence and harassment;
4. All managers are required to listen to the "ABC of Equality and Non-Discrimination" and employees can listen to it voluntarily;
5. LTG group organises annual periodic trainings on competition law for relevant staff and members of governing bodies;
6. The LTG Group has the ISO 37001:2016 certificate, which confirms that the organisation takes real action against bribery;
7. All employees have the opportunity to confidentially report violations of their rights, business processes, discrimination, fraud, corruption, workplace discipline, safety or other areas using the Transparency Line tool. Reports are investigated and handled in accordance with the "Whistleblowing" policy adopted by the LTG Group, which is publicly available here: <https://ltg.lt/en/protection-of-whistleblowers/>.

*https://finance.Ec.Europa.Eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

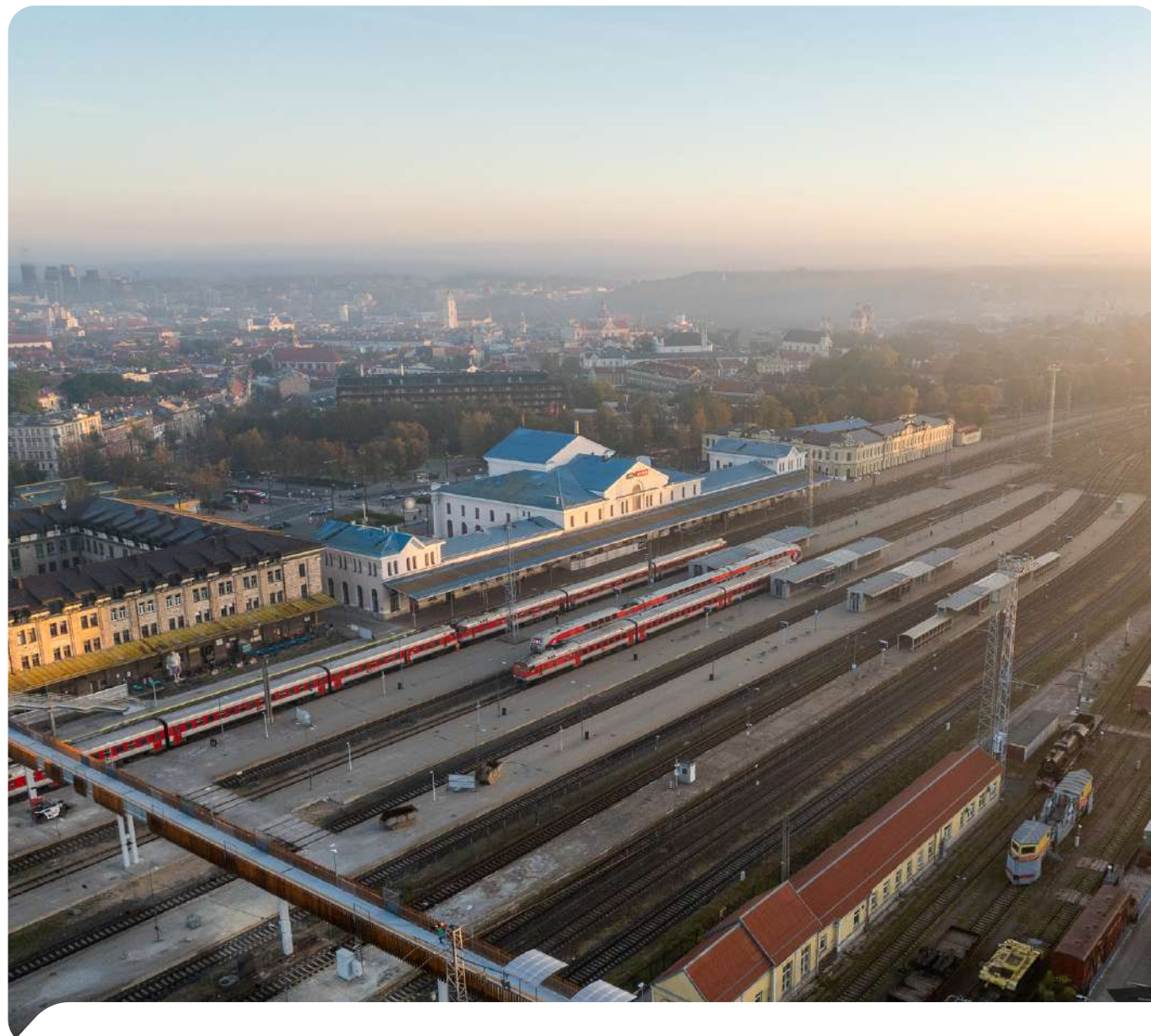
Turnover according to the Taxonomy Regulation

For the Key Performance Indicator (KPI) disclosures, data of the financial statements for 2024 were used. KPIs have been calculated in accordance with Article 8(2) of the Taxonomy Regulation. It is noted that lines A.1. and A.2. disclose the turnover generated by the economic activities that meet and do not meet the criteria of the taxonomy. Line B discloses the turnover generated by the LTG Group from non-taxonomic economic activities.

1. In 2024, the LTG Group's turnover amounted to EUR 396.46 million.
2. The main operating income was generated by freight and passenger transport and the use of public railway infrastructure, of which intercity passenger rail transport (a taxonomy sustainable economic activity meeting the alignment criteria) accounted for EUR 60.4 million or 15.24%;
3. The major part of the income, i.e. EUR 316.89 million or 79.93%, comes from activities that are taxonomy-eligible but do not meet the analysis criteria (unsustainable activities). This part includes the following activities of the LTG Group:
 - freight rail transport;
 - infrastructure for rail transport;
 - acquisition and ownership of buildings;
 - remediation of contaminated sites and areas;
 - use of concrete in civil engineering*.

The remainder (non-eligible activities) amounts to EUR 19.17 million or 4.83% of the LTG Group's total revenue.

**Given that the LTG Group did not have the objective to collect data related to Turnover, CapEx and OpEx (the use of concrete was an integral part of the other services), the LTG Group does not have KPIs data for 2024.*



Proportion of turnover generated by products or services related to the qualifying taxonomic economic activity. Disclosure of information for the year 2024

Economic activity	NACE code(s)	Absolute turnover	Proportion of turnover	Substantial contribution criteria						Criteria for non-material damage						Minimum safeguards	Taxonomy-eligible proportion of turnover for 2024	Enabling activity	Transitional activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
		(EUR million)	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percentage	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY %			95.17%														95.17%		
A.1. Environmentally sustainable activity (taxonomy-aligned)																			
6.1. Intercity passenger transport by rail	H49.10, N77.39	60.40	15.24%	8%*	**	N/A	N/A	N/A	N/A	Yes	**	Yes	Yes	Yes	Yes	Yes	15.24%		T
Revenue from environmentally sustainable activity (taxonomy-aligned) A.1.		60.40	15.24%														15.24%		
A.2. Taxonomy-eligible but environmentally unsustainable activity (not taxonomy-aligned economic activity)																			
6.2. Rail freight transport	H49.10, N77.39	313.03	78.96%														78.96%		
6.14. Rail transport infrastructure	F42.12, F42.13, M71.12, M71.20, F43.21 and H52.21	3.42	0.86%														0.86%		
7.7. Acquisition and ownership of buildings	L68	0.44	0.11%														0.11%		
2.4. Treatment of contaminated sites and areas	39, 33.20, 43.11, 43.12, 71.12, 71.20, 74.90 and 81.30	-	-														-		
3.5. Use of concrete in civil engineering	F42.12, F42.13, F42.2 and F42.9	-	-														-		
Revenue from taxonomy-eligible but environmentally unsustainable activity (not taxonomy-aligned economic activity) (A.2.)		316.89	79.93%														79.93%		
Total (A.1. + A.2.)		377.29	95.17%														95.17%		
B. TAXONOMY NON-ELIGIBLE ACTIVITY			4.83%														4.83%		
Revenue from taxonomy non-eligible activity (B)		19.17	4.83%														4.83%		
Total (A + B)		396.46	100%														100%		

* Currently, LTG Group has 8% of the railway network electrified thereby reducing greenhouse gas emissions.

**Not applicable at this stage because LTG has not yet completed a climate-related risk and vulnerability assessment.

N/A - not applicable.

Capital expenditure according to the Taxonomy Regulation

In accordance with the Taxonomy Regulation, the calculation of capital expenditure includes the acquisition of tangible and intangible assets in the financial year under review, before depreciation, amortisation and any revaluation. Similarly, in the case of non-financial corporations applying International Financial Reporting Standards (IFRS) as adopted by Regulation (EC) No 1126/2008, capital expenditure shall include expenditure accounted for on the basis of:

1. **paragraph 73(e)(i) and (iii)** of IAS 16 Property, Plant and Equipment;
2. **paragraph 118(e)(i)** of IAS 38 Intangible Assets;
3. **paragraph 76(a) and (b)** of IAS 40 Investment Property (the fair value method);
4. **paragraph 79(d)(i) and (ii)** of IAS 40 Investment Property (the cost method);
5. **paragraph 50(b) and (e)** of IAS 41 Agriculture;
6. **paragraph 53(h)*** of IFRS 16 Leases.

*(ES) 2021/2178 <https://eur-lex.europa.eu/legal-content/lt/txt/html/?Uri=celex:32021r2139>

Capital expenditure has been allocated directly to the activities or, to avoid double counting, it has been allocated to the relevant economic activities on a pro rata basis in accordance with the principles applied in financial reporting.

The LTG Group's capital expenditure amounted to EUR 373.31 million, the majority of which was investment in railway infrastructure. Lines A.1. and A.2. disclose the capital expenditure incurred in relation to the taxonomic economic activities that meet and do not meet the criteria of analysis. Line B discloses the capital expenditure related to the non-taxonomic economic activities of the LTG group.

The capital expenditure attributable to the taxonomy-eligible activities accounted for 11.59% of the capital expenditure or 43.26 million. The main part of the capital expenditure – 86.19% or EUR 321.77 million, was allocated to taxonomy not aligned activities. Non-eligible activities accounted for EUR 8.28 million or 2.22% of the LTG Group's capital expenditure.

Proportion of capital expenditure (CaPex) generated by products or services related to taxonomy-aligned economic activity. Disclosure of information for the year 2024

Economic activity	NACE code(s)	Absolute CaPex	Proportion of CaPex	Substantial contribution criteria						Criteria for non-material damage						Minimum safeguards	Taxonomy-aligned proportion of CaPex for 2024	Enabling activity	Transitional activity
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
		(EUR million)	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percentage	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY %			97.78%														97.78%		
A.1. Environmentally sustainable activity (taxonomy-aligned)																			
6.1. Intercity passenger transport by rail	H49.10, N77.39	43.26	11.59%	8%*	**	N/A	N/A	N/A	N/A	Yes	**	Yes	Yes	Yes	Yes	Yes	11.59%		T
CaPex of environmentally sustainable activity (taxonomy-aligned) A.1.		43.26	11.59%														11.59%		
A.2. Taxonomy-eligible but environmentally unsustainable activity (not taxonomy-aligned economic activity)																			
6.2. Rail freight transport	H49.10, N77.39	67.94	18.20%														18.20%		
6.14. Rail transport infrastructure	F42.12, F42.13, M71.12, M71.20, F43.21 and H52.21	253.83	67.99%														67.99%		
7.7. Acquisition and ownership of buildings	L68	-	-														-		
2.4. Treatment of contaminated sites and areas	-	-	-														-		
3.5. Use of concrete in civil engineering	F42.12, F42.13, F42.2 and F42.9	-	-														-		
CaPex of taxonomy-eligible but environmentally unsustainable activity (not taxonomy-aligned economic activity) (A.2.)		321.77	86.19%														86.19%		
Total (A.1. + A.2.)		365.03	97.78%														97.78%		
B. TAXONOMY NON-ELIGIBLE ACTIVITY			2.22%														2.22%		
CaPex of taxonomy non-eligible activity (B)		8.28	2.22%														2.22%		
Total (A + B)		373.31	100%														100%		

* Currently, LTG Group has 8% of the railway network electrified thereby reducing greenhouse gas emissions.

** Not applicable at this stage because LTG has not yet completed a climate-related risk and vulnerability assessment.

N/A - not applicable.

Operating expenses according to the Taxonomy Regulation

In accordance with the Taxonomy Regulation, the calculation of operating expenses includes direct non-capitalised costs relating to research and development, building renovation measures, short-term rentals, maintenance and repairs, and all other direct costs which are related to the day-to-day servicing of property, plant and equipment by the company or by a third party engaged for that purpose, and which are necessary to ensure the continuous and efficient use of such assets.

Where possible, operating expenses have been allocated directly to the economic activities or, to avoid double counting, they have been allocated to the economic activities concerned on a pro rata basis in accordance with the principles applied in financial reporting.

In 2024, operating eligible expenses of the LTG Group amounted to EUR 44.05 million. Of this amount, EUR 3.90 million or 8.85% were attributed to the taxonomy-aligned rail passenger transport activity. Most of the operating expenses were attributed to taxonomy activities that did not meet the criteria (EUR 28.42 million or 64.53%). It should be noted that EUR 11.73 million or 26.62% were spent on non-eligible activities carried out by the LTG Group.

Proportion of operating expenditure (Opex) generated by products or services related to taxonomy-aligned economic activity. Disclosure of information for the year 2024

Economic activity	NACE code(s)	Absolute Opex	Proportion of Opex	Substantial contribution criteria						Criteria for non-material damage						Minimum safeguards	Taxonomy-aligned proportion of Opex for 2024	Enabling activity	Transitional activity
				Climate change mitigation	Adaptation to climate change	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
		(EUR million)	%	%	%	%	%	%	%	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Percentage	E	T
A. TAXONOMY-ELIGIBLE ACTIVITY %			73.38%														73.38%		
A.1. Environmentally sustainable activity (taxonomy-aligned)																			
6.1. Intercity passenger transport by rail	H49.10, N77.39	3.90	8.85%	8%*	**	N/A	N/A	N/A	N/A	Yes	**	Yes	Yes	Yes	Yes	Yes	8.85%		T
Opex of environmentally sustainable activity (taxonomy-aligned) A.1.		3.90	8.85%														8.85%		
A.2. Taxonomy-eligible but environmentally unsustainable activity (not taxonomy-aligned economic activity)																			
6.2. Rail freight transport	H49.10, N77.39	7.22	16.40%														16.40%		
6.14. Rail transport infrastructure	F42.12, F42.13, M71.12, M71.20, F43.21 and H52.21	19.48	44.23%														44.23%		
7.7. Acquisition and ownership of buildings	L68	1.72	3.91%														3.91%		
2.4. Treatment of contaminated sites and areas	39, 33.20, 43.11, 43.12, 71.12, 71.20, 74.90 and 81.30	0.00	0.00%														0.00%		
3.5. Use of concrete in civil engineering	F42.12, F42.13, F42.2 and F42.9	-	-														-		
Opex of taxonomy-eligible but environmentally unsustainable activity (not taxonomy-aligned economic activity) (A.2.)		28.42	64.53%														64.53%		
Total (A.1. + A.2.)		32.32	73.38%														73.38%		
B. TAXONOMY NON-ELIGIBLE ACTIVITY			26.62%														26.62%		
Opex from taxonomy non-eligible activity (B)		11.73	26.62%														26.62%		
Total (A + B)		44.05	100%														100%		

* Currently, LTG Group has 8% of the railway network electrified thereby reducing greenhouse gas emissions.

** Not applicable at this stage because LTG has not yet completed a climate-related risk and vulnerability assessment.

N/A - not applicable.

Activities 2.4.**Description of the activity "Treatment of contaminated sites and areas" (within the scope of the activity):****The activity includes:**

- | | |
|----|--|
| a) | decontamination or remediation of soils and groundwater in the polluted area, either in situ or ex situ, in particular using physical, chemical or biological methods; |
| b) | decontamination or remediation of contaminated industrial plants or sites; |
| c) | decontamination or remediation of surface water and its shores following accidental pollution, such as through collection of pollutants or through physical, chemical or biological methods; |
| d) | cleaning up oil spills and other types of pollutants on or in: <ul style="list-style-type: none"> • surface water including rivers, lakes, coastal waters or transitional waters; • groundwater as defined in the Directive 2000/60/EC; <p>Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for Community action in the field of water policy:
 https://eur-lex.europa.eu/legal-content/LT/TXT/?uri=CELEX:32000L0060</p> <ul style="list-style-type: none"> • marine water as defined in Directive 2008/56/EC; <p>Directive 2008/56/EC of the European Parliament and of the Council establishing a framework for community action in the field of marine environmental policy (Marine Strategy Framework Directive): https://eur-lex.europa.eu/legal-content/LT/TXT/?uri=CELEX:32008L0056</p> <ul style="list-style-type: none"> • sediments (for all surface water types); • aquatic ecosystems; • buildings; • soil; • terrestrial ecosystems; |
| e) | material abatement of hazardous substances, mixtures or products, such as asbestos or lead-based paint; |
| f) | other specialised pollution-control activities; |
| g) | clean-up after disasters from natural hazards, such as flooding, or earthquake; |
| h) | remediation of disused mining sites or legacies not associated with extraction revenues; |
| i) | containment operations, hydraulic barriers, active and passive barriers intended to limit or prevent migration of pollutants. |

The activity also includes all activities that are required to prepare, plan, monitor and followup the decontamination or remediation activity itself, such as:

- | | |
|----|---|
| a) | preparatory investigations, including data collection and surveying activities (in particular geological or hydrological), technical feasibility and environmental impact studies required to define the remediation project; |
| b) | monitoring and control of the remediation measures, including: <ul style="list-style-type: none"> • sampling of soil, water, sediment, biota or other materials; • laboratory analysis of samples to identify the nature and concentration of pollutants • installation, operation and maintenance of monitoring facilities and equipment such as observation wells in and outside the perimeter of the remediation site; |
| c) | demolition of contaminated buildings or other structures, dismantling large-scale machinery and equipment (i.e., decommissioning) and removal of surface sealing and concreting; |
| d) | earth moving or dredging, including excavation, landfilling, levelling, construction or reinforcement of perimeter walls or fences, primary access and internal roads and any other activities necessary to operate the decontamination; |
| e) | implementation of other environmental protection and pollution prevention and control measures to comply with the conditions imposed in the environmental permit for the remediation project, including measures for safeguarding safety of operations on-site and health of workers (such as for fire control, flood protection, hazardous waste management), protection of workers, site access control, management of invasive species before or during decontamination or remediation, reinforcement operations carried out prior to or during decontamination. |

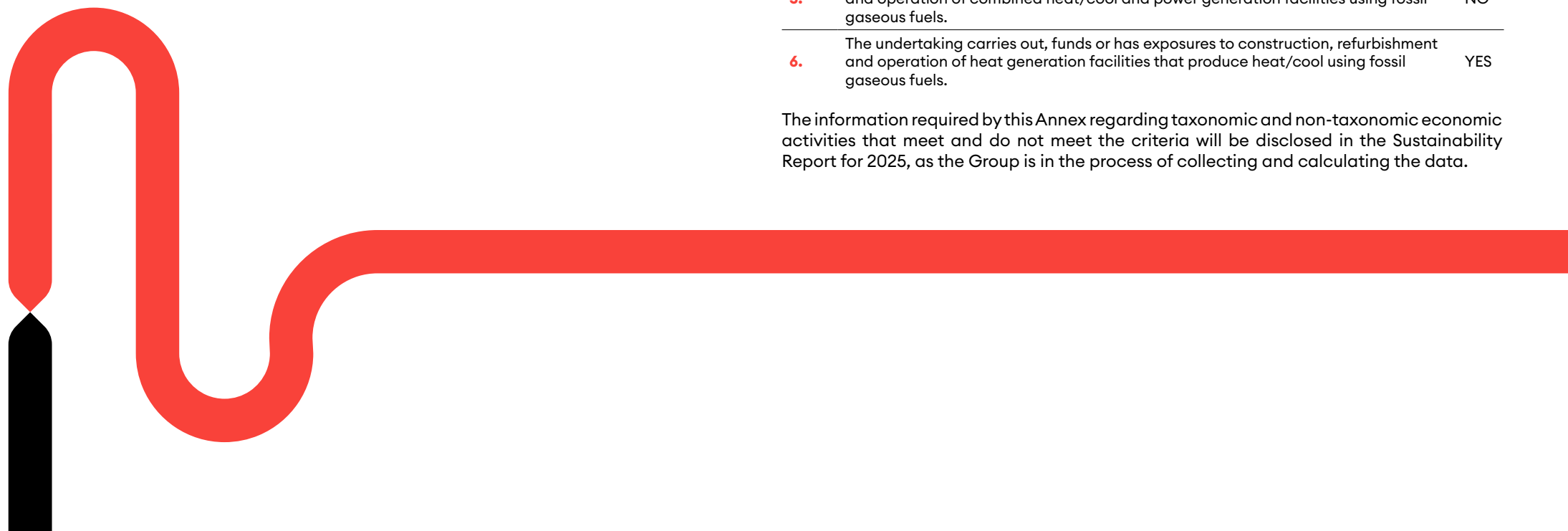
The activity does not include:

a)	pest control in agriculture;
b)	purification of water for water supply purposes;
c)	decontamination or remediation of nuclear plants and sites;
d)	treatment and disposal of hazardous or non-hazardous waste unrelated to the site contamination problem;
f)	remediation of legally non-conforming landfills and abandoned or illegal waste dumps unrelated to the site under remediation;
g)	emergency services;
h)	outdoor sweeping and watering of streets.

ANNEX XII. Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

The information required by this Annex regarding taxonomic and non-taxonomic economic activities that meet and do not meet the criteria will be disclosed in the Sustainability Report for 2025, as the Group is in the process of collecting and calculating the data.



6.6.2. Social area

LTG Group is one of Lithuania's largest employers and a major infrastructure business. Double materiality assessment identifies that the LTG Group is an attractive employer, it also influences the performance of suppliers, creates a quality relationship with the users of the community and services, i.e. customers, as well as creates positive and negative impacts in the social area, faces risks and takes material opportunities. The Company aims to be not only the national company that generates the greatest economic benefits for the state, but also the one that both employees and society would be most proud of. Only transparent, open, efficient and modern management principles will drive the country's economic progress. The responsibility is not only to shareholders, with whom financial returns are shared through dividends, but also to employees and society at large.

The LTG Group's pursuit of sustainable growth is unthinkable without sustainable integration into society, so social partnership is an area of particular focus. The Company aims to provide not only financial but also social benefits to society, investing heavily in education, social initiatives and campaigns, and engaging on the basis of the principles of equal opportunities, social well-being, security, and human rights.

In the social area, the LTG Group emphasises three main priorities on which it bases its activities and initiatives:

- Ensuring staff well-being and developing a high-performance organisational culture.
- Openness to the society and cooperation with communities.
- Comprehensive safety.

Own workforce

Developing an organisational culture

Employee engagement remains one of the core priorities of the LTG Group's organisational culture, directly influencing the company's performance, employee productivity, job satisfaction, loyalty and emotional and physical well-being. To boost employee engagement, the company focuses on programmes that drive organisational culture transformation through multiple initiatives: fair and transparent compensation and benefits packages, continuous investment in workplace tools and conditions, employee development, reinforcement of value-based behaviours, promotion of feedback and internal career growth, implementation of equal opportunities and diversity principles, ongoing prevention of violence and harassment, and other measures essential for successful strategy implementation and employee well-being enhancement.

All actions, measures and initiatives described in this section contribute to employee engagement and organisational culture development.

The People and Culture team, under the leadership of the Director for People and Culture, is responsible for employee engagement processes across LTG Group. The Director reports directly to the LTG Group CEO and briefs the Group's Board on key activities and changes. As head of the LTG Companies Association, the Director signs the Sectoral Collective Agreement on behalf of the association. She also oversees the long-term development plan for the People and Culture function.

Fostering values

In early 2023, LTG Group introduced its new corporate values (Customer, Cooperation, Responsibility, Development), with extensive focus on the communication and dissemination of values. In April 2024, the company launched a values simulation game – "LTG Gene" – designed to communicate organisational values and behaviours and facilitate employee internalisation. The game engages employees across all levels and is integrated into various aspects including newcomer on-boarding, team building, performance reviews, leadership development, events, forums, and employer branding activities. More than 1,800 LTG Group employees – slightly over 30 per cent of the workforce – participated in the game during its first six months. The game will continue to be integrated into team activities throughout 2025.

Own workforce policies

Key policies implemented across LTG Group for managing own workforce-related impacts, risks and opportunities include:

- **People and Culture Policy.** The fundamental role of this policy is to align business strategy with human resource management within the organisation. The policy establishes general principles governing the People and Culture function within the LTG Group, with the aim of managing the human potential and the cultural domain in order to sustainably achieve the LTG Group's strategic objectives. The People and Culture function, which oversees policy implementation and updates, develops and implements unified principles and tools for employee well-being, equality and diversity across LTG Group, while coordinating the establishment of unified goals, indicators and targets for these areas.
- **The Remuneration Policy** includes provisions on remuneration and performance management for the LTG Group employees. Its purpose is to implement long-term employee welfare decisions that support the achievement of specific LTG Group strategic directions. Further details about the Remuneration Management Policy can be found in the Remuneration Report section of this consolidated annual management report.
- **Guidelines for violence and harassment prevention and equal opportunities assurance.** These guidelines aim to ensure LTG Group's compliance with international human and civil rights documents and legislation of the Republic of Lithuania that establish personal equality, prohibit human rights restrictions, prevent privilege-granting based on identity traits, and ban all forms of discrimination. Additionally, the Group commits to providing employees with a healthy and safe work environment while encouraging their participation in violence and harassment prevention and the development of a respectful work culture.
- **Employee Code of Ethics** (further details available in the [Business Code of Ethics](#) section of this Sustainability Report).
- **Safety Management Policy.** This crucial policy defines management principles, objectives and the safety management model for employee safety and health, among other safety areas. LTG Group's safety management mission is to create safe and environmentally friendly operations and business environment through the cultivation of safety culture and high employee safety awareness. The safety management vision targets zero incidents, encompassing safe railway transport operations and work environment, minimal environmental and climate impact, and protected LTG Group business and assets.

These policies apply uniformly across all Group companies and employees. All policies are accessible through both the internal employee portal and on the Group's website [LTG.It](#) under Management/Internal legal acts.

The Guidelines for Violence and Harassment Prevention and Equal Opportunities Assurance serves as the primary document establishing LTG Group's human rights commitments.



Processes for employee and representative involvement in impact-related decisions

LTG Group maintains dialogue with employees and their representatives through various tools and measures, with special methods (including individual attention) available for specific situations.

- The annual Employee Voice survey measures overall employee engagement and evaluates key areas of organisational culture, including collaboration, leadership, career development, change management, performance management, customer orientation, diversity management, employee empowerment, workplace conditions, and occupational safety. Survey results inform the development and approval of action plans aimed at maintaining employee engagement and addressing areas needing improvement.
- All formal agreements with employee representatives are documented in the Sectoral Collective Agreement (SCA), which has a four-year validity period with thorough biennial reviews, and fulfilment thereof is reported on annual basis. All employee-related internal policies and guidelines are developed in coordination with employee representatives – trade unions. Regular meetings with representatives and performance reporting sessions are conducted to enhance employee engagement and participation in ongoing processes.
- Through training and systematic tools, LTG Group cultivates a feedback culture that emphasises personal initiative in gathering feedback about organisational performance. The Group employs a continuous feedback tool within the SAP environment, enabling employees to both request and provide feedback to colleagues. Throughout 2024, LTG Group employees exchanged more than 4,500 feedback messages.
- In 2024, LTG Group initiated the development of a continuous improvement culture based on LEAN principles. A new continuous improvement initiative called “Train of Ideas” was launched in autumn; it promotes active participation in operational improvement processes across all employee levels, regardless of position. All employees are encouraged to propose ideas for improving their work environment and processes. The Group has implemented a user-friendly system for employees to easily submit improvement suggestions. Soon ideas undergo evaluation and, when approved, move directly to implementation. This approach ensures employee initiatives receive recognition and encouragement. The initiative has generated over 600 proposals within its first few months, with 183 already implemented. 11 percent of registered initiatives contribute to sustainability promotion through various approaches.
- Through the Transparency Line tool, all employees can confidentially report violations relating to employee rights, operational processes, work discipline, safety issues, or other areas. Further details about the Transparency Line can be found in the [Business Conduct](#) section of this Sustainability Report. The LTG Group has an approved Whistleblower Policy that ensures the confidentiality of whistleblowers and all whistleblower protections (this policy is publicly available on the Group’s website LTG.lt under Management/Internal legal acts).
- LTG Group has an LTG Culture Ambassadors’ Club, which invites every active employee to join and create together, to organise various initiatives for the benefit of the whole LTG Group and for colleagues. The main objective of the club is to increase employee enga-

gement and promote employee commitment to the common goals of the LTG Group, to strengthen internal communication within the LTG Group companies and within separate departments, to promote employee feedback and cooperation between departments, and to encourage initiative. In 2024, the club delivered three major projects: employees were invited to join the “Walk15” initiated monthly step challenge “Sustainable Business League 2024”, a sports challenge “Drive an Electric Train to the Seaside” was initiated, and the “Meet at the Platform” project was extended (featuring conversations for closer engagement with managers).

Information about organisational culture updates, changes, relevant legislation, guidelines and training is disseminated through multiple channels: intranet, company-wide MS Teams channel, email communications, and both in-person and remote meetings. Additionally, employees can seek assistance through the internal personnel services channel and receive in-person consultations when questions arise.

Organisational culture survey

Since 2020, an employee engagement survey – “Voice of Employees” – has been regularly conducted in LTG Group. The survey measures three key indicators that reflect the culture of the organisation: employee engagement, employee satisfaction, eNPS and other areas that affect their engagement. The survey then assesses and identifies areas of strength and areas for improvement, identifies the root causes of the rating, identifies potential improvement initiatives for individual areas and develops centralised and localised plans for business units. 90 per cent of all employees participated in the 2024 survey. Results demonstrate steady growth in engagement, satisfaction, and eNPS, reflecting the success of consistent, targeted efforts and implemented measures.

Following annual survey result discussions in focus groups, both centralised and local initiatives are agreed upon to enhance employee engagement, loyalty, and workplace experience. These measures will help to maintain an inclusive organisational culture essential for sustained organisational growth.

	Unit of measure	2024*	2023	2022	2021
Results of the “Voice of Employees” survey					
Employee participation in the survey	%	90	89	82	87
Employee engagement	%	83	48	48	57
Men	%	82	46	45	54
Women	%	84	53	54	64
Employee satisfaction	%	81	69	68	77
Diversity management	%	87	74	79	78
eNPS	score	33	3	-16	6

**Due to a change in the “Voice of Employees” survey provider in 2024 and differing calculation methodology, engagement results are not directly comparable.*



Characteristics of the undertaking's employees

	2024		2023	2022
	Total	Of these in Lithuania ¹¹		
Employee number by LTG Group companies, headcount				
AB Lietuvos Geležinkeliai	733	733	738	785
AB LTG Cargo group of companies	1,793	1,644	1,852	2,026
UAB LTG Link	633	626	593	567
AB LTG Infra	2,353	2,353	2,418	2,453
UAB Geležinkelio Tiesimo Centras	194	194	227	291
UAB Rail Baltica Statyba	3	3	3	4
Total	5,703	5,546	5,825	6,126
Distribution of LTG Group employees by gender, headcount ¹⁰				
Women	1,855	-	1,874	1,929
Men	3,848	-	3,951	4,096
Distribution of employees by contract type, headcount ¹⁸				
Fixed-term contracts	69	69	68	37
Women	37	-	31	19
Men	32	-	37	18
Permanent contracts	5,637	5,480	5,629	5,987
Women	1,820	-	1,829	1,911
Men	3,817	-	3,800	4,076

¹⁰2022 figures are presented without foreign subsidiaries.

¹¹2023 and 2022 data presented only for directly subordinate Group companies operating in Lithuania (LTG Infra, LTG Link, Lietuvos geležinkeliai, LTG Cargo, Geležinkelio tiesimo centras).

	2024		2023	2022
	Total	Of these in Lithuania		
Voluntary employee turnover, headcount ¹²				
AB Lietuvos Geležinkeliai	109		101	148
AB LTG Cargo	154		170	237
AB LTG Infra	161		141	170
UAB Geležinkelio Tiesimo Centras	34		42	45
UAB LTG Link	76		61	113
Total	534		515	713
Employee turnover indicator, % ¹³				
AB Lietuvos Geležinkeliai	14.7%		13.3%	16.0%
AB LTG Cargo	9.1%		9.3%	9.9%
AB LTG Infra	6.8%		5.7%	6.3%
UAB Geležinkelio Tiesimo Centras	15.9%		15.3%	14.6%
UAB LTG Link	12.2%		10.5%	19.1%
Total	9.4%		8.7%	10.3%

¹²The number of voluntarily employee turnover includes employees who terminated employment under Articles 36(4) and all parts of Articles 55 and 56 of the Labour Code of the Republic of Lithuania. Employee turnover is tracked only in Group companies operating in Lithuania.

This number does not include employees who terminated their employment contract with one Group company but continued working in another.

¹³The indicator is calculated by dividing the number of voluntary leavers by the average number of active employees.

	Lithuania	Poland	Latvia	Ukraine	Estonia
Employee distribution by country and employment type in 2024, headcount					
Full-time	5,474	130	11	2	3
Part-time	76	3	7	3	1

	2024			2023	2022
	Women	Men	Total		
Employee distribution by country, headcount					
Lithuania	1,837	3,709	5,546	5,682	6,029
Poland	15	118	133	126	89
Latvia	2	16	18	10	-
Ukraine	1	4	5	6	5
Estonia	0	4	4	1	-
Russia	-	-	-	-	1
China	-	-	-	-	2

Regional employee totals and contract type/employment share subtotals may differ as employees can hold multiple positions with varying contract types and employment shares. Some employees hold employment contracts across multiple countries.

Employee data for LTG Group companies AB Lietuvos Geležinkeliai, AB LTG Cargo, AB LTG Infra, UAB LTG Link, UAB Geležinkelio Tiesimo Centras and UAB Rail Baltica Statyba is managed in LTG Group Personnel Management Information Systems, while data for LTG Cargo Polska and LTG Cargo Ukraine is maintained in other local information systems.

The tables provide the number of employees as at the end of the period, unless otherwise specified. All tables where the number of employees is provided indicates the number of active (unique) employees. The unique employee count methodology means that employees falling into multiple categories (e.g., working across several Group companies) are counted only once in totals, resulting in possible differences between row sums and stated totals.

Further employee information (including average salary and total payroll fund) can be found in the [Remuneration report](#) section of this LTG Group's consolidated management report.

LTG Group exclusively employs contract-based employees. Ancillary services needed (such as recruitment, cleaning, and security) are procured from external suppliers whose employees are not contracted to the Group. These employees fall within the scope of workers in the value chain and the disclosure are made in the [Workers in the value chain](#) section of this report. Accordingly, the Group does not have any non-employed staff, i.e. those that work on other grounds, not employment contract.



Collective bargaining coverage and social dialogue

The LTG Group creates an organisational culture based on openness and feedback, both internally and in cooperation with social partners – encouraging engagement, open discussions, and the sharing of ideas, suggestions and criticism. This supports a strong, constructive social dialogue with employee representatives.

