



UAB Geležinkelio tiesimo centras

THE COMPANY'S MANAGEMENT REPORT | FINANCIAL STATEMENTS | INDEPENDENT AUDITOR'S REPORT FOR THE YEAR 2024

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1. OVERVIEW

1.1. CEO'S FOREWORD

Dear partners, employees, clients,

The year 2024 has been a very dynamic year for UAB Geležinkelio tiesimo centras. We have experienced a number of changes during the first half of the year, and this has resulted in some challenges, but we have turned each of them into an opportunity to get stronger and create long-term value. Although we have operated in a very competitive environment, we have continued our strategic development of the company throughout the year and tried to maintain the same volume of work.

In the course of our strategy to expand into new markets, we paid a lot of attention to Latvia by analysing possibilities to offer our services in this market. We have signed a contract for rail welding services in Poland which, I believe, will open new ways for international cooperation.

To ensure stability of the company's operations and financial return to the shareholder, we have been active in public procurement and signed partnership agreements for subcontracting works.

We have successfully completed railway track repairs in the intermediate stations Plungė–Šateikiai, Vilnius – Naujoji Vilnia, Lentvaris–Vievis and Tarvainiai–Plungė. We have completed subcontracting works for the successful tender of Klaipėda State Seaport Authority earlier than planned.

For the first time in Lithuania, we have installed a ballastless crossing in Radviliškis which increases durability of the infrastructure and reduces maintenance costs. Also, we have successfully implemented locomotive safety system in four rolling stocks and this results in more efficient railway track repair works and improvement of quality of the services provided to our customers. This system meets National Safety Requirements and marks an important step towards modernisation and compliance with safety standards.

Changes inside the company at both structural and management level have led to more efficient processes, improved operational efficiency and consistent implementation of strategic goals. Each member of the team has contributed to these changes and helped add value to both our clients and all railway infrastructure.

I'm proud of our ability to overcome difficulties and seek for the highest standards in all areas of operations.

We look forward and are ready for to grow further, implement innovations and create sustainable infrastructure. Our goal is to implement projects as well as to ensure long-term value to both the shareholder and the society.



ROLANDAS ZABILEVIČIUS

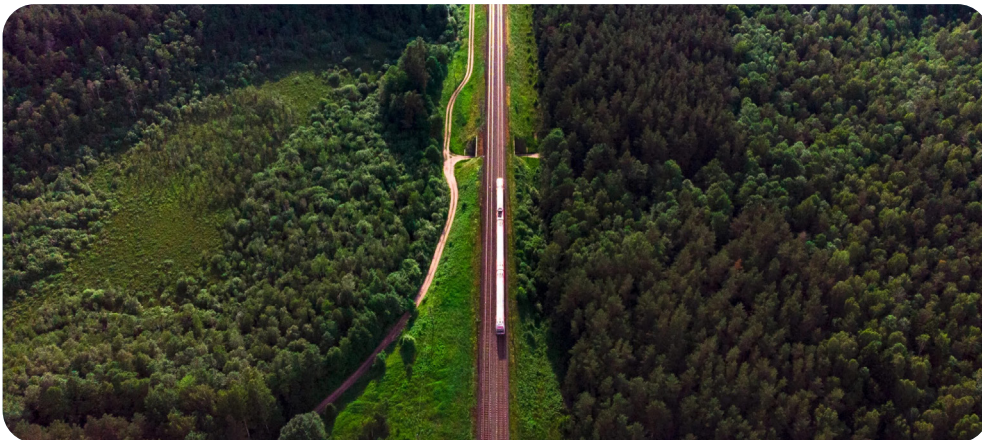
Chief Executive Officer
UAB Geležinkelio tiesimo centras

1.2. THE COMPANY'S ACTIVITY

MAIN DETAILS ABOUT THE COMPANY

Name	UAB Geležinkelio tiesimo centras
Address	Trikampio g. 10, Lentvaris, Trakų raj.
Legal form	Limited Liability Company, Private legal entity of limited civil liability
Date and place of registration	21 December 2001, Register of Legal Entities
Company code	181628163
Telephone	+370 655 37023
E-mail	info@gtc.lt
Website	www.gtc.lt
Main activities	Construction and repair of railway track infrastructure
CEO of the Company	Rolandas Zabilevičius
Shareholders	100% of shares held by AB Lietuvos geležinkeliai

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



THE COMPANY'S BRANCHES AND REPRESENTATIVE OFFICES ABROAD

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

THE COMPANY'S ACTIVITY MODEL

The Company's office is located at Trikampio g. 10, Lentvaris, Trakų raj. The Company has two production bases located in strategically convenient locations: in a 10 ha territory in Lentvaris and a 12 ha territory in Šilėnai (Šiauliai district). The Company has implemented and maintains the Integrated Quality, Environmental and Occupational Safety and Health Management System in accordance with ISO 9001, ISO 14001 and ISO 45001 international management standards.