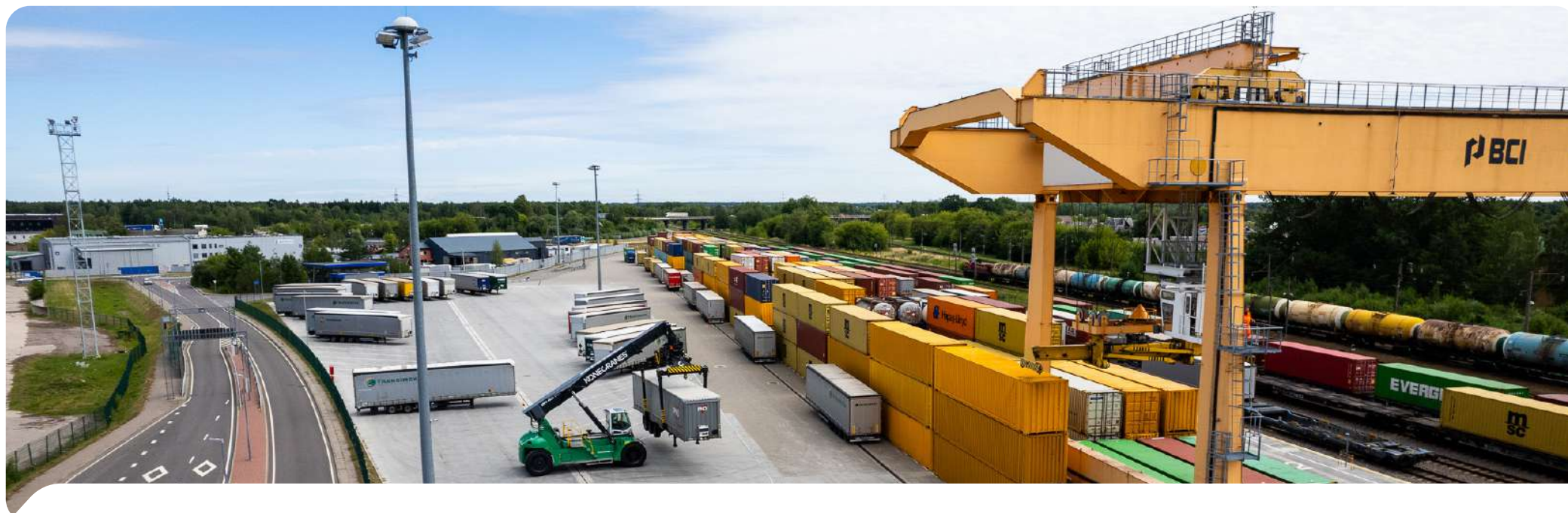
In December 2024, LTG Group had 20 active trade unions, representing 1,543 direct members or 27 per cent of all LTG Group employees. Two major employee representative organisations, encompassing 17 primary trade unions and over 95 per cent of all union members, represent all LTG Group employees in Lithuania by mutual agreement with the employer. LTG Cargo Polska and LTG Cargo Ukraine companies do not have any established organisations of employee representatives.

Key agreements with employee representatives are documented in the Sectoral Collective Agreement, which has a four-year validity period with biennial reviews or reviews initiated by either party. Some union members are additionally covered by National Collective Agreement provisions. No other agreements exist regarding employee representation in international European labour organisations.

Beyond Sectoral Collective Agreement negotiations, regular discussions with employee representatives cover planned changes and employee concerns, alongside consultations on employment relations decisions and internal regulations governing workplace rights and responsibilities. In addition to the meetings organised on an as-needed basis, a regular event is held at the end of each year to provide LTG Group employee representatives with an overview of the implementation of the provi-

sions of the sectoral collective agreement and to discuss with the heads of LTG Group companies the directions for more effective cooperation and the plans for the future. To enhance social dialogue, trade union chairpersons participated in training during 2024 focused on “Creating an atmosphere in trade unions that attracts, retains and encourages talents”.

The Lithuanian Sectoral Collective Agreement provisions apply to all employees contracted within LTG Group’s Lithuanian operations. No alternative employment arrangements beyond standard employment contracts are used in Lithuania. The Sectoral Collective Agreement provisions exclude only LTG Cargo Polska Sp.zo.o. employees in Poland (133 employees or 2 per cent) and LLC LTG Cargo Ukraine employees in Ukraine, outside the European Economic Area (2 employees or 0 per cent).



Diversity metrics

Since early 2024, the organisation has strengthened its focus on diversity, equality and inclusion – fostering an open and respectful work environment where every employee can be their authentic selves, regardless of gender, race, nationality, citizenship, language, origin, social status, faith, beliefs, views, age, sexual orientation, disability, ethnicity, religion, or other characteristics. Therefore, any form of discrimination in the Group is prohibited and will not be tolerated, including direct or indirect discrimination, intent or instruction to discriminate, harassment, sexual harassment, stalking, as well as any form of abuse, psychological violence, mobbing, bullying, intimidation, taking advantage of a person's position, or any other similarly disadvantageous treatment.

The following are the main documents that enshrine the principles of diversity, equal opportunities, protection of human rights and the welfare of LTG Group employees:

- AB Lietuvos Geležinkeliai Group People and Culture Policy;
- AB Lietuvos Geležinkeliai Group Code of Ethics for Employees;
- AB Lietuvos Geležinkeliai Group Work Principles;
- Guidelines for violence and harassment prevention and equal opportunities assurance.

Documents are available at: www.LTG.lt/tvarumas/tvarumo-valdymas-ir-rezultatai

Key initiatives, actions and projects in 2024:

- **Training.** “Equality and Non-discrimination ABC” training was introduced in early summer 2024, mandatory for all management levels and recommended for the wider workforce. The training programme aims to demonstrate the benefits of equal opportunities, explore potential workplace discrimination scenarios, and provide practical guidance for addressing discrimination cases, amongst other objectives. By year-end, completion rates were: 399 managers (66%) through mandatory participation and 2,069 employees (41%) through voluntary participation.
- **Awareness project.** October marked the launch of “LTG’s Strength in Diversity” project, designed to enhance employee awareness of diversity issues. The project dedicates each month to a different identity aspect (such as October for older (50+) employees, November for men, and December for religion). Each themed month features guest speakers or employees delivering presentations, alongside inclusive communication guidelines, colleague interviews, and other initiatives. Three themed seminars were delivered in 2024, reaching 942 employees. The project will continue throughout 2025.
- **Guidelines.** The organisation updated its Guidelines for Violence and Harassment Prevention and Equal Opportunities Assurance.
- **Diversity Charter.** LTG Group became an official member of the Lithuanian Diversity Charter in autumn 2024. The Diversity Charter is a non-governmental organisation uniting private, public and non-governmental sector organisations committed to fostering open and inclusive work environments and enhancing their social responsibility.



Ongoing initiatives:

- **“Women in rail” agreement.** LTG Group participates in the European Railway Association’s “Women in Rail” initiative through a joint agreement promoting women’s participation in the railway sector across Europe through various activities and measures. Each association member is committed to achieving gender balance within their organisation.
- **LTG Women’s Club.** Since 2020, the LTG Group has had a Women’s Club, whose mission is to bring together LTG women, to strengthen and promote women’s activities and equality in the railways. The Club aims to grow the community of women in the Group, to encourage the members of the community to develop, strengthen the image of the Group as well as to develop cooperation with other communities. The club’s flagship Mentoring programme, launched in 2021, ran two cycles in 2024: the first comprising 45 pairs and the second 49 pairs. Following the success, the initiative will continue in 2025. Eight employees oversee the club’s initiatives, with total membership exceeding 300 staff. The club maintains a dedicated Teams channel and intranet page.

2024 recognition:

- **Third Equal Opportunities Wing.**

This year, the Office of Equal Opportunities Ombudsperson awarded LTG Group its highest recognition – the third “Equal Opportunities Wing” (from a possible three wings), which recognises organisational excellence in equal opportunities. The third wing was awarded for creating a safe and inclusive organisational environment through: implementation of “Guidelines for Violence and Harassment Prevention and Equal Opportunities Assurance”, transparent and publicly accessible salary system, established discrimination reporting procedures, impartial complaint handling mechanisms and other related measures.



LYGIŲ GALIMYBIŲ SPARNAI

Indicator	LTG Group	AB Lietuvos Geležinkeliai		
	2024	2024	2023	2022
Distribution by age groups, %				
Up to 30 years	7.35	7.0	6.4	5.7
From 30 to 50 years	51.0	67	67	68
Over 50 years	42	26	26	26
Distribution by education²¹, %				
University	41.3	80.5	63.8	63.3
Higher non-university	16.0	9.5	7.1	10.5
Vocational	17.4	3.7	3.0	3.5
Secondary and other	25.2	6.3	26.2	22.8
ution by length of service, %				
up to 1 year	10.0	15.7	12.3	11.6
1–5 years	21.5	37.7	33.2	44.7
6–10 years	11.9	13.6	15.7	9.9
11–20 years	21.8	16.8	21.0	17.7
Over 20 years	34.8	16.2	17.8	16.1

²¹The methodology for collecting and calculating employee education data changed in 2024

Gender	Up to 30 years		30–50 years		Over 50 years	
	Employees	%	Employees	%	Employees	%
Women	132	31.5%	913	31.4%	810	34.1%
Men	287	68.5%	1,994	68.6%	1,567	65.9%
Total	419	100.00%	2,907	100.00%	2,377	100.00%

In 2024, top management positions at LTG Group comprised 4 women (30.8%) and 9 men (69.2%)²².

²²Top management at LTG Group encompasses the AB Lietuvos Geležinkeliai CEO, direct-reporting function heads and subsidiary company CEOs.

Adequate wages

LTG Group's approved [Remuneration Policy](#) guides all aspects of employee compensation, including establishment and review of remuneration, compensation structure and total remuneration package. Key policy provisions and implementation details are available in the Remuneration Report section of the consolidated annual management report.

The [Remuneration Policy](#) establishes that LTG Group benchmarks against the base salary median of all companies (both local and international) participating in market remuneration surveys. Base salary ranges are structured with maximum and minimum thresholds within 20 per cent of the median. Individual remuneration may temporarily fall outside these ranges due to objective circumstances – such cases are monitored as acceptable deviations from standard policy provisions, with total exceptions not to exceed 10 per cent of all employees.

All employee remuneration meets or exceeds the statutory minimum monthly or hourly wage requirements in the respective countries of employment. No LTG Group employee receives less than the nationally established minimum wage.

Social protection

Employee social protection and guarantees are governed by the legislation of countries where LTG Group operates and employs staff. LTG Group strictly adheres to and implements all relevant legislation applicable to specific countries and areas related to social guarantees: in cases of illness, employment contract termination, occupational diseases, work-related accidents, maternity or paternity leave, and reaching retirement age. All countries in which the LTG Group has employees have their own social security systems. This means that all employees are covered.

Persons with disabilities

As at end-2024, LTG Group employed 52 persons with disabilities* (0.91% of total workforce), comprising 30 women and 22 men.

In 2024, LTG Group established a working group to enhance conditions for employees with disabilities, increase disability awareness, and promote recruitment of people with disabilities. The Group currently includes one employee with a disability, with plans for broader representation in the future.

**Persons with disabilities are employees who, following an assessment of their health and ability to perform certain qualified work, have obtained a certificate of disability issued by the Disability and Work Capacity Determination Service. The employee may (but is not obliged to) submit such a certificate to personnel specialists, who will record the details of the employee's disability in the employee data system - the degree of disability, the date of issue and the validity of the certificate.*

Trainings and skills development metrics

The LTG Group implements a unified approach to employee development to ensure future competencies that are necessary for achieving the organisation's strategic objectives, strengthening competitive advantage, fostering the work environment in order to maintain professional growth and a culture of continuous learning.

The specific development needs of employees in the organisation are assessed in the light of the strategic directions and objectives of the LTG Group as a whole and of the individual business units, the challenges in the environment, the anticipated technological and organisational changes, the new opportunities and activities arising, the competences and qualifications required for specific tasks, and the results of performance appraisals. Individual development needs are linked to performance appraisals, task-specific competences and development, setting personal development goals during the annual interview and supported by continuous feedback.

Key training cycles available to Group employees in 2024:

- Most of the Group's trainings were dedicated to professional trainings by in-house trainer communities and e-learning programmes delivered in a virtual learning environment, while some of the mandatory competences were developed in cooperation with external partners. Training hours are detailed in the "Number of Training Hours" table.
- Sustainability was a key focus area with 1,885 LTG Group employees completing a six-theme sustainability training cycle.
- Top-level managers undertook individual development programmes, strengths sessions and university business programmes.
- The management competency development portfolio was enhanced with new directions, expanding the internal management development programme to include both middle managers and team leaders, with training delivery extended to regional locations – Kaunas, Klaipėda, Šiauliai and Radviliškis. Continuous multi-part programmes focus on management tools for result achievement, efficiency enhancement and leadership development. The programme engaged more than 300 LTG Group managers. The management development virtual learning space was enhanced with new e-learning modules covering systemic thinking, remote team management (hybrid work), succession planning, and equal opportunities implementation in the organisation.
- The "Manager Standard" training programme was digitised and updated, accessible to managers in the virtual learning environment from their first day, designed to help newly joining managers quickly understand organisational specifics and processes while facilitating new manager adaptation.

- The "Friday for Growth" initiative was implemented, featuring systematically planned lectures, seminars and discussions on emotional well-being, diversity, equality, personal efficiency, professional development and other relevant topics.
- Digital literacy received particular focus, with professionally prepared training in core MS programmes Word, Excel, PowerPoint, PowerBI data analytics, and MS Teams made available to all through the virtual learning environment.
- Foreign language training is offered as an additional employee benefit, with more than 250 staff participating throughout the year.
- LTG Group emphasised employee emotional well-being, delivering management training on the subject from July to September, whilst offering all employees access to 12 emotional well-being topics.

In 2024, the new employee adaptation programme "**New Passenger**" was launched, featuring seven topics on organisational goals, culture and benefits through video content, complemented by newcomer community activities including introductions, staff meetings and values games. The "New Passenger" programme is designed to ensure smooth on-boarding and positive experience during employees' first three months.

Internal career months. Internal career planning and development is founded on open employee-manager dialogue, trust and respect. LTG Group encourages employees to regularly discuss career expectations with their direct managers, jointly identifying growth and development opportunities, setting personal development goals and monitoring progress. July-August 2024 were dedicated to internal careers, featuring career consultations, remote training sessions on internal career opportunities and challenges for both employees and managers, and a series of internal career success stories shared across communication channels.

	2024	
	Total training hours	Number of training hours per employee
Number of training hours, units		
Centralised Learning Management System (LMS) hours	164,151.9	28.8
Teams training hours	13,023.1	2.3
Technical training hours	29,325.7	5.1
Procurement training hours	726.0	0.1
Total	207,226.7	36.3
Number of training hours by employee gender, units		
Women	54,021.5	29.1
Men	153,205.2	39.8
Total	207,226.7	36.3

Employee performance evaluation. The Group conducts annual employee performance reviews and assessments. It is a structured process setting employee objectives for the upcoming calendar year, with year-end evaluation of goal achievement and value-based behaviour. All LTG Group employees (100 per cent) receive annual goals and value-based behaviour guidelines, with a comprehensive assessment recorded at year-end. The performance evaluation process encompasses all Group employees under employment contracts.

Health and safety metrics

LTG Group is committed to providing safe and healthy working conditions for all employees across all work-related aspects, implementing preventive measures against occupational accidents and diseases. The Safety Management Policy serves as the primary document governing safety within LTG Group.

The aim of safety leadership is to promote understanding about importance of safety at all levels of management, encourage safety awareness and ensure awareness of responsibility regarding safety. By promoting safety leadership of managers we seek for reflection of safety in all elements of activity - in everyday meetings, in discussions of the results and in periodic visits to departments.

The key elements of LTG Group's employee safety and health system, ensuring safe conditions for all Group employees, include:

- Safety culture is an established behavioural model where employees maintain safe practices even without supervision. In a high safety culture environment, employees voluntarily adhere to established rules, encourage compliance among colleagues, and foster trust, openness, and responsibility awareness.
- Employee safety and health training.
- Employee wellness promotion.
- Occupational risk assessment.
- Provision of safety measures and health services.
- Workplace design and working conditions enhancement.
- Work equipment operation and maintenance.
- Prevention and management of workplace intoxication risks.
- Other safety-related processes.

GTC, an LTG Group company, operates under ISO 45001 "Occupational Health and Safety Management Systems" certification, with all safety-related activities conducted within this certified framework. While other Group companies are not certified, they operate under rigorous internal health and safety management system requirements applicable to all employees.

The Group has maintained a zero work-related fatality record over the past three years, with no deaths from incidents or illnesses.

	2024	2023	2022
Number of accidents at work, units			
LTG	0	0	0
LTG Cargo	8	1	13
LTG Infra	3	5	4
LTG Link	2	4	5
GTC	5	2	3
LTG Group	18	12	25
Lost time injury frequency rate (LTIFR): number of injuries / million work hours			
LTG	0.0	0.0	0.0
LTG Cargo	2.7	0.3	3.4
LTG Infra	0.7	1.1	0.9
LTG Link	1.9	4.0	5.1
GTC	13.2	4.0	5.4
LTG Group	1.8	1.2	2.2
Number of confirmed cases of occupational diseases in group companies*, units			
LTG	0	0	0
LTG Cargo	0	1	3
LTG Infra	1	0	2
LTG Link	0	0	0
GTC	0	1	0

* denotes confirmed cases of occupational diseases among employees of the LTG Group, where the State Labour Inspectorate has not verified any fault on the part of the LTG Group.

In 2024, LTG Group's Safety function conducted five internal occupational safety and health management system audits in LTG Group companies, including:

- Audit of LTG Cargo's potentially hazardous equipment maintenance
- LTG Infra and GTC high-risk work organisation audit
- Audit of LTG Link's potentially hazardous equipment maintenance
- Audit of LTG Link's occupational risk assessment

Internal safety management system audits were also conducted across LTG Infra, LTG Cargo, GTC, LTG Link and LTG (Asset Management Services). A contractor safety management system performance audit was also completed for the Rail Baltica project.

Key employee health and safety initiatives in 2024:

- Safety Academy – these intensive training sessions promoting internal safety culture have become an established tradition. Sessions are delivered quarterly, covering various safety-related topics. The Academy's success is reflected in attendance figures – averaging 4,283 employees participating in training sessions across each five-day programme. Four week-long programmes were delivered in 2024, comprising 60 lectures with total attendance reaching 17,132 participants.
- As one of Lithuania's pioneers in workplace innovation, LTG Group has transitioned from paper-based health check books to digital certificates through the "E-health" system, optimising employee health monitoring. This conserves resources, protects and does not pollute the environment. In 2024, 81.3 per cent of employees completed preventive health checks through the "E-health" system.



Work-life balance metrics

Employees based in Lithuania are entitled to additional paid leave (mother's or father's days) under the Labour Code of the Republic of Lithuania, Sectoral Collective Agreement and LTG Work Principles, with costs covered by the employer. Employees taking maternity leave or extended childcare leave receive statutory benefits and guarantees under the Labour Code, including job protection for their chosen period.

Employees based outside Lithuania are subject to their local statutory entitlements and cannot access the mother's/father's days available in Lithuania. Social guarantees for maternity and childcare leave for these employees are governed by the legislation of their country of employment.

In 2024, 94.1 per cent of eligible Lithuania-based employees utilised their mother's/father's day entitlement at LTG Group.

	Unit of measure	2024	
		Did not use mother's/ father's days	Used mother's/ father's days
Mother's/father's day utilisation rate by Group company			
LTG	%	4.6	95.4
LTG Cargo	%	6.0	94.0
LTG Infra	%	5.6	94.4
GTC	%	8.9	91.1
LTG Link	%	7.9	92.1
Total	%	5.9	94.1
Mother's/father's day utilisation rate by gender			
Women	%	4.7	95.3
Men	%	6.5	93.6
Total	%	5.9	94.1

Remuneration metrics

As at 31 December 2024, LTG Group recorded a gender pay gap of 2.7 per cent in favour of women, based on established positional salaries. The hourly rate stood at EUR 13.36 for women and EUR 13.01 for men. LTG Group's overall average hourly wage was EUR 13.05.

The ratio between highest and median annual salary at LTG Group stood at 8.84 in 2024.

Salary difference indicators are calculated using average monthly earnings per conditional full-time equivalent, based on actual payments and hours worked. Data is drawn from annual figures, segmented across various dimensions – individual

companies, gender, general position groups and other categories.

The overall gender gap in established positional salary (hourly equivalent) was 2.7 per cent in 2024. The most significant gender pay difference at LTG Group appeared in the Managers and team leaders category, with women earning 14.9 per cent more than men. Within top level management, women's salaries were 13.2 per cent below men's, while among other employees, women's salaries were 1.7 per cent higher. The pay gap was calculated by converting fixed monthly salaries to hourly rates, except where employees were already on hourly rates.

Category of employees	Women	Men	Difference, %
Average hourly wage, EUR			
Top-level management	48.16	55.51	13.2
Managers and team leaders	23.71	20.63	-14.9
Other employees	12.15	11.94	-1.7
Total amount	13.36	13.01	-2.7

The actual average hourly wage (for employees as at 31 December 2024) showed a 2.3 per cent difference in favour of men. When including 2023 annual bonus payments, the overall actual wage gap (for employees as at 31 December 2024) between men and women stood at 2.1 per cent.

Category of employees	Contractual hourly rate, EUR			Actual average hourly rate excluding bonus, EUR			Actual average hourly rate including bonus, EUR		
	Women	Men	Difference, %	Women	Men	Difference, %	Women	Men	Difference, %
Top-level management	48.2	55.5	13.2	57.1	55.8	-2.3	66.1	64.4	-2.7
Managers and team leaders	23.7	20.6	-14.9	22.7	20.4	-11.2	24.3	21.8	-11.5
Other employees	12.2	11.9	-1.7	12.9	13.3	3.4	13.3	13.8	3.3
Total amount	13.4	13.0	-2.7	13.9	14.2	2.3	14.5	14.8	2.1

Pay differentials are expressed as a percentage of men's salary. Remuneration data is presented without purchasing power parity adjustment.

Incidents, complaints and severe human rights impacts

No confirmed incidents of discrimination or human rights violations were recorded in 2024.

Report submissions in 2024 totalled seven: four received via email at manrupi@LTG.it prior to 20 August 2024, and three submitted through the newly implemented Transparency Line violation reporting channel after 21 August 2024, concerning potential psychological violence, harassment or equal opportunities violations (compared to ten reports in 2023).

All reports are investigated in accordance with the Guidelines for Violence and Harassment Prevention and Equal Opportunities Assurance. Investigation of reports concerning potential psychological violence, harassment or equal opportunities violations found no substantiation for the allegations.

LTG Group has no record of complaints filed against the organisation with the OECD National Contact Point.



Partnership with educational institutions

Since 2023, LTG Group has strengthened partnerships with educational institutions both domestically and internationally to promote engineering studies, enhance railway sector career appeal, and secure competencies vital for organisational growth and strategic development. This includes offering internships and traineeships, participating in research projects and other social initiatives.

In 2024, the organisation broadened its strategic educational partnerships in Lithuania across schools, colleges and universities. Partnerships with VGTU Engineering Lyceum, VILNIUS TECH, Kaunas University of Technology, Lithuanian Engineering, Vilnius Technology and Design (now part of Vilnius College), and Šiauliai State colleges foster active dialogue with the academic community while enhancing specialists' understanding of current business needs, railway industry prospects and emerging technologies.

In 2024 LTG Group entered into a consortium agreement for the Massachusetts Institute of Technology (MIT) International Science and Technology Initiatives (MISTI) programme for Lithuania Joint Activity Agreement. This programme aims to strengthen Lithuanian-US cooperation across academic, state and business sectors, encompassing research, innovation and technology projects, student and scientist exchanges, and other joint initiatives, while enhancing Lithuania's profile as an innovation and technology hub.

In 2024, cooperation took various forms and measures:

- Meetings were held with representatives of the educational partners to share knowledge on technological innovations in the sector, processes and the strategic directions of the technological development of the organisation.
- Thematic excursions were organised for schoolchildren and students in the Group companies to introduce the activities in the organisation and relevant engineering professions, including participation in the Vilnius City Municipality and EDU project platform "Vilnius is a School". These organised lessons reached more than 740 schoolchildren.
- The Group participated in various initiatives promoting engineering studies and railway transport careers, including education partners' career days and conferences.
- LTG Group provided internship and traineeship opportunities for students. In 2024, the Group hosted 32 student interns (including eight positions allocated to LTG Group employees). Transport engineering, train operations, IT and data analytics attracted the highest number of interns. The majority of interns came from KTU, VILNIUS TECH, VU, Vilnius College of Technology and Design, and SMK College of Applied Sciences.
- The "Growing Leaders" summer internship programme offered opportunities to talented Lithuanian students, both domestic and international, with top performers considered for permanent positions at LTG Group. The 2024 programme attracted more than 300 applicants from KTU, VILNIUS TECH, VU, ISM and international universities, with 34 students selected for paid internships. Twelve interns received permanent position offers, while five continued their assignments at LTG through autumn before returning to their studies.

Employee data protection and privacy

LTG Group seeks to ensure protection and confidentiality of processed data and compliance of data processing with the requirements of the EU General Data Protection Regulation (GDPR) and other data protection legislation. The Group has adopted key internal documents setting out the fundamental provisions for the protection of personal data: Principles for the Protection of Personal Data and Methodology for the Processing of Personal Data.

Records of data processing activities are updated, monitoring of data processing operations is performed, Data Protection Impact Assessments, audits of information systems in terms of GDPR and legitimate interest tests are carried out within the Group on a regular basis; the Group fosters a culture of personal data protection among employees through ongoing education and awareness.

Company representatives engage in training sessions and exercises alongside counterparts from other institutions. LTG Group enhances employee cyber security awareness and vigilance through regular training sessions, cyber security guidelines and updates on current security threats.

Personal data breaches are managed centrally by the Data Protection Officer in accordance with the Personal Data Breach Management Process Standard approved by the Group. Data subjects' rights are enforced in accordance with the Data Subject Rights Enforcement Process Standard approved by the Group. Employees receive information about personal data processing conditions and their rights as data subjects through the Employee Privacy Notice.

Workers in the value chain

LTG Group's relationships with its value chain are important to the Group and the Company can place most of its demands on its direct suppliers of goods and services, contractors and partners. In order to manage the key impacts, risks and opportunities related to the rights and well-being of workers in the value chain, all suppliers undertake to comply with the Supplier Code of Conduct when signing contracts with the LTG Group companies. The Supplier Code of Conduct is the document, the main purpose of which is to establish standards of business ethics and sustainable behaviour that are binding on suppliers of goods and services with whom the LTG Group companies enter into sales and purchase agreements. LTG has no other confirmed policy on managing impacts, risks and opportunities in the value chain, other than the LTG Supplier Code of Conduct.

The Supplier Code of Conduct ("the Code") obliges the Supplier to comply strictly with the Operational Principles set out in the United Nations Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises ("the Guidelines"), and the OECD Guidelines for Multinational Enterprises ("the Guidelines"), the ILO Declaration on Fundamental Principles and Rights at Work and other operational principles set out in the Code, and shall ensure that they are complied with by all, sub-suppliers, sub-providers and subcontractors.

According to the Code of Conduct, the supplier must respect the principles of human rights, ensure equal and non-discriminatory opportunities for its employees, create an ethical and respectful atmosphere and foster freedom of opinion and expression. The supplier must also ensure that no child exploitation, coercion or fraudulent use of labour is used at any stage of the supply chain in the supply of goods, provision of services or works.

In addition, the supplier's compliance with the Code must respect the principles of decent work, anti-corruption, fair competition, data protection, environmental protection, health and safety and the other principles set out in the Code.

In the circumstances set out in the Code, i.e. when any violation of human rights or safety of the Supplier's employees or of the employees in the Supplier's supply chain comes to the attention of the Supplier, the Supplier must immediately inform the LTG Group company and provide all available information. If the LTG Group company initiates an internal investigation, suspects a violation of the provisions of the Code or verifies compliance with its commitments, the Supplier shall cooperate in good faith with the LTG Group Company and promptly provide all necessary information to conduct the investigation. The Supplier's refusal, evasion or delay in providing data or explanations shall be considered a breach of this Code.

Compliance with the Supplier Code of Conduct shall be enforced in several ways:

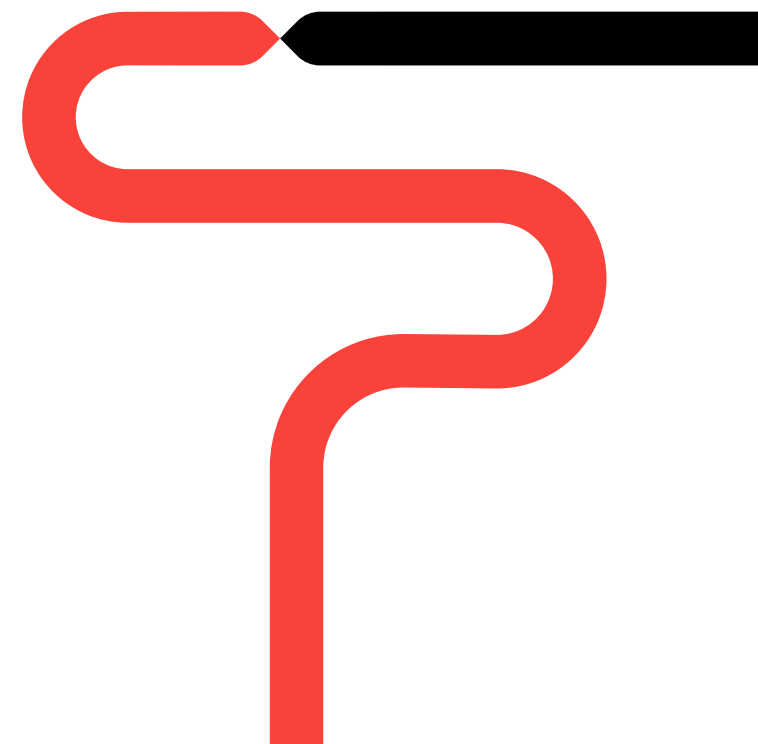
- **Declaration:** to participate in a procurement, suppliers submit a European Common Procurement Declaration (ECPD) where they declare having no grounds for exclusion (including violations of human rights). This commitment is valid for the entire duration of the contract.
- **Contractual obligations:** suppliers must sign contracts stating that they will comply with the requirements of the Code.
- **Audits and inspections:** LTG Group companies have the right to carry out audits of suppliers to ensure that they comply with the standards set.
- **Whistleblowing system:** LTG has a whistleblowing system, the Transparency Line, where interested parties can anonymously report possible violations of the Code. Further details about the Transparency Line can be found in the [Business Conduct](#) section of this Sustainability Report.

The Supplier Code of Conduct is available on the LTG website www.LTG.it.

There were no significant changes to the Supplier Code of Conduct in 2024.

In 2024, there were no confirmed complaints related to violations of suppliers' employee rights.

Safety remains a top priority in LTG's operations and in its engagement with suppliers and suppliers' employees. LTG's contractors and external customers receive trainings under the "Safe Behaviour of Non-Railway Employees in the Railway and its Facilities Protection Zone" programme, which aims to provide them with the necessary knowledge of safe behaviour and to familiarise them with the established essential requirements to ensure the safe behaviour of contractors in the railway danger area. In 2024, this training reached 642 participants.



Data privacy of suppliers' employees

The Company seeks to ensure maximum protection, confidentiality and compliance of the personal data of its suppliers', contractors' and partners' employees with the EU General Data Protection Regulation (GDPR) and other data protection legislation. The Group has adopted key internal documents setting out the fundamental provisions for the protection of personal data: Principles for the Protection of Personal Data and Methodology for the Processing of Personal Data.

Personal data breaches are managed centrally by the Data Protection Officer in accordance with the Personal Data Breach Management Process Standard approved by the Group. Data subjects' rights are enforced in accordance with the Data Subject Rights Enforcement Process Standard approved by the Group. Provisions on the protection of personal data are also included in contracts with partners and suppliers.

Affected communities

The Company's strategy, business model and activities directly affect the quality of life of communities through both positive and negative impacts. The development of rail infrastructure improves the mobility and accessibility of communities, thereby expanding socio-economic opportunities. However, communities are also affected in negative ways, such as land being taken for infrastructure development, accidents and pollution, which can lead to negative economic impacts on community members. There may also be negative social impacts on the quality of life due to noise pollution and vibrations, traffic safety and incidents, or negative environmental impacts due to pollution.

The LTG's analysis of impacts, risks and opportunities has focused on communities that are directly affected by the Company's own operations, such as those living or working near railway infrastructure, main routes, terminals or other sites where the Group's companies operate. The analysis does not take into account the communities exposed to negative impacts from supply chains, for example from raw materials extraction by secondary and further level suppliers. In addition, individual private and business customers at the end-use chain are analysed through the prism of consumers and end-users.

Stakeholder relations within the LTG Group are managed in accordance with an approved Stakeholder Engagement Policy, endorsed by the LTG Board, whereby the Group seeks to create long-term sustainable value for all stakeholders - including communities. This policy is available on the LTG Group's website LTG.lt under Management/Internal legal acts. Currently, the Group does not have specific goals related to cooperation with communities, but there are continuous communication processes that help to ensure that community members can contact the Group, if necessary, with any issue of concern and receive a quick response.

Processes for engaging with affected communities

Informing communities and other social groups concerned about the processes that are important to them, their involvement in sustainability-related and other initiatives are considered by the LTG Group to be one of their priorities. The LTG Group informs these persons about their activities, sectoral events, the implemented or to-be-implemented projects proactively and on a regular basis and actively promotes and develops mutual dialogue. Initiatives of the Group companies comprise a wide and meaningful range of activities – such as collaboration with communities seeking to improve life quality of people living in areas next to railways, promotion of sustainable logistic solutions, education on safe behaviour at railways, as well as striving for telling the history of railways in a modern way and introducing the society to the work of professionals of this field.

LTG Group representatives periodically organise meetings with community representatives - residents of municipalities where existing railways or the new Rail Baltica route run, landowners, owners of real estate and other interested public representatives. The Group's representatives strictly adhere to the law when dealing with community-related issues. At the same time, in order to ensure the smoothest possible implementation of the project at all stages of the project, the Group aims to maximise the communication with the communities, going beyond the legal requirements. The meetings, which are organised several times per year, depending on the need and the progress of the projects, include presentations of the most important project milestones, changes and innovations that are most relevant for the communities. These meetings are attended by LTG Infra's project managers, with the involvement of senior managers as needed.

Groups of representatives of the affected communities are identified through studies and surveys, as well as in accordance with the relevant requirements of the Lithuanian law.

Channels and processes for community complaints and expectations

In addition to the main sources of information (municipal and district notice boards, websites, the Ministry of Transport and Communications' website, TPS "Vartuose", the website of the Rail Baltica project, websites of service providers), additional information about the Rail Baltica project is published on Rail Baltica social channels, on website www.rail-baltica.lt, www.railbaltica.org, and, if necessary, in the national and/or regional press.

Reports, queries and complaints from the public are collected through different channels - through the websites of the Group companies or the Rail Baltica project, through the Ministry of Transport and Communications, available for interested citizens and representatives of municipalities to contact, through social networks, and other channels. If the processing of queries reveals recurring common key problems, these are addressed proactively. For example, a list of "Frequently Asked Questions" is compiled with answers, topics are covered in articles published on major news channels, meetings are organised with communities in specific municipalities, and specialists are assigned to respond to the public's requests in a way that is convenient for them (e.g. in person, at a public meeting). The websites of the Group companies are available in Lithuanian and English, and the LTG Cargo website is additionally available in Polish. It is therefore assumed that stakeholders are able to easily find the necessary contacts to get in touch with the LTG Group.

Information on the content and statistics of incoming enquiries is recorded and compiled in internal registers of the companies which are analyzed later to assess the results on collaboration.

Enquiries or complaints can be sent using contacts of the companies and responsible persons that are widely available on the LTG Group's websites and social networks, as well as through the Ministry of Transport and Communications, municipalities and other public channels. A policy to protect persons sending complaints or comments on the progress of projects has not been adopted as no such need has been identified to date. Members of the public can contact us through the LTG Group's public channels or report violations through the Transparency Line, if they believe their rights may have been violated or if they wish to remain completely anonymous.

The Noise Abatement Programme

The LTG Group pays particular attention to reducing noise and vibration caused by railway transport. This problem has been identified as one of the most important ones by the International Union of Railways (UIC), which has also set a target for 2050 to achieve that noise and vibration would no longer be an issue for rail transport, i.e. that is, railway traffic would be operated within the established noise and vibration limits. To achieve this goal, companies of the LTG Group implement the measures provided for in the municipal noise prevention action plans: implement electrification projects, improve and constantly monitor the railway infrastructure, control the speed of trains, organise freight train traffic as often as possible during the day rather than evening or night, repair wagons, and implement noise reduction measures.

LTG Infra has been implementing the noise reduction programme for several years. The aim is to install noise-reducing measures and to ensure noise limits in and around residential and public buildings near railway stations. Environmental impacts have been reduced in response to requests from municipalities and the public for effective noise abatement measures. The design of noise walls has been the subject of active cooperation with municipalities, and architectural and design solutions have been coordinated to ensure that the sound attenuation walls are not only sufficiently effective, but also blend in with their surroundings.

By the end of 2024, nearly 100 km of noise abatement walls around the railway have been built where noise pollution was highest. LTG Infra is also developing a new methodology for selecting the location of noise walls, which will be used to select the most relevant sites for installation of new walls in the future. It is expected that the methodology will be adopted in 2025. The existing and newly installed noise abatement walls are the most effective means of not only improving the living conditions and well-being of the surrounding population, but also improving public safety indicators.

LTG Infra launched a replanting and restoration programme five years ago to reduce visual pollution as well as noise and air pollution. It is estimated that since the start of the programme, the Company has planted more than 45 thousand seedlings of various trees in Klaipėda, Raseiniai, Šiauliai, Kaišiadorys, Akmenė, Radviliškis, Kėdainiai districts and in Kena. In 2024 alone, more than 15 thousand saplings have been planted in various locations.

Traffic and public safety

Rail transport is not only the least polluting but also the safest mode of transport. Railway safety is the set of technical and organisational measures designed to ensure that passengers, rail users and other persons, as well as the railway infrastructure, rolling stock and the freight and luggage carried, are protected from the consequences of accidents, and it is therefore the primary function of every manager to ensure that these measures are implemented in a timely and appropriate manner.

Railway Safety Management Systems (SMS) are the most important systems to ensure railway safety. The purpose of each SMS is to ensure that the organisation effectively manages the risks arising from its activities in order to achieve its business objectives and to comply with all the requirements of the legislation governing rail safety.

By ensuring rail safety, LTG Group has the opportunity to become a competitive provider of passenger and freight transport services not only in Lithuania, but also in other countries, to contribute to the reduction of air pollution and motorisation, to maintain the status of a reputable employer, and to avoid accidents that could cause irreparable damage to people and the natural environment.

	Unit of measure	2024	2023	2022
Traffic safety indicators				
Fatalities and serious injuries	unit	6	6	5
Indicator of risk for public safety	Number of fatalities and serious injuries / mil. train km	0.5	0.4	0.4
Total number of traffic accidents	unit	20	13	28

Information on railway accidents and related deaths and serious injuries is collected by safety investigators of LTG Group and approved by responsible persons of the Ministry of Justice of Lithuania. Cases that are not confirmed as accidents according to the classification of the Ministry are not included in the presented statistics. Also, the presented indicators do not include events that occur due to the fault of other (non-LTG Group) carriers or infrastructure managers.

The number of fatalities and serious injuries includes only those persons who died or were seriously injured in a confirmed accident. If signs of suicide are found during the accident investigation, such a case is not classified as an accident and the death or serious injury of such a person is not included in the indicator.

The indicator of risk for public safety is calculated as the weighted number of fatalities and serious injuries divided by the total mileage of all freight and passenger trains.

The International Union of Railways (IUR) produces an annual Safety Report to measure and compare the safety performance of 35 different railway infrastructure managers operating in 32 countries, which includes the IUR Safety Index. This index covers the number of major accidents in rail transport, the type of accidents (rolling stock collisions, derailments), personal injuries or fatalities and aspects of the operation of the railway system. LTG's IUR Safety Index is 1.44, which places the LTG Group in the top twelve of the safest companies, alongside the Austrian, German and Italian rail infrastructure managers.



In 2024, all of the LTG's major railway accidents have been caused by bystanders and level crossing users being traumatised by their unauthorised actions when crossing the railway, which is why the LTG Group's efforts are geared towards further reducing the number of accidents in the future and eliminating rail fatalities altogether.

- LTG Infra has set up an advanced level crossing monitoring centre where the operator centrally monitors the traffic situation at 7 level crossings. The intelligent video surveillance and analytics system installed in the monitoring centre identifies moving objects - people, cars, trucks, abandoned objects - records car number plates, and sends an alarm to the operator when an object stops in the crossing area. In total, the centre is expected to monitor around 90 level crossings.
- LTG Infra is implementing a programme to improve the safety of level crossings, with the aim of making rail-road crossings even safer. The company consults with the municipalities crossed by the railways to identify those crossings where safety measures are most needed. Crossings are reconstructed taking into account a number of key criteria - the volume of car and train traffic, speed and visibility conditions at the crossing. The following are the most common types of works or parts of works to be carried out when upgrading level crossings: upgrading of crossing signals, installation of barriers on the carriageway, CCTV cameras, pedestrian walkway signalling systems, and, in some cases, automated crossing obstacle detection systems. Part of the works are performed upon receipt of partial financing from the EU, and part of works are fully funded by LTG Infra.
- The tradition of the information campaign on safe behaviour at level crossings continued in 2024. Throughout the year, the LTG staff, together with officers from the Lithuanian Road Police Service, carried out safe crossing campaigns at the most dangerous level crossings, where traffic incidents have occurred, as well as where vehicle flows are particularly active. The safety campaigns encourage drivers and pedestrians to comply with road traffic rules and remind them to cross railway crossings safely, especially at the time of year when weather conditions deteriorate and it starts to get dark earlier. Ignoring of road signs or traffic lights at

level crossings is the most common violation observed. The campaigns were carried out at 18 level crossings in 11 municipalities. In 2024, the LTG Group also focused on enhancing public safety awareness. An animated video on the topic of electric current was produced and shown at Vilnius, Kaunas and Klaipėda railway stations. In addition, posters on the dangers of electric current to human health were also produced and displayed in relevant places. As an additional educational measure, information on how to behave around trains and train tracks was printed for one month on electronic train tickets.

- In 2024, LTG Infra paid particular attention to public safety education. To ensure that people who cross railway tracks or are in hazardous railway areas, as well as users of level crossings are aware of safety risks they face, the format of the 'Safe Rails' page (more detail on <https://LTGinfra.lt/saugus-begiai/>), has been updated, highlighting the most relevant, easy-to-follow information: useful safety tips, important facts about railways and rail safety. The website contains educational material for pre-school and school children of all ages, driver centres as well as for train drivers themselves.
- In cooperation with the Ministry of Education, Science and Sport, the Group organises training sessions for kindergarten and school teachers on safe behaviour on the tracks, so that they can use the information provided to systematically educate their pupils. The Railway Museums in Vilnius and Šiauliai, which are visited every year by families and educational institutions, also provide a lot of information on safety.

Although the number of railway accidents is very low, in 2025 the LTG Group will continue the implementation of the plan to reduce risks to the public, which includes educational, technical and organisational measures to raise public awareness.



Joint initiatives for the well-being of affected communities

To improve cooperation and relations with the public and local communities, the LTG Group presented the following projects and initiatives:

- To make train journeys easily **accessible for passengers with disabilities**, the "Barrier-free Route" project is being implemented to make train journeys accessible for people with disabilities in railway station areas. The project renovates the railway station accesses, builds ramps, warning strips and other measures. By the end of 2024, major exterior works have been completed at 29 stations and interior works at 23 stations. Pedestrian viaducts at Vilnius and Kaišiadorys stations have also been reconstructed to make them accessible to people with disabilities. During 2024, the main works under these projects have been carried out and the projects are in their final phase.
- A renewed initiative on the occasion of **Railway Worker's Day**, inviting the public to take part in guided tours of the LTG Group's most interesting sites. In 2024, there were 10 of them, ranging from sites normally closed to the public to extraordinary train journeys or special education in museums. More than 500 people attended 23 individual events, with almost all registration places filled.
- The first Rail Baltica Information Centre is opened to the public at Kaunas railway station. The Information Centre is open to passengers, visitors to the railway station and anyone interested in the project's development, progress and key benefits. With the construction of the high-speed railway line, Kaunas International Station will serve more passengers than the capital city - around 11 thousand of train travellers every day. In 2024, more than 4 thousand passengers past Kaunas every day.
- All weekends in December, Vilnius Railway Station hosted events for citizens and train passengers, with Santa Claus entertaining the little ones and Mrs. Claus inviting them to learn how to bake biscuits, the musical group The Ditties and the string quartet 4 Strings, as well as performances by theatre artists and illusionists. Also, an original fair was organised where visitors could not only buy gifts made by the artists, but could also make presents themselves.
- **Christmas in the Rail Park:** the theme of this year's Christmas event was dictated by the values of the LTG Group, the concept of the Rail Park and the experience of previous years - sustainability, community and activities for the whole family. A unique outdoor exhibition of ice sculptures was opened in the Rail Park, and Vilnius residents and visitors were invited to free events: workshops where everyone could make candlesticks, lanterns, kaleidoscopes or Christmas toys from materials found in nature and friendly to nature, and children's and family events. A magical forest with a gnome factory was created on one of the trains in the Rail Park using sustainable materials - cardboard nozzles and other recyclables, as well as home-made natural plasticine. As the rolling stock of the Rail Park was opened up, illuminated, heated, and animated with free creative and educational-entertainment activities, it attracted a lot of attention from the public and media. The event was attended by around 7,000 people. The activities were particularly targeted at families and residents of the surrounding neighbourhoods of Vilnius.
- LTG Link has become a partner of the most important event of the year, the Lithuanian Song Festival, and has provided a 50% discount on train travel for participants of the centenary celebration. More than 7 thousand participants travelled by train from Kaunas, Klaipėda, Šiauliai and Kretinga. If the 7,000 participants had travelled to the event by car, on the streets and on the roads, this would correspond to an average of 6,000 of these vehicles. It is calculated that by choosing sustainable train travel, Song Festival participants saved more than 100 tonnes of CO₂.
- September 22nd is an **International Car-Free Day**, when residents are invited to give up cars and travel by bicycle, walk or use public transport. LTG Link invited people to travel sustainably on this day - by train - and offered a 90% discount on all domestic train route tickets.
- LTG Link partnered with **Lithuania's largest senior citizens' festival** as official carrier, offering seniors nationwide 60 per cent discounts on train travel to the event.
- LTG Link has also enhanced its Vilnius-Klaipėda service by introducing a dedicated **children's area** on the train. Passengers with small children can choose a carriage where children can enjoy a colourful environment and play opportunities. The space has been specially tested by the Group's safety experts, who have ensured that it is completely safe for young passengers.
- In line with the European rail transport development ambition to turn railway stations into attractive hubs for human mobility and based on the best practices in robotic work, LTG Group carried out a pilot project at Vilnius Railway Station, where a **robot LeoScrub** was used to clean the Passenger Hall for 7 days. The aim of this pilot project is to assess the quality and effectiveness of a new innovative technology and the cost-effectiveness of its application within LTG Group. It evaluated the quality of the floor cleaning, the performance of the robot when the station experiences an increase in passenger traffic or when the premises are cluttered with equipment or objects, operational and other indicators.

Consumers and end-users

In LTG Group's operations, consumers and end-users, identified by the company as individual and business customers, are directly affected by the demand for, or lack of, services. The activities of the company and the value chain create both negative and positive impacts on these stakeholders. The development of rail infrastructure improves the mobility and connectivity of individual customers, in particular by adapting the infrastructure to the needs of persons with individual needs. It enhances the economic opportunities for business customers and contributes to the decarbonisation of supply chains through less polluting transport modes by rail, intermodal transport options.

Customers of LTG Group are individuals travelling by train, businesses whose employees travel by train or freight is transported by rail, businesses using the infrastructure management and other services of the Group. Customer relations are developed in a decentralised manner by the Group companies, providing the relevant services in accordance with their approved policies and standards.

During the reporting period, the list of Strategic Directions of LTG was supplemented by a new direction - Customer Experience Strategic Direction. The strategic direction is new and LTG Group is still assessing and consolidating the available information and preparing to disclose the detailed impacts and indicators on this topic in the Sustainability Report for 2025 in accordance with the requirements of ESRS.

This Sustainability Report presents only the most important initiatives of the Group:

- The main challenges LTG Group is facing to achieve its objectives in improving customer experience: Making rail services, infrastructure and rolling stock accessible to people with reduced mobility. Further development of the 'Free Route' project, which includes the renovation of railway station buildings and their accesses, platforms and other infrastructure.
- Upgrading of passenger information systems on trains.
- Upgrading of information centres at major stations.

One of the Group's important commitments, which is relevant to all its customers, is the safety of customers and thus of the public. For more information on the Group's objectives, initiatives and projects, please refer to the section Affected Communities of this Sustainability Report/[Traffic and public safety](#).



Green certificates for LTG Cargo customers

Rail freight transport is one of the most sustainable ways of logistics for various materials and products. The LTG Cargo team has developed a methodology that captures the CO₂ savings of intermodal freight. The company now has a validated and proven way to calculate how much intermodal rail freight contributes to a greener and more sustainable environment. Using the methodology, LTG Cargo calculates annual GHG savings for intermodal customers and issues **Green Mileage Certificates** to customers. The company's customers can see real CO₂ savings and a real positive impact on the environment created by choosing to transport their goods sustainably.

Sustainable Travel Club

March 2024 marks the one-year anniversary of the Sustainable Travel Club, a unique digital train travel and environmental incentive programme set up by LTG Link, where points accumulated for kilometres travelled can be exchanged for discounts on other train journeys. Since the launch of the initiative, nearly 80,000 members have travelled 123 million kilometres. Of the total number of members, as many as half, i.e. 40,000 members have already joined in 2024.

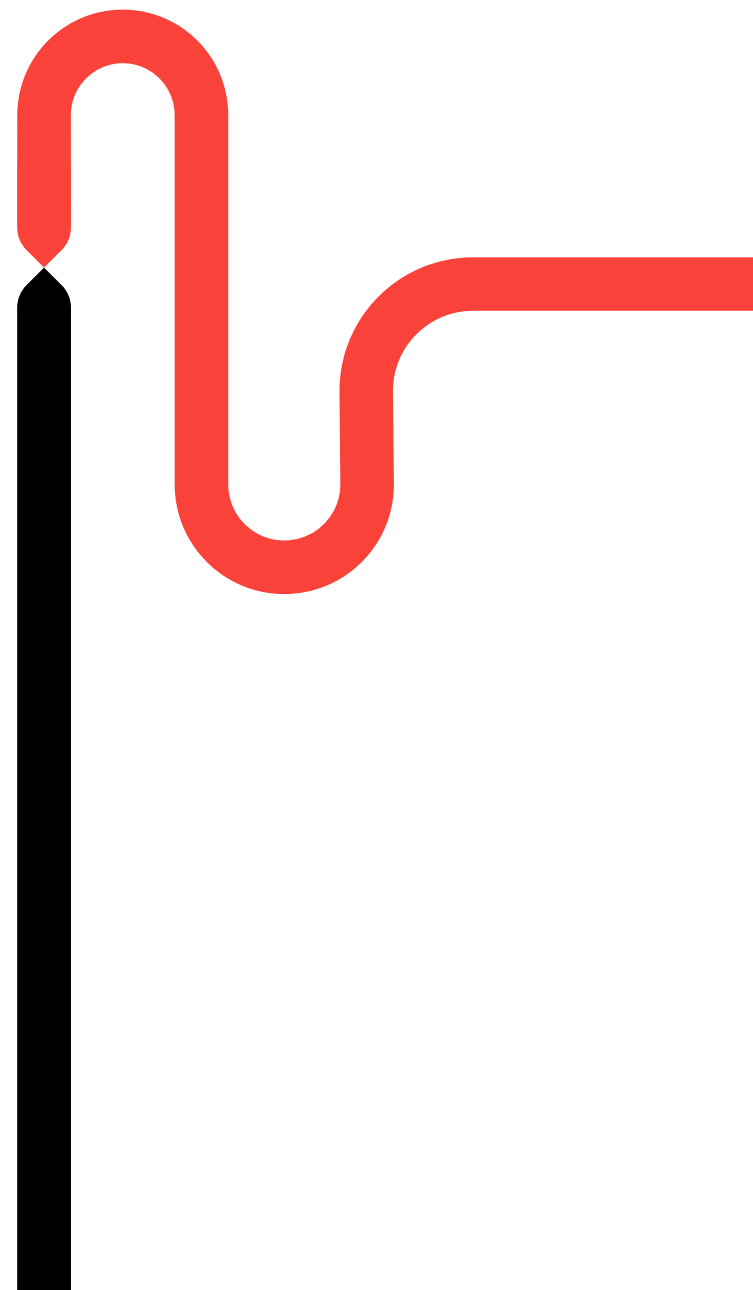
Privacy and data protection

LTG Group provides uninterrupted services of critical importance to passengers and businesses, operates and manages general-purpose information systems, critical infrastructure and industrial process management information systems, handles public and confidential information, trade secrets, and personal data of the Group and its business partners, and personal data of its customers, business partners, and employees, and is therefore a potential target.

The legislative framework of the LTG Group provides for cyber security directions, describes principles and requirements ensuring security of information and information systems and proper management of related risks. To ensure protection of data of the LTG customers, the Safety Operations Centre carries out the project: the measures that ensure monitoring of the information systems and networks managed by the LTG and response to incidents are installed, operation processes aimed at potential prevention of customers' data are improved.

The Group seeks to ensure protection and confidentiality of processed data and compliance of data processing with requirements of the EU General Data Protection Regulation (GDPR) and other data protection legislation. The Group has adopted key internal documents setting out the fundamental provisions for the protection of personal data: Principles for the Protection of Personal Data and Methodology for the Processing of Personal Data.

Personal data breaches are managed centrally by the Data Protection Officer in accordance with the Personal Data Breach Management Process Standard approved by the Group. Data subjects' rights are enforced in accordance with the Data Subject Rights Enforcement Process Standard approved by the Group. Customers (private persons) are informed about the terms and conditions of their personal data processing and the rights of data subjects in Privacy Notices.



6.6.3. Governance area

The governance area is particularly important in the LTG Group's daily activities. Good governance helps to achieve defined objectives consistently, to manage impacts or risks, and to adapt to stakeholders or regulatory expectations. The Company aims to implement governance activities and objectives such as ensuring good governance and effective corporate governance, zero tolerance to corruption, fostering transparency, legal regulation of state-owned enterprises, and fostering a governance structure and remuneration system that is consistent with good governance practices, as stipulated in the LTG Group Corporate Governance Policy, the Senior Management Remuneration Policy, the Corruption Resistance Policy, strategies, action plans and other documents. The Company also pays particular attention on managing its relationships with suppliers as a source of impacts, risks and opportunities at the upstream value chain through the implementation of procurement and the provisions of the Supplier Code of Conduct.

In line with the Sustainability Policy, the LTG Group sets two main priorities in the area of governance:

- Creation of long-term value for the state and the society.
- Ensuring of business continuity and risk management.

Although the LTG Group's shares are not traded on the stock exchange, the company took the initiative to conduct an assessment and disclosed its compliance with the provisions of the Corporate Governance Code for Listed Companies approved by Nasdaq Vilnius. The study was carried out in summer of 2024. The results showed that LTG Group's governance model is in line with best practices and standards of listed companies. Detailed report is publicly available on the Group's website <https://LTG.lt/apie-mus/valdymas/valdybenos-kodeksas/>

More information on the governance of the LTG Group is presented in the consolidated management report under the section Governance Report.

Business conduct

Business conduct define the value and behavioural framework through shared values and principles that guide the company in its day-to-day operations. A well-managed corporate culture encourages employees to act ethically and proactively, which contributes to a company's competitiveness and credibility in the long term. Fostering a corporate culture is important both at the highest level of corporate management and in the day-to-day activities of all LTG Group employees.

The main authorisations of the Board of LTG Group relating to business ethics are as follows:

- Approves the Employee Code of Ethics, Anti-Corruption and other policies that set standards for business ethics.
- Approves related party transactions (Related Party Transactions Policy).
- Analyses and evaluates information presented by the internal audit (including material on audits relating to business ethics).

The full range of competencies and skills of LTG Board members and the CEO are disclosed in the Governance section of this consolidated annual management report.

Every year, the Governance Coordination Centre (GCC) assesses state-owned enterprises against 240 criteria and determines their governance index. LTG Group received the highest rating of A+ this year and ranked second in the list of governance leaders. The Group received an award for its progress in governance, particularly in the areas of transparency and collegiate bodies.

In the LTG group, the key document defining the rules of business ethics and the application of the norms within the Group is the Employee Code of Ethics.

Employee Code of Ethics

The Employee Code of Ethics of the LTG Group was approved on 11 August 2023. It establishes the basic principles of the behaviour of employees, which, in accordance with the LTG Group, aims to ensure honesty, transparency and reliability. The Code of Ethics promotes a culture of trust within the LTG Group, a transparent and open relationship that avoids conflicts of public and private interest, inappropriate giving and accepting of gifts and other ethically questionable situations.

The Code of Ethics applies to LTG Group employees and members of collegiate governing bodies, trainees or interns. The principles of the Code of Ethics should be followed by employees in their interactions with each other, as well as with customers, contractors, partners, employees of state and municipal institutions, organizations, the media, etc.

In accordance with the Code of Ethics, the following ethical principles are observed in the LTG Group:

- Leadership of managers
- Legitimacy
- Fairness and transparency
- Respect for Man and the State
- Management of conflicts of interest
- Protection of personal data and confidential information
- Resilience to corruption

The Employee Code of Ethics is available to all stakeholders on the LTG Group www.LTG.lt, and to employees - also through internal communication channels.

Whistleblowing

A new model for whistleblowing has been developed within the LTG Group. The operational model for notifying about potential infringements within the LTG Group includes fostering of the culture, operating principles, governance (internal regulation) and submission and examination of reports by employees, business partners and the public.

The LTG Board has approved the **Whistleblowing Policy**, the provisions of which reflect the provisions of EU Directive 2019/1937. The objective of the policy is to develop a whistleblowing system that would help to foster a culture of integrity within the LTG Group and increase public confidence in the Group by creating an accessible system of reporting channels, encouraging all employees and the public to report in a timely manner on possible violations, maintaining the confidentiality of the whistleblower and ensuring that there is no retaliation against the whistleblower. Thus, in the light of this, it is complied with that it is forbidden to chase an employee or other person who submitted the notice. In addition, the policy-enshrined principle of zero tolerance for retaliation prohibits any form of retaliation against a whistleblower (e.g. temporary removal from office, dismissal, suspension of promotion, transfer to a lower position or another job, etc.).

The LTG Labour Principles also stipulate that any harassment or hostile treatment of an employee who has reported a violation of equal opportunities and/or violence and/or harassment is considered a serious breach of duty.

A new whistleblowing channel Transparency Line was introduced in September 2024. Through this whistleblowing channel not only employees of the Group, but also members of the public or representatives of partners can report irregularities related to improper or unethical conduct of suppliers, human rights violations, or improper performance of job functions or conduct by LTG employees.

The Transparency Line is hosted on a third-party managed platform where whistleblowers are guaranteed confidentiality and have the option to maintain confidentiality. Data is encrypted and stored externally, but reports are received and dealt with by LTG's designated staff in accordance with an approved list of responsible entities. A link to the Transparency Line is available on the LTG website www.LTG.lt and on the websites of all subsidiaries.

The peculiarities of the examination and investigation of reports are defined in other internal legislation. The specifics of the receipt, examination and investigation of reports of corruption shall be governed by the Standard of the Received Information Assessment and/or Investigation Process. All reports received are recorded, information checks are performed, if there are grounds, an internal investigation is initiated, the reporter is informed about the start of the investigation, its progress and the decision made; the recommendations submitted are monitored.



Corruption and bribery

The LTG Group follows the principle of **zero tolerance for corruption**, which means that the Group companies do not tolerate any form of corruption. In its activities, LTG implements a set of measures and processes aimed at forming a transparent and smoothly functioning company of impeccable reputation. In order to create an environment resilient to corruption, internal legal acts are constantly reviewed, which are synchronised with international and national legal acts, as well as the legal basis of the Ministry of Transport and Communications of the Republic of Lithuania. The expectation of the shareholder to act in a transparent manner is adhered to.

In addition to the laws and legal acts of the Republic of Lithuania, the area of corruption prevention across the LTG Group is regulated by internal documents:

- Corruption Prevention Policy.
- Conflicts of Interest Management and Prevention Policy.
- Whistleblowing Policy.
- Action Plan For Prevention of Corruption of the LTG for 2024–2025.
- Anti-corruption Management System Handbook.
- Supplier Code of Conduct.
- Employees Code of Ethics.
- LTG principles of work in groups.
- Methodology for the Acceptance and Provision of Gifts.
- Standard for the process of declaring private interests of an employee.
- Other related processes and standards.

The corruption-sensitive functions (areas) have been reviewed and re-approved at the meeting of the Corruption Risk Assessment work group on 26 March 2024:

- preparation of technical specifications;
- performance of public procurement processes;
- design;
- allocation of public railway infrastructure capacities;
- management of conflicts of interest;
- performance of contracts, control of the performance of contracts;
- property and asset management;
- selection and recruitment of staff;
- management of EU-funded and national-funded projects;
- cargo transport (prevention of sanctioned cargo transport);
- information security and IT management;
- planning and execution of repairs;
- management of the demand for technological element;
- acceptance of implementation of internal projects.

Prevention and detection, including training

The LTG Group has a full set of system processes in place for detecting, confirming and responding to incidents used to prevent suspicions or incidents related to corruption and bribery:

- Developing and reviewing legislation governing the functioning of the anti-corruption management system (e.g. providing recommendations on the measures to be implemented to prevent the recurrence of illegal actions in the future).
- Preparing legal acts governing the activities, including supervision and control of the activities.
- Identifying corruption-related risks, envisaging management measures, performing their regular monitoring, assessing the likelihood of corruption occurrence on a regular basis in order to identify corruption risks in individual areas of activity.
- Performing regular internal and external audits on the implementation of anti-corruption measures and their effectiveness, and providing recommendations thereon.
- The possibility is provided to report an infringement being planned or being committed in order to prevent it.
- Memoranda and guides on behaviour are prepared (e.g., behaviour regarding gifts, management of public-private conflicts of interest).

In accordance with Article 25 of the Law of the Republic of Lithuania on Prevention of Corruption, the responsible staff performing the corruption prevention function within the Group are empowered to conduct corruption-related investigations independently and irrespective of the governing bodies of the Group.

Employees who are in charge of and performing the business resilience compliance function are granted appropriate authority in the area of the anti-corruption management system and are given the possibility to contact the Boards and CEOs of the LTG Group entities to raise, if necessary, a question or concern about corruption or the anti-corruption management system.

In the case of information regarding a possible infringement concerning the CEO of LTG Group, the Chairman of the Board and/or members of the Board of LTG, it shall be forwarded to the competent law enforcement authorities for examination.

Infringements of a corrupt nature shall be reported as Type I reports and shall be reported periodically to the Board and the Audit Committee of LTG in accordance with the provisions of the Whistleblowing Policy.

In accordance with the LTG Group's Anti-Corruption Management System Manual, data on the state of resilience to corruption, including infringements, is prepared and summarised; after preparing a corruption prevention report, which also contains information on infringements, or relevant data recorded in the report, is submitted to the CEO and the Board of LTG, if necessary, the information is provided to the heads of operational units, the boards, where the situation on violations is analysed, and feedback is received.

Each year, a communication plan on the corruption prevention issues is adopted within the LTG Group and communicated through internal and external channels: firstly, relevant messages are provided on internal and external websites, including those topics that arose during the year and were not included in the annual plan; secondly, communication is carried out during training by including relevant issues in the training material; thirdly, relevant legislation is made accessible through the document management system. A summary of the communication issues raised is presented in the annual report on prevention of corruption.

A three-tiered corruption prevention training system is in place within the Group:

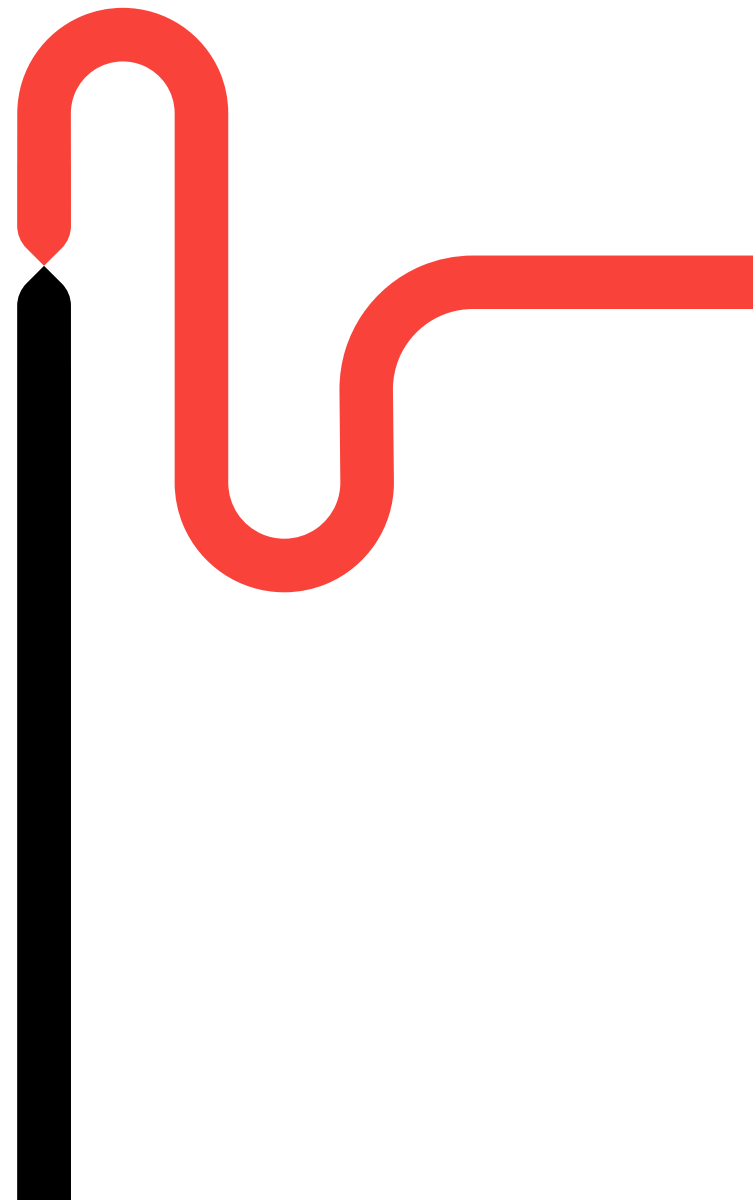
- introductory anti-corruption trainings are organised for newly recruited staff (up to 2 academic hours), followed by a knowledge test;

- e-training in connection with the training system and self-study (up to 2 hours) once every two years, after which the staff must pass a knowledge test;
- targeted specialised training on a specific topic, conducted periodically at the Safety Academy, other internal as well as external trainings. Participation in such trainings is normally linked to specific functions requiring knowledge of corruption prevention. The duration of the training varies (from 1 to several hours).

In 2024, a total of around 5,000 employees participated in the corruption prevention training (of which 499 employees participated in the introductory training; around 3,500 participated in e-training and the rest in specialised internal and external trainings).

Based on the decision of the CEO of LTG, the Group has approved a list of positions where candidates and employees who take these positions have to undergo a reliability check. The list is drawn up taking into account the functions carried out, in the course of which there is a higher than a low risk of corruption. On the basis of this list of positions, the staff holding the listed positions and having participated in the targeted training were evaluated. This list of positions identifies 341 employees, all of whom have fully (100%) participated in at least one corruption prevention training (e.g. 70 of them participated in introductory training; 261 participated in e-training as well as other targeted trainings).

In November 2024, LTG received the Organization of the Year award from the Chief Official Ethics Commission for the adoption of the Policy for Prevention and Management of Conflicts of Interest and the implementation of the Standards for Declaration of Private Interests and Dismissal process applicable to employees of the group of entities. With this award, LTG also received a statue as the company that has made the greatest progress.



Incidents

In 2024, LTG Group did not receive any court judgments and penalties for breaching of anti-corruption laws and legal acts governing the fight against bribery. Moreover, in 2024 the court did not receive any cases of corruption-related infringements in the LTG Group.

In 2024, the LTG Group took all necessary measures to identify all possible violations related to corruption and bribery:

- The probability of corruption occurrence was determined in the area of procurement, related to the acquisition of technological elements (goods and services), potential risks associated with corruption were identified, a conclusion and intended measures/actions to improve the procedures and operation were presented. In addition, previously envisaged measures, which were identified as a result of the establishment of the probability of corruption occurrence in 2023, were implemented.
- An external audit of ISO 37001:2017 with conclusions and recommendations was carried out. The recommendations were implemented.
- After the assessment of the corruption risks they were updated, included in the Corruption Risk Register as appropriate, with management measures in place and persons responsible for implementation.

In 2024, 5 cases related to possible acts of corruption were recorded and investigated. The initiated investigations showed that:

- The supplier had provided a falsified manufacturer's certificate in order to comply with the terms of the contract (the identified data was transmitted to law enforcement).
- The supplier had submitted falsified declarations confirming that the goods complied with the terms of the contract (the identified data was transmitted to law enforcement).
- A possible conflict of interest was identified in the context of the procurement. The procurement-performing employee left, however, in an improper manner.
- The fact was determined regarding a potentially acquired item that did not comply with the technical specification (a civil action was brought to compensate the damage).
- An employee of LTG Link, acting for the benefit of himself and his close relative, committed a serious breach of his duties, did not withdraw the decision-making process in order to recruit his close relative to LTG Link. The employee who committed the violation was dismissed.

In 2024, one employee was dismissed for committing a serious breach of his duties by failing to withdraw from decision-making due to a conflict of interest.

In 2024, two internal investigations were carried out regarding violations of corruptive nature committed by operational partners of the LTG Group with whom procurement agreements had been concluded:

- A supplier, operating under the contract, provided falsified documents (certificates). The statement was forwarded to the Financial Crimes Investigation Authority, and a pre-trial investigation regarding the falsification of documents and their submission was started. The investigation is underway, the damage is being determined.
- A supplier, operating under the contract, has provided falsified documents (certificates). A statement is ready for submission to the police regarding the document falsification and fraud, the damage is being investigated.

Management of relationship with suppliers

Strong mechanisms in the supply chain management (regular dialogue, Supplier Code of Conduct, Supplier audits, historical data, additional requirements, etc.) can help to create sustainable partnerships. Establishing strong partnerships that prioritise honest and ethical business practices can improve reputation and increase customer loyalty. Contracts contain the value chain, supply chain commitments to foster good working conditions that help the company avoid reputational damage or loss.

The main documents used to guide the procurement function within the LTG Group are the Procurement Policy and the Procurement Development Plan.

The following are the objectives and actions of the Group to establish and improve relations with the Group's existing suppliers.

OBJECTIVES

Smooth and trust-based cooperation: the aim is to ensure effective and smooth communication with Suppliers to achieve common goals and successful implementation of projects.

Quality assurance: the aim is to ensure that Suppliers comply with the quality standards and requirements established in order to achieve high quality products and services.

Risk management: the aim is to manage the supply chain risks effectively through continuous communication and cooperation with Suppliers.

ACTIONS

Regular meetings. Regular meetings with Suppliers are organised to discuss ongoing projects, issues and future plans. This helps to ensure a smooth flow of information and quick resolution of problems.

Reporting. Suppliers report regularly on their activities, achievements and challenges. This helps the company to monitor the activities of Suppliers and respond to potential problems in a timely manner.

Green procurement

Reducing climate impact is one of the key priorities of the LTG Group, and becoming climate neutral by 2050 is one of the most important strategic commitments. Since 2021, the LTG Group has actively pursued green public procurements as part of the implementation of the Resolution of the Government of the Republic of Lithuania No.1133 of 21 July 2010 "Regarding Establishment and Implementation of Green Procurement Objectives". According to this resolution, procurement executives shall set environmental criteria in the terms of the procurement in order to procure goods, services or works with the lowest possible environmental impact in a single, several or all stages of the life cycle of the goods, services or works. The goods purchased in this way are greener and more sustainable than standard alternatives, and the service provider certifies that its activities meet international environmental standards.

Already since 2023, green procurement account for 100 per cent of the LTG Group's total public procurement value (except those purchases when contracts are drawn up verbally). Green procurement aims to purchase products and services that are produced in a sustainable manner and are more energy efficient, and promotes recycling and waste reduction throughout the life cycle.

In the case of public procurement, the following environmental requirements apply to public procurement in the LTG Group:

- minimum environmental criteria to be met;
- environmental management system requirements;
- requirements for the eco-label type I;
- other environmental criteria.

The procurement of goods, services and works may also be subject to social criteria and requirements for suppliers to contribute to the solution of social issues in the performance of a contract or in the development of products, although such criteria are not legally binding.

Social criteria used in procurement:

- requirements for accessibility and suitability for all users;
- the fair trade criteria;
- employment of supported persons;
- payment of a fair wage;
- balancing family and work commitments;
- implementation of the principles of gender equality and non-discrimination on other grounds;
- prevention of psychological violence in the workplace and assistance to victims;
- reserved right to participate in procurement for social enterprises.