CORE BUSINESS AND SERVICES

Currently, the Company specializes in construction and repair of railway tracks, maintenance of railway tracks and switches, construction and repair of railway infrastructure buildings as well as installation of railway infrastructure engineering systems.

The principal activity of UAB Geležinkelio tiesimo centras is focused on maintenance of railway infrastructure, implementation of construction, repair and modernisation projects.

The key segments of GTC principal activities:

- Construction and repair of railway tracks;
- Maintenance of railway tracks and switches;
- Construction and repair of railway infrastructure;
- Installation of railway infrastructure engineering systems;
- Lease of machinery and plant.

MARKET AND COMPETITIVE ENVIRONMENT

LITHUANIAN MARKET. GTC competes in the sector of construction of engineering structures in Lithuania which includes maintenance and repair of railway infrastructure. The Lithuanian market is consisted of public infrastructure which is controlled by AB LTG Infra and private infrastructure. The public infrastructure covers a significant proportion of market; yet, the Company focuses both on public and private infrastructure managers as well as increase of competition of the Company in all markets.

FOREIGN MARKET. A modern machinery and plant park, qualified personnel, successful implementation of infrastructure projects, and valuable experience provide for a unique possibility to the Company to take advantage of the experience internationally and to expand the Company's activities geographically through proposal of services in the neighbouring market. The Company is currently looking for ways to use free machinery resources in Poland (lease of machinery).

REGULATORY ENVIRONMENT

The conditions of railway transport activities, requirements for railway transport employees and relations arising from the carriage of passengers, luggage and / or freight by rail of the Republic of Lithuania are established by the Railway Transport Code of the Republic of Lithuania, the provisions of which are in compliance with legislation of the European Union. Under the Article 7 of the Code, public administration of railway transport is conducted by the government of the Republic of Lithuania, the Ministry of Transport and Communications, Lithuanian Transport Safety Administration. The mentioned institutions design strategy of railway transport, coordinate its implementation, perform functions set out by other legal acts, legislate on railway transport matters under its competence, and controls enforcement of legislation either directly or through authorised institutions. The principal regulatory legislation of the Company is the Civil Code, the Construction Act, and the Construction Technical Regulations (CTR).