The most frequently used criterion is fair pay. It is most relevant for sensitive procurement groups such as contracting (construction works), cleaning services, security services, where minimum wages are often paid.

Contract obligations provide for sanctions (e.g. fines, penalties, contract termination) due to failure to comply with environmental or social requirements or the occurrence of grounds for exclusion. Pursuant to the provisions of the Law on Public Procurement and the rules laid down by the LTG Group, potential suppliers participating in procurement tenders are required to provide documentation demonstrating that the undertakings meet the environmental or social criteria set out in the tender conditions. However, LTG Group has no set rules on how accurately a supplier follows its commitments.

The following approaches are used to help the Group better manage the supply chain risks associated with its suppliers:

- LTG uses contract performance measures, such as surties, guarantees or collaterals, which help to mitigate the risk of a supplier's failure to perform or inadequate performance of its obligations. In the event of non-performance or inadequate performance by the supplier, the securing measures allow LTG to compensate for the losses incurred. The securing measures help to ensure that suppliers have sufficient financial resources to perform the contract, which is particularly important in high-value procurement.
- LTG settles directly with subcontractors. Direct payments to sub-suppliers help avoid potential payment disputes between the main supplier and sub-suppliers. Subcontractors are more motivated to perform the work on time and to a high standard, knowing that they will receive payments directly. Direct payments can help to create a better and more reliable relationship between the contracting authority and subcontractors.

It is important for the LTG Group that the Group's staff responsible for supply chain management and supplier relations are aware of and adhere to the Group's principles and methods of procurement contracts. These are defined in the Procurement Contract Methodology, which provides for the execution and control of procurement contracts and the responsibilities of those involved in the execution of these contracts.

It is important for the LTG Group that local and small suppliers participate in the tendering process and become suppliers to the Group. To this end, a number of complementary methods are in place that can help such suppliers to succeed in tendering:

- Splitting purchases into lots. LTG Group breaks down large procurements into lots or categories in the case of MTFs (e.g. regions) to give local Suppliers more opportunities to participate in tenders. This helps smaller companies compete for contracts and contributes to strengthening the local economy.
- Minimum qualification requirements. The LTG Group sets minimum qualification requirements for Suppliers, which include technical capacity, experience, and certifications. This ensures that Suppliers will have the ne-

cessary expertise and be able to provide high-quality services or products.

- Additional points for higher qualifications. The LTG Group sets higher or additional requirements (optional) in the procurement, for which Suppliers are awarded more points in order to attract professionals with higher than necessary qualifications and experience.

The issue of payments by state-owned enterprises to suppliers is regulated quite strictly in the Lithuanian Public Procurement Laws, therefore, the Group has no intention to introduce additional practices or restrictions to improve the payment conditions for suppliers. In order to ensure that payment deadlines are respected in a fair manner, the LTG Group follows the following principles:

- contracts clearly set out payment terms and conditions;
- contracts provide for penalties for late payment to Suppliers;
- Suppliers have the right to appeal to the Public Procurement Authority or to the court, if the contracting organisation fails to meet payment deadlines. This gives Suppliers legal protection and the possibility to defend their interests.

These provisions help to ensure that small and medium-sized enterprises (SMEs) receive payments on time, thus reducing their financial burden and ensuring the smooth continuity of their operations.

Group initiatives to improve supplier relations and procurement practices are as follows:

- In order to make the Group's employees more aware of the guidelines and innovations in Public Procurement Laws, and in the LTG Group's supply chain improvement practices and the stages of the procurement process, in 2023 the LTG Group launched an educational initiative - the Procurement Academy. This is a unique training programme for the LTG Group initiators, experts and procurement managers. It takes place twice a year and provides an opportunity to improve knowledge and skills in the areas of procurement organisation, execution and contract control. The Procurement Academy

provides professionals with the opportunity to continuously improve their skills and contributes to a more efficient and responsible procurement process. During the training, participants acquire new knowledge, share experiences and best practices that help to ensure high quality public procurement. It also provides to the LTG Group employees an access to methodological material on procurement-related processes and regularly updated methodological material, as well as the development of support tools to better ensure procurement performance and contract control.

- In 2024, the Procurement Academy introduced an important sustainability topic of "Socially Responsible Procurement". This theme highlights the importance of social responsibility in public procurement, promoting ethical and sustainable business practices.
- At the end of 2024, the new LTG Group's Sustainable Procurement Principles were presented. This document sets out guidelines and objectives for green, socially responsible and innovative procurement. The principles described in the document promote sustainable development, resource efficiency, social responsibility of suppliers and innovative solutions.

In the coming years, the LTG Group will promote the implementation of the principles of sustainable procurement by setting specific targets, developing methodological tools and measuring results. These measures will help to ensure an efficient consumption of resources, to reduce negative environmental impacts and to contribute to solving social issues and implementing innovation.

LTG Group's procurement achievements and awards:

- At the Green Procurement Leaders Awards, organised by the Ministry of the Environment, LTG received an award for the purchase of electric trains. Passengers will soon be able to choose the most sustainable and greenest possible way of travel. In addition, all the electricity needed for these trains will come from renewable sources. This step will not only reduce carbon dioxide emissions, but will also contribute to Lithuania's goal of becoming a climate neutral country by 2050. LTG Group will continue to pursue innovation and sustainability to ensure a cleaner and greener future for all.
- LTG Group was recognised in the Most Innovative Procurement category for the installation of solar modules in sound attenuating walls. Prior to this purchase, LTG Infra used sound-reflecting and sound-absorbing walls in its railway infrastructure. As they do not add value to the company, but only represent a permanent maintenance cost, opportunities were sought to use these walls to generate electricity independently, using renewable energy sources, and thus to manage the company's assets more effectively. The installed solar plant is already operational and over its life cycle can generate up to 14 MWh of electricity per year. Being focused on active modernisation, the LTG Group, which electrifies the most heavily used railway line Vilnius–Klaipėda, will eventually become one of the largest electricity consumers in Lithuania, so such solutions are very important.





Financial statements

prepared in accordance with IFRS accounting standards as adopted by the European Union, and the Independent Auditor's Report for the Financial Year Ended 31 December 2024



Independent Auditor's Report

To the Shareholders of AB Lietuvos Geležinkeliai

Report on the Audit of the Separate and the Consolidated Financial Statements

■ Opinion

We have audited the separate financial statements of AB Lietuvos Geležinkeliai ("the Company") and the consolidated financial statements of AB Lietuvos Geležinkeliai and its subsidiaries ("the Group"). The Company's separate and the Group's consolidated financial statements comprise:

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

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

■ Basis for Opinion

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

■ Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

Impairment testing of property, plant and equipment and cash-generating units (consolidated financial statements)

The carrying amount of Group's property, plant and equipment as at 31 December 2024: EUR 2,352,608 thousand (31 December 2023: EUR 2,142,806 thousand); depreciation expense for the year then ended: EUR 121,938 thousand (31 December 2023: EUR 120,343 thousand).

We refer to the financial statements:

"2. Summary of material accounting policies – Impairment of property, plant and equipment and intangible assets", "3. Material judgments and accounting estimates", Note 6 „Property, plant and equipment”.

The key audit matter	How the matter was addressed in our audit
Russia's war in Ukraine and the sanctions imposed on Belarus and Russia continue to impact revenue levels and net results. The above circumstances indicated that the value of assets of infrastructure activity and of road repair and construction activities of public railway infrastructure may be impaired. Any such impairment would be recognized in the amount by which the carrying amount of the asset or cash-generating unit exceeds the recoverable amount. The recoverable amount of property, plant and equipment and cash generating units was determined on the basis of their value in use calculated using the discounted cash flow method. The determination of recoverable amounts of the property, plant and equipment or cash generating units is a process that requires management to make a number of material judgements, including those in respect of future operating cash flows, growth rates and discount rates. Therefore, we consider that this matter involves material judgements and estimates and required our increased attention during the audit. Accordingly, we identified this as a key audit matter.	Our audit procedures performed, where applicable, with the assistance from our own valuation specialists, included, among others: - considering the appropriateness of the value-in-use model ("impairment model") applied for estimation of recoverable amount, against the relevant requirements of the financial reporting standards; - evaluating the appropriateness of allocation of assets to cash generating units based on our understanding of the Group's operations and business units; - evaluating the quality of the Group's forecasting by comparing historical projections with actual outcomes, considering the expected support from the Government and also tracing the forecast cash flows in the impairment model to Management Board approved forecasts; - using our knowledge of the Group, its past performance, business and customers, and our industry experience, challenging significant forecast cash flow and growth assumptions. As part of the procedure we: - challenged the discount rate used by reference to publicly available market data, adjusted by risk factors specific to the Group and its industry, - assessed reasonableness of the assumptions relating to sales volumes and profit margins to historical results and to industry forecasts; - assessing the integrity of the impairment model, including the accuracy of the underlying calculation formulas; - considering sensitivity of the impairment model to changes in key assumptions, such as forecast EBITDA and discount rates to identify the assumptions at higher risk of bias or inconsistency in application; - considering the adequacy of the Group's disclosures in respect of impairment testing.

■ Other Information

The other information comprises the information included in the consolidated management report, including information on corporate governance and remuneration and consolidated information on sustainability matters, but does not include the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

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

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

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

- The information given in the consolidated management report for the financial year for which the separate and consolidated financial statements are prepared is consistent with the separate and consolidated financial statements; and
- The consolidated management report, including the information on corporate governance and remuneration and except for consolidated information on sustainability matters, has been prepared in accordance with the requirements of the Law on Consolidated Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

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

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

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

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

■ Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the Group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

■ Report on Other Legal and Regulatory Requirements

Under order of the Minister of Transport and Communications of the Republic of Lithuania we were appointed on 17 January 2018 for the first time to audit the Company's and the Group's separate and consolidated financial statements. Our appointment to audit the Company's and the Group's separate and consolidated financial statements is renewed each year under decision of the general shareholders' meeting, and the total uninterrupted period of engagement is 9 years.

We confirm that our opinion expressed in the Opinion section of our report is consistent with the audit report on the separate and consolidated financial statements, which, together with this auditor's report, we have submitted to the Company and the Group and their Audit Committee.

We confirm that to the best of our knowledge and belief, the services provided to the Company and the Group comply with the requirements of the applicable laws and regulations and do not include non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 of the European Parliament and of the Council.



In addition to services provided in the course of audit, we have provided to the Company and the Group translation services, the agreed-upon procedures on indicators of loan agreements, the agreed-upon procedures on the assets and liabilities of AB Lietuvos geležinkeliai to be transferred to UAB LTG Kompetencijų centras, as well as services related to comparison of the carrying amounts of the assets and liabilities included in the business sale and purchase transaction and limited assurance services on the Sustainability Statement.

On behalf of KPMG Baltics, UAB

Edvinas Žukauskas
Partner pp
Certified Auditor

Vilnius, the Republic of Lithuania
11 April 2025

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 172 to 176 of this document.

7.2. Statements of financial position

	Notes	Group		Company	
		2024	2023	2024	2023
NON-CURRENT ASSETS					
Property, plant and equipment	6	2,352,608	2,142,806	20,899	24,257
Land		152,732	152,688	-	-
Buildings and structures		1,060,496	1,012,284	17,186	17,255
Machinery and equipment		69,444	70,625	1,635	2,669
Vehicles		309,332	312,783	216	247
Other fixtures, fittings and tools		9,518	13,093	1,828	4,040
Construction in progress and prepayments		751,086	581,333	34	46
Right-of-use assets	7	22,249	12,304	3,223	8,954
Intangible assets	8	31,215	29,590	7	12,534
Investment property	9	1,550	2,478	8,813	8,690
Financial assets		7,285	7,262	979,163	1,003,043
Investments in subsidiaries	10	-	-	883,219	883,235
Investments in associates	10	5,257	4,793	747	747
Loans to related and other companies	32	60	100	94,631	118,264
Trade and other receivables	13	1,968	2,369	566	797
Other non-current assets		97	105	-	-
Deferred tax assets	31	2,718	3,662	906	1,359
Total non-current assets		2,417,722	2,198,207	1,013,011	1,058,837
CURRENT ASSETS					
Inventories	11	37,849	25,024	11,151	4,976
Contract assets		17	4		-
Loans to related and other companies	32	100	60	31,959	19,943
Trade and other receivables	13	50,828	33,588	12,498	17,997
Prepayments	14	7,942	5,920	8,497	9,586
Cash and cash equivalents	15	176,539	228,566	54,392	34,650
Non-current assets held for sale	11	3,446	7,100	1,202	954
Assets of discontinued operations held for sale	12	-	-	28,647	-
Total current assets		276,721	300,262	148,346	88,106
TOTAL ASSETS		2,694,443	2,498,469	1,161,357	1,146,943

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

7.2. Statements of financial position (continued)

	Notes	Group		Company	
		2024	2023	2024	2023
EQUITY					
Authorised capital		1,059,282	1,059,282	1,059,282	1,059,282
Legal reserve	17	34,838	34,025	34,838	34,025
Other reserves	17	8,114	5,672	8,114	5,672
Currency translation reserve		(292)	(175)	-	-
Retained earnings (losses)	18	95,267	75,482	26,496	16,278
Total equity		1,197,209	1,174,286	1,128,730	1,115,257
LIABILITIES					
Non-current liabilities					
Grants	19	1,104,728	983,466	345	602
Loans and other borrowings	20	93,968	109,523	-	-
Lease liabilities	21	19,114	6,181	3,098	5,824
Employee benefits	22,29	6,376	6,473	133	420
Trade and other payables	24	20,370	2,016	-	-
Provisions	33	16,688	16,453	-	-
Deferred income tax liabilities	31	30,709	25,633	-	-
Total non-current liabilities		1,291,953	1,149,745	3,576	6,846
Current liabilities					
Loans and other borrowings	19	16,799	17,887	1,000	-
Grants	19	14,937			
Lease liabilities	21	7,458	6,217	275	3,311
Income tax liability		5,188	3,314	778	407
Employee benefits	22,29	29,881	26,069	3,028	4,871
Trade and other payables	24	101,415	103,640	3,693	7,644
Contract liabilities		58	2	-	-
Prepayments received	25	29,282	16,093	9,829	8,381
Provisions	23	263	1,216	-	226
Liabilities held for sale	12	-	-	10,448	-
Total current liabilities		205,281	174,438	29,051	24,840
Total liabilities		1,497,234	1,324,183	32,627	31,686
TOTAL EQUITY AND LIABILITIES		2,694,443	2,498,469	1,161,357	1,146,943

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

Financial statements and explanatory notes on pages from 177 to 235 were approved and signed on 11 April 2025 by:

Egidijus Lazauskas
Chief Executive Officer

Andrej Kosiakov
Chief Financial Officer

Loreta Mackevičiūtė
UAB LTG Kompetencijų centras
Head of Financial Reporting and Control, acting under Decision No SPR-L1(KC)-23/2025 of 5 March 2025

7.3. Statements of profit or loss and other comprehensive income

	Notes	Group		Company	
		2024	2023	2024	2023 (restated)
Sales revenue	26	396,457	357,399	54,376	52,490
Subsidy	27	100,284	94,602	-	-
Revenue from other activities	28	2,393	589	460	2,613
Total revenue		499,134	452,590	54,836	55,103
Expenses related to employee benefits	22,29	(163,931)	(153,253)	(11,519)	(10,070)
Depreciation and amortisation	6,7,8,9,19,33	(112,166)	(109,011)	(3,966)	(4,061)
Fuel		(37,853)	(40,446)	(48)	(193)
Materials		(15,130)	(14,575)	(34,389)	(35,775)
Services rendered by other foreign railway companies		(16,848)	(15,168)	-	-
Electricity		(14,818)	(12,962)	(482)	(595)
Repairs and maintenance		(20,293)	(19,130)	(984)	(964)
Increase (decrease) in the value of non-current assets		(8,307)	(6,283)	(32)	(1,550)
(Write-down) reversal of inventories to net realisable value		(765)	988	175	422
Increase (decrease) in the value of investments		-	-	-	23
Increase (decrease) in the value of receivables		13	(947)	4	(49)
Change in provisions		(25)	(2,484)	226	(226)
Other expenses		(55,660)	(48,567)	(6,295)	(4,605)
Total expenses		(445,783)	(421,838)	(57,310)	(57,643)
Operating profit (loss)		53,351	30,752	(2,474)	(2,540)
Finance income	30	4,376	2,893	29,307	18,650
Finance expenses	30	(10,545)	(6,819)	(1,011)	(205)
Share of net profit (loss) of associated entities		891	307	-	-
Net result of financing activity		(5,278)	(3,619)	28,296	18,445
Profit (loss) before taxation		48,073	27,133	25,822	15,905
Income tax	31	(11,050)	(5,490)	(880)	(1,037)
Profit (loss) from continuing operations		37,023	21,643	24,942	14,868
Profit (loss) from discontinued operations	33	-	-	1,553	1,410
Net profit (loss)		37,023	21,643	26,495	16,278
Other comprehensive income (expenses)					
Currency exchange rate differences due to translation of financial statements of foreign undertakings		(117)	(223)	-	-
Total other comprehensive income (expenses)		(117)	(223)	-	-
Total comprehensive income (expenses)		36,906	21,420	26,495	16,278

The comparative information in Company's statement of profit or loss is restated due to discontinued operation and a change in classification presenting profit from discontinued operation separately from continuing operation.

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

7.4. Statements of changes in equity

Group	Notes	Authorised capital	Share premium	Legal reserve	Other reserves	Currency translation reserve	Retained earnings (loss)	Total
Balance as at 31 December 2022		1,059,282	-	34,025	8,757	48	59,392	1,161,504
Net profit (loss)		-	-	-	-	-	21,643	21,643
Other comprehensive income, after tax		-	-	-	-	(223)	-	(223)
<i>Total comprehensive income (expenses)</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(223)</i>	<i>21,643</i>	<i>21,420</i>
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income	18	-	-	-	-	-	(8,638)	(8,638)
Formed reserves	17	-	-	-	(3,085)		3,085	-
Balance as at 31 December 2023		1,059,282	-	34,025	5,672	(175)	75,482	1,174,286
Net profit (loss)		-	-	-	-	-	37,023	37,023
Other comprehensive income, after tax		-	-	-	-	(117)	-	(117)
<i>Total comprehensive income (expenses)</i>		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(117)</i>	<i>37,023</i>	<i>36,906</i>
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income	18	-	-	-	-	-	(961)	(961)
Reserves used	17	-	-	813	2,442	-	(3,255)	-
Dividends	16	-	-	-	-	-	(13,022)	(13,022)
Balance as at 31 December 2024		1,059,282	-	34,838	8,114	(292)	95,267	1,197,209

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

Statements of changes in equity (continued)

Company	Notes	Authorised capital	Share premium	Legal reserve	Other reserves	Retained earnings (loss)	Total
Balance as at 31 December 2022		1,059,282	-	34,025	8,757	(3,085)	1,098,979
Net profit (loss)		-	-	-	-	16,278	16,278
Total comprehensive income (expenses)		-	-	-	-	16,278	16,278
Formed reserves	17	-	-	-	(3,085)	3,085	-
Balance as at 31 December 2023		1,059,282	-	34,025	5,672	16,278	1,115,257
Net profit (loss)		-	-	-	-	26,495	26,495
Total comprehensive income (expenses)		-	-	-	-	26,495	26,495
Formed reserves	17	-	-	813	2,442	(3,255)	-
Dividends	16	-	-	-	-	(13,022)	(13,022)
Balance as at 31 December 2024		1,059,282	-	34,838	8,114	26,496	1,128,730

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

7.5. Statements of cash flows

	Notes	Group		Company	
		2024	2023	2024	2023
Cash flows from operating activities					
Net profit (loss)		37,023	21,643	26,495	16,278
Adjustments					
Depreciation and amortisation	6,7,8,9	140,299	134,128	7,626	7,989
Subsidies (amortisation)	19	(24,767)	(22,641)	(214)	(215)
(Profit) loss from disposal/write-off of non-current assets		4,693	40	(371)	(2,543)
Decrease (increase) in the value of non-current assets		8,307	6,283	32	1,550
Write down of inventories to net realisable value		765	(988)	(175)	(422)
Decrease (increase) in the value of investments		-	-	187	(23)
Decrease (increase) in the value of amounts receivable		(13)	947	(4)	49
Change in accumulated income/expenses		10,533	3,122	(4,436)	1,603
Interest (income) expenses		6,858	6,490	(8,494)	(6,316)
Increase (decrease) in provisions		25	2,484	(226)	226
Effect of sale of discontinued operations	33	-	-	(18,199)	-
Effect of currency exchange fluctuations		442	961	(73)	(4)
Interest on lease liability		3,597	388	161	88
Income tax expenses (income)	31	11,050	5,490	1,154	1,286
(Profit) loss of an associated company		(891)	(307)	-	-
Cash flows from operating activities after adjustment		197,921	158,040	3,463	19,546
Changes in working capital					
Decrease (increase) in inventories		(6,366)	1,077	5,464	4,480
Decrease (increase) in trade and other receivables and prepayments		(122,290)	(106,849)	(14,743)	(8,047)
Increase (decrease) in current and non-current trade payables and received prepayments		(6,700)	36,859	2,453	(4,129)
Increase (decrease) in employment related liabilities		3,714	2,688	(2,129)	185
Increase (decrease) in other non-current and current payables		16,202	83	(747)	7,069
Income tax (paid)		(3,791)	(382)	58	-
Net cash from operating activities		78,690	91,516	(6,181)	19,104

	Notes	Group		Company	
		2024	2023	2024	2023
Cash flows from investing activities					
(Acquisition) of non-current assets and change in prepayments for non-current assets		(357,654)	(343,794)	(5,303)	(4,355)
Disposal of non-current assets		5,670	2,445	630	11,386
(Acquisition) disposal of investments		-	-	(51)	-
Dividends received		408	328	20,105	12,251
Interest received		2,993	-	18,795	-
Loans granted		-	-	(19,339)	(6,190)
Recovery of loans granted		-	-	24,487	-
Net cash flows from investing activities		(348,583)	(341,021)	39,324	13,092
Cash flows from financing activities					
Loans received/Cash pool/Overdraft		-	-	1,000	
Loans (repaid)	20	(16,222)	(22,222)	-	-
Grants received (repaid, used)		272,294	300,824	(43)	(5)
Interest on lease liability		(3,597)	(388)	(125)	(88)
Payment of lease liabilities		(14,854)	(8,657)	(1,211)	(2,020)
Interest (paid)	20	(6,362)	(4,920)	-	-
Dividends (paid)	16	(13,022)	-	(13,022)	-
Other cash flows from financing activities		(371)	-	-	-
Net cash flows from financing activities		217,866	264,637	(13,401)	(2,113)
Net increase (decrease) in cash and cash equivalents		(52,027)	15,132	19,742	30,083
Cash and cash equivalents at the beginning of the period		228,566	213,434	34,650	4,567
Cash and cash equivalents at the end of the period		176 539	228,566	54,392	34,650

*Therefore, the subsidies received in 2024 amount to EUR 100,284 thousand (in 2023: EUR 97,863 thousand)

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

7.6. Explanatory notes

1. Background information

AB Lietuvos Geležinkeliai (the Company, LTG) was registered in the Register of Legal Entities of the Republic of Lithuania on 24 December 1991 after the reorganisation of SPAB Lietuvos Geležinkeliai. In its activities the Company follows the Constitution of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, Railway Transport Code of the Republic of Lithuania, and other valid legal acts of the Republic of Lithuania.

The Company is a legal entity independently organising economic, financial, organisational and legal activities. The Company is an authorised capital Company and the Republic of Lithuania acts as a shareholder of the Company. The Company's registration code 110053842, VAT payer's code LT100538411, legal (registration) address: Geležinkelio St. 12, LT-02100 Vilnius.

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

The main activities of the Company are management, RSE (railway service equipment) and commercial services).

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

The number of listed active employees in the Group and in the Company as at the end of 31 December 2024 (excluding the employees on parental leave, military service, long-term incapacity) was 5,703 and 733 employees, respectively (as at 31 December 2023 – 5,825 and 738 employees, respectively).

The Group comprised the Company (the parent company) and the companies presented below:

Subsidiaries

Company	Company's address	Owned share, %		Main activity
		2024	2023	
AB LTG Cargo	Geležinkelio g. 12, Vilnius	100	100	Freight transportation by rail
UAB LTG Link	Geležinkelio g. 16, Vilnius	100	100	Passenger transportation by rail
AB LTG Infra	Geležinkelio g. 2, Vilnius	100	100	Management of public railway infrastructure and implementation of functions of the manager of public railway infrastructure
UAB Geležinkelio Tiesimo Centras	Trikampio g. 10, Lentvaris	100	100	Public railway infrastructure road repairs and construction
UAB Rail Baltica Statyba	Geležinkelio g. 16, Vilnius	100	100	Implementation of shareholder's functions of the joint Baltic States company RB Rail AS, which monitors implementation of the Rail Baltica project
UAB LTG Kompetencijų Centras	Pelesos g. 10-102, Vilnius	100	-	AB Lietuvos Geležinkeliai is the business services company with activities in HR, accounting, process, procurement, legal, asset management, security and IT services
LTG Cargo Polska Sp.zo.o.	Świętojerska 5/7, 00-236 Warsaw, Republic of Poland	100	100	Activities of freight carrier and provision of related services
UAB LTG Wagons	Geležinkelio g. 12, Vilnius	100	100	Lease of wagons and containers used for freight transportation by rail and provision of related services
LTG Cargo Ukraine LLC	Y. Chykalenka St. 21, Kyiv, Ukraine	100	100	Lease, repair forwarding of rolling stock used for freight transportation by rail and provision of other logistic services
VšĮ Geležinkelių logistikos parkas	Švitrigailos g. 39, Vilnius	81.39	79.61	Responsible for the development and management of Vilnius Public Logistics Centre Fleet. The Company is not significant thus not material for consolidation

Associated and secondary companies

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

2. Summary of material accounting policies

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

Consolidated financial statements. The subsidiaries are consolidated from the date when control thereof is transferred to the Company. They are not consolidated from the date on which control ceases. All intercompany transactions, balances and unrealised profit or losses on transactions between the companies of the Group are eliminated. The structure of the Company is presented in Note 1.

Investments in subsidiaries. Investments in subsidiaries in the Company's separate financial statements are carried at acquisition cost, less impairment. Investments in subsidiaries in the Group's financial statements are carried using equity method.

Impairment testing of investments in subsidiaries. The Company carries investments in subsidiaries at acquisition cost less impairment. At the date of each annual financial statements, the Company determines whether there is any indication that the investments may be im-

paired. If any such indication exists, the Company calculates impairment as the difference between the subsidiary's carrying amount and its recoverable amount and the result is accounted for in the item of profit or loss. The Company performed impairment tests on its investments in subsidiaries and the results are disclosed in Note 10.

Associates. Associates are entities over which the Group and the Company have significant influence (directly or indirectly), but not control.

Investment in associates is accounted for using the equity method. Under the equity method, it is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, until the date on which significant influence ceases. Dividends received from associates reduce the carrying amount of the investments in associates.

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

Foreign currency. Transactions in foreign currency are measured in functional currency by applying the currency exchange rate applicable at the time of the transactions. Currency gains and losses arising on the settlement of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the end of the reporting period, are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

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

The cost of an item of property, plant and equipment includes the cost of replacing parts of property, plant and equipment as incurred, provided that these costs meet the criteria for recognition. The carrying amount of the replaced part of the asset is written off. Repair costs are added to the carrying amount of the asset, if it is probable that future economic benefits will flow to the Group and the Company

from the expenditure and if they can be measured reliably. All other repair and maintenance expenses are recognised in the statement of profit or loss.

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

Intangible assets from which the Company expects to derive future economic benefits have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. The Group's intangible assets have fixed useful lives set. Intangible assets include capitalised computer software, and licences. The acquired computer software, licences, patents are capitalised on the basis of the costs incurred in acquiring and bringing them to use.

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

Depreciation. No depreciation is calculated for land plots. Depreciation of other groups of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives.

Groups of property, plant and equipment	Useful life	
	Group	Company
Buildings and structures	8-122	5-80
Machinery and equipment	5-53	4-33
Vehicles	4-15	4-10
Rolling stock (including wagons)	8-24	-
Computers and hardware	3-9	3-10
Other fixtures, fittings and tools	3-65	4-15
Land	Indefinite	-

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

Impairment of property, plant and equipment and intangible assets.

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

Construction in progress. Construction in progress refers to tangible assets the construction of which has not yet been finished. The cost of such assets comprises the cost of design, construction work, plant and equipment to be installed and other directly attributable costs. Construction in progress is accounted for at acquisition (production) cost less impairment losses. Construction in progress is reclassified to the appropriate property, plant and equipment group when it is completed and the constructed asset is ready for its intended use.

Prepayments for non-current assets are classified as non-current assets due to their usage in a long-term operation, and are shown under construction in progress in the statement of financial position.

Inventories intended for repair of non-current tangible assets and in compliance with the provisions of IAS 16 are reclassi-

fied from inventories to construction in progress.

Assets held for sale and terminated activities. Assets (or groups of assets) held for sale or group to be transferred are measured at the lower of their previous carrying amount and fair value less costs to sell. An asset held for sale is reclassified, if it meets the criteria for such assets provided in IFRS 5. Assets and liabilities classified as those held for sale are provided separately as current items in the statement of financial position.

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

Investment property. Investment property is stated at historical cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated on the straight-line method over the estimated useful life: 15-75 years. Transfers to and from investment property are made if, and only if, there is a demonstrable change in the use of the property. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the carrying value of investment property at the date of change in use. If owner-occupied property becomes an investment property the Company and the Group account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Financial instruments

Financial assets. The financial assets of the Group and the Company include cash, trade and other receivables, and loans.

The Group and the Company recognise a financial asset in the statement of financial position only when it becomes a party to the contractual provisions of the financial instrument and the purchase or sale of the financial asset is recognised or derecognised on a trade date basis. On initial recognition, the Group and the Company measures financial assets at fair value, except for trade receivables that do not include a significant financing component. When a financial asset is measured at a value other than fair value, the change in which is recognised in profit or loss, the initial measurement of the financial asset shall include the fair value of the instrument and the transaction costs directly attributable to the acquisition of the financial asset.

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

Impairment of financial assets due to credit risk. Impairment losses on cred-

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

The Group and the Company assess receivables using either an expected credit loss allowance matrix or an individual assessment, whereby each debtor's financial position and credit risk are assessed individually by analysing the debtor's financial statements, settlement discipline and other publicly available information about the debtor that may affect the debtor's credit risk assessment.

The priority objective of the Group's treasury management is to ensure the security of funds and, consistent with this objective, to maximise the return on investment.

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

Credit losses are measured as the present value of all cash losses (the difference between the cash flows that the Group and the Company hold under the contract and the cash flows the Group and the Company expect to receive). ECL are discounted applying an effective interest rate. The ECL for cash and cash equivalents is calculated by considering the credit ratings of the financial institutions where the cash is held and other relevant criteria (such as liquidity, capital adequacy maintenance). Management has

assessed that the ECL of cash and cash equivalents is usually not material.

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

Losses on financial assets measured at amortised cost are recognised as provisions having impact on the gross carrying amount of such assets.

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

For financial assets which are written off and are also subject to the activity of securing fulfilment, the Group and the

Company takes actions related to legal regulation so that the amounts were recovered to the maximum extent.

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

Financial liabilities. The Group's and the Company's financial liabilities comprise loans and other borrowings, liabilities from contracts with customers, trade and other payables. Financial liabilities are initially carried at fair value less transaction costs. Subsequently, financial liabilities are carried at amortised cost using the effective interest method. Interest expense is recognised using the effective interest method.

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

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

Derecognition of financial liabilities.

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

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

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

Trade and other payables. At initial recognition trade and other payables are recognised when the Group and the Company becomes a party to the contractual terms. Trade and other payables are initially measured at fair value plus directly related transaction costs. The major part of the payables relates to investments in non-current assets. Details of the Group's and the Company's trade payables are disclosed in Note 24.

Cash and cash equivalents. These are monetary assets the value of which approximates to their fair value. Cash comprise cash at bank accounts and on hand. Cash equivalents represent short-term highly liquid investments easily convertible to a known amount of cash. The term of such investments does not exceed

three months and the risk of changes in value is insignificant.

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

Loans and other financial debts. The fair value of non-current loans is measured on the basis of the market price or interest rate of the same or similar loan effective at the time to the loans of the same maturity. The fair value of the loans is classified as level 2 in the fair value model. The fair value of the loans received corresponds to the carrying amount.

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

Leases, where the Group and the Company are lessees

Right-of-use assets are assets that represent the Group's and the Company's right to use leased assets during the lease period. The Group and the Company recognises right-of-use assets for all types of leases, including the lease of right-of-use assets in the case of sublease, except for leases of intangible assets, short-term leases and leases of low-value assets.

The Group and the Company do not apply the lease recognition provisions to short-term leases (leases of up to one year) and leases with low value property (computers, telephones, printers, furniture, etc.). Assets with a value of up to EUR 4 thousand are considered low value assets.

Leases, where the Group and the Company are lessors

Leases. The Group and the Company recognise the lease fees related to operating lease, as income on a straight-line basis over the lease term. Costs (including depreciation) incurred in earning lease related income are recognised by the Group and the Company as costs. The initial direct costs incurred in obtaining the operating lease are included by the Group and the Company in the carrying amount of the leased assets and are recognised as expenditure during the lease period on the same basis as the lease income. The Company accounts for a modification of an operating lease as a new lease from the effective date of the modification and treats prepaid or accrued lease payments related to the original lease as part of the new lease payments.

Subleases. A transaction for which an underlying asset is re-leased by a lessee ('intermediate lessor') to a third party, and the lease ('head lease') between the head lessor and lessee remains in effect. In classifying a sublease, an intermediate lessor classifies the sublease as a finance lease or an operating lease. Otherwise, subleases are classified on the basis of the right-of-use assets specified in the host contract, rather than on the basis of the leased assets (e.g. the property, plant or equipment subject to the lease). On the commencement date the Group and the Company recognise assets leased under finance leases in the statement of

financial position and present them as a receivable equal to the amount of the net investment in the lease. In order to assess the net investment in the lease, the Group and the Company uses the interest provided for in the lease contract.

In the case of a sublease, if the interest rate provided for in the sublease agreement is not readily determinable, the Group and the Company, as an intermediate lessor, shall use the discount rate used for the host contract (adjusted for any initial direct costs associated with the sublease) to measure the net investment in the sublease. The initial direct costs are included in the initial measurement of the net investment in the lease and reduce the amount of income recognised over the lease term. The interest rate provided for in the lease contract shall be determined in such a way that the initial direct costs are automatically included in the amount of net investment in the lease; they shall not be added separately.

Income taxes. Income taxes have been provided for in the financial statements in accordance with legislation enacted on the closing date of the reporting period. Income tax comprises current tax and deferred income tax and is recognised in the statements of profit or loss and other comprehensive income, except to the extent that the tax is recognised in other comprehensive income or directly in equity because it relates to transactions that are recognised concurrently or in the same or different periods in other comprehensive

income or directly in equity. The income tax rate applicable for the companies of the Republic of Lithuania in 2024 and 2023 was 15%. The amendment to the Law on Corporate Income Tax of the Republic of Lithuania, which came into force on 1 January 2025, increased the corporate income tax rate by 1 percentage point, i.e. the standard corporate income tax rate is 16%. 19% in Poland, 18% in Ukraine.

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

The carrying amount of deferred tax assets is reviewed every time a set of financial statements is prepared, and it is reduced if it is not probable that sufficient taxable profits will be generated in the future to realise the asset or part of it. The amount of deferred tax assets is reduced to an amount that is likely to reduce taxable profit in the future.

Deferred tax is calculated using the tax rates that are expected to be applied when the related deferred tax asset is realised or the deferred tax liability is settled.

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

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

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

According to the Law on Companies of the Republic of Lithuania, the authorised capital of a joint-stock company must be at least EUR 40 thousand (private limited liability companies – at least EUR 2.5 thousand), and equity at least 50 percent of the Company's authorised capital.

The Company's management controls compliance with the provisions of the Republic of Lithuania Law on Companies stating that if the Company's equity becomes less than 1/2 of the share capital specified in the Articles of Association, the Board must convene a general meeting of shareholders not later than within 3 months from the day on which it became aware or should have become aware of the situation, which must consider the issues referred to in Article 59 (10) (2) and (11) of this Law. The situation in the Company must be rectified no later than within 6 months from the date on which the Board became aware or should have become aware of the situation.

In 2024 and 2023, the Company complied with the requirements of the above-mentioned provisions of the Law on Companies of the Republic of Lithuania.

Employee benefits. The Group and the Company do not have any adopted defined contribution and benefit plans and have no share-based payment schemes. Post-employment obligations to employees retired on pension are borne by the State. Short-term payments to employees are recognised as current costs in the period the services are rendered by employees. The payments include salaries, social insurance contributions, bonuses, paid leave, etc.

Provisions for retirement benefits. Following the legislative requirements of the Republic of Lithuania, each employee at the age of retirement is entitled to a one-off payment in the amount of 2-month salary.

Liabilities for employee benefits are recognised as provisions in the balance sheet and reflect the present value of

those benefits at the reporting date. The above-mentioned long-term employee benefit liability is calculated at the reporting date by reference to an actuarial valuation. The present value of the long-term employee benefit obligation is determined by discounting the estimated future cash flows based on the interest rate of government securities denominated in the same currency as the benefits and with a maturity date similar to the expected payment period of the benefits.

Plans of bonuses. The Group and the Company recognise a liability and an expense for bonuses where it is contractually obliged or where there is a past practice that has created a constructive obligation.

Provision for warranty repair services. Liabilities related to rolling stock warranty repairs are recognised as provisions under the signed contracts and the essential requirements for the repair and upgrading of tractive rolling stocks, nodes and aggregates. The Group is legally obliged to provide rolling stock warranty services and to fulfil this obligation has to utilise economic resources and will not be relieved of accumulated costs. Warranty costs are attributed to the period when warranty services were sold rather than the period when warranty repair of rolling stocks is performed; therefore, these costs are recognised in the reporting period when the income is earned. The amount of the provisions is determined on the basis of experience of similar activities, expert findings, and after-balance-sheet events. The calculation of the provisions for warranty repairs shall take account of the Group's experience in vehicle repair services, the established practice of knowing which repairs

have been carried out and which vehicles and parts are most likely to be damaged, what additional work needs to be done after the sale of the repair service, and what the expert assessments and calculations were used.

Provision for warranty repair services. Liabilities related to rolling stock warranty repairs are recognised as provisions under the signed contracts and the essential requirements for the repair and upgrading of tractive rolling stocks, nodes and aggregates. The Group is legally obliged to provide rolling stock warranty services and to fulfil this obligation has to utilise economic resources and will not be relieved of accumulated costs. Warranty costs are attributed to the period when warranty services were sold rather than the period when warranty repair of rolling stocks is performed; therefore, these costs are recognised in the reporting period when the income is earned. The amount of the provisions is determined on the basis of experience of similar activities, expert findings, and after-balance-sheet events. The calculation of the provisions for warranty repairs shall take account of the Group's experience in vehicle repair services, the established practice of knowing which repairs have been carried out and which vehicles and parts are most likely to be damaged, what additional work needs to be done after the sale of the repair service, and what the expert assessments and calculations were used.

Provisions for warranty repair of rolling stock are classified as current liabilities, and provision formation costs are attributed to operating expenses.

Revenue recognition. The Group and the Company recognise revenue in accordance with the provisions of IFRS 15, i.e. the Group and the Company recognise revenue at the time and in such a manner that the transfer of promised goods or services to customers would show an amount that is consistent with the consideration expected to be received in exchange for those goods or services. In applying this Standard, the Group and the Company take into account the terms and conditions of the contract as well as all relevant facts and circumstances.

Operating revenue generated by the Group includes the following:

- Revenue from freight transportation and services related to freight transportation
- Revenue from passenger transportation and related services;
- Revenue from use of public railway infrastructure

Other income from operating activities generated at the Group and the Company:

- Resale
- Management services
- Lease of property
- Work of locomotives and locomotive crews abroad
- Revenue from maintenance and repair
- Supply of electricity, gas, steam and water
- Other services

Type of services	Nature and timing of the performance of performance obligations and payment terms	Revenue recognition under IFRS 15
Income from freight transportation, services related to freight transportation	Invoices for freight transportation and related additional services are issued periodically, as agreed with customer (daily, every ten days, monthly). Invoices are prepared after the service has been rendered based on primary documents of freight transportation and additional services: in case of transit freight transportation - based on dispatch date from Lithuania, in case of import - date of transfer of freight to a customer; in case of exports and transportation in Lithuania - date of freight dispatch, in case of additional services - actual date of rendering the service. Having assessed the reliability of a service customer, payment conditions are set in the agreements: • prepayment; • after the provision of services by means of payment security measures (monetary deposit, bank guarantee, trade credit); • after provision of services without security measures (up to 30 days, mostly 7 to 10 days); • a common term for payment of invoices is 30 days.	Income earned from services related to freight transportation is recognised at a certain moment after services have been rendered, i.e. upon delivery of freight to a place agreed in a shipping document. Freight transportation usually takes up to 24 hours; therefore, income is recognised immediately. Revenue from freight transportation on international routes is recognised immediately upon provision of services. Revenue from provision of passenger transport-related services is recognised immediately when the services are rendered. The amount of revenue recognised shall be estimated at the price indicated in the consignment note and in the accompanying service note. Prepayments received are included in contractual obligations. If services under one agreement are provided at different reporting periods, remuneration is distributed according to their relative individual sales prices. The individual selling price is determined on the basis of the service prices specified in the contract.
Use of public railway infrastructure	Invoices for the use of public railway infrastructure and relating additional services are issued at the frequency agreed upon with the customer in the agreement (every day, every ten days, every month) by generating them based on primary and additional service documentation and applying the respective rate as soon as the service is provided or over time when the services are provided. • prepayment; • after the provision of services by means of payment security measures (monetary deposit, bank guarantee, trade credit); • after provision of services without security measures (up to 30 days, mostly 7 to 10 days); • a common term for payment of invoices is 7 to 10 days.	Revenue from the use of public railway infrastructure and related ancillary services is recognised in proportion to the time the customer uses the service and benefits from the use of the public railway infrastructure. The amount of revenue to be recognised is assessed following the procedure set out in the service provision rules and at the price indicated in additional services documents. Prepayments received are included in contractual obligations. Revenue from the use of public railway infrastructure shall be recognised either after the service has been provided or during the period in which the service is provided by applying the tariff. Use of railway service facilities - revenue is recognised over the period of time (calendar month), in which the services are provided, as the customer receives the benefit of the use of the public railway infrastructure. Default penalties and fines received from contractors and included in the supplier's debt for delays in the completion of work, including tangible assets under construction, are recognised as other income at a certain point in time.
Revenue from passenger transportation and related services	Passenger and luggage services are provided on the basis of train tickets sold. The major part of ticket sales coincides with the date of transportation. The major part of income is paid immediately, upon the purchase of a ticket. Invoices for passenger transportation and related additional services are issued periodically, as contractually agreed with a customer; the invoices are formed according to initial passenger transportation and additional service documents after the service has been rendered. Most invoices are to be paid within 15 calendar days, with individual customers having a 30 calendar day payment period.	The revenue from the carriage of passengers, baggage and mail is recognised when control of the service is transferred to the customer. The customer acquires the control over the service when it receives all benefits related to the transportation service. <i>Revenue is recognised as soon as the services are rendered, upon delivery to the place agreed in the transport document, or when the transport document expires.</i> Revenue from passenger transportation on domestic routes is recognised immediately upon provision of services, Revenue from passenger, luggage and mail transportation on international routes is recognised immediately upon provision of services. Revenue from services related to passenger carriage is recognised immediately upon provision of services. Loyalty programme points, as an additional future discount, are accumulated, the sales revenue is reduced by the amount of loyalty points credited. Revenue is recognised after a customer uses his / her loyalty points awarded, and the liability to provide goods or services has been implemented. Advance ticket sales represent a small portion of total ticket sales revenue, and the date of ticket usage usually coincides with the date the service is provided. <i>Revenue is recognised over a continuous period when the services are rendered:</i> Revenue from passenger transportation on domestic routes when a passenger purchases a fixed-term ticket is recognised over the period in which the service is provided.
Other income from operating activities	Invoices are issued after the service has been rendered and the deed of acceptance and delivery of work has been signed. Standard invoice payment term is 30 days. A 10-day term is applied for uncoupling repairs of private rail cars; a cash deposit may also be applied. Payments for one-off works are subject to a 7-to-30-day term, a cash deposit may also be applied.	Revenue from lease of assets is recognised in proportion to the time the customer uses the service and receives the benefit. Revenue related to <i>locomotives and locomotive crews working</i> abroad are recognised as soon as the services are rendered. Revenue from maintenance and repair is recognised at a certain moment because the customer gains control of the goods and services when the goods are loaded from the warehouse and the services have been provided. Services are considered provided when the deed of acceptance-transfer of the performed works is signed. The customer acquires the control over the good and service when it receives all benefits related to the good and service. Revenue is recognised every month over time when services are rendered. <i>Revenue from supply of electricity, gas, steam and water</i> is recognised immediately after the service is rendered. Management services are recognised in proportion to the time the customer uses and benefits from the service. Revenue from re-sale is recognised immediately after the service is rendered. Revenue from construction of railways, engineering structures, and other construction works is recognised over time using the percent-age-of-completion method (monthly). Prepayments received are included in contractual obligations. <i>Other revenue is recognised immediately after the services or goods have been provided to the customer.</i> If services under one agreement are provided in different reporting periods, the consideration is allocated according to their relative independent selling prices.

Recognition of expenses. Expenses are recognised in the Statement of Profit or Loss on an accrual basis when incurred.

Financing income and expenses. The structure of income and expenses from financing activities is presented in Note 30. Interest income is recognised on an accrual basis, using the effective interest rate method. Borrowing costs that are not directly attributable to the acquisition or production of an asset that qualifies for capitalisation are recognised in the statements of profit or loss using the effective interest rate method. Currency exchange gain or loss in the statements of profit or loss is presented at a net value.

State subsidies, grants. State grants are assistance provided by the state in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. A state grant is not recognised until there is reasonable assurance that the entity will comply with the relevant conditions and that the grant will be received. A state grant may take a variety of forms, which may vary both in the nature of the grant and in the conditions normally attached to the grant.

Asset-related grants. Grants and subsidies (hereinafter “grants”) intended for the purchase, construction or other acquisition of non-current assets are considered as asset-related grants (mainly received from the EU and other structural funds). Assets received free of charge are also allocated to this group of grants. The amount of the asset-related grants is recognised in profit and loss gradually according to the depreciation rate of the assets associated with this grant. In profit or loss, a depreciation expense account is reduced by the amount of grant amortisation.

Revenue and expenses related grants. Grants received to reimburse expenses or revenue foregone in the current or prior period, as well as all other grants that are not classified as grants related to assets, are considered to be grants related to revenue. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant. Grants intended for compensation of not received income is recognised in the statements of profit or loss and other comprehensive income, under income. Grants intended to

offset specific expenses are recognised in the income statement by deducting the amount of the grant from the related amount of the related expenses.

Events after the reporting period. All events that are significant but are not adjusting events are disclosed in Note 37. Events after the reporting period that provide additional information on the Group's and the Company's position at the end of the reporting period on the date of the financial statements (adjusting events) are disclosed in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the explanatory notes, if they are significant.

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

3. Significant judgements and estimates

The preparation of the financial statements requires the management of the Group and the Company to make estimates and judgements that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are continually revised and rely upon historical experience and other factors, including expectations on future events based on existing circumstances.

Significant estimates and assumptions made by management and the key sources of uncertainty used in the preparation of these financial statements are presented below:

Significant judgements

Assets managed under the right of trust.

The Group manages public railway infrastructure facilities and state-owned service facilities and land plots beneath those facilities (hereinafter collectively referred to as the public railway infrastructure facilities). Under the Trust agreement with the Ministry of Transport and Communications of the Republic of Lithuania and in accordance with the Railway Transport Code, the Group's subsidiary, AB LTG Infra, operates, manages and disposes the public railway infrastructure facilities, while the Government of the Republic of Lithuania retains legal title. AB LTG Infra and the Group accounts for these assets as property, plant and equipment in accordance with IAS 16 based on the following:

- AB LTG Infra is entitled to use public railway infrastructure facilities free of charge for an indefinite period, the state may revoke this right only by amending legislation.
- Having transferred that right to AB LTG Infra, the state has also transferred the material risks and rewards of ownership – AB LTG Infra uses the public railway infrastructure facilities to generate revenue and incurs expenses for its maintenance; although the state is to ensure that the general public has access to the railway transportation in the country, the state does not retain direct financial risks associated with the public railway infrastructure facilities.
- Although some rights that are generally associated with the ownership of the public railway infrastructure facilities are restricted (e.g. AB LTG Infra cannot sell or pledge these assets), similar restrictions are common in private and privatised infrastructure and utility

companies – including entities that are subject to strict cost-of-service forms of rate regulation.

Consolidation of AB LTG Infra. During 2019, following the amendments to the Code adopted by the Parliament of the Republic of Lithuania, the Group has implemented a new reorganisation programme. As a result, three new entities – AB LTG Cargo, UAB LTG Link and AB LTG Infra – were demerged from AB Lietuvos Geležinkeliai and became its 100% subsidiaries; the public railway infrastructure facilities, referred to above, have been transferred to AB LTG Infra. The amendment to the Code also established certain restrictions on how income, generated from the use of public railway infrastructure facilities, can be utilised. Under the Code, this income should be either spent on the development, modernisation and maintenance of the public railway infrastructure facilities or remitted to the State. In addition, the state maintains all owner of public railway infrastructure facilities rights, including deciding how development of the new public railway infrastructure facilities has to be financed, charged and used in case these facilities are no longer necessary for the needs of AB LTG Infra.

Management considered the following factors:

- a) Being the sole shareholder of AB Lietuvos Geležinkeliai before and after reorganisation, the state controls the Group, including (indirectly) AB LTG Infra through the voting rights. The state does not utilize its rights, provided by the Code, to manage the relevant activities of AB LTG Infra bypassing AB Lietuvos Geležinkeliai. Therefore, these rights are deemed protective.
- b) Although the Code imposes certain restrictions on the use of profits gen-

erated by the activities of a public infrastructure manager, AB Lietuvos Geležinkeliai is entitled to receive dividends from the profits generated by these activities in accordance with the procedure set out in the Code, as well as variable returns from other sources.

Based on the above, the management concluded that neither the reorganisation nor the changes to the Code affect the AB Lietuvos Geležinkeliai control over AB LTG Infra.

UAB LTG Kompetencijų Centras, the subsidiary of AB Lietuvos Geležinkeliai, was established on 29 November 2024; the business of general internal administration services will be transferred to it. The Company considers this combination as a combination of jointly controlled businesses when business units to be combined are controlled by the same party AB Lietuvos Geležinkeliai before and after business combination. Under the principles of jointly controlled entities, a business combination or transfer will be treated as a transaction without economic substance, so the transfer of assets, liabilities and all rights and liabilities will be made at carrying amounts. The business of the Company, including the Company's processes, employees, contracts and any liabilities of the Company existing at the date of transfer, will be transferred to UAB LTG Kompetencijų Centras and the Company's activities will be continued as a part of UAB LTG Kompetencijų Centras. Given the information provided above, the financial statements of the Company for 2024 are prepared on a going concern basis. The Group's transactions with UAB LTG Kompetencijų Centras will also be carried out after the selling date, therefore, intercompany transactions are eliminated from the consolidated financial statements.

Discontinued operations. Internal administration activities and provision of general services to the Group's companies were transferred from the Company to the subsidiary UAB LTG Kompetencijų centras on 1 February 2025. According to management's assessment, the transferred operations meet the definition of discontinued operations in accordance with IFRS 5 Non-current assets held for sale and discontinued operations and must be presented in the Company's separate financial statements in accordance with the requirements of this standard.

In 2024 significant management judgements and assessments were made regarding the identification of the transferred activities and the assets and liabilities attributable to this segment of operations. The comparative information in Company's statement of profit or loss is restated due to discontinued operation and a change in classification presenting profit from discontinued operation separately from continuing operation.

Joint venture transactions. The sale of the assets is between jointly controlled entities and therefore the difference between the consideration paid and the carrying amount of the net assets sold at the date of reclassification is recognised immediately in equity as retained earnings. For details see Note 18.

Duration of the lease period. When determining the lease period, the management evaluates all facts and circumstances, which give rise to economic incentives to avail themselves of the possibility to extend or terminate the contract. The possibility of extending the contract (or the periods after the possibility of terminating the contract) is provided for in the leases only if it can be reasonably expected that the lease will be extended (or not terminated).

Significant estimates and assumptions

Useful lives of intangible assets and property, plant and equipment. The Group and the Company annually evaluates the useful life of the assets. There is no indication of impairment of the asset given the assumptions used to estimate the recoverable amount.

Impairment losses of intangible assets and property, plant and equipment. The Group has reviewed the value of property, plant and equipment to determine whether it is consistent with the fair value. The determination of the fair value of the assets is mainly influenced by the assumptions used in estimating the deferred income of the transfer service. The assumptions used in determining the fair value of property, plant and equipment are described in more detail in Note 6.

Impairment testing of investments in subsidiaries. The Company accounts for investments in subsidiaries at acquisition cost less impairment. At the date of each annual reporting, the Company assesses whether there is any indication that the investments may be impaired. If any such indication exists, the Company calculates impairment as the difference between the subsidiary's carrying amount and its recoverable amount and the re-

sult is accounted for in the statement of profit or loss. The Company performed impairment tests on investments and the results are presented in Note 10.

Impairment losses of amounts receivable. The Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of receivables before the decrease can be identified with an individual receivable in that portfolio. The management evaluates probable cash flows from the debtors based on historical loss experience related to the debtors with a similar credit risk. The methods and assumptions used for estimating the expected future cash flows and their timing are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Write down of inventories to net realisable value. The Group reviews its list of inventories at least annually to establish their net realisable value. Inventories acquired more than one year ago are reviewed to determine whether they are available for future disposal. In the case of slow-moving spare parts and other materials, impairment is recognised based

on detailed operating plans for each item of inventory, their potential realisation period and estimated realisation price.

During the assessment, the management analysed whether there have been any significant changes; in addition, the reassessed assumptions applied in the assessment of the recoverable amount have had an insignificant effect on the change in the carrying amount. The inventories that may not be realised are fully written off. The change in the write-down of the Company's inventories to net realisable value is reflected in the item of expenses of write-down to net realisable value in the Statement of profit or loss and other comprehensive income. The Company's inventory containing slow-moving items that were acquired two years ago for repair of spare parts used in track constructions are subject to 75% impairment.

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

Provisions and contingent liabilities. The Group and the Company exercise considerable judgement in measuring and

recognising provisions and the exposure to contingent liabilities related to pending litigations or other outstanding claims subject to negotiated settlement, mediation, arbitration as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed or a liability will arise, and to quantify the possible range of the final settlement. Due to the uncertainties inherent in this estimation process, actual losses may differ from the provisions originally estimated. These estimates are subject to change as new information becomes available, primarily related to internal specialists, such as legal counsel. Revisions to the estimates may significantly affect future operating results of the Group and the Company.

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

Contingent assets are not recognised in the financial statements but are disclosed when it is probable that future economic benefits or service potential will flow to the entity.

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

AB Lietuvos Geležinkeliai Group pays special attention to environmental protection when implementing the strategic goals and sustainability management priorities set out in the LTG Sustainable Growth Strategy 2040. One of the key strategic activities of the Group and its individual companies is the Green Deal.

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

The Group pays a lot of attention to assessing the potential impact of climate change and related economic consequences on the operations of its subordinates. Impacts related to climate change may arise from physical (extreme) changes in the climate and from the ambition of the target countries to move towards the Green Deal, which may lead to additional requirements for the transport sector: compliance with the new regulatory environment; introduction of new technologies; responding to changes in market demand.

Further information relating to environmental, human resources, anti-corruption, anti-bribery and other issues is disclosed in the Sustainability Report of the Integrated Report.

Going concern of the Group and the Company

The companies of the LTG Group: AB Lietuvos Geležinkeliai, AB LTG Cargo, UAB LTG Link generated profit in 2024; AB LTG Infra that manages the public railway infrastructure, UAB that carries out railway construction and repair works, and LTG Cargo Polska Sp. z o.o. that carries out freight transportation activities operated at a loss.

As a result of the significant change in the operating environment due to the Russian war in Ukraine, the Company's management continues to assess the main risks and threats related to continuity of operations and the impact on the operations of the LTG Group and its companies and continues to implement the necessary actions to manage the situation:

- The implementation of the Operational Optimisation Project continues, covering three areas: improving operational efficiency, cost reduction, diversification and expansion into new markets.
- On 17 December 2024, the LTG Board approved the reviewed and updated LTG Strategy 2029: Integration into Europe.

State funding was ensured to the LTG Group companies UAB LTG Link and AB LTG Infra:

- Public passenger transport services are financed using state funding and cover all losses incurred by this activity. In December 2022, a long-term contract for the provision and financing of outsourced services (PSO - public service obligations) signed between LTG Link and the Ministry of Transport and Communications of the Republic of Lithuania for a period of 10 years (2023–2032) ensures the continuity of operations of LTG Link.
- Given the provisions of the EU Directive 2021/34/EU and the GCT, the Ministry of Transport of the Republic of Lithuania and the company LTG Infra, which manages the public railway infrastructure network, have signed a quality and financing agreement for railway service facilities owned by the Lithuanian state, which will be valid for five years and will ensure stable technical maintenance of the infrastructure and a high level of railway traffic safety and improve the provided service quality. The State's long-term obligation to balance the revenues and costs of the infrastructure manager is enshrined in both EU and Lithuanian legislation.
- In order to ensure liquidity risk management, the Company has a short-term financing agreement with one of the commercial banks serving the LTG Group, which is valid until 30 June 2026.

In the assessment of the management, the applied measures and state funding will allow the Group to balance the cash flows necessary to ensure the continuity of operations and to service existing loan agreements and obligations to partners.

4. New standards not adopted yet

New standards, amendments to standards and interpretations, which are effective for annual periods beginning on or after 1 January 2025 and which have not been applied in preparing these financial statements are set out below:

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

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

The amendments clarify the accounting treatment for foreign currency transactions or operations where exchangeability is restricted. In addition, it establishes a framework by which an entity may determine the spot exchange rate at the measurement date. Under these new

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

The amendments apply to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted but this must be disclosed.

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

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

The IASB has issued amendments to IFRS 9 and IFRS 7. Amendments: a) clarifies the recognition date and the

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

The amendments apply to annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted but this must be disclosed.

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

Annual Improvements to IFRS Accounting Standards – Amendments

The annual improvements include amendments relating to:

- **IFRS 1** First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter
- **IFRS 7** Financial Instruments: Disclosures and its implementation guidance
- **IFRS 9** Financial Instruments – Derecognition of lease liabilities and transaction prices
- **IFRS 10** Consolidated Financial Statements – determination of a 'de facto agent'
- **IAS 7** Statement of Cash Flows – cost method

The amendments apply to annual reporting periods beginning on or after 1 January 2026.

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

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

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

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

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

IFRS 19 Subsidiaries without Public Accountability: (new standard)

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

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

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

New standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2024 did not have a significant impact on the Group and the Company.

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

5. Financial instruments and risk management

Financial instruments. Fair value

The Group's and the Company's main financial instruments not carried at fair value are trade and other receivables, contract assets, trade and other payables, contract liabilities, cash and long-term and short-term borrowings. In the opinion of the management of the Company, the carrying amounts of these financial instruments approximate their fair values as the borrowing costs are related to interbank borrowing interest rate EURIBOR and other financial assets and liabilities are short-term, thus the fluctuation in their fair value is insignificant.

The fair value of financial instruments is the amount at which, at the measurement date, an asset would sell or a liability would be transferred in an orderly transaction in the principal (or most advantageous) market under current market conditions, whether that price is directly observable or determined using a valuation technique.

The Group's and the Company's financial instruments according to their types:

	Group		Company	
	2024	2023	2024	2023
Financial assets				
Contract assets	17	4	-	-
Loans and other borrowings	160	160	126,590	138,207
Trade and other receivables	31,749	20,229	10,018	16,268
Cash and cash equivalents	176,539	228,566	54,392	34,650
Total	208,465	248,959	191,000	189,125
Financial liabilities				
Contract liabilities	58	2	-	-
Loans and other borrowings	110,767	127,410	1,000	-
Lease liabilities	26,572	12,398	3,373	9,135
Trade and other payables	102,155	94,833	2,086	4,091
Total	239,552	234,643	6,459	13,226

Fair value is classified according to a hierarchy that reveals the significance of the initial valuation data used. The fair value hierarchy consists of the following levels:

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

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

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

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

	Valuation method	
	Group	Company
Financial assets		
Contract assets	At amortised value	At amortised value
Loans and other borrowings	At amortised value	At amortised value
Trade and other receivables	At amortised value	At amortised value
Cash and cash equivalents	At amortised value	At amortised value
Financial liabilities		
Contract liabilities	At amortised value	At amortised value
Loans and other borrowings	At amortised value	At amortised value
Lease liabilities	At amortised value	At amortised value
Trade and other payables	At amortised value	At amortised value

The Group and the Company had no financial assets measured at fair value.

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

Loans and other borrowings. The fair value of long-term loans is determined on the basis of the market price or interest rate applicable to debt of the same or similar maturity at the time. The fair value of the loans is classified as level 2 in the fair value model. The fair value of the loans received corresponds to the carrying amount. The structure of the Company's loans is presented in Note 20 Loans and other borrowings.

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

Risk management. The Group and the Company are exposed to uncertainty due to external and internal factors, identify risks (strategic, financial, operating and compliance) related to activity, evaluate their effects and probabilities in advance and aim to mitigate them at least partly. The management of activity risks of the Group and the Company is regulated by the Description of Management Process of Activity Risks approved by the legal acts of the Company. Pursuant to the description, risk managers are appointed and regularly trained, regular risk evaluation is carried out using the implemented Risk Management Information System. The results of the assessment are presented to the Company's management. Management plans are approved for unacceptable risks and their implementa-

tion is monitored. The risk management policies and frameworks are reviewed on a regular basis to make sure they comply with the market terms and changes in the Group's and the Company's activities. The Group and the Company seek to establish a disciplined and constructive risk management environment where all employees know their roles and obligations.

According to the strategic goals of the Group and the Company, summarised risk groups, which are considered as the most important and are likely to have a large impact on the achievement of the operating objectives of the Group and the Company, are determined. Possible impacts of the activity risks, including financial and legal impact as well as impact on reputation, are assessed at the Company.

The Group and the Company face the following financial risks: credit, liquidity, currency exchange, interest rate and capital risks. This note contains the information on the impact of these risks on the Group and the Company, the aims, policy and processes related to the assessment and management of these risks.

Credit risk. Credit risk arises due to cash at banks, loans granted and trade receivables.

Credit risk is the risk that the Group and the Company will incur a financial loss

if a buyer or other party fails to meet its contractual obligations. This risk is mostly related to receivables from the Group's and the Company's customers.

The war in Ukraine and the sanctions imposed on Russia and Belarus have increased the risk of default and settlement with customers in these countries. The Group and the Company took preventive measures to eliminate these risks and cooperated with the Lithuanian authorities to minimise the possible consequences.

Financial guarantees. The Company has signed guarantee agreements with the European Investment Bank (EIB) and Nordic Investment Bank (NIB), based on which it provides guarantees for obligations of AB LTG Cargo and AB LTG Infra under the transferred and amended contracts of AB LTG Cargo and LTG Infra with the EIB and NIB. The amount of guarantee is equal to the loan outstanding, including all interest, risk charge (if applicable), termination expenses, charges, fees, indemnification or any other amount that AB LTG Cargo, AB LTG Infra or the Company is required to pay to the EIB and NIB based on the conditions set in the guarantee and financing agreements with banks. The maximum exposure to credit risk is equal to the nominal value of guarantees issued.

The Group and the Company manage credit risk through procedures. The basis

for credit risk management of trade receivables is an assessment of the credibility of the customer. The Group and the Company constantly evaluate creditworthiness of current and prospective service buyers/providers. If a service buyer is evaluated as risky or if the client is new and does not have history of collaboration with the Group and the Company, prepayment conditions are applied. When payments are deferred in settlements with clients, legal credit risk mitigation instruments – credit insurance or pledge are used. Various means of credit management and mitigation are provided in bilateral agreements between the Group and the Company and service buyers/providers: limitations, guarantee for discharge of contract obligations and other instruments that protect the interests of the Group and the Company. Credit risk is monitored on an ongoing basis.

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

The Group's and the Company's trade amounts receivable from main external customers comprised:

	Group		Company	
	2024	2023	2024	2023
Customer A	4,463	6,483	384	317
Customer B	709	802	232	232
Customer C	592	669	34	32
Customer D	564	600	31	31
Customer E	550	522	26	26
Customer F	540	369	25	120
Others	8,099	4,479	60	58
Total	15,517	13,924	792	816

The Group and the Company allocate each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk levels are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions. In assessing the risks related to receivables from external customers, the recalculation based on the oldest outstanding amount of a customer is applied in order to estimate the risk of potential losses in a more conservative manner.

For each of the credit risk level, the rate of expected credit loss is determined, which is calculated based on the experience of actual impairment.

The Group's and the Company's trade and other receivables subject to credit risk and expected credit loss by individual customers amounted to:

Group	2024				2023			
	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	28,952	0.51%	(148)	28,804	15,479	0.79%	(122)	15,357
Fair risk	1,671	1.08%	(18)	1,653	1,208	10.35%	(125)	1,083
Increased risk	603	12.11%	(73)	530	1,539	32.94%	(507)	1,032
High risk	8,402	90.93%	(7,640)	762	10,742	74.33%	(7,985)	2,757
Total	39,628		(7,879)	31,749	28,968		(8,739)	20,229

Company	2024				2023			
	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	9,652	0.00%	-	9,652	15,285	0.00%	-	15,285
Fair risk	99	0.02%	-	99	1,060	0.00%	-	1,060
Increased risk	544	0.32%	(1)	543	883	0.07%	(1)	882
High risk	4,592	96.25%	(4,412)	180	4,724	93.67%	(4,425)	299
Total	14,887		(4,413)	10,474	21,952		(4,426)	17,526

Low risk – none of the customer's invoices are past due

Fair risk – at least one of the customer's invoices is past due up to 30 days

Increased risk – at least one of the customer's invoices is past due up to 120 days

High risk – at least one of the customer's invoices is past due over 120 days

The Group and the Company apply a simplified method to calculate the lifetime expected credit losses over the period of validity and use a provisioning matrix for all trade and other receivables. As required by IFRS 9, an allowance for credit losses is accounted for the full life of the receivable from its initial recognition. For the purpose of estimating expected credit losses using the allowance matrix, trade and other receivables are separated into distinct groups based on common credit risk characteristics. The amounts for each group is analysed according to the number of days past due. As trade and other receivables usually do not include the collateral or any other instruments to secure the credit, the ratio of expected losses corresponds to the probability of default. Credit loss ratios may be adjusted to take into account future macroeconomic forecasts, the credit risk characteristics of the individual group and the maturity of past due payments.

The Group and the Company determine credit risk based on historical data, considering past due payments.

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

Group	2024				2023			
	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.16%	31,025	(49)	30,975	0.11%	17,602	(19)	17,583
1-30 days past due	24.12%	626	(151)	475	2.32%	603	(14)	589
31-60 days past due	12.50%	232	(29)	203	6.97%	531	(37)	494
61-120 days past due	60.00%	195	(117)	78	38.79%	763	(296)	467
More than 120 days past due	99.77%	7,550	(7,533)	17	88.43%	9,469	(8,373)	1,096
Total		39,628	(7,879)	31,749		28,968	(8,739)	20,229

Company	2024				2023			
	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.00%	9,678	-	9,678	0.00%	15,499	-	15,499
1-30 days past due	0.01%	92	-	92	0.00%	1,076	-	1,076
31-60 days past due	0.04%	417	-	417	0.01%	657	-	657
61-120 days past due	0.83%	122	(1)	121	1.55%	34	(1)	33
More than 120 days past due	96.36%	4,578	(4,412)	166	94.43%	4,686	(4,425)	261
Total		14,888	(4,413)	10,474		21,952	(4,426)	17,526

Impairment accounted for by the Group and the Company reflects the estimated losses from doubtful trade receivables. The principal component of this impairment is individually assessed loss related to significant doubtful trade receivables. Impairment assessment methods are constantly reviewed to ensure that the difference between the estimated and actual losses is as low as possible.

The Group's and the Company's movement of impairment allowance of doubtful trade

	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the period	(4,465)	(4,166)	(152)	(103)
Impairment of amounts written off	847	648	-	-
Change in impairment for trade receivables	13	(947)	13	(49)
Balance at the end of the period	(3,605)	(4,465)	(139)	(152)

The Group's and the Company's movement of impairment allowance of loans, other amounts receivable within one year and after one year:

	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the period	(4,274)	(4,274)	(4,274)	(4,274)
Impairment of amounts written off	-	-	-	-
Change in impairment allowance for trade receivables	-	-	-	-
Balance at the end of the period	(4,274)	(4,274)	(4,274)	(4,274)

As at 31 December 2024, the change in impairment allowance for receivable debts in the Group and the Company is presented in the statements of profit or loss and other comprehensive income, under items of increase (decrease) in the value of receivables. The Group's and the Company's amounts written off are considered as amounts with no possibility or right of recovery.

As at 31 December 2024, the Group and the Company did not have any written off financial assets that are still operating.

Although the economic circumstances may have an impact on the recoverability of borrowings, as to the Company's management, the Group and the Company are not exposed to material risk to incur loss which would exceed the impairment that has already been recognised.

Cash and cash equivalents comprise cash and cash at bank; therefore, the related credit risk is minimal. Diversification principle is applied for the monetary resources held by the Group and the Company, the funds are at banks that have international credit ratings of BBB-/Baa3 and higher.

	Group		Company	
	2024	2023	2024	2023
AA-, Aa3	160,845	153,925	43,487	27,042
A2,A	12,223	8,092	10,805	7,504
Baa1; BBB+	99	65,859	99	-
Baa2, BBB	1,222	680	-	103
BBB-, Baa3	-	-	-	-
BB+, Ba1	-	1	-	1
Below BBB-/Baa3	2,114	-	1	-
Cash in hand	36	9	-	-
Total	176,539	228,566	54,392	34,650

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

If the rating requirement is found to be unsatisfactory, the total amount of cash entrusted to the entity in question may not exceed the State's maximum insured deposit limit, i.e. EUR 100 thousand.

Liquidity risk. Liquidity risk is a risk that the Group and the Company will be unable to fulfil their financial liabilities at maturity. Risk management ensures that the Group and the Company always have sufficient liquid assets and are able to meet liabilities in a timely manner. Liquidity and solvency risk management is related to planning and control of cash flow and anticipating unforeseen events that could adversely affect the cash flow and threaten solvency and liquidity. Liquidity and solvency risk is assessed by monitoring and analysing the relative liquidity and solvency ratios, which assess the condition of both current and non-current liabilities and the effectiveness of cash flow management. The Group's and the Company's shortage of operating capital is balanced using credit facilities, if necessary. In addition, according to the Group's and the Company's standard policy, payment period for suppliers is 45 days.

The Group had significant balances of cash and cash equivalents during the year and ensured the liquidity of all Group companies through cash-pool. In order to ensure liquidity risk management, in 2024, the Company signed a EUR 50.0 million short-term financing (overdraft) agreement with SEB Bank. Under this agreement, the Company had no indebtedness at the year-end.

As at the date of the financial statements, the Group and the Company did not face any liquidity issues.

The following financial ratios are monitored in the Group in accordance with the financial terms of credit contracts:

Group	2024	Value set by the bank	2023	Value set by the bank
Net debt/normalized EBITDA*	comply	Not higher than 4.0	comply	Not higher than 4.0
Equity ratio	comply	Not lower than 35%	comply	Not lower than 35%
Loan servicing ratio	comply	Not lower than 2	comply	Not lower than 2

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

Based on financial terms of credit agreements, these financial covenants are monitored by the Group (consolidated) as well as by AB LTG Infra and AB LTG Cargo. The financial covenants are calculated considering the financial performance of AB LTG Infra, AB LTG Cargo and the Group (consolidated).

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

The table below shows the information about maturity dates for non-derivative financial liabilities as per agreements. The information has been prepared on the basis of non-discounted flows of financial liabilities taking into consideration the earliest maturity dates for the Group and the Company to cover these liabilities. The balances of liabilities, the maturity term of which is up to 12 months, approximately correspond to their carrying amounts.