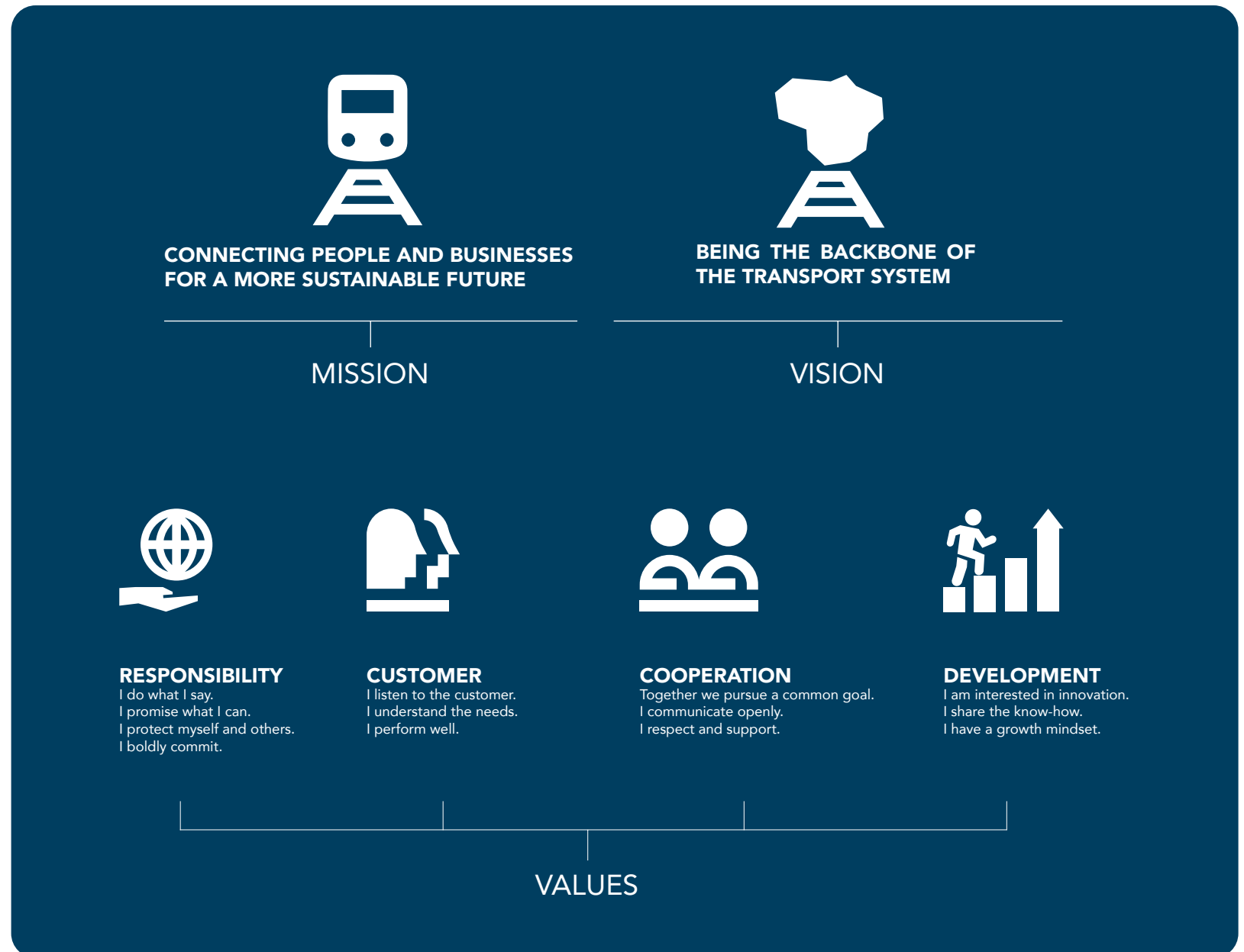
CUSTOMERS AND MAIN CUSTOMER GROUPS

Public railway infrastructure managers, large, medium and small companies which own sidings, use rolling stocks and have load bars allocated to them are users of the Company's services. Also, potential clients of GTC in the markets are general contractors and subcontractors.



1.3. STRATEGY

The LTG Group, together with GTC, plans its activities not only in the short but also in the long term. The long-term strategy is reviewed and updated annually due to the constantly changing environment, both external and internal. In order to ensure that the strategic directions and goals provided for in the long-term corporate strategy were focused on the specific activities of LTG group of companies as much as possible, annually updated and long-term strategies of individual LTG business units are prepared.



STRATEGIC DIRECTIONS

Business development

Geographical development: market research and analysis (PL, LV, EE), search for strategic partners, planning and implementation of development.

Diversification of services: market research and analysis, development and testing of new services, marketing and sales (aimed at strengthening the sales team and ensuring high quality customer service)

Partnerships and alliances: analysis of the Lithuanian and neighbouring markets and partner search, project management and implementation.

Operational efficiency

Process optimisation: implementation of LEAN methods, automation, performance monitoring, analysis and KPI setting.

Technology integration: assessment of the need for new technologies

Resource management: resource planning and optimisation (implementation/development of planning tools).

Business resilience

Risk management: risk identification, risk management plans, risk monitoring.

Financial stability: building financial reserves, financial management (budget management, budget monitoring, project profitability monitoring).

Supply chain: search for suppliers, supply chain management, supply chain improvement.

Inclusive organisational culture

Staff training: training programmes, qualification improvement.

Staff engagement: feedback mechanisms, employee recognition programmes, promotion of employee engagement, employee well-being.

ESG

Environmental protection: reduction of energy resources, reduction of CO2 emissions (optimisation of transport routes to reduce fuel consumption and emissions).

Social responsibility: responsibility of supply chain (ensuring that suppliers and contractors comply with social and environmental standards).

Governance: increase of transparency, maintenance of the good governance index.

BUSINESS PLANS AND FORECASTS

Forecasts and planned strategic projects until 2029:

- We plan to be active in Rail Baltica's tenders by ensuring significant contribution of GTC to Rail Baltica project;
- Diversification reduces dependence on AB LTG Infra. Development of new business segments is analysed (construction and maintenance of 1435 mm track, development of co-construction activities, electrification projects, projects of railway management and modernisation of signalling system).
- Maintaining a business value of at least 50% of the railway construction market in Lithuania;
- Reducing the assets used for operations, improving ROA;
- Modernising and efficient use of the fleet.
- The rental of railway track construction equipment is carried out in Poland.

Achievements of strategic initiatives in 2024:

- The rental of railway track construction equipment is carried out in Poland.
- Efficiency improvement measures for the technology park are implemented (modernisations are in progress, new equipment is purchased).



PERFORMANCE OF ANNUAL GOALS IN 2024

The Company's goals for 2024, the indicators against which they are measured and the target values approved by the decision of the sole shareholder of the Company as at 29 December 2023 are linked to the implementation of the Strategy. Considering the ambition and strategic goals of GTC, the annual targets are designed to create the value as a modern railway infrastructure construction partner while integrating into western markets, ensure increased operational efficiency, operational development and comprehensive safety. Based on the approved annual objectives, GTC employees have personal goals set. In this way, GTC employees are involved in a structured and coherent process of implementing the LTG Group's strategy, linking the achievement of objectives to career, development and incentive plans.