The maturities of the Group's financial liabilities by undiscounted cash flows method as at 31 December 2024:

Financial liabilities	Total:	Within one year	From one to five years	After five years
Loans and other borrowings	127,973	20,289	73,985	33,699
Lease liabilities	32,425	8,852	16,315	7,258
Trade and other payables	121,785	101,415	20,370	-
Total	282,183	130,556	110,670	40,957

The maturities of the Group's financial liabilities by undiscounted cash flows method as at 31 December 2023:

Financial liabilities	Total:	Within one year	From one to five years	After five years
Loans and other borrowings	152,161	22,249	78,277	51,635
Lease liabilities	13,367	5,402	7,113	852
Trade and other payables	105,656	103,640	2,016	-
Total	271,184	131,291	87,406	52,487

The maturities of the Company's financial liabilities using the undiscounted flow method as at 31 December 2024:

Financial liabilities	Total:	Within one year	From one to five years	After five years
Lease liabilities	4,153	406	890	2,857
Trade and other payables	3,693	3,693	-	-
Total	7,846	4,099	890	2,857

The maturities of the Company's financial liabilities using the undiscounted flow method as at 31 December 2023:

Financial liabilities	Total:	Within one year	From one to five years	After five years
Lease liabilities	9,852	1,936	3,644	4,272
Trade and other payables	7,644	7,644	-	-
Total	17,496	9,580	3,644	4,272

Currency risk. Currency exchange risk is the risk that changes in market prices due to fluctuations in foreign currency exchange rates will impact the Group's and the Company's results or the value of financial instruments held.

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

In 2024 and 2023, the Group and the Company did not conclude any derivative financial transactions with banks in order to manage the currency exchange risk.

Interest rate risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of fluctuations in market interest rates. The Group's and the Company's loans granted and received and other borrowings are subject to variable interest rates related to EURIBOR.

Market risk. Risk management measures are used only if there are clear indications that the interest rate may significantly change. There are no derivative financial instruments in the Group intended for managing of the interest rate fluctuation risk.

As at 31 December 2024, the weighted interest rate of the Group's loan portfolio was 4.3%, and as at 31 December 2023 it was 5.2%. The interest rate risk is assessed taking into consideration sensitivity of the Group regarding interest rate fluctuations. If the interest rate grew by 0.5 percentage points during 2025, the annual interest expenses would increase by EUR 441 thousand.

During 2024 and 2023, the Group and the Company did not use any derivative financial instruments to manage the interest rate risk. The Group and the Company have a policy that at least 30% of the total amount of the Group's and the Company's financial resources shall be invested in highly liquid financial instruments: current accounts with commercial banks, demand deposits and term deposits with a maturity of less than 12 months. The Group and the Company hold cash in the accounts of major Lithuanian banks with a credit rating of at least BBB-/Baa3 assigned by international rating agencies.

The Group and the Company are not exposed to significant interest rate risk, currency exchange or price index fluctuation risks related to banking products.

Capital management. Capital includes equity attributable to shareholders. The main objective of the capital management is to guarantee that the Group and the Company meet the external requirements of the capital. The objectives of the

Group's and the Company's capital management is to ensure the Group's and the Company's ability to continue as a going concern while seeking to earn profit for the shareholders and maintain an optimal capital structure by decreasing capital cost. In order to maintain or change the capital structure, the Company may pay the capital to the shareholders or issue new shares.

In addition, the Group and the Company, by managing capital risk in the long-term, aim to maintain an optimum capital structure which would ensure a harmonised implementation of objectives for capital costs and risk minimisation. The Group and the Company form the capital structure by evaluating internal factors of regular operations, investments and expansions planned of the companies, and by taking into account operational strategies of the Group and the Company, external current and anticipated factors of markets regulation and country environment which are significant for the operations.

6. Property, plant and equipment

Property, plant and equipment consisted of:

Group	Land	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION COST							
31 December 2022	152,437	1,465,172	256,325	567,481	120,135	291,861	2,853,411
- acquisitions	335	314	31	10,298	2,288	330,729	343,995
- assets sold, written off, disposed	(17)	(1,485)	(2,626)	(13,953)	(1,847)	(288)	(20,216)
- reclassification from/(to) current assets	-	(13,990)	(15,849)	(5,478)	(254)	16,034	(19,537)
- reclassification (to) intangible assets	-	-	-	-	-	(499)	(499)
- reclassification from/(to) investment assets	-	733	-	-	-	-	733
- reclassifications	(67)	149,194	(65,427)	22,719	(71,981)	(34,438)	-
31 December 2023	152,688	1,599,938	172,454	581,067	48,341	603,399	3,157,887
- acquisitions	3	871	245	4,985	140	350,361	356,605
- assets sold, written off, disposed	(26)	(3,936)	(5,647)	(5,864)	(5,069)	(5,230)	(25,772)
- reclassification from/(to) current assets	-	(413)	(273)	(1,334)	(36)	(10,844)	(12,900)
- reclassification (to) intangible assets	-	-	-	-	-	(231)	(231)
- reclassification from/(to) investment assets	-	910	-	-	-	-	910
- reclassifications	67	127,767	1,882	39,719	(1,135)	(168,300)	-
31 December 2024	152,732	1,725,137	168,661	618,573	42,241	769,155	3,476,499
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
31 December 2022	-	(481,204)	(121,903)	(244,679)	(50,373)	(18,114)	(916,273)
- depreciation	-	(68,284)	(11,807)	(35,243)	(5,009)	-	(120,343)
- impairment	-	(1,185)	(29)	(813)	(145)	(3,952)	(6,124)
- assets sold, written off, disposed	-	2,306	2,171	10,041	1,742	-	16,260
- reclassification from/(to) current assets	-	3,097	5,230	3,012	128	-	11,467
- reclassification from/(to) investment assets	-	(68)	-	-	-	-	(68)
- reclassifications	-	(42,316)	24,509	(602)	18,409	-	-
31 December 2023	-	(587,654)	(101,829)	(268,284)	(35,248)	(22,066)	(1,015,081)
- depreciation	-	(75,038)	(7,000)	(37,318)	(2,582)	-	(121,938)
- impairment	-	(163)	(1)	(5,144)	157	(1,015)	(6,166)
- assets sold, written off, disposed	-	2,109	5,457	1,037	5,040	5,012	18,655
- reclassification from/(to) current assets	-	464	188	658	29	-	1,339
- reclassification from/(to) investment assets	-	(700)	-	-	-	-	(700)
- reclassifications	-	(3,659)	3,968	(190)	(119)	-	-
31 December 2024	-	(664,641)	(99,217)	(309,241)	(32,723)	(18,069)	(1,123,891)
Carrying amount							
31 December 2022	152,437	983,968	134,422	322,802	69,762	273,747	1,937,138
31 December 2023	152,688	1,012,284	70,625	312,783	13,093	581,333	2,142,806
31 December 2024	152,732	1,060,496	69,444	309,332	9,518	751,086	2,352,608

Company	Land	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION COST							
31 December 2022	-	33,692	12,297	906	14,644	336	61,875
- acquisitions per year	-	-	97	-	38	54	189
- assets sold, written off, disposed	-	(80)	(42)	-	(587)	-	(709)
- reclassification from/(to) investment assets	-	2,497	-	-	-	-	2,497
- reclassification from/(to) current assets	-	(356)	(185)	(168)	(216)	-	(925)
- reclassifications	-	-	-	-	12	(12)	-
31 December 2023	-	35,753	12,167	738	13,891	378	62,927
- acquisitions per year	-	-	-	-	-	1,126	1,126
- assets sold, written off, disposed	-	(55)	(27)	-	(988)	-	(1,070)
- reclassification from/(to) investment assets	-	(1,194)	-	-	-	-	(1,194)
- reclassification from/(to) current assets	-	(718)	(301)	(344)	(3,042)	-	(4,405)
- reclassifications	-	6,429	(4,402)	269	(1,198)	(1,098)	-
31 December 2024	-	40,215	7,437	663	8,663	406	57,384
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES							
31 December 2022	-	(15,988)	(8,919)	(566)	(9,557)	(149)	(35,179)
- depreciation	-	(2,093)	(745)	(40)	(823)	-	(3,701)
- impairment during the year	-	(362)	(23)	-	(177)	(183)	(745)
- assets sold, written off, disposed	-	130	56	(1)	605	-	790
- reclassification from/(to) investment assets	-	(306)	-	-	-	-	(306)
- reclassification from/(to) current assets	-	121	133	116	101	-	471
31 December 2023	-	(18,498)	(9,498)	(491)	(9,851)	(332)	(38,670)
- depreciation	-	(1,938)	(526)	(27)	(724)	-	(3,215)
- impairment during the year	-	37	-	-	-	(40)	(3)
- assets sold, written off, disposed	-	25	28	-	986	-	1,039
- reclassification from/(to) investment assets	-	518	-	-	-	-	518
- reclassification from/(to) current assets	-	465	221	257	2,903	-	3,846
- reclassifications	-	(3,638)	3,973	(186)	(149)	-	-
31 December 2024	-	(23,029)	(5,802)	(447)	(6,835)	(372)	(36,485)
Carrying amount							
31 December 2022	-	17,704	3,378	340	5,087	187	26,696
31 December 2023	-	17,255	2,669	247	4,040	46	24,257
31 December 2024	-	17,186	1,635	216	1,828	34	20,899

The Group's depreciation charge included in the statement of profit or loss and other comprehensive income of the Group amounted to EUR 95,494 thousand (EUR 97,080 thousand in 2023). This amount included depreciation expenses of EUR 121,938 thousand (EUR 120,343 thousand in 2023), which were reduced by amortisation of grants of EUR 23,078 thousand (EUR 20,787 thousand in 2023) and by capitalised depreciation costs amounting to EUR 3,366 thousand (EUR 2,476 thousand in 2023).

The Company's depreciation charge included in the statement of profit or loss and other comprehensive income amounted to EUR 3,133 thousand (EUR 3,617 thousand in 2023). This amount included depreciation expenses of EUR 3,215 thousand (EUR 3,701 thousand in 2023), which were reduced by amortisation of grants of EUR 81 thousand (EUR 84 thousand in 2023) as disclosed in Note 19.

As at 31 December 2024, the carrying amount of assets managed under the right of trust in the Group amounted to EUR 1,007,497 thousand (EUR 973,174 thousand at 31 December 2023).

The acquisition cost of the Group's fully depreciated property, plant and equipment still in use amounted to EUR 158,179 thousand (EUR 141,556 thousand in 2023), and of the Company - EUR 15,101 thousand (EUR 10,887 thousand in 2023). Most of fully depreciated property, plant and equipment comprised other equipment, fittings and tools.

The Group reclassified EUR 41,240 thousand of IAS 16 compliant inventories to non-current assets, construction in progress (EUR 29,111 thousand in 2023) and made an impairment of EUR 3,531 thousand (EUR 3,952 thousand), which is reflected under the item Increase (decrease) in the value of non-current assets in the statements of profit (loss) and other comprehensive income.

In 2024, the Group also calculated impairment for non-operational property and trains. The major portion is the impairment of EUR 5,176 thousand which has been formed for non-operational rolling stock.

In 2024, the Group reviewed its proper-

ty, plant and equipment groups and reclassified assets in accordance with the Construction Technical Regulation. After reclassification, the carrying amount of assets allocated to the Buildings and Structures group increased by EUR 5,829 thousand, whilst the carrying amounts of Machinery and Equipment and Other Equipment, Fittings and Tools asset groups decreased by EUR 6,095 thousand and the Vehicles increased by EUR 266 thousand. The majority of reclassified assets consists of engineering networks that were previously recorded under Other Equipment, Fittings and Tools asset groups. In the opinion of the Group's management, this reclassification better reflects the asset groups according to their purpose. Furthermore, such reclassification has no impact on the total asset balance; therefore, comparative information was not reclassified.

During the financial year, the Company reviewed its property, plant and equipment groups and reclassified assets in accordance with the Construction Technical Regulation. After reclassification, the carrying amount of assets allocated to the Buildings and Structures group increased by EUR 5,575 thousand, whilst the carrying amounts of Machinery and Equipment and Other Equipment, Fittings and Tools asset groups decreased by EUR 5,841 thousand and EUR 266 thousand, respectively. The majority of reclassified assets consists of engineering networks (water supply, sewage pipelines, etc.) that were previously recorded under Other Equipment, Fittings and Tools asset groups. In the opinion of the Company's management, this reclassification better reflects the asset groups according to their purpose. Furthermore, such reclassi-

fication has no impact on the total asset balance; therefore, comparative information was not reclassified.

The Group and the Company do not have any pledged assets.

The Company did not perform a test of recoverable amount of its property, plant and equipment as there are no indications of impairment taking into consideration the operating results.

The Group has carried out a recoverable amount calculation for part of the cash-generating units, which was carried out by discounting the expected future cash inflows. The key assumptions by business area are set out below.

The calculation of the recoverable amount of the infrastructure operating assets was carried out by discounting the expected future cash flows using the following assumptions:

- The cash flows were projected for a period of 5 years (2025–2029) with a rolling period and discounted at a pre-tax weighted average cost of capital (WACC) rate of 7.49%.
- The long-term growth rate used in the calculation of the recoverable amount is 2%.
- The tariffs of MAP and RSF have been calculated applying the tariff calculation methodologies, taking into account the market and shareholder expectations.
- The volumes of transporting freight and passengers were based on the forecasts provided by railway undertakings

(carriers).

- Given the volumes projected by railway undertakings/carriers, the estimated efficiency measures envisaged for operations and the assessed need to balance the MAP's operating income-costs, the projected need for state grants throughout the period under assessment, which, however, compared 2029 to 2024, is decreasing by 24% and during rolling period which is based on projections for 2029 a need for state grants is projected 23% smaller compared to 2024.
- EBITDA grows by an average of 10% over the forecast period.

Calculation of the recoverable amount of the assets did not show any impairment to be made.

The sensitivity analysis showed that if:

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

The calculation of the recoverable amount of the assets of the *track repair and construction activities of the public railway infrastructure* has been performed by discounting the expected future cash flows using the following assumptions:

- Cash flows are assessed over a period of 5 years up to and including 2029, thereafter a continuous growth is assessed (rolling period).
- The calculation uses data from the approved strategy of the Group and the Company; The Rail Baltica project is expected to grow the market for the repair and maintenance of the 1435 mm track. Rail Baltica project will have a lasting effect on the labour market by creating jobs in infrastructure management and maintenance, station and terminal management. Taking into account the market growth in Lithuania, the Company's revenue will continue to grow in the continuing period, while maintaining the same EBITDA margin.
- The projected long-term growth rate is 2%.
- The calculation of the asset's recoverable amount uses a weighted average pre-tax cost of capital (pre-tax rate) of 11.79%.
- Depreciation of the continuing period is equal to the investments, taking into account that the Company must maintain the level of assets available to generate cash flows by renewing them accordingly.

- In the impairment test, the sales income amounting to EUR 158 million and the net profit amounting to EUR 12.4 million are planned during 2025-2029, and subsequently the sales income amounting to EUR 51 million and the net profit amounting EUR 6.5 million are planned for the continuing period.

Calculation of sensitivity analysis using more conservative assumptions and values for earnings and pre-tax WACC and comparing the result of the continuing period for 2024.

- If WACC increased by 1%, the recoverable amount would decrease by 14% and EUR 3,098 thousand.
- If WACC decreased by 1%, the recoverable amount would increase by 17% and EUR 3,838 thousand.
- If growth rate increased by 1%, the recoverable amount would increase by 12% and EUR 2,790 thousand.
- If growth rate decreased by 1%, the recoverable amount would decrease by 10% and EUR 2,273 thousand.
- If the result of the continuing period was the same as in 2024, the recoverable amount would be lower and it would be at risk of impairment by EUR 17 million.

The performed testing of the recoverable amount disclosed that the recoverable amount exceeds the carrying amount (EUR 22 million); thus, no impairment was accounted for.

In 2024, the freight and passenger transportation activities significantly exceeded their targets, maintaining strong positive results for several consecutive years. According to both the approved strategy and the strategy under development, the performance trends are expected to continue improving. *Furthermore, the 2023 impairment test of non-current assets, including sensitivity analysis of WACC and growth rate indicators, showed no risks related to asset recoverability. Therefore, there was no need or indication to perform these tests in the current year.*

7. Right-of-use assets

Group	Land	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Total
ACQUISITION COST						
31 December 2022	1,527	1,363	-	15,938	899	19,727
- acquisitions per year	1	666	-	8,378	1,391	10,436
- disposed assets	(474)	(660)	-	(1,131)	(655)	(2,920)
31 December 2023	1,054	1,369	-	23,185	1,635	27,243
- acquisitions per year	226	42	-	23,844	1,968	26,080
- disposed assets	64	(212)	-	(12,051)	(1,042)	(13,241)
31 December 2024	1,344	1,199	-	34,978	2,561	40,082
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2022	(89)	(716)	-	(7,003)	(558)	(8,366)
- depreciation	(35)	(220)	-	(7,971)	(397)	(8,623)
- depreciation reversal of disposed assets	13	516	-	1,131	390	2,050
31 December 2023	(111)	(420)	-	(13,843)	(565)	(14,939)
- depreciation	(60)	(240)	-	(11,829)	(528)	(12,657)
- impairment	-	-	-	(2,979)	-	(2,979)
- depreciation reversal of disposed assets	4	212	-	12,051	475	12,742
31 December 2024	(167)	(448)	-	(16,600)	(618)	(17,833)
CARRYING AMOUNT						
31 December 2022	1,438	647	-	8,935	341	11,361
31 December 2023	943	949	-	9,342	1,070	12,304
31 December 2024	1,177	751	-	18,378	1,943	22,249

Company	Land	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Total
ACQUISITION COST						
31 December 2022	1,327	5,329	30	4,680	477	11,843
- acquisitions per year	102	945	-	1,150	1,167	3,364
- disposed assets	(474)	(881)	-	(537)	(8)	(1,900)
31 December 2023	955	5,393	30	5,293	1,636	13,307
- acquisitions per year	264	579	-	1,573	1,328	3,744
- disposed assets	-	(1,724)	-	(1,419)	(403)	(3,546)
- reclassifications	-	(1,941)	-	(5,447)	(2,561)	(9,949)
31 December 2024	1,219	2,307	30	-	-	3,556
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2022	(87)	(972)	(30)	(1,890)	(336)	(3,315)
- depreciation	(38)	(561)	-	(1,276)	(238)	(2,113)
- depreciation reversal of disposed assets	12	790	-	265	8	1,075
31 December 2023	(113)	(743)	(30)	(2,901)	(566)	(4,353)
- depreciation	(55)	(391)	-	(1,312)	(455)	(2,213)
- depreciation reversal of disposed assets	-	599	-	1,324	403	2,326
- reclassifications	-	400	-	2,889	618	3,907
31 December 2024	(168)	(135)	(30)	-	-	(333)
CARRYING AMOUNT						
31 December 2022	1,240	4,357	-	2,790	141	8,528
31 December 2023	842	4,650	-	2,392	1,070	8,954
31 December 2024	1,051	2,172	-	-	-	3,223

A discount rate applied to lease contracts in 2024 comprises 6-month EURIBOR and a market margin determined on the basis of a market research according to effective market conditions.

During 2024, the Company generated income of EUR 1,264 thousand (in 2023: EUR 1,238 thousand) from the sublease of the right-of-use assets.

An assessment of the recoverable amount of the right-of-use assets has shown that assets are not fully recoverable. Therefore, an impairment amount of EUR 2,979 thousand was recognized. Calculations were carried out by discounting estimated future cash flows generated using these assets. Following assumptions were used:

- The cash flows are assessed for a period of 15 years up to and including 2039, after which continuous growth is assessed (continuing period).
- The projected long-term growth rate is 2%.
- Moderate growth in freight transportation services in the Polish market and growth of intermodal flows to north-south are forecasted.
- Annual growth in freight tariffs is forecast, reflecting the projected increases in energy, wages and other costs. Taking into account changes in freight volumes, tariffs and costs, the EBITDA margin will grow and exceed 20% over the continuing period.
- Depreciation over a continuous period is equal to the investment, taking into account that the company has to maintain the level of assets available to generate cash flows by renewing them accordingly; It is planned to receive investments into rolling stock from an EU subsidy (50%) in 2026 and 2027.
- The calculation of the assets' recoverable amount uses a weighted average post-tax cost of capital (WACC post-tax) of 12.18%.

8. Intangible assets

Group	Software	Licenses and similar rights	Other intangible assets	Total
ACQUISITION COST				
31 December 2022	38,001	3,760	5,240	47,001
- acquisitions	17	1,197	3,942	5,156
- sales, disposals, write-offs	(1,015)	(30)	(29)	(1,074)
- transferred from property, plant and equipment	5,596	1	(5,098)	499
31 December 2023	42,599	4,928	4,055	51,582
- acquisitions	11	-	6,379	6,390
- sales, disposals, write-offs	(436)	-	-	(436)
- transferred from property, plant and equipment	231	-	-	231
- reclassifications	4,209	1,475	(5,684)	-
31 December 2024	46,614	6,403	4,750	57,767
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
31 December 2022	(15,050)	(2,566)	(493)	(18,109)
- amortization	(4,429)	(473)	(55)	(4,957)
- sales, disposals, write-offs	1,015	30	29	1,074
31 December 2023	(18,464)	(3,009)	(519)	(21,992)
- amortization	(4,539)	(401)	(56)	(4,996)
- sales, disposals, write-offs	436	-	-	436
- reclassifications	(21)	-	(21)	-
31 December 2024	(22,588)	(3,410)	(554)	(26,552)
CARRYING AMOUNT				
31 December 2022	22,951	1,194	4,747	28,892
31 December 2023	24,135	1,919	3,536	29,590
31 December 2024	24,026	2,993	4,196	31,215

Company	Software	Licenses and similar rights	Other intangible assets	Total
ACQUISITION COST				
31 December 2022	13,379	3,673	1,530	18,582
- acquisitions	-	1,196	2,970	4,166
- sales, disposals, write-offs	-	-	(1)	(1)
- transferred from property, plant and equipment	3,790	-	(3,790)	-
31 December 2023	17,169	4,869	709	22,747
- acquisitions	-	-	4,178	4,178
- sales, disposals, write-offs	(419)	-	-	(419)
- reclassifications	(16,583)	(4,869)	(4,887)	(26,339)
31 December 2024	167	-	-	167
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES				
31 December 2022	(6,149)	(2,479)	(28)	(8,656)
- amortization	(1,087)	(472)	-	(1,559)
- sales, disposals, write-offs	1	-	1	2
31 December 2023	(7,235)	(2,951)	(27)	(10,213)
- amortization	(1,266)	(390)	-	(1,656)
- sales, disposals, write-offs	419	-	-	419
- reclassifications	7,922	3,341	27	11,290
31 December 2024	(160)	-	-	(160)
CARRYING AMOUNT				
31 December 2022	7,230	1,194	1,502	9,926
31 December 2023	9,934	1,918	682	12,534
31 December 2024	7	-	-	7

Amortisation expenses of intangible assets of the Group amounting to EUR 3,307 thousand (EUR 3,103 thousand in 2023) are accounted for in the statement of profit or loss and other comprehensive income. This amount includes EUR 4,996 thousand (EUR 4,957 thousand in 2023) of amortisation expenses, which were reduced by amortisation of grants of EUR 1,689 thousand (EUR 1,854 thousand in 2023) as disclosed in Note 19.

Amortisation of intangible assets of the Company amounting to EUR 1,526 thousand (EUR 1,428 thousand in 2023) are accounted for in the statement of profit or loss and other comprehensive income. This amount includes EUR 1,656 thousand (EUR 1,559 thousand in 2023) of amortisation expenses, which were reduced by amortisation of grants of EUR 176 thousand (EUR 131 thousand in 2023) as disclosed in Note 19.

The Group's fully amortised intangible assets still in use amounted to EUR 10,626 thousand (EUR 10,139 thousand in 2023). The Company's fully amortised intangible assets still in use amounted to EUR 7,254 thousand (EUR 6,770 thousand in 2023). The major part of the amortised assets consisted of software.

Capitalised expenses of the Company, including ERP consultation services, amounted to EUR 4,741 thousand in 2024 (EUR 4,075 thousand in 2023).

9. Investment property

The investment property of the Group and the Company comprised the following:

	Group	Company
ACQUISITION COST		
31 December 2022	4,265	17,634
- acquisitions per year	179	-
- sold, written off, disposed assets	-	(1)
- transferred from property, plant and equipment	(733)	(2,497)
31 December 2023	3,711	15,136
- reclassification from/to current assets	(90)	-
- transferred from property, plant and equipment	(910)	1,104
31 December 2024	2,711	16,240
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
31 December 2022	(1,096)	(5,351)
- depreciation	(205)	(616)
- sold, written off, disposed assets	-	20
- impairment during the year	-	(805)
- transferred from property, plant and equipment	68	306
31 December 2023	(1,233)	(6,446)
- depreciation	(708)	(542)
- reclassification from/to current assets	80	-
- transferred from property, plant and equipment	700	(439)
31 December 2024	(1,161)	(7,427)
CARRYING AMOUNT		
31 December 2022	3,169	12,283
31 December 2023	2,478	8,690
31 December 2024	1,550	8,813

The Group's and the Company's investment property consisted of leased buildings. Average irrevocable term of the lease is 3 years with a possibility of extension.

Part of the Group's investment property with an acquisition value of EUR 489 thousand as at 31 December 2024 (EUR 126 thousand as at 31 December 2023) was fully depreciated but still used in operations.

Part of the Company's investment property with the acquisition value of EUR 472 thousand as at 31 December 2024 (EUR 327 thousand as at 31 December 2023) was fully depreciated but still used in operations.

During 2024, the Group and the Company received EUR 1,268 thousand and EUR 3,898 thousand of income from the lease of investment property (EUR 1,308 thousand and EUR 4,355 thousand, respectively in 2023).

The fair value of the Group's and the Company's investment property as at 31 December 2023 amounts to EUR 3,827 thousand and EUR 23,952 thousand, respectively. The fair value of investment property of the Group and the Company has not changed significantly in 2024.

10. Investments

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

Group	Controlled share, %	2024			2023		
		Acquisition cost	Accounted impairment	Carrying amount	Investment value	Acquisition cost	Carrying amount
Shares of associates							
voestalpine Railway Systems Lietuva, UAB	34	2,428	-	2,428	2,515	-	2,515
VšĮ Transporto inovacijų centras	33.33	-	-	-	2	-	2
RB Rail AS	33.33	2,827	-	2,827	2,257	-	2,257
		5,255	-	5,255	4,774	-	4,774
Long-term investments							
VšĮ Geležinkelių logistikos parkas	81.39	510	(510)	-	460	(443)	17
Brussels Centralised Payment Centre	1.34	2	-	2	2	-	2
		512	(510)	2	462	(443)	19
Total		5,767	(510)	5,257	5,236	(443)	4,793

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

Company	Owned share, %	2024			2023		
		Acquisition cost	Accounted impairment	Carrying amount	Acquisition cost	Accounted impairment	Carrying amount
Shares of subsidiaries							
AB LTG Cargo	100	39,752	-	39,752	39,752	-	39,752
UAB LTG Link	100	142,778	-	142,778	142,778	-	142,778
AB LTG Infra	100	673,668	-	673,668	673,668	-	673,668
UAB Geležinkelio Tiesimo Centras	100	24,752	-	24,752	24,752	-	24,752
UAB Rail Baltica Statyba	100	4,804	(2,536)	2,268	4,804	(2,536)	2,268
UAB LTG Kompetencijų Centras	100	1	-	1	-	-	-
VšĮ Geležinkelių logistikos parkas	81.39	510	(510)	-	460	(443)	17
		886,265	(3,046)	883,219	886,214	(2,979)	883,235
Shares of associates							
voestalpine Railway Systems Lietuva, UAB	34	745	-	745	745	-	745
VšĮ Transporto inovacijų centras	33.33	-	-	-	93	(93)	-
		745	-	745	838	(93)	745
Long-term investments							
Brussels Centralised Payment Centre	1.34	2	-	2	2	-	2
		2	-	2	2	-	2
Total		887,012	(3,046)	883,966	887,054	(3,072)	883,982

The financial position of investments in associates carried using equity method:

2024	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Ownership
voestalpine Railway Systems Lietuva, UAB	3,810	9,668	111	4,128	9,239
RB Rail AS	1,749	61,127	26,088	28,035	8,483

2023	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Ownership
voestalpine Railway Systems Lietuva, UAB	3,954	8,277	2,746	98	9,387
RB Rail AS	2,923	62,325	22,486	33,794	8,968

Investments in associates using equity method in the statement of profit or loss and other comprehensive income:

	2024		
	Revenue	(Expenses)	Profit or loss
voestalpine Railway Systems Lietuva, UAB	16,804	(15,759)	1,045
RB Rail AS	26,400	(27,180)	(780)

	2023		
	Revenue	(Expenses)	Profit or loss
voestalpine Railway Systems Lietuva, UAB	16,016	(15,064)	952
RB Rail AS	24,655	(24,985)	(330)

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

Investment value	
Acquisition value as at 31 December 2022	883,982
Increase (+)	-
Decrease (-)	-
Acquisition value as at 31 December 2023	883,982
Increase (+)	50
Decrease (-)	(67)
Acquisition value as at 31 December 2024	883,965

The Company made calculation of the recoverable amount of its investments into UAB Geležinkelio Tiesimo Centras and AB LTG Infra by discounting estimated future cash flows and was based on the following assumptions.

The following assumptions have been made for the assessment of UAB Geležinkelio Tiesimo Centras:

- Cash flows are assessed over a period of 5 years up to and including 2029.
- Data from the approved strategy of UAB Geležinkelio Tiesimo Centras are used for calculation.
- The projected long-term growth rate is 2%.
- A significant increase in the company's income and increase in EBITDA margin up to 18% are projected during implementation of the Rail Baltica project.
- The calculation of the investment's recoverable amount uses a weighted average post-tax cost of capital (WACC post-tax) of 9.9%.

The calculation of the recoverable amount showed no indication of impairment of the investment.

A sensitivity analysis of the calculation was carried out by changing the assumptions for the long-term growth rate and the weighted average cost of capital after tax:

- If WACC post-tax increased by 0.5%, the recoverable amount would decrease by 6%.
- If WACC post-tax decreased by 0.5%, the recoverable amount would increase by 7%.
- If long-term growth rate increased by 0.5%, the recoverable amount would increase by 6%.
- If long-term growth rate decreased by 0.5%, the recoverable amount would decrease by 5%.

The performed sensitivity analysis also did not show any indication of impairment of the investment.

The following assumptions have been made for the assessment of AB LTG Infra:

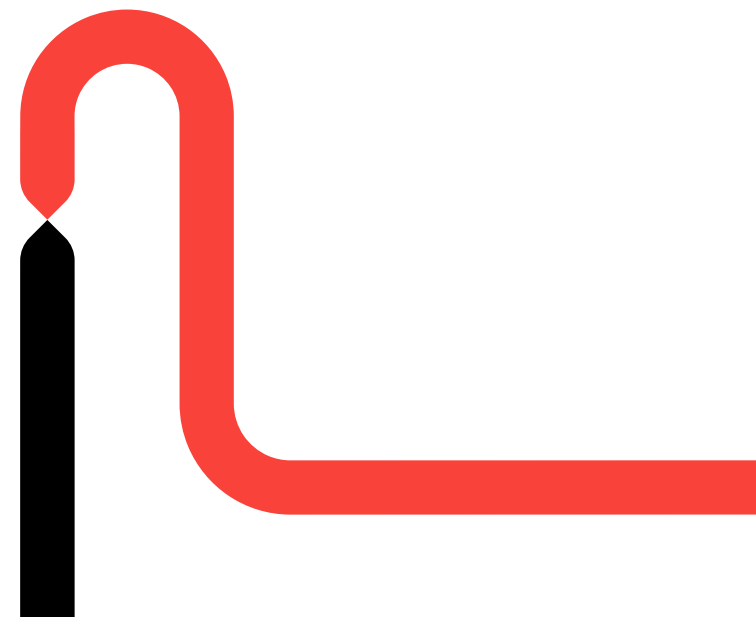
- Cash flows are assessed over a period of 5 years up to and including 2029.
- Data from the approved strategy of AB LTG Infra are used for calculation.
- The projected long-term growth rate is 2%.
- Moderate growth in freight and passenger transportation flows using Lithuanian railway infrastructure is projected.
- Tariffs of railway infrastructure in compliance with the approved pricing methodologies are projected.
- given the volumes projected by railway undertakings/ carriers, the estimated efficiency measures envisaged for operations and the assessed need to balance the MAP's operating income-costs, the projected need for state grants throughout the period under assessment, which, however, compared 2029 to 2024, is decreasing by 24% and during rolling period which is based on projections for 2029 a need for state grants is projected 23% smaller compared to 2024.
- Expenses are projected on the basis of the forecasted level of inflation.

- Projected EBITDA margin is approximately 30%.
- The calculation of the investment's recoverable amount uses a weighted average post-tax cost of capital (WACC post-tax) of 6.37%.

The calculation of the recoverable amount showed no indication of impairment of the investment.

A sensitivity analysis of the calculation was carried out by changing the assumptions for the long-term growth rate and the weighted average cost of capital after tax:

- If WACC post-tax increased by 0.5%, the recoverable amount would decrease by 15%.
- If WACC post-tax decreased by 0.5%, the recoverable amount would increase by 19%.
- If long-term growth rate increased by 0.5%, the recoverable amount would increase by 16%.
- If long-term growth rate decreased by 0.5%, the recoverable amount would decrease by 12%.



11. Inventories and non-current assets held for sale

Inventory

	Group		Company	
	2024	2023	2024	2023
Spare parts	2,212	2,053	1	41
Materials of track superstructures	1,709	695	-	-
Materials	3,100	5,362	11	107
Fuel	12,285	6,389	11,021	4,792
Other inventories	2,773	2,604	114	30
Total raw materials, supplies and components	22,079	17,103	11,147	4,970
Assets for resale	15,770	7,921	4	6
Total	37,849	25,024	11,151	4,976

Net realisable value of the Group's inventories was EUR 5,186 thousand lower than their cost (EUR 43,036 thousand) as at 31 December 2024. Net realisable value of the Group's inventories was EUR 4,651 thousand less than their cost (EUR 29,676 thousand) as at 31 December 2023.

Net realisable value of the Company's inventories was EUR 8 thousand lower than their cost (EUR 11,159 thousand) as at 31 December 2024. Net realisable value of the Company's inventories was EUR 158 thousand lower than their cost (EUR 5,134 thousand) as at 31 December 2023.

Non-current assets held for sale

	Group		Company	
	2024	2023	2024	2023
Non-current assets held for sale	3,446	7,100	1,202	954
Total	3,446	7,100	1,202	954

As at 31 December 2024, net realisable value of the Group's non-current assets held for sale was EUR 6,004 thousand lower than their carrying amount (EUR 9,450 thousand) at initial recognition. As at 31 December 2023, net realisable value of the Group's non-current assets held for sale was EUR 20,144 thousand lower than their recognised carrying amount (EUR 27,244 thousand).

Respectively, as at 31 December 2024, net realisable value of the Company's non-current assets held for sale was EUR 1,320 thousand lower than their carrying amount at initial recognition (EUR 2,522 thousand). As at 31 December 2023, net realisable value of the Company's non-current assets held for sale was EUR 33 thousand lower than their carrying amount at initial recognition (EUR 987 thousand).

12. Assets and liabilities of discontinued operations held for sale

Assets and liabilities held for sale (allocated to the segment of general internal administration services) have been classified as the group to be transferred.

	Company
Property, plant and equipment	145
Right-of-use assets	6,042
Intangibles	15,006
Inventories	3
Trade and other receivables	4,872
Prepayments	2,579
Assets held for sale	28,647
Prepayments received	87
Lease liabilities	6,077
Employee benefits	3,300
Short-term trade payables	984
Liabilities held for sale	10,448

13. Trade and other receivables

	Group		Company	
	2024	2023	2024	2023
Gross external trade debtors	19,122	18,388	932	968
Impairment (-)	(3,605)	(4,465)	(139)	(152)
Total external trade receivables	15,517	13,923	793	816
Receivables from related parties	-	19	8,622	14,645
Total receivables from related parties	-	19	8,622	14,645
Receivable VAT	4,703	3,136	1,777	-
Other receivables from the budget	14,766	9,889	813	1,268
Accrued income from related parties	-	-	455	1,227
Accrued income	1,578	2,703	-	31
Other receivables	20,506	10,561	4,878	5,081
Impairment (-)	(4,274)	(4,274)	(4,274)	(4,274)
Total other receivables	37,279	22,015	3,649	3,333
Total	52,796	35,957	13,064	18,794

In 2024, the trade and other receivables in the Group increased by EUR 16,839 thousand, compared to 2023. In 2024, the trade and other receivables in the Company decreased by EUR 5,710 thousand, compared to 2023.