Strategic direction/target	Indicators of achievement of goals	Measurement unit	Weight, %	Indicators of achievement of goals in 2024	Achievement of goals in 2024
Value creation while integrating into western markets	EBITDA MARGIN	%	25%	-0.2	Not achieved
Operational efficiency	Increased share of successful tenders in Lithuania	%	20%	46,4	Achieved in part
	Achieved timely implementation of projects	Days	15%	1,229*	Exceeded
Business development	Increased revenue from external customers	EUR million	20%	3.7	Exceeded
Business resilience	Improved level of risk management	%	5%	100	Exceeded
	Increased occupational safety	Accidents at work *1 million / total working hours	5%	13.16	Not achieved
Strong organisational culture	Increased level of employee engagement	%	10%	81**	Exceeded

*The indicator is calculated on the basis of the following formula: Days of delay = expected project completion date – extension/suspension approved by the customer – end of work as provided in the contract

**Indicator is presented on the basis of a new methodology. It is equal to 62 if recalculated according to the previous methodology.

1.4. MOST SIGNIFICANT EVENTS IN 2024

January

There were no major events in January and the company carried out business as usual.

February

Successful high-value contracting tenders: major repair of intermediate station Dotnuva-Gudžiūnai track I and replacement of switches in Šiauliai and Klaipėda regions.

March

Beginning of the main object in the first half of 2024: railway track repair in the intermediate station Tarvainiai–Plungė.

April

There were no major events in April and the company carried out business as usual.

May

GTC successfully implemented locomotive safety system (LSS) in four rolling stocks.

Dalius Silius, the Head of Production, took the position of Acting Director.

The company underwent a structural change: the quality department was merged into Corporate operations, and the quality functions were carried out by a quality manager and a quality controller.

A contract for rail welding services in Poland was signed.

Two successful tenders of Klaipėda State Seaport Authority for repairs of railroad switches.

Successful tender for repair of intermediate station Pavenčiai–Raudėnai (13.8 km section)

June

A ballastless railway crossing in Radviliškis railway station was successfully implemented by GTC for the first time.

Rolandas Zabilevičius, CEO of UAB Geležinkelio tiesimo centras, has been appointed for a five-year term of office.

Successful tender for repair of intermediate station Šiauliai-Kužiai (14.5 km section).

July

Successful tender for the lease of machinery (special rolling stock and special wagons).

A contract for subcontracting maintenance of railway track and railway switches was signed.

Successful tender for the services of snow and ice removal in railway stations.

Successful tender for installation of ballastless crossing in the section Pirčiupiai-Jašiūnai.

August

Successful tender for replacement of the bridge by viaduct in the section Radviliškis-Rokiškis 60+011 km.

September

Successful tender for replacement of the bridge by viaduct in the section Radviliškis-Rokiškis 20+935 km.

Completed repair works of the first track in section Lentvaris-Vievis.

October

Successful tender for replacement of the bridge by viaduct in the section Radviliškis-Pagėgiai 36+946 km.

A subcontracting contract for a part of works during replacement of the bridge by viaduct in the section Radviliškis-Obeliai 72+120 km was signed.

Successful tender for the repair of the third track of Šeduva railway station (1km).

November

Completed contracting works for the repair of the first and second tracks of the intermediate station Vilnius–Naujoji Vilnia.

Submission of the tender proposal for the repair of the first track of the intermediate station Gimbogala–Radviliškis (12.5 km section).

December

Completed repairs of access railway track and railway switches based on the tenders of Klaipėda State Seaport Authority.

Completed contracting works for the first railway track of the intermediate station Tarvainiai–Plungė.

Completed contracting works for the first railway track of the intermediate station Plungė–Šateikiai.

Submission of tender proposals for repairs of the second track of intermediate station Gimbogala–Radviliškis (7.1 km section) and track of Žasliai–Kaišiadorys (8 km section) (no results yet).



1.5. EVENTS AFTER THE REPORTING PERIOD

January

There were no major events in January and the company carried out business as usual.

February

High value tenders are won: major repair of the first road of the Dotnuva-Gudžiūnai interchange and replacement of switches in Šiauliai and Klaipėda regions.

March

Tender for the purchase of special rolling stock for the sale of a track paver and wagons for the removal of contaminated ballast on the track has been awarded (contract to be concluded)





○ 2. RESULTS

2.1. OVERVIEW OF KEY PERFORMANCE INDICATORS

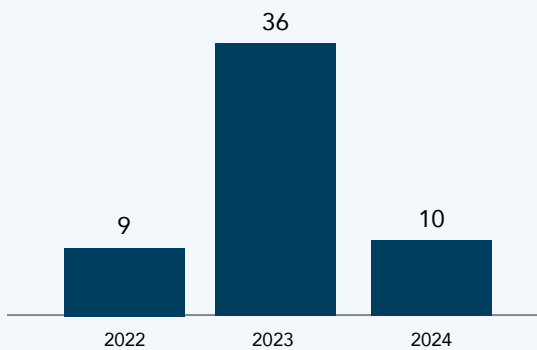
The differences in the number of indicators depending on the specifics of the ongoing projects between 2024 and 2023 resulted from:

- in 2024, GTC carried out less railway construction works due to reduced demand, therefore, the numbers of ballasting and road repairs respectively were lower;
- lower number of replacement of clips as the number of customers' orders for such work was significantly lower.

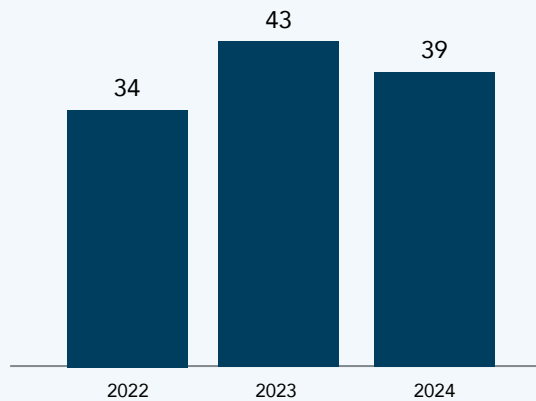
KEY PERFORMANCE INDICATORS

Indicators	Measurement unit	2024	2023	2024/2023	2022 m.
Assembly / reassembly of railway track	Km	30	27	11.11%	16
Dismantling of railway tracks	Km	24	31	-22.58%	25
Dismantling of a railway track in individual components	Km	22	18	22.22%	5
Construction of railway tracks	Km	24	33	-27.27%	28
Ballasting	1,000 m ³	32	45	-28.89%	40
Replacement of inventory / existing rails with long-rails	Km	39	43	-9.30%	34
Chip management	Km	29	39	-25.64%	31
Road repair	Km	79	107	-26.17%	75
Installation of switches	Set	14	17	-17.65%	5
Repair of switches	Set	60	51	17.65%	55
Replacement of rails (up to length of 25 km)	100 pcs.	6	9	-33.33%	4
Replacement of railway ties	1,000 pcs.	4	12	-66.67%	7
Rail welding	100 pcs.	4	4	0.00%	4
Replacement of clips	1,000 pcs.	10	36	-72.22%	9
Working hours of leased machinery	Hour	380	1	-53.55%	10
Leased wagons	Days	378	34	-94.94%	39

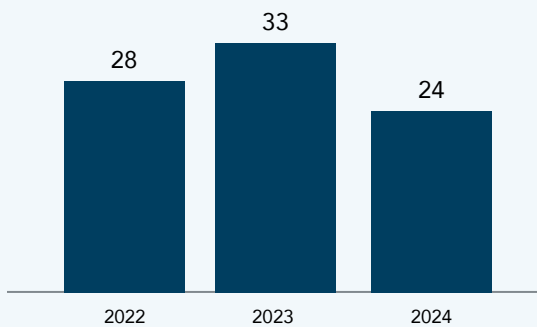
Replacement of clips (1,000 pcs.)



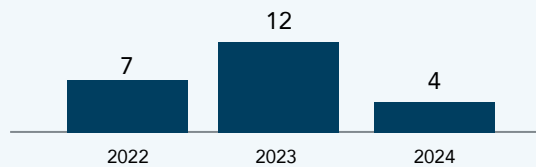
Replacement of inventory / existing rails with long-rails (km)



Construction of railway tracks (km)



Replacement of railway ties (1,000 pcs.)



2.2.FINANCIAL RESULTS

REVENUE

Dynamics of sales revenue of GTC in 2022-2024, EUR thousand

Type of revenue	2024	2023	2022
Construction and repair of railways	12,080	19,043	11,218
Maintenance of railway track and structures	1,766	2,755	2,264
Construction, reconstruction and repair of other structures	321	1,266	5,427
Lease of plant and machinery	267	550	588
Construction and repair of signalling, automation and electrification	595	317	25
Designing works	0	57	208
Other works (snow removal, sales of current assets, etc.)	78	188	179
Total	15,107	24,176	19,909

In 2024, sales revenue of GTC amounted to EUR 15,107 thousand and in 2023 it amounted to EUR 24,176 thousand. It was decreased by EUR 9,069 thousand or 37.5% as compared to 2023.

Railway construction and repair accounted for 80.0% of the Company's operating revenues in 2024. In 2024, the revenue from this segment decreased by EUR 6,963 thousand or 36.6% as compared to 2023 due to the market conditions - reduced demand in case of lower investment by the infrastructure manager and less successful tenders (46.4% of successful tenders in 2024, and 57.6% of successful tenders in 2023).