As at 31 December 2024, the Company has accrued other receivables from related parties of EUR 455 thousand (EUR 972 thousand as at 31 December 2023) for the provision of management services to Group companies.

14. Prepayments

	Group		Company	
	2024	2023	2024	2023
Prepayments to external suppliers	871	1,921	65	165
Prepayments to related parties	-	-	7,216	7,216
Guarantees paid to suppliers	52	45	341	341
Deferred costs	7,019	3,954	875	1,864
Total	7,942	5,920	8,497	9,586

15. Cash and cash equivalents

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

	Group		Company	
	2024	2023	2024	2023
Cash in bank	176,539	228,557	54,392	34,650
Cash in hand	-	9	-	-
Total	176,539	228,566	54,392	34,650

As at 31 December 2023 and 2024, the Group and the Company did not have any term deposits. Cash was not pledged.

In order to manage funds more efficiently and to ensure liquidity of the Group's companies in the market conditions, the Group's cash-pool agreement was signed with AB Swedbank on 20 December 2024. Under this agreement, the members of the Group may borrow and lend funds to the members of the Group on a mutual borrowing platform for a maximum period of one year. As at 31 December 2024, the Group companies had a debt of EUR 11,982 thousand to the Company under the Group's cash-pool agreement (the Group companies did not have any debt to the Company under the Group's cash-pool agreement as at 31 December 2023). During 2024, the Group members used cash-pool funds based on their needs, accruing interest income of EUR 1,334 thousand (EUR 415 thousand as at 31 December 2023) and interest expense of EUR 533 thousand (EUR 43 thousand as at 31 December 2023).

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

16. Dividends

Payment of dividends by the state controlled companies is regulated by the Government Resolution No. 786 of the Republic of Lithuania, which states what share of profit shall be attributed for payment of dividends depending on the return on equity (ROE). Amount of dividends to be paid varies from 85% to 60% of the total amount of retained earnings depending on the achieved levels of ROE (from 1% to more than 15%). Also, the Resolution regulates cases when the Government of the Republic of Lithuania may set a lower share of profits for distribution, if a company implements or participated in the implementation of an important economic project to the State. In case of the Company, important projects are Rail Baltica and Lithuanian part of the East West Transport Corridor (the infrastructure complex of Klaipėda State Sea Port, roads and railways).

Based on the decision No. 3-147 of the Minister for Transport and Communication of the Republic of Lithuania dated 29 April 2024, it was decided to allocate EUR 13,022 thousand for dividends, EUR 813 thousand for legal reserve and EUR 2,422 thousand for reserve for investments from the distributable profit for 2023. The dividends were paid on 22 May 2024. Dividends per share amounted to EUR 3.56. There was no allocation for dividends in 2023.

Drafts of profit (loss) appropriation of the Company and subsidiaries are prepared only based on the decision of the General Meeting of Shareholders after the set of annual financial statements has been approved; the shareholder will allocate the profit (loss) for distribution of the Company and subsidiaries considering the external and internal legal acts regulating the payment of dividends and other conditions.

17. Reserves

Legal reserve. The legal reserve means a reserve which is required by the provisions of legal acts of the Republic of Lithuania. This reserve must be annually renewed by at least 5 per cent of the net profit up to the extent equal to 10 per cent of the authorised capital. The legal reserve cannot be distributed for dividends, but can be used to cover future losses. As at 31 December 2024, the Group's and the Company's legal reserve amounted to EUR 34,838 thousand.

Other reserves. As at 31 December 2024, the balance of the Group's and the Company's other reserves consisted of the reserve for investments of EUR 8,113 thousand.

18. Retained earnings (losses) and profit (loss) not recognised in the statement of profit or loss and other comprehensive income

The Group's retained earnings (loss) include the legal reserves of the consolidated subsidiaries, which amounted to EUR 21,492 thousand as at 31 December 2024 (EUR 4,413 thousand as 31 December 2023). The legal reserve cannot be distributed for dividends, but can be used to cover future losses.

In 2024, the largest part of the unrecognized profit for the reporting year, EUR 952 thousand, was made up of transfers of non-current assets to municipalities, land - to the National Land Service (In 2023, such assets amounted to EUR 235 thousand).

The Group company LTG Infra, with the approval of the Government of the Republic of Lithuania, on March 14, 2024, concluded purchase and sale agreements, by which it transferred part of the electricity network to another state-owned company Energijos skirstymo operatorius (ESO). This transaction was valued at the investment transaction price of EUR 3,352 thousand, which was determined in 2023, when the asset was recognized as a non-current asset held for sale, based on the market price of that asset, together with the costs of transferring such an asset. The carrying value of this asset as of 31 December 2023 amounted to EUR 17,990 thousand. The carrying value of grants related to this asset was EUR 6,215 thousand. The sale of assets was carried out between companies under common control, therefore the difference of EUR 8,423 thousand between the consideration receivable and the net book value of the net assets to be sold in 2024, was recognised as a loss directly in the statement of changes in equity as of 31 December 2023.

19. Grants

	Group		Company	
	2024	2023	2024	2023
Balance at the beginning of the period	983,466	809,164	602	822
Received per year	272,294	300,824	-	-
Change in grants not yet received as at the end of the period (government subsidies)	4,282	1,219	-	-
Used to balance the income and expenses of subsidised activities	(100,284)	(94,602)	-	-
Used for reduction of depreciation and amortisation expenses of non-current assets	(24,767)	(22,641)	(257)	(215)
Used for reduction of other expenses	(5,005)	(3,752)	-	(5)
Impairment	(862)	(6,215)	-	-
Repaid/reclassified/transferred to government entities	(9,459)	(531)	-	-
Balance at the end of the period	1,119,665	983,466	345	602
Including assets managed under the right of trust	387,173	271,764	-	-

The change in the item repaid/reclassified/transferred to government entities is due to the transfer of assets created for the benefit of a government entity based on a tripartite agreement and a transfer act and the share of the grant attributable to these assets.

Grants are related to the financing of investment programmes, assets received under the Trust Agreement and subsidies earmarked for compensating costs. Subsidies related to services provided by the Group during the reporting period but not yet received as at the end of the period are presented under trade and other receivables.

20. Loans and other borrowings

	Group		Company	
	2024	2023	2024	2023
Long-term loans	93,968	109,523	-	-
Short-term loans	16,799	17,887	1,000	-
Total	110,767	127,410	1,000	-

The Company does not have any financial liabilities to credit institutions, because on 8 December 2019 all the loans between the Company and the Nordic Investment Bank were transferred to AB LTG Infra, and, on 30 June 2020, all the loans between the Company and the European Investment Bank were transferred to AB LTG Cargo. On 30 June 2020, following the completion of the restructuring of the Company's long-term loans, the guarantee agreements with the Nordic Investment Bank and the European Investment Bank entered into force, under which the Company guarantees for the obligations of AB LTG Cargo and AB LTG Infra to creditors. The Company has a short-term financial liability to the Group under cash pool agreements.

The Group's loans comprised:

	Loan currency	2024	2023
Bank EIB – 4	EUR	-	674
Nordic Investment Bank -32	EUR	55,488	63,002
Nordic Investment Bank -43	EUR	26,404	29,958
Nordic Investment Bank -54	EUR	28,875	33,776
Total		110,767	127,410

During 2024, the Group repaid EUR 16,222 thousand of loans and paid EUR 6,362 thousand of interest (EUR 22,222 thousand and EUR 4,920 thousand of interest in 2023).

¹ EIB-4 is the loan for the procurement of new railway rolling stock. During 2024, AB LTG Cargo repaid EUR 667 thousand of the loan and paid EUR 9 thousand of interest. The loan was repaid on 5 February 2024.

² Two loan agreements have been signed with the Nordic Investment Bank (NIB-3) for the renovation and development of the public railway infrastructure. During 2024, AB LTG Infra repaid EUR 7,355 thousand (2023: EUR 7,355 thousand) of (NIB-3) loan and paid EUR 3,249 thousand (2023: EUR 2,987) of interest.

³ A loan agreement has been signed with the Nordic Investment Bank (NIB-4). The loan was granted to ensure co-financing of the national part of the public railway infrastructure project Rail Baltica, which is financed by the EU support funds for 2007-2013. During 2024, AB LTG Infra repaid EUR 3,438 thousand (2023: EUR 3,438 thousand) of the loan and paid EUR 1,483 thousand (2023: EUR 870 thousand) of interest.

⁴ (NIB-5) loan is intended for the implementation of the investment projects for 2014–2021 and the Rail Baltica project. In 2024, AB LTG Infra repaid EUR 4,762 thousand (2023: EUR 4,762 thousand) of the loan and paid EUR 1,621 thousand (2023: EUR 920 thousand) of interest.

As at 31 December 2024, the Group has accrued interest of EUR 1,244 thousand (EUR 1,655 thousand as at 31 December 2023).

21. Lease liabilities

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

Short-term leases of 12 months or less and lease payments for low-value assets are recognised directly as expenses in the statement of profit or loss and other comprehensive income.

A discount rate applied to lease contracts in 2024 comprises 6-month EURIBOR and a market margin determined on the basis of a market research according to effective market conditions.

The Group's and the Company's lease commitments and their movements:

	Group		Company	
	2024	2023	2024	2023
Carrying amount at the beginning of the period	12,398	11,431	9,135	8,784
Lease agreements concluded	26,252	10,953	3,744	3,364
Lease agreements terminated	(816)	(1 330)	(1,220)	(993)
Calculated interest	3,522	388	160	88
Lease payments	(14,784)	(9,044)	(2,369)	(2,108)
Reclassification into the Liabilities held for sale	-	-	(6,077)	-
Carrying amount at the end of the period	26,572	12,398	3,373	9,135
Long-term lease liabilities	19,114	6,181	3,098	5,824
Short-term lease liabilities:	7,458	6,217	275	3,311

Future lease payments under irrevocable lease agreements:

	Group		Company	
	2024	2023	2024	2023
Lease liabilities with the following maturities				
Within one year	7,458	6,217	275	3,311
From one to five years	12,216	5,399	761	1,223
After five years	6,898	782	2,337	4,601
Total	26,572	12,398	3,373	9,135

The Group and the Company have amounts payable for short-term leases, low-value asset leases and other leases accounted for in the statement of profit or loss and other comprehensive income by the total amount of EUR 9,974 thousand and EUR 8,618 thousand, respectively, in 2024 (EUR 9,254 thousand and EUR 2,737 thousand in 2023).

22. Employee benefits

According to the legislative requirements of the Republic of Lithuania, each employee of the Group and the Company at the age of retirement is entitled to a one-off payment in the amount of 2-month salary. In addition, under a valid collective agreement, an employee with 25 years of service is paid a benefit of up to 1 month's average salary.

Key assumptions applied in assessing the Group's non-current liabilities to employees are as follows:

	2024	2023
Discount rate, %	3.67	3.37
Staff turnover ratio, %	15.40	13.93
Salary increase rate, %	5.00	5.00

Change in the Group's employee benefits during 2024 by type:

	2023	Calculated to the statement of profit or loss and other comprehensive income	Calculated capitalised costs	Paid	2024
Non-current liabilities					
Provisions for pensions and similar liabilities	6,473	995	-	(1,092)	6,376
Total non-current liabilities:	6,473	995	-	(1,092)	6,376
Current liabilities					
Vacation pay accrual	7,377	8,594	-	(8,536)	7,435
Payable remuneration	6,807	74,714	14,428	(88,618)	7,331
Payable social insurance contributions	3,409	39,103	246	(39,026)	3,733
Payable personal income tax	2,126	32,496	-	(32,261)	2,361
Other employment-related liabilities	6,350	8,029	-	(5,358)	9,021
Total current liabilities:	26,069	162,936	14,674	(173,799)	29,881
Total	32,542	163,931	14,674	(174,891)	36,257

Change in the Company's employee benefits during 2024 by type:

	2023	Calculated to the statement of profit or loss and other comprehensive income	Calculated capitalised costs	Reclassification into the Liabilities held for sale	Paid	2024
Non-current liabilities						
Provisions for pensions and similar liabilities	420	132	-	(227)	(192)	133
Total non-current liabilities:	420	132		(227)	(192)	133
Current liabilities						
Vacation pay accrual	1,211	1,524	-	(762)	(1,503)	470
Payable remuneration	1,194	15,211	344	(849)	(15,453)	447
Payable social insurance contributions	503	7,076	7	-	(7,017)	569
Payable personal income tax	391	6,186	-	-	(6,143)	434
Other employment-related liabilities	1,572	2,148	-	(1,461)	(1,151)	1,108
Total current liabilities:	4,871	32,145	351	(3,072)	(31,267)	3,028
Total	5,291	32,277	351	(3,299)	(31,459)	3,161

23. Provisions

	Group		Company	
	2024	2023	2024	2023
Non-current provisions	16,688	16,453	-	-
Current provisions	263	1,216	-	226
Total	16,951	17,669	-	226

In 2024 and 2023, the non-current provisions are related to outcome of legal cases and potential liabilities arising from them. Change in long-term provisions due to liabilities of AB LTG Infra related to the transfer of electricity network assets to ESO.

24. Trade and other payables

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

	Group		Company	
	2024	2023	2024	2023
Trade payables	94,393	87,130	1,099	2,040
Trade payables to related parties	2,054	1,836	967	1,000
Cash guarantees received	1,864	2,662	-	843
Other taxes payable to the budget	1,642	2,662	765	925
Accumulated costs of foreign railway services	1,226	604	-	-
Accrued other amounts payable from related parties	-	-	-	691
Other accrued costs	16,763	7,557	840	1,937
Other amounts payable and liabilities	3,843	3,205	22	208
Total	121,785	105,656	3,693	7,644

Under other accrued expenses, the Group and the Company accounted for audit service expenses by amounts of EUR 425 thousand (EUR 430 thousand in 2023) and EUR 82 thousand (EUR 82 thousand in 2023), respectively.

At the Company, accrued expenses comprised accruals of not invoiced management services to related parties.

25. Prepayments received

	Group		Company	
	2024	2023	2024	2023
Prepayments received, current portion	29,282	16,093	9,829	8,381
Total	29,282	16,093	9,829	8,381

The largest part of the prepayments received by the Group and the Company consisted of an advance payment of EUR 13,389 thousand received from Ministry of Transport and Communications of the Republic of Lithuania and EUR 8,186 thousand received from OAO Belaruskalij.

26. Sales revenue

Sales revenue of the Group and the Company comprised:

	Group		Company	
	2024	2023	2024	2023 (restated)
Freight transportation income:	313,028	288,017	-	-
Freight transportation on domestic routes	120,327	114,046	-	-
Freight transportation on international routes	136,201	115,796	-	-
Provision of services related to freight transportation	56,500	58,175	-	-
Income for the use of public railway infrastructure	3,424	1,001	-	-
Revenue from passenger transportation:	60,402	46,764	-	-
Passenger transportation on domestic routes	26,598	24,194	-	-
Passenger transportation on international routes	30,766	20,246	-	-
Provision of services related to passenger transportation	3,038	2,324	-	-
Other revenue:	19,603	21,617	54,376	52,490
Lease of assets	1,856	2,067	4,009	4,384
Work of locomotives and locomotive teams abroad	1,461	1,645	-	-
Maintenance and repair	4,570	3,950	681	464
Electricity, gas, steam and water supply	1,117	2,099	1	114
Resale	-	-	33,931	35,731
Management services	-	-	9,655	5,326
Other services	10,599	11,856	6,099	6,471
Total	396,457	357,399	54,376	52,490

The Group's and the Company's revenue according to the moment of revenue recognition comprised the following:

	Group		Company	
	2024	2023	2024	2023 (restated)
Recognised at a point in time	386,607	349,077	49,686	47,642
Recognised over time	9,850	8,322	4,690	4,848
Total	396,457	357,399	54,376	52,490

27. Subsidy

In 2024, the Group received a subsidy from the state to compensate for losses incurred in passenger carriage on domestic routes amounting to EUR 34,650 thousand (2023: EUR 33,995 thousand).

The subsidy of EUR 65,634 thousand (EUR 60,607 thousand in 2023) is to ensure stable technical maintenance of the public railway infrastructure, to improve the quality of the services provided and to guarantee a high safety level of railway traffic.

28. Revenue from other activities

In 2024, the Group's revenue from other activity amounted to EUR 2,393 thousand (EUR 589 thousand in 2023). The gain from disposal of non-current assets comprised the major part of other operating income. In 2024, the Company's revenue from other activity amounted to EUR 460 thousand (EUR 2,613 thousand in 2023), the major part of which comprised EUR 430 thousand (EUR 2,611 thousand in 2023) gain from disposal of non-current assets.

29. Expenses related to employee benefits

The Group's and the Company's expenses related to employee benefits by type:

	Group		Company	
	2024	2023	2024	2023 (restated)
Wages and salaries	(151,658)	(132,556)	(10,730)	(8,827)
Social security costs	(2,684)	(2,346)	(206)	(177)
Vacation accrual expenses	(8,594)	(15,482)	(483)	(859)
Pensions and similar liabilities	(995)	(2,869)	(100)	(207)
Total	(163,931)	(153,253)	(11,519)	(10,070)

30. Result of financing activity

Result of financing activity of the Group and the Company comprised:

	Group		Company	
	2024	2023	2024	2023 (restated)
Total finance income	4,376	2,893	29,307	18,650
Interest	2,993	1,919	9,097	6,361
Currency exchange gain	149	786	73	-
Dividends	-	-	20,106	12,251
Fines and penalties	1,192	188	(5)	38
Other income	42	-	36	-
Total finance expenses	(10,545)	(6,819)	(1,011)	(205)
Interest	(9,480)	(6,490)	(764)	(46)
Currency exchange loss	-	-	-	(4)
Expenses of fines and delay interest	(268)	(96)	(8)	(7)
Other expenses	(797)	(233)	(344)	(231)
Reclassification to "Effect of sale of discontinued operations"	-	-	105	83
Total	(6,169)	(3,926)	28,296	18,445

31. Income tax and deferred tax

Income tax was calculated at a rate of 15 percent.

	Group		Company	
	2024	2023	2024	2023 (restated)
Income tax for the reporting year	5,389	3,264	778	407
Adjustment to income tax of the previous year	(305)	-	(76)	-
Deferred tax expenses (income)	5,966	2,226	452	879
Reclassification to "Effect of sale of discontinued operations"	-	-	(274)	(249)
Total income tax expenses (income) recognised in profit or loss	11,050	5,490	880	1,037

Corporate income tax expenses (benefit) of the Group and the Company comprised:

	Group		Company	
	2024	2023	2024	2023
Profit (loss) before tax	48,073	27,133	27,649	17,564
Income tax	7,211	4,070	4,147	2,635
Non-allowable (+)/additional allowable (-) deductions	7,614	4,500	180	701
Non-taxable income (-)	(3,649)	(3,019)	(3,047)	(2,050)
Income tax of the previous year	(305)	(61)	(76)	-
Difference due to percentage change	179	-	(50)	-
Total income tax expenses (income)	11,050	5,490	1,154	1,286
Effective rate, %	22.99	20.23	4.17	7.32

Deferred tax assets (liabilities)

Calculation of the deferred tax of the Group and the Company is provided herein:

	Group		Company	
	2024	2023	2024	2023
Deferred tax assets:				
Impairment of receivables and write-off of bad debts	577	668	22	23
Write-off of inventories	1,766	1,499	2	29
Vacation and bonus accruals	2,497	1,940	608	417
Liabilities of long-term employee benefits	1,014	966	58	63
Accrued income	9	-	-	(188)
Accrued expenses	1,847	1,657	114	347
Other provisions	95	107	-	-
Tax losses carried forward	5,900	6,689	-	501
Deferred tax assets	13,705	13,526	804	1,192
Deferred tax liability:				
Difference between financial and tax value of non-current assets	(39,423)	(31,754)	106	182
Differences in grants	(2,273)	(3,743)	(4)	(15)
Other provisions	-	-	-	-
Deferred tax liability	(41,696)	(35,497)	102	167
Net deferred income tax assets (liabilities)	(27,991)	(21,971)	906	1,359
Recognised as deferred tax assets in the statement of financial position	2,718	3,662	906	1,359
Recognised as deferred tax liabilities in the statement of financial position	(30,709)	(25,633)	-	-

Deferred tax assets and deferred tax liabilities are offset to the extent that the deferred tax liability will be realised at the same time as deferred tax assets. In addition, they are related to the same tax authority.

32. Related party transactions

The parties are deemed as being related when one of them could control another or could have significant influence on the other party when making financial and operating decisions.

As defined by IAS 24 Related Party Disclosures, the entity is related to a reporting entity if any of the following conditions applies:

- the Lithuanian Government in its capacity as the owner of all shares in AB Lietuvos Geležinkeliai;
- companies or institutions are managed by the Government of the Republic of Lithuania;
- subsidiaries of the parent company AB Lietuvos Geležinkeliai;
- affiliated, non-consolidated and associated companies as well as joint ventures of AB Lietuvos Geležinkeliai;
- the members of the Management Board and their close relatives as well as companies under their control;
- all key management personnel, their close relatives, and companies under their control.

For entities operating in an environment in which government control is pervasive, many counterparties are also government-related and therefore are related parties. IAS 24 allows a reporting entity to reduce the level of disclosures about transactions and outstanding balances, including liabilities, with:

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

Due to the above-mentioned reasons, the Group and the Company do not disclose the transactions with Lithuanian Government and other entities controlled by the Lithuanian Government.

Statements of financial position of the Group's subsidiaries and associates:

2024	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Ownership
AB LTG Cargo	260,985	73,615	135,771	69,665	129,164
UAB LTG Link	157,098	38,925	6,229	17,281	172,513
AB LTG Infra	1,948,022	87,623	1,265,952	137,564	632,129
UAB LTG Kompetencijų Centras	-	1	-	-	1
UAB Geležinkelio Tiesimo Centras	18,165	10,435	431	2,339	25,830
UAB Rail Baltica Statyba	2,828	26	-	21	2,833
RB Rail AS	1,749	61,127	26,088	28,305	8,483
voestalpine Railway Systems Lietuva, UAB	3,810	9,668	111	4,128	9,239
LTG Cargo Polska Sp.zo.o.	10,050	7,554	10,744	-	6,860
UAB LTG Wagons	-	13	-	123	(110)
LTG Cargo Ukraine LLC	1	1,498	-	653	846

2023	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Ownership
AB LTG Cargo	250,723	81,517	150,332	65,412	116,496
UAB LTG Link	124,579	58,686	4,975	15,733	162,557
AB LTG Infra	1,776,396	118,518	1,122,637	130,370	641,907
UAB Geležinkelio Tiesimo Centras	19,047	12,301	176	4,193	26,979
UAB Rail Baltica Statyba	2,990	23	-	22	2,991
RB Rail AS	2,923	62,325	22,486	33,794	8,968
voestalpine Railway Systems Lietuva, UAB	3,954	8,277	2,746	98	9,387
LTG Cargo Polska Sp.zo.o.	8,115	8,664	9,318	6,808	653
UAB LTG Wagons	-	5	-	76	(71)
LTG Cargo Ukraine LLC	2	757	11	432	316

Transactions of the Company with related parties:

	2024		31/12/2024	
	Company's purchases	Company's sales	Company's receivables	Company's payables
AB LTG Cargo	672	58,793	127,093	716
UAB LTG Link	423	12,919	2,039	458
AB LTG Infra	1,716	26,553	17,782	431
UAB Geležinkelio Tiesimo Centras	6	1,795	379	1,007
UAB Rail Baltica Statyba	-	1	-	-
voestalpine Railway Systems Lietuva, UAB	359	-	-	-
UAB LTG Wagons	-	11	123	-
LTG Cargo Polska Sp. Z.o.o.	-	1,457	391	-
LTG Cargo Ukraine LLC	-	24	193	-
Total	3,176	101,553	148,000	2,612

	2023		31/12/2023	
	Company's purchases	Company's sales	Company's receivables	Company's payables
AB LTG Cargo	84	59,395	143,541	1,469
UAB LTG Link	82	11,197	2,286	368
AB LTG Infra	2,477	33,072	5,909	765
UAB Geležinkelio Tiesimo Centras	-	1,151	202	2
UAB Rail Baltica Statyba	-	1	-	-
voestalpine Railway Systems Lietuva, UAB	-	-	-	-
UAB LTG Wagons	-	14	76	-
LTG Cargo Polska Sp. Z.o.o.	-	904	9,243	-
LTG Cargo Ukraine LLC	-	37	189	-
Total	2,643	105,771	161,446	2,604

Accrued payables mainly comprised management service accruals to related parties.

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

In 2024, profit of associates under the equity method comprised EUR 321 thousand (profit of EUR 307 thousand in 2023).

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

	Group		Company	
	2024	2023	2024	2023
Loans granted to related parties	60	100	94,631	118,264
Total non-current receivables	60	100	94,631	118,264
Loans granted to related parties	100	60	20,097	19,943
Cash-pool / Credit line	-	-	11,982	-
Total current receivable	100	60	32,079	19,943
Total	160	160	126,710	138,207

More details on the borrowing from cash-pool are presented in Note 15.

Under the loan agreement, dated 12 March 2019, a loan of EUR 163,862 thousand was granted to AB LTG Cargo for the acquisition of railway rolling stock - wagons, containers and locomotives. The loan shall be repaid by 2031. The determined interest rate is variable and is linked to 6-month EURIBOR plus market margin determined based on market investigation. The restructuring of the Company's long-term loans was completed on 30 June 2020. According to a separate agreement with the European Investment Bank (EIB), the above-mentioned loan between AB LTG Cargo and the Company is subordinated in respect of the EIB loans transferred to AB LTG Cargo, i.e. no payments of both, the loans and the interest, can be made until the maturity date of the EIB loans. During 2024, AB LTG Cargo repaid EUR 8,598 thousand of the loan and paid EUR 12,124 thousand of interest.

Management remuneration and other benefits. As at 31 December 2024, there were 10 executives in the Company, i.e. 1 General Director, 1 Director for Strategy and Development, 1 Chief Financial Officer, 1 Director for Legal and Compliance, 1 Director for People and Culture, 1 Director for Corporate Affairs, 1 Director for Business Resilience, 1 Director for Technology, 1 Director of Administration, and 1 Director of Rail Baltica Lithuania.

Group / Company	2024	2023
Management remuneration	1,147	1,076
Incentive payments*	214	78
Accrued non-current benefits at the end of the year**	3	3
Number of managers	10	9
Benefits to Board members	230	272
Number of Board members	7	7
Payments to audit committee members	118	76
Number of audit committee members	6	4

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

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

In 2023 and 2022, the management did not receive any loans, guarantees or other paid or accrued benefits, or disposed assets, except as disclosed above.

33. Profit (loss) from discontinued operations

Income and expenses, profit and losses related to discontinued operations have been eliminated from the profit or losses from continued operations are disclosed in one line in the Statement of Profit or Loss.

	Notes	2024	2023
Sales income	26	39,751	37,004
Total income		39,751	37,004
Expenses related to employee benefits		(20,408)	(18,535)
Depreciation and amortisation		(3,403)	(3,713)
Fuel		(74)	(44)
Materials		(334)	(248)
Electricity		(42)	(60)
Repairs and maintenance		(1,431)	(1,643)
Other expenses		(12,127)	(11,019)
Operating profit (loss)		1,932	1,742
Finance expenses		(105)	(83)
Profit (loss) before taxation		1,827	1,659
Income tax		(274)	(249)
Net profit (loss)		1,553	1,410
Total comprehensive income (expenses)		1,553	1,410

34. Effect of sale of discontinued operations on cash flows

	Notes	Company
Assets of discontinued operations held for sale	12	28,647
Liabilities of discontinued operations held for sale	12; 21; 22	(10,448)
Effect of sale of discontinued operations		18,199

35. Contingent assets and liabilities, potential disputes

VAS Latvijas dzelzceļš and SIA LDZ CARGO wrote to LTG on 30 August 2018 claiming compensation for the damage incurred by these companies. According to these companies, they incurred the damage because of the removed rail track connecting Mažeikiai with the Latvian border, and the amount of damage is EUR 82,340 thousand. The above-mentioned companies also demand the payment of 6% interest for the period from the occurrence of damage until the date of indemnification. LTG Infra, as successor of procedural rights, does not agree with these claims and considers them unfounded.

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

According to the claim of Elecnor Servicios y Proyectos S.A.U, Instalaciones Inabensa, S.A, Elecnor S.A against AB LTG Infra regarding an increase of the contract price by EUR 7,096 thousand and the extension of the completion term and the award of costs. The case takes preparation for the proceedings. LTG Infra basically supports its requirements and disagrees with those of Elecnor Servicios Y Proyectos S.A.U, Instalaciones Inabensa, SA, Elecnor SA. As both cases are in the preparation process (exchange of procedural documents), the final positions of the parties on the claims have not yet been finalised; therefore, no provisions have been formed.

Guarantees provided to the Company by AB LTG Infra amount to EUR 89 thousand and are valid until 30 May 2026. Guarantees provided by State Energy Regulatory Council amount to EUR 11 thousand and are valid until 31 December 2025.

Provisions have been recorded in the financial statements in 2024 and 2023 in respect of LTG Infra's obligations related to the transfer of electricity network assets to ESO (Note 23).

36. Investment commitments

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

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

On 9 December 2022, LTG Infra and joint venture partners UAB Fegda UAB and UAB Tilsta entered into two contracts on installation earthworks in sections Šveicarija-Žeimiai and Žeimiai-Šėta as part of the Kaunas-Lithuania/Latvia border phase of Rail Baltica project. The actual value of the contract for the section Šveicarija-Žeimiai as at 13 January 2025 is EUR 94.64 million (excl. VAT). The actual value of the contract for the section Žeimiai-Šėta as at 13 January 2025 is EUR 81.43 million (excl. VAT). In the 10 km section from Šveicarija to Žeimiai and the in the 17.7 km section from Žeimiai to Šėta, the contractor will carry out all the track earthworks (construction of the railway crossing and engi-

neering structures) without the construction of the upper part of the track, the land and site will be landscaped, a railway drainage system, a protective fence, reconstruction of third parties network and other related works will be performed. The main works in the section Šveicarija-Žeimiai are expected to be completed by the end of 2025, and in the section Žeimiai-Šėta in Q1 2026.

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

LTG Cargo, the freight company of the LTG Group, signed the contracts for purchase of rolling stock: 1) electric locomotives (EUR 115.7 million), 2) semi-wagons (EUR 12.7 million), 3) grain wagons (EUR 36 million) and contracts for the premises to be taken over from the LTG.

On 19 April 2024, LTG Link, the passenger transport company of the LTG Group, signed a financing agreement with the Nordic Investment Bank (NIB) and the European Investment Bank (EIB) for the procurement of electric and

battery-electric trains. The NIB and EIB will provide loans of EUR 100 million each and will finance the acquisition of 9 electric and 6 electric-battery trains, which will replace about one-third of the passenger train fleet. These loans will be provided until the end of 2032.

On 4 October 2024, the Ministry of Finance finalised state guarantee agreements with the Nordic Investment Bank (NIB) and European Investment Bank (EIB), each providing EUR 100 million loans to LTG Link for electric train acquisition.

The Group's passenger transport company UAB LTG Link will purchase new electric and battery electric trains under the train purchase agreement signed on 21 June 2023 between UAB LTG Link and the train manufacturer Stadler Polska, the company of the Swiss capital Group Stadler. The Supplier has undertaken to build 15 ultra-comfortable trains, provide technical support for their maintenance and supply spare parts until 2037. The value of the contract amounts to EUR 226.5 million. As at 31 December 2024, the advance payment made amounts to EUR 41,003 thousand.

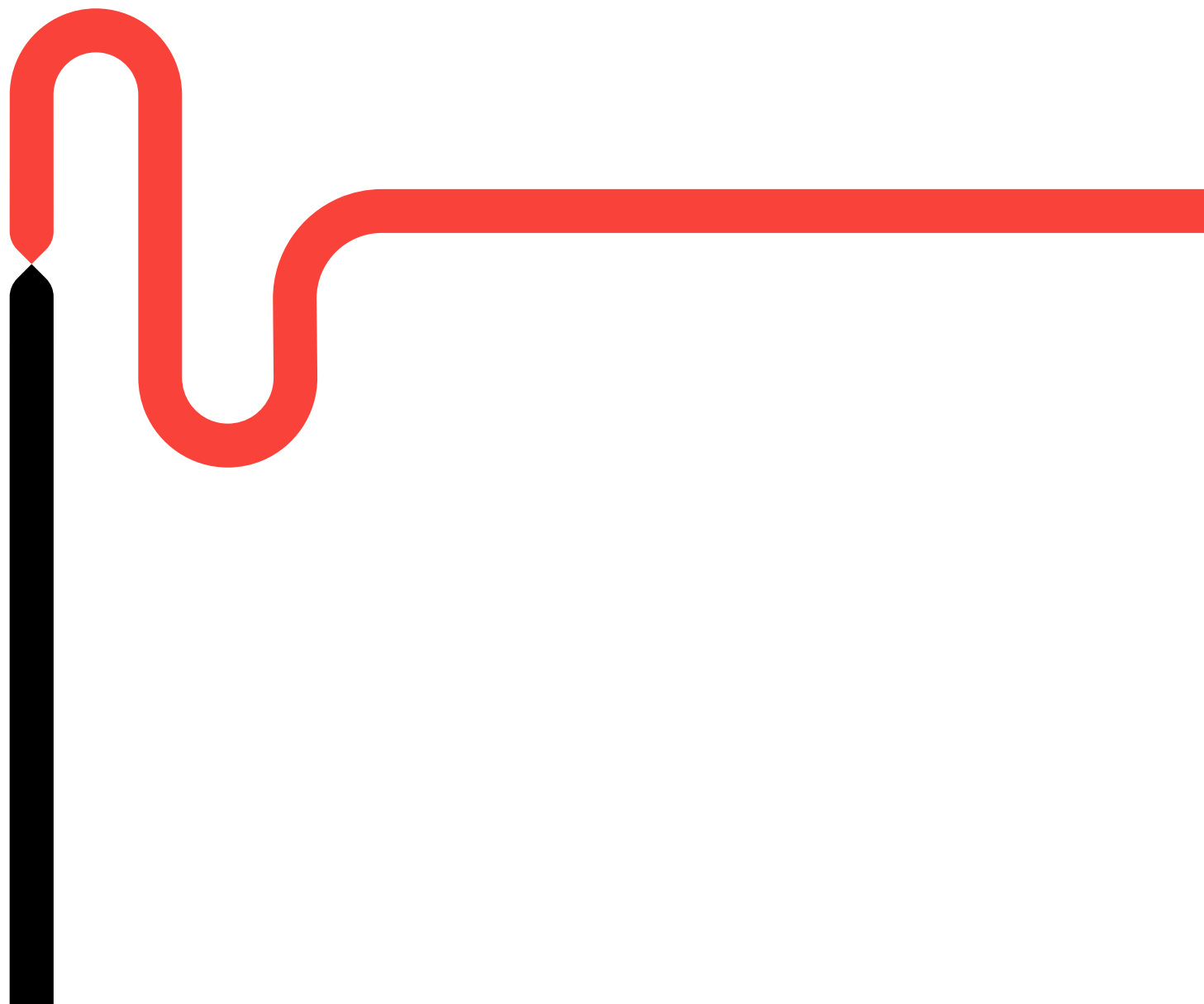
The Tax Authorities have not performed a full-scope tax investigations at the Company. The Tax Authorities may inspect accounting, transaction and other documents, accounting records and tax returns for the current and previous 3 calendar years at any time, and where appropriate, for the current and previous 5 or 10 calendar years and impose additional taxes and penalties. Management is not aware of any circumstances that could result in a potential material liability for unpaid taxes.

37. Events after the reporting period

A Share Subscription Agreement was signed by and between the Company and UAB LTG Kompetencijų Centras on 29 January 2025. Based on this agreement, the Company transfers the property complex, i.e. the business of competence centre, which is a part of business of AB Lietuvos Geležinkeliai. The Company pays EUR 25,821 thousand as material non-monetary contribution for the shares of UAB LTG Kompetencijų Centras; the authorised capital of UAB LTG Kompetencijų Centras was increased on 17 February 2025 by such amount.