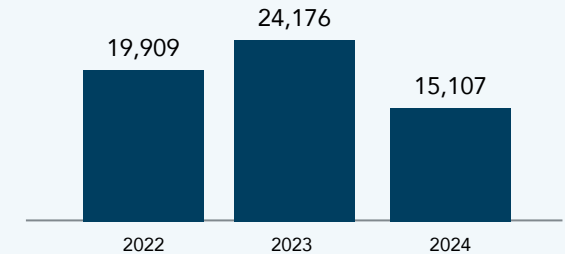
Portion of the revenue from maintenance of railway tracks and structures accounted for 11.7% in 2024. Revenue from this segment in 2024 amounted to EUR 989 thousand or was lower by 35.9% compared to 2023 due to lower investments and less successful tenders.

In 2024, revenue from repair, reconstruction and construction of other engineering structures was lower by EUR 945 thousand or 74.6% compared to 2023. The decrease in revenue resulted from lower demand and less successful tenders.

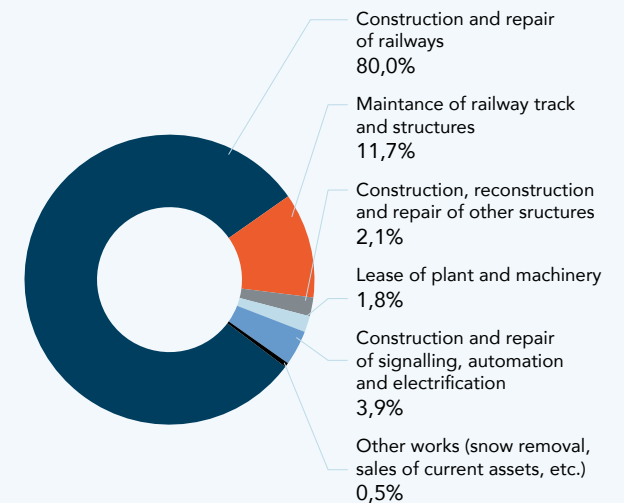
During the reporting period the Company also rendered additional services – lease of assets (machinery and specialised plant) and other.

In 2024, the Company's activity was carried out in Lithuania. The major portion of works (80.8%) was conducted in accordance with the public procurements of the public infrastructure manager and subsidiary managers. The Company's technology park and existing competences make all assumptions of increasing sales volumes of other customers not only in Lithuania but also abroad.

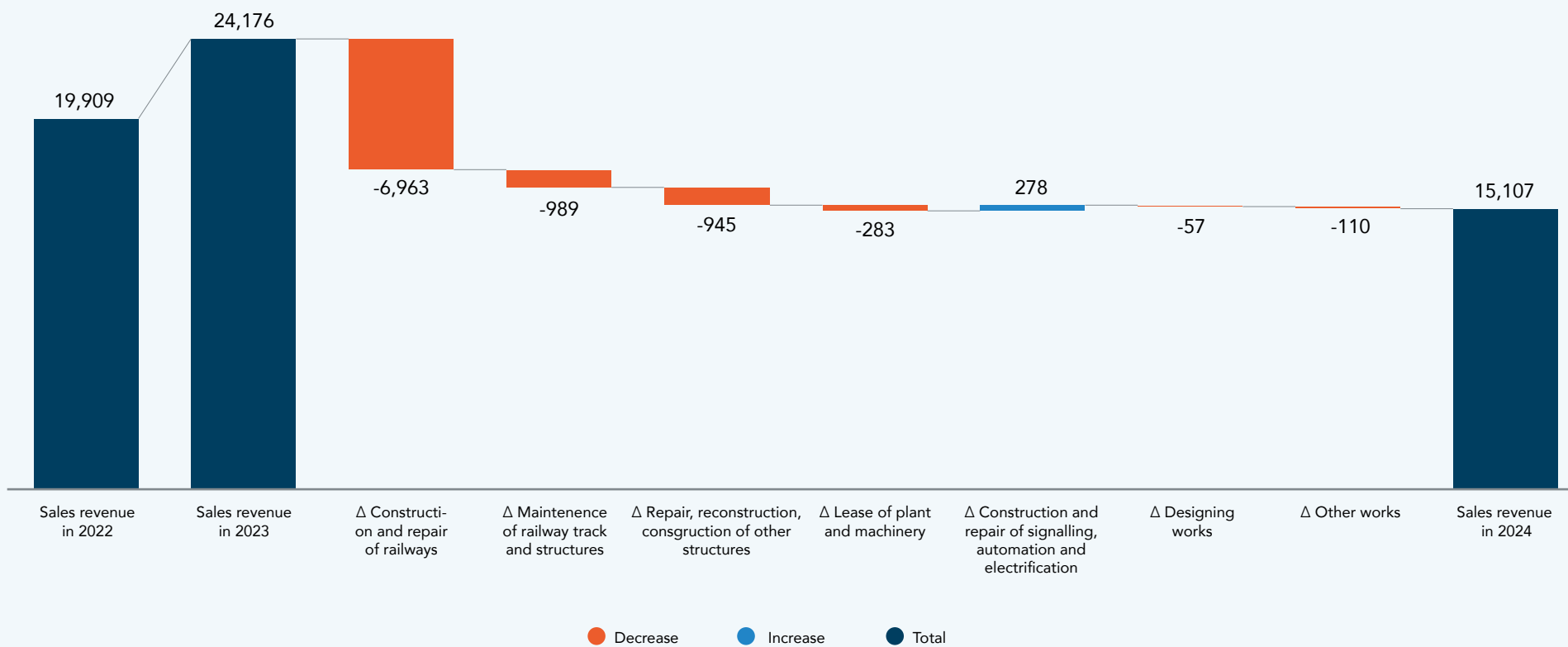
Company's revenue, EUR thousand



Revenue structure in 2024, %



Change in the Company's sales revenue, EUR thousand



COSTS

Changes in the Company's work volumes directly affected changes in costs; therefore, in 2024 there was reallocation of sales revenue as well as costs.

In 2024, the operating costs of GTC amounted to EUR 17,759 thousand, compared to 2023 costs decreased by EUR 4,859 thousand or 21.5%. Reduced costs are directly related to lower costs of materials and subcontracting for projects, and reduced salary-related costs.



Structure of GTC costs in 2022-2024, EUR thousand

Type of costs	2024	2023	2022
Salaries and related costs	6,853	8,068	8,108
Materials	978	2,150	3,970
Fuel	469	650	853
Depreciation and amortisation	1,840	1,985	2,295
Subcontracting	2,127	4,727	4,056
Other costs	5,492	5,038	5,229
Total	17,759	22,618	24,511

The major portion of the Company's operating costs in 2024 consisted of salaries and related costs (EUR 6,853 thousand or 38.6%). It is EUR 1,215 thousand lower as compared to 2023. The change in costs resulted from the lower number of employees.

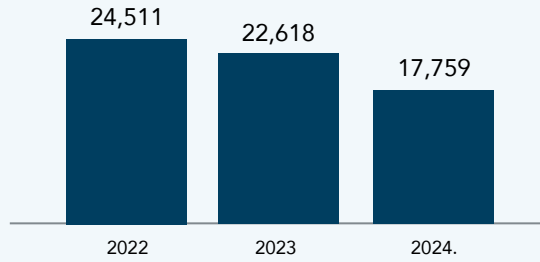
In 2024, Other costs of GTC amounted to EUR 5,492 thousand or 30.9% of all costs and it is EUR 454 thousand higher as compared to 2023; this resulted from impairment of the cost of acquisition of inventories and non-current tangible assets held for sale, increase in the group's strategic management fee and costs of general services.

In 2024, subcontracting costs comprised EUR 2,127 thousand or 12.0% of total costs incurred by the Company. These costs are EUR 2,600 thousand lower compared to 2023 as a result of lower work volumes.

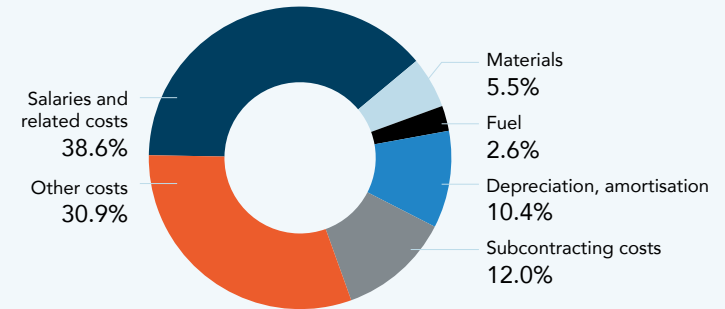
In 2024, materials comprised EUR 978 thousand or 5.5% of total costs incurred by the Company. These costs are EUR 1,172 thousand lower compared to 2023 as a result of lower work volumes and works carried out using contractor's materials.

Other expenses include operating costs related to freight transport, locomotives and brigades, special rolling stocks, lease of other assets and other costs which proportionally depend on work volumes.