On 1 February 2025, AB Lietuvos geležinkeliai transferred the business of general internal administration services to its subsidiary UAB LTG Kompetencijų Centras.

The credit agreement in the amount of EUR 36.46 million for financing of purchases of rolling stock was signed and the first payments amounting to EUR 12.93 million were made on 9 January 2025.





Additional information



8.1. Information about the auditor

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

The public procurement tender for the audit of the consolidated financial statements of the Company and the separate financial statements of its subsidiaries, except for LTG Cargo Polska, for the years 2023–2025 prepared in accordance with IFRS Accounting Standards as adopted by the EU 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.

The contractual fee to the audit firm for the audit 2024, except for the audit of financial statements, also included other non-audit services to the companies of the Group:

- **LTG Infra:** accounting separation reports, limited assurance engagements in accordance with International Standard on Assurance Engagements 3000, limited assurance engagements in accordance with International Standard on Assurance Engagements 3000 on the calculation and justification of the performance of operations of the manager of public railway infrastructure, broken down into certain key operations.
- **LTG Cargo:** limited assurance engagement on accounting separation reports (a system of accounting separation designed to separate the accounting of income, expenses, assets and/or liabilities by specific business units) in accordance with International Standard on Assurance Engagements 3000.
- **LTG Link:** limited assurance engagement on accounting separation reports (a system of accounting separation designed to separate the accounting of income, expenses, assets and/or liabilities by specific business units) in accordance with International Standard on Assurance Engagements 3000.
- **AB Lietuvos Geležinkeliai:** limited assurance engagement on accounting separation reports (a system of accounting separation designed to separate the accounting of income, expenses, assets and/or liabilities by specific business units) in accordance with International Standard on Assurance Engagements 3000.

During the reporting period, in addition to auditing the financial statements, the auditor (KPMG) provided translation services to the LTG Group's entities and the Company, limited assurance services on LTG Group Sustainability Reporting, and audit services for the

business separation balance of UAB LTG Kompetencijų Centras, as well as audited the compliance certificates to the credit institutions for the reporting period on performance of specific and other financial indicators by the LTG Group and its separate subsidiaries in accordance with the signed long-term loan agreements.

Independent auditor and the financial period for which the services were provided

2023–2025

KPMG Baltics, UAB
Lvivo St. 101, LT-08104 Vilnius

2020–2022

KPMG Baltics, UAB
Lvivo St. 101, LT-08104 Vilnius

Contractual remuneration for the audit firm

Companies of the LTG Group	2024 EUR thousand (excluding VAT)	2023 EUR thousand (excluding VAT)
AB Lietuvos Geležinkeliai (including the consolidated statements)	82	82
AB LTG Cargo	99	99
UAB LTG Link	66	66
AB LTG Infra	117	117
UAB Geležinkelio Tiesimo Centras	33	33
UAB Rail Baltica Statyba	13	13
LTG Cargo Polska*	15	20
Total	425	430

*Baker Tilly TPA Sp. z o.o. Sp.k. was the independent auditor of LTG Cargo Polska for 2023-2024.

8.2. Results of the Group companies

Parent company, its subsidiaries and results of operations in 2024



AB Lietuvos Geležinkeliai

Parent company - management and coordination of the activities of Group companies

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

- The shares of the Company and its subsidiaries are of a single class - ordinary registered shares. The shares are non-certified, and they are recorded in personal securities accounts in accordance with the legal procedure. The Company and its subsidiaries have not issued any preference shares.
- The Company and its subsidiaries did not acquire any own shares during the reporting period.
- Subsidiaries and associates did not acquire any shares of the Company during the reporting period.

Operating results in 2024, EUR million	Consolidated	Separate
Revenue	396.4	94.1
Subsidy revenue	100.3	-
Expenses	445.8	95.1
EBITDA	165.5	6.9
EBITDA margin, %	33.3%	7.3%
Adjusted EBITDA	175.8	26.8
Adjusted EBITDA margin, %	35.4%	28.4%
Net profit/losses	37.0	26.5
Assets	2,694.4	1,161.4
Equity	1,197.2	1,128.7
Financial debt	137.3	4.4
Net Debt	(39.2)	(50.0)
Net debt / EBITDA	(0.2)	(7.3)
Return on equity, %	3.1%	2.4%
Equity / Assets, %	44.4%	97.2%
Number of employees as at 31 December 2024	5,703	733

REPRESENTATIVE OFFICES ABROAD

- In 2022, the representative offices of AB Lietuvos Geležinkeliai in the Russian Federation, the Republic of Belarus and the People's Republic of China were closed.
- The representative office in the Republic of Poland was closed in 2024.

The representative offices that have been operating in the reporting period are as follows:

- The representative office in the Republic of Kazakhstan (D. Kunajevo g. 6, room 310/10, 010000, Astana);
- The representative office in Brussels (the Kingdom of Belgium) (registered on 1 October 2024, temporary address Chaussée de Charleroi 110, 1060 Saint-Gilles (Bruxelles)).

AB LTG Cargo

Freight transportation by rail

Company code:	304977594
Legal form:	Public limited liability company
Registered address:	Geležinkelio St. 12, LT-02100 Vilnius
Address for correspondence:	Pelesos St. 10, LT-02111 Vilnius
Telephone:	+370 5 202 1515
E-mail:	info@LTGcargo.lt
Website:	https://LTGcargo.lt
Shareholder:	AB Lietuvos Geležinkeliai owns 100% of the shares
Authorised capital:	EUR 44,086,741.36
Number of shares:	209,299
Nominal value per share:	EUR 210.64
Date and place of registration:	28 December 2018, Register of Legal Entities, RoL
Head of the Company	Eglė Šimė
The Board	Vitalij Rakovski - independent Board Member, Chairperson Aivaras Čičelis - independent Board Member Vytautas Radzevičius - Board Member, delegated by the shareholder Irena Jankutė-Balkūnė - Board Member, delegated by the shareholder Natalija Baranauskienė - Board Member, civil servant

Operating results, EUR million	2024	2023	2022
Revenue	306.3	285.7	293.7
Expenses	270.7	260.5	279.9
EBITDA	61.3	49.4	37.8
EBITDA margin, %	20.0%	17.3%	12.9%
Adjusted EBITDA	77.2	49.4	43.6
Adjusted EBITDA margin, %	25.2%	17.3%	14.8%
Net profit/losses	23.2	17.5	10.1
Assets	334.6	332.2	325.6
Equity	129.2	116.5	105.5
Financial debt	138.9	158.4	161.0
Net Debt	85.4	100.3	108.0
Net debt / EBITDA	1.4	2.0	2.9
Return on equity, %	18.9%	15.8%	10.1%
Equity / Assets, %	38.6%	35.1%	32.4%

Number of employees as at 31 December 2024: **1,658**



UAB LTG Link

Passenger transportation by rail

Company code:	305052228
Legal form:	Private limited liability company
Address:	Geležinkelio St. 16, LT-02100 Vilnius
Address for correspondence:	Pelesos St. 10, LT-02111 Vilnius
Telephone:	+370 700 55 111
E-mail:	info@LTGlink.lt
Website:	https://LTGlink.lt
Shareholder:	AB Lietuvos Geležinkeliai owns 100% of the shares
Authorised capital:	EUR 143,589,614.85
Number of shares:	156,237
Nominal value per share:	EUR 919.05
Date and place of registration:	28 February 2019, Register of Legal Entities, RoL
Head of the Company:	Kristina Meidė
The Board	Aurelija Kazlauskienė - independent Board Member, Chairperson Viktoras Bachmetjevas - independent Board Member Irmantas Beržauskas - Board Member delegated by the shareholder Andrej Kosiakov - Board Member delegated by the shareholder Aistė Gasiūnienė - Board Member, civil servant

Operating results, EUR million	2024	2023	2022
Revenue	61.7	47.9	35.5
Subsidy revenue	34.7	34.0	36.2
Expenses	74.8	67.2	63.6
EBITDA	35.2	28.1	21.8
EBITDA margin, %	36.6%	34.3%	30.4%
Adjusted EBITDA	35.2	31.7	24.9
Adjusted EBITDA margin, %	36.6%	38.7%	34.7%
Net profit/losses	19.1	13.1	7.1
Assets	196.0	183.3	170.7
Equity	172.5	162.6	154.8
Financial debt	4.9	3.9	4.0
Net Debt	(22.3)	(49.0)	(38.2)
Net debt / EBITDA	(0.6)	(1.8)	(1.7)
Return on equity, %	11.4%	8.2%	4.7%
Equity / Assets, %	88.0%	88.7%	90.7%

Number of employees as at 31 December 2024: **633**

AB LTG Infra

Manager of the public railway infrastructure

Company code:	305202934
Legal form:	Public limited liability company
Registered address:	Geležinkelio St. 2, LT-02100 Vilnius
Address for correspondence:	Geležinkelio St. 2, LT-02111 Vilnius
Telephone:	+370 5 269 3353
E-mail:	info@LTGinfra.lt
Website:	https://LTGinfra.lt
Shareholder:	AB Lietuvos Geležinkeliai owns 100% of the shares
Authorised capital:	EUR 654,928,000
Number of shares:	654,928
Nominal value per share:	EUR 1,000
Date and place of registration:	1/ July 2019, Register of Legal Entities, RoL
Head of the Company:	Vytis Žalimas
The Board	Gediminas Almantas - independent Board Member, Chairperson Haroldas Nausėda - independent Board Member Ieva Lauraitytė - Board Member delegated by the shareholder (until 31 January 2025) Gediminas Šečkus - Board Member delegated by the shareholder (from 1 February 2025) Sigitas Kubilis - Board Member delegated by the shareholder Ramūnas Rimkus - Board Member, civil servant

Operating results, EUR million	2024	2023	2022
Revenue	119.2	117.2	129.2
Subsidy revenue	65.6	60.6	60.0
Expenses	190.5	181.7	198.8
EBITDA	55.2	59.0	52.8
EBITDA margin, %	29.7%	33.2%	27.9%
Adjusted EBITDA	55.4	58.3	62.0
Adjusted EBITDA margin, %	29.8%	32.8%	32.8%
Net profit/losses	(8.8)	(8.7)	(11.5)
Assets	2,035.6	1,894.9	1,704.4
Equity	632.1	641.9	659.3
Financial debt	124.5	128.9	143.1
Net debt	90.8	51.9	31.1
Net debt / EBITDA	1.6	0.9	0.6
Return on equity, %	(1.4%)	(1.3%)	(1.7%)
Equity / Assets, %	31.1%	33.9%	38.7%

Number of employees as at 31 December 2024: **2,353**



UAB Geležinkelio tiesimo centras

Repairs and construction of the public railway infrastructure

Company code:	181628163
Legal form:	Private limited liability company
Address:	Trikampio St. 10, LT-25112 Lentvaris, Trakai district
Address for correspondence:	Pelesos St. 10, LT-02111 Vilnius
Telephone:	+370 655 37023
E-mail:	info@gtc.lt
Website:	https://gtc.lt
Shareholder:	AB Lietuvos Geležinkeliai owns 100% of the shares
Authorised capital:	EUR 30,897,354.44
Number of shares:	109,748
Nominal value per share:	EUR 281.53
Date and place of registration	21 December 2001, Register of Legal Entities, RoL
Head of the Company:	Rolandas Zabilevičius
Board:	the Articles of Association does not provide for a collegial management body – the Board

Operating results, EUR million	2024	2023	2022
Revenue	15.1	24.2	19.9
Expenses	17.8	22.6	24.5
EBITDA	(0.0)	3.6	(2.1)
EBITDA margin, %	(0.2%)	14.9%	(10.8%)
Adjusted EBITDA	0.7	3.8	(2.0)
Adjusted EBITDA margin, %	4.7%	15.8%	(10.0%)
Net profit/losses	(1.8)	1.7	(4.9)
Assets	28.6	32.1	31.1
Equity	25.8	27.7	25.9
Financial debt	0.4	0.3	0.4
Net debt	(3.7)	(3.4)	0.4
Net debt / EBITDA	106.7	(0.9)	(0.2)
Return on equity, %	(6.8%)	6.5%	(17.3%)
Equity / Assets, %	90.3%	86.1%	83.4%

Number of employees as at 31 December 2024: **194**



UAB Rail Baltica statyba

Implementation of shareholder's functions of the joint Baltic States company RB Rail AS

Company code:	303227458
Legal form:	Private limited liability company
Address:	Geležinkelio St. 16, LT-02100 Vilnius
Telephone:	+370 611 25263
E-mail:	rbs@litrail.lt
Website:	https://www.rail-baltica.lt/apie-uab-rail-baltica-statyba/
Shareholder:	AB Lietuvos Geležinkeliai owns 100% of the shares
Authorised capital:	EUR 4,161,494.08
Number of shares:	143,698
Nominal value per share:	EUR 28.96
Date and place of registration:	23 January 2014, Register of Legal Entities, RoL
Head of the Company:	Arenijus Jackus
Board:	The Articles of Association does not provide for a collegial governance body – the Board

Operating results, EUR million	2024	2023	2022
Revenue	0.06	0.06	0.06
Expenses	0.05	0.08	0.07
EBITDA	0.00	(0.02)	(0.01)
Net profit/losses	(0.16)	0.71	0.00
Assets	2.85	3.01	2.30
Equity	2.83	2.99	2.28
Financial debt	-	-	-
Net Debt	(0.02)	(0.02)	(0.04)
Equity / Assets, %	99.3%	99.3%	99.1%

Number of employees as at 31 December 2024: **3**

Other Group companies

**voestalpine Railway Systems
Lietuva, UAB (associate)****Manufacture of railway switches****Company code:**
110709524**Legal form:**
Private limited liability company**Address:**
Sostinės St. 18, Valčiūnai, Vilnius district**Website:**
<http://www.railwaysystems.lt>**Ownership:**
AB Lietuvos Geležinkeliai owns 34%**Share capital:**
EUR 2,191,924**Date and place of registration:**
28 July 1995,
Register of Legal Entities,
RoL**RB Rail AS****Implementation and coordination
of the Rail Baltica project****Company code:**
40103845025**Legal form:**
Public limited liability company**Address:**
Satekles iela 2B, Riga,
Republic of Latvia,
LV-1050**Website:**
<https://www.railbaltica.org>**Ownership:**
UAB Rail Baltica Statyba,
a subsidiary of
AB Lietuvos Geležinkeliai,
owns 33.33%**Share capital:**
EUR 1,950,015**Date and place of registration:**
12 November 2014,
the Republic of Latvia**LTG Cargo Polska Sp.zo.o.****Activities of freight carrier in Poland****Company code:**
386573260**Legal form:**
Private limited liability company**Address:**
Świętojerska 5/7,
00-236 Warsaw,
Republic of Poland**Website:**
<https://LTGcargo.pl>**Ownership:**
AB LTG Cargo,
a subsidiary of
AB Lietuvos Geležinkeliai,
owns 100%**Share capital:**
PLN 34,398,000**Date and place of registration:**
21 July 2020, the Republic of Poland**Head of the Company:**
Laimonas Nekrošius**Operating results in 2024 (EUR million)****Revenue:** 39.1**Expenses:** 46.6**Net profit (loss):** (12.2)**Assets:** 32.7**Equity:** 6.4**Liabilities:** 26.2**Number of employees as
at 31 December 2024:** 133**LLC LTG Cargo Ukraine****Activities of freight carrier in Ukraine****Company code:**
43987945**Legal form:**
Private limited liability company**Address:**
Y. Chykalenka St. 21,
Kyiv, Ukraine**Website:**
<https://LTGcargo.ua>**Ownership:**
AB LTG Cargo,
a subsidiary of
AB Lietuvos Geležinkeliai,
owns 100%**Share capital:**
UAH 17,027,300**Date and place of registration:**
9 December 2020, Ukraine**Head of the Company:**
Saulius Stasiūnas**Operating results in 2024 (EUR million)****Revenue:** 1.0**Expenses:** 0.4**Net profit (loss):** 0.6**Assets:** 1.5**Equity:** 1.0**Liabilities:** 0.5**Number of employees as
at 31 December 2024:** 5

UAB LTG Wagons

Lease of wagons and containers used for freight transportation

Company code:
305651295

Legal form:
Private limited liability company

Registered address:
Geležinkelio St. 12,
LT-02100 Vilnius

Website:
<https://LTGcargo.lt>

Ownership:
AB LTG Cargo, a subsidiary of AB Lietuvos Geležinkeliai, owns 100%

Share capital:
EUR 150,000

Date and place of registration:
4 November 2020,
Register of Legal Entities, RoL

Head of the Company:
Mindaugas Skunčikas

No commercial operations carried out

Number of employees as at 31 December 2024: 1

UAB LTG Kompetencijų Centras

Provision of general services to the companies of the LTG Group

Company code:
307037118

Legal form:
Private limited liability company

Address:
Pelesos St. 10-102,
LT-02111 Vilnius

E-mail:
info@LTG.lt

Shareholder:
AB Lietuvos Geležinkeliai owns 100% of the shares

Authorised capital:
EUR 1,000

Date and place of registration:
29 November 2024,
Register of Legal Entities, RoL

The Head of the Company:
Ieva Lauraitytė

VšĮ Geležinkelių Logistikos Parkas

Public entity owned by the Vilnius City Municipality and AB Lietuvos Geležinkeliai, responsible for the development and management of the Vilnius Public Logistics Centre

Company code:
302674602

Legal form:
Public entity

Registered address:
Švitrigailos St. 39,
03209 Vilnius

Website:
<https://www.logisticspark.lt>

Ownership:
AB Lietuvos Geležinkeliai owns 81.39%

Ownership:
EUR 626,396

Date and place of registration:
7 October 2011,
Register of Legal Entities, RoL

The Head of the Company:
Renata Šostakienė

Lithuanian Railway Companies Association

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

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

Company code:
304949011

Legal form:
Association

Address:
Geležinkelio St. 16,
LT-02100 Vilnius

Date and place of registration:
13 November 2018,
Register of Legal Entities, RoL

The Head of the Company:
Irena Jankutė-Balkūnė

Membership in international organisations



International Settlement Centre (BCC)
<https://bccclearing.eu/en/bcc.php>



**Organisation for Co-operation
of Railways (OSJD)**
<http://en.osjd.org>



Council of Rail Transport (CRT)
<http://www.sovetgt.org/>



**Association of Railway Security Managers and
Railway/Transport Police Forces (COLPOFER)**
<http://www.colpofer.org/>



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



**Association of the European Rail Infrastructure
Managers RailNetEurope (RNE)**
<http://www.rne.eu/>



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



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



**Rail Freight Corridor
North Sea – Baltic**

**North Sea – Baltic Rail Freight
Corridors No.8 (RFC8)**
<http://rfc8.eu/>



**Community of European Railway
and Infrastructure Companies (CER)**
<http://www.cer.be>



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

8.3. Information on compliance with the guidelines on Transparency of State-Owned Enterprises

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

Point in the description of the Guidelines on Transparency of State-Owned Enterprises		Disclosure	Comment
Section II. Disclosure of information of a state-owned enterprise			
5.	The following data and information must be announced in the internet website of a state-owned enterprise:		
5.1.	Name;	Yes	
5.2.	Code and register, where data about the company is filed and stored;	Yes	
5.3.	Headquarters (address);	Yes	
5.4.	Legal status, if a state-owned enterprise is under reformation, reorganisation (indicate the way of reorganisation), liquidation, is becoming or has become bankrupt;	Legal status not registered	
5.5.	The name of the institution representing the State and a link to its website;	Yes	
5.5.	Operating goals, vision and mission;	Yes	
5.7.	Structure;	Yes	
5.8.	Data about the head of the enterprise;	Yes	
5.9.	Data about the chairman and members of the Board, if formed according to the Articles of Association;	Yes	
5.10.	Data about the chairman and members of the Supervisory Council, if formed according to the Articles of Association;	No	
5.11.	Names of committees, if formed; data about their chairmen and members;	Supervisory Council is not formed	
5.12.	The sum of the nominal values of the state-owned shares (in euro to the nearest euro cent) and the share (in percentage) in the authorized capital of the state-owned enterprise;	Yes	
5.13.	The performed special obligations that are determined as to recommendations approved by the Minister of Economics and Innovations of the Republic of Lithuania: the purpose of the special obligations, state budget appropriations allocated their implementation in the current calendar year and the legal acts entrusting the state-owned enterprise with the performance of the special obligation, the conditions for fulfilment of the special obligations and (or) regulatory pricing;	Yes	
5.14.	Information on social responsibility initiatives and measures, important ongoing or planned investment projects.	Yes	
6.	In order to ensure publicity regarding the professionalism of the management and supervisory bodies as well as the members of the committees, formed in a state-owned enterprise, the following data of the persons referred to in sub-points 5.8 – 5.11 of the Description shall be published: name, surname, commencement date of current duties, other current managerial positions in other legal entities, education, qualification, professional experience. If the person stated in sub-points 5.9 – 5.11 of the Description has been elected or appointed as an independent member, this information should be additionally disclosed under his data.	Yes	

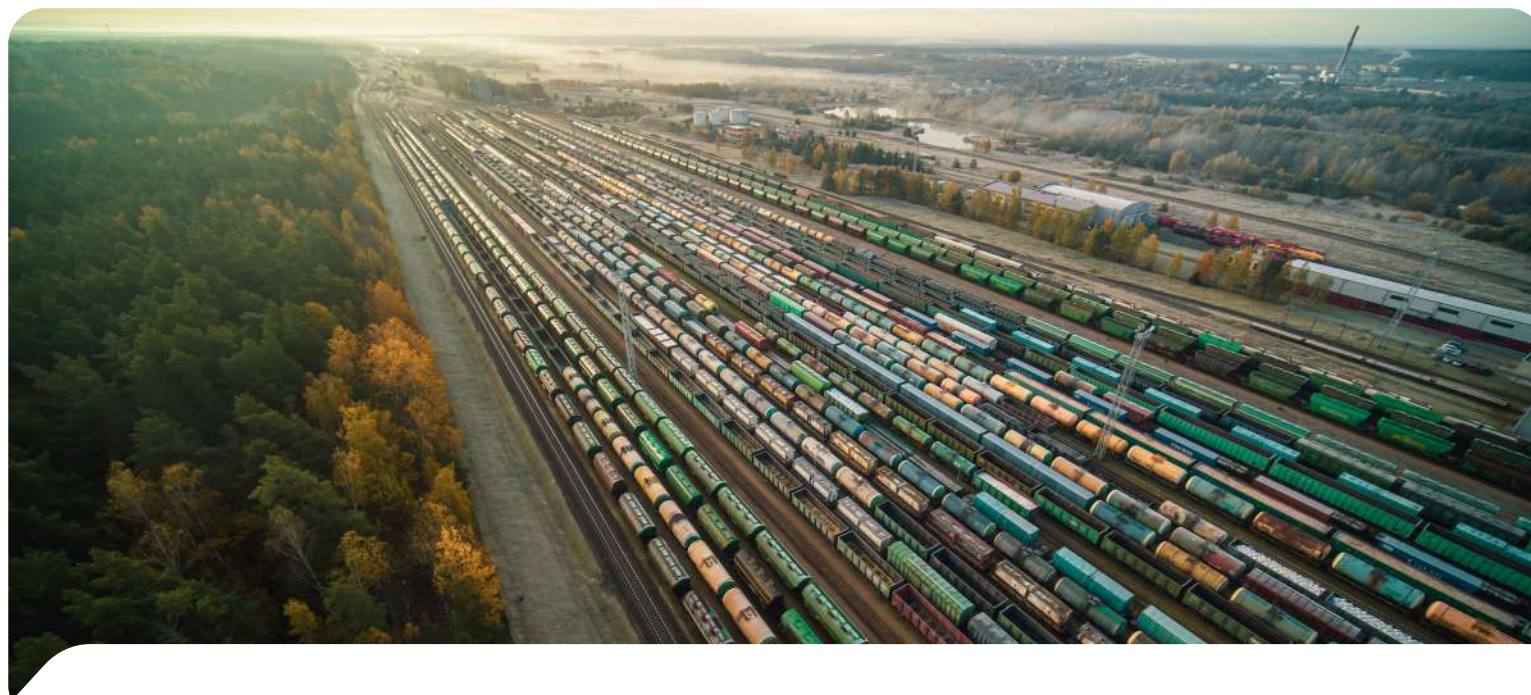
Information published on
www.LTG.lt

Point in the description of the Guidelines on Transparency of State-Owned Enterprises		Disclosure	Comment
7.	The following documents shall be announced in the website of a state-owned enterprise:		
7.1.	Articles of Association;	Yes	
7.2.	Statement from an institution representing the State regarding the establishment of the goals and expectations of the State in a state-owned enterprise;	Yes	
7.3.	The business strategy or a summary thereof in cases where the business strategy contains confidential information or information which is considered a commercial (industrial) secret;	Yes	Information published on www.LTG.lt
7.4.	Document establishing the remuneration policy, setting out the remuneration of the head of a state-owned enterprise and the remuneration of members of collegial bodies and committees formed in a state-owned enterprise, as detailed in the Code of Corporate Governance;	Yes	
7.5.	Annual and interim reports of a state-owned enterprise, annual and interim activity reports of a state-owned enterprise for a period of at least five years;	Yes	
7.6.	Annual and interim financial statements and auditor's reports on annual financial statements for a period of at least five years;	Yes	
8.	When a state-owned enterprise is a parent company, the structure of the group of companies is to be published on its website as well as the information of its subsidiaries and further subsidiaries as specified in Clauses 5.1–5.3 of the Description, the website addresses, the share (percentage) of the share capital owned by the parent company in their authorized capital, also consolidated financial statements and consolidated annual reports.	Yes	Information is published on www.LTG.lt
9.	When a state-owned enterprise is a participant of legal entities other than those specified in Clause 8, the details of these legal entities specified in Clauses 5.1–5.3 of the Description as well as their website addresses must be published on its website.	Yes	Information is published on www.LTG.lt
9 ¹ .	When a company is a subsidiary or a subsequent subsidiary of a state-owned enterprise, the details of its parent company specified in Clauses 5.1–5.3 of the Description as well as the link to the parent company's website must be published on its website.	Yes	The stated information is published on the websites (if any) of the Company's subsidiaries and downstream entities
10.	If details specified in Clauses 5, 6, 7.1–7.4, 8, 9 and 91 of the Description change or are found to be false, information and documents must also be immediately corrected on the website.	Yes	Changed information and documents are updated on an ongoing basis
11.	A set of annual financial statements of a state-owned enterprise, an annual report of a state-owned enterprise, an auditor's report on the annual financial statements of a state-owned enterprise must be posted on the website of the state-owned enterprise within 10 business days after their approval.	Yes	Documents are published on the website within a set time limit
12.	Sets of interim financial statements of a state-owned enterprise, interim reports of a state-owned enterprise must be posted on the website of the state-owned enterprise within 2 months after the end of the reporting period.	Yes	
13.	Documents specified in Clause 7 of the Description must be posted in the PDF format with the option of printing.	Yes	Documents are published in PDF format
Section III. Preparation of sets of financial statements, reports and activity reports			
14.	State-owned enterprises maintain their accounts in a manner that ensures the preparation of financial statements in accordance with international accounting standards.	Yes	The Company maintains its accounting in accordance with IFRS
15.	In addition to the annual set of financial statements, a state-owned company prepares a set of 6-month interim financial statements, and a state enterprise prepares sets of 3-month, 6-month and 9-month interim financial statements.	Yes	The Company prepares sets of 6-month interim financial statements
16.	A state-owned enterprise, considered to be a public interest company in accordance with the Law on the Audit of Financial Statements of the Republic of Lithuania, apart from the annual report must additionally prepare a 6-month interim report. A state enterprise, considered to be a public interest company in accordance with the Law on the Audit of Financial Statements of the Republic of Lithuania, apart from the annual report must additionally prepare a 6-month interim report.	Yes	The Company prepares a 6-month interim management report

Point in the description of the Guidelines on Transparency of State-Owned Enterprises		Disclosure	Comment
17.	The following additional details must be provided in an annual report of a state-owned enterprise or an annual activity report of a state enterprise:		
17.1.	A short description of the operating model of the state-owned enterprise;	Yes	The Company presents information in the annual management report
17.2.	Information about major events, which had occurred during a fiscal year and later (prior to the preparation of the annual report or the annual activity report) and which were of primary importance to the activities of the state-owned enterprise;	Yes	
17.3.	The results of implementation of the targets specified in the established business strategy of the state-owned enterprise;	Yes	
17.4.	The profitability, liquidity, assets turnover, and debt indicators;	Yes	
17.5.	The fulfilment of the specific obligations;	Yes	
17.6.	The implementation of the investment policy, planned investment projects and investments as well as those under implementation during the reporting year;	Yes	
17.7.	The implementation of the risk management policy applicable at the state-owned enterprise;	Yes	
17.8.	The implementation of the dividend policy at state-owned enterprises;	Yes	
17.9.	The implementation of the remuneration policy;	Yes	
17.10.	The total annual payroll fund, the average monthly salaries according to the positions held and (or) divisions;	Yes	
17.11.	Information on the compliance with the provisions of Chapters II and III of the Description, including the information on how they are being implemented, what provisions have not been complied with and why.	Yes	
18.	State-owned enterprises, which are not imposed a duty to prepare a social responsibility report, are recommended to respectively provide information in their annual reports on the issues of environmental protection, social and personnel-related issues, the protection of human rights, anti-corruption and anti-bribery measures.	Yes	The company prepares a Sustainability (Social Responsibility) Report integrated into the annual management report
19.	If the information specified in Clause 17 of the Description is considered a commercial (industrial) secret or confidential information of a state-owned enterprise, the state-owned enterprise is entitled not to disclose such information; however, it must specify in its annual report or the annual activity report that this information is not being disclosed and specify reasons for non-disclosure.	Not relevant	The required information is presented in the annual management report
20.	Other information not specified in the Description may be provided in an annual report of a state-owned enterprise.	Yes	The annual management report also contains other information
21.	A state-owned enterprise, which is a parent company, must provide the structure of the group of companies, the details of each subsidiary specified in Clauses 5.1–5.3 of the Description, the equity interest in the subsidiary (the percentage share), the financial and non-financial performance results of a fiscal year in its consolidated annual report, and if it is not obliged to prepare a consolidated annual report, in its annual report. If a state-owned enterprise, which is a parent company, prepares a consolidated annual report, the requirements of Point 17 of the Description apply to it mutatis mutandis.	Yes	The Company presents information in the annual management report
22.	An interim report of a state-owned enterprise or an interim activity report of a state enterprise must contain a short description of the operating model of the state-owned enterprise, the analysis of financial performance for a reporting period, information on major event, which had occurred during the reporting period, and also profitability, liquidity, assets negotiability, debt indicators and their changes in comparison with the respective period of the previous year.	Yes	The Company presents information in the interim management report

8.4. Other information

Information on the main intangible resources and their potential impact on the business model and created value is disclosed in the sections Strategy, Government Report, Remuneration Report, and Sustainability Report of the integral consolidated management report. Information on human resources, working conditions, training and incentive systems, value creation mechanism and value chain participants, use of advanced technologies in operations and ongoing innovative projects, relations with and management of customers, suppliers and investors, uniform policies and standards applied throughout the Group, etc. is disclosed.



8.5. Definitions

Indicator	Definition of calculation
Revenue	Sales revenue + Subsidy revenue + Other operating income (excluding Finance income)
Sales revenue / operating revenue	Revenue, excluding Subsidy revenue, Other operating income and Finance income
Subsidy revenue	State budget funds to compensate the activities of LTG Link and LTG Infra
Expenses / Costs	Expenses, excluding the income tax and finance expenses
Financial debt	Long-term loans + Long-term lease liabilities + Current portion of long-term loans + Short-term loans + Current portion of lease liabilities
Net Debt	Financial debt - Cash and cash equivalent investments
Return On Equity (ROE)	$\frac{\text{Net profit (loss) for the last 12 months}}{\text{Average of equity at the beginning and end of the reporting period}}$
Return On Assets (ROA)	$\frac{\text{Net profit (loss) for the last 12 months}}{\text{Average assets at the beginning and end of the reporting period}}$
Return On Investment (ROI)	$\frac{\text{Net profit (loss) for the last 12 months}}{\text{Average assets as at the beginning and the end of the reporting period - Average current liabilities as at the beginning and the end of the reporting period}}$
EBIT	Profit (loss) before the corporate tax – the result of financial activities
EBITDA	Profit (loss) before the corporate tax – the result of financial activity + depreciation and amortization
Adjusted EBITDA	Profit (loss) before the corporate tax + Interest expenses – Interest income + Depreciation and amortisation + (Decrease) increase in the value of non-current assets, inventories and investments + (Decrease) increase in the value of amounts receivable and contract assets + Costs of provisions not related to operating activities
EBIT margin*	$\frac{\text{EBIT}}{\text{Sales revenue}}$
EBITDA margin*	$\frac{\text{EBITDA}}{\text{Sales revenue}}$
Adjusted EBITDA margin*	$\frac{\text{Adjusted EBITDA}}{\text{Sales revenue}}$
Net profit margin*	$\frac{\text{Net profit (loss)}}{\text{Sales revenue}}$
Equity ratio	$\frac{\text{Equity at the end of the reporting period}}{\text{Assets at the end of the reporting period}}$

Indicator	Definition of calculation
Loan servicing ratio	$\frac{\text{Net profit (loss) for the last 12 months + Depreciation, amortisation and grant expense for the last 12 months + Interest expense for the last 12 months (adjusted for non-cash balance sheet items)}}{\text{Amortisation of interest payable + Interest payable for the last 12 months}}$
Asset turnover ratio*	$\frac{\text{Sales revenue for the last 12 months}}{\text{Assets at the end of the period}}$
Financial debt / EBITDA	$\frac{\text{Financial debt}}{\text{EBITDA of the last 12-month period}}$
Financial debt / equity (D/E)	$\frac{\text{Financial debt}}{\text{Equity at the end of the reporting period}}$
Net debt / EBITDA	$\frac{\text{Net Debt}}{\text{EBITDA of the last 12-month period}}$
Quick ratio	$\frac{\text{Current assets at the end of the reporting period - Inventories at the end of the reporting period}}{\text{Current liabilities at the end of the reporting period}}$
Gross liquidity rate	$\frac{\text{Current assets at the end of the reporting period}}{\text{Current liabilities at the end of the reporting period}}$
Turnover of freight transportation (ton/km)	Freight transport indicator, which is the product of the amount of transported freight (tonnes) and the distance travelled (kilometres)
Passenger turnover (passenger kilometres)	Passenger transport indicator, calculated by multiplying the trip of each transported passenger by the distance travelled
Train operational volume (gross-gross ton/km)	Unit of measure representing by multiplying the gross weight of the train, including the weight of the running locomotive, by the distance travelled (weight of traction rolling stock/locomotive, hauled rolling stock/train and its freight are included. Passengers and their luggage, shunting and similar dimensions are not included)
Number of employees	The number of listed active employees as of the end of the period (excluding the employees on parental leave, military service, long-term incapacity)
Average salary	Average gross salary per employee

* When calculating profitability ratios of LTG Group, UAB LTG Link, and AB LTG Infra, the Subsidy revenue is included in the Sales revenue.

8.6. Abbreviations

CO2	Carbon dioxide
Company / LTG Holding / LTG	Parent company AB Lietuvos Geležinkeliai
ESG	Environmental, Social and Corporate Governance
EU	The European Union
GDPR	General Data Protection Regulation
GHG	Greenhouse gas
GOV	The Government of the Republic of Lithuania
GTC	UAB Geležinkelio Tiesimo Centras
IFRS	IFRS Accounting Standards
IT	Information technologies
LTG Cargo	AB LTG Cargo
LTG Cargo Polska	LTG Cargo Polska Sp.zo.o.
LTG Cargo Ukraine	LLC LTG Cargo Ukraine
LTG Group, the Group	AB Lietuvos Geležinkeliai and its subsidiaries
LTG Infra	AB LTG Infra
LTG Link	UAB LTG Link
RBS	UAB Rail Baltica Statyba
RES	Renewable Energy Sources
RSF	Railway service facilities
RTC	Railway Transport Code of the Republic of Lithuania
SAP	Business management system
SOE	State-owned enterprise
VK	VšĮ Valdymo Koordinavimo Centras - Analytical and Good Governance Centre established by the Government of the Republic of Lithuania to ensure coherent and professional management of state-owned enterprises



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