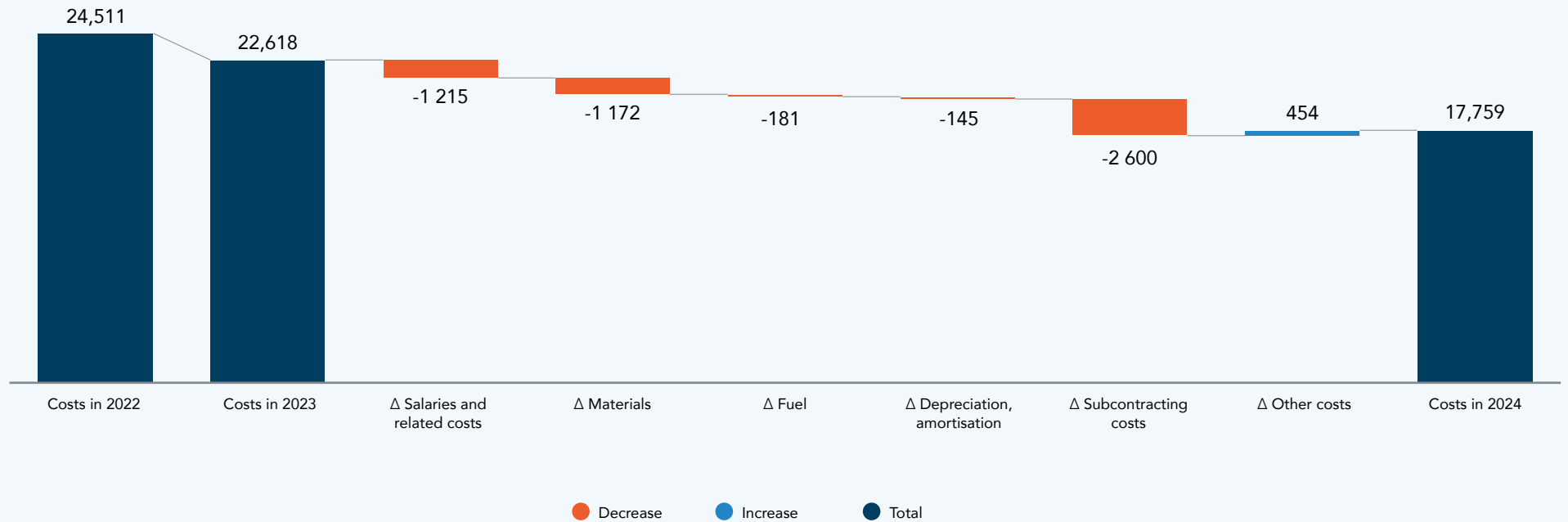
Company's costs, EUR thousand



Structure of Company's costs in 2024, %



Change in the Company's costs, EUR thousand



OPERATING RESULTS

EBITDA (profit after tax, results of financial activities, depreciation and amortisation) of GTC amounted to EUR 35 thousand in 2024, and it was lower by EUR 3,643 thousand compared to 2023.

Revenue of GTC amounted to EUR 15,107 thousand in 2024 and it was EUR 9,069 thousand lower compared to 2023. The main revenue contributor was a significant decrease of EUR 6,963 thousand or 36.6% in the revenue from construction and repair of railways due to the decrease in volume of major works.

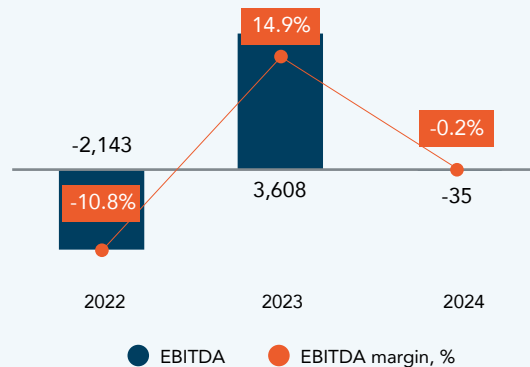
In 2024, GTC incurred EUR 17,759 thousand in costs with regard to its principal and other activities. Compared to 2023, the costs decreased by EUR 4,859 thousand or 21.5%. In 2024, the major portion of costs comprised salaries and related costs (38.6%), other costs (30.9%), subcontracting costs (12.0%), materials (5.5%), fuel and depreciation (13.0%).

In 2024, the Company incurred a net loss of EUR 1,830 thousand.

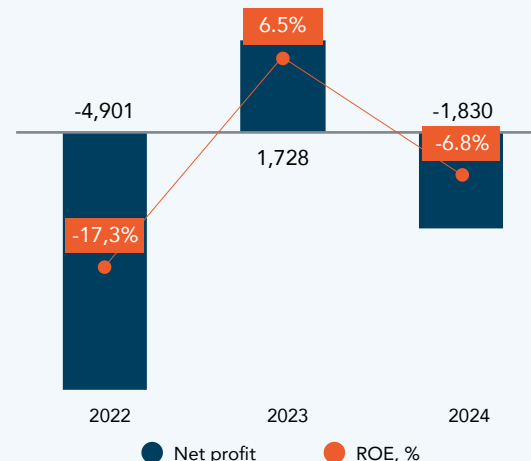
In 2024, the result of GTC was worse due to the following main reasons:

- lower demand for railway construction and maintenance services.
- lower investments into railway infrastructure.

Company's EBITDA, EUR thousand



Company's net profit, EUR thousand



BALANCE SHEET CHANGES

During the reporting period, the value of the Company's assets decreased by EUR 3,543 thousand or by 11.02% compared to 2023.

Non-current assets of GTC comprised 63.5% of the total asset structure. It must be mentioned that the value of non-current assets decreased by EUR 1,988 thousand or by 9.9% compared to 2023. The decrease was due to sale of assets not used in the Company's activities (machinery and plant) and depreciation of assets.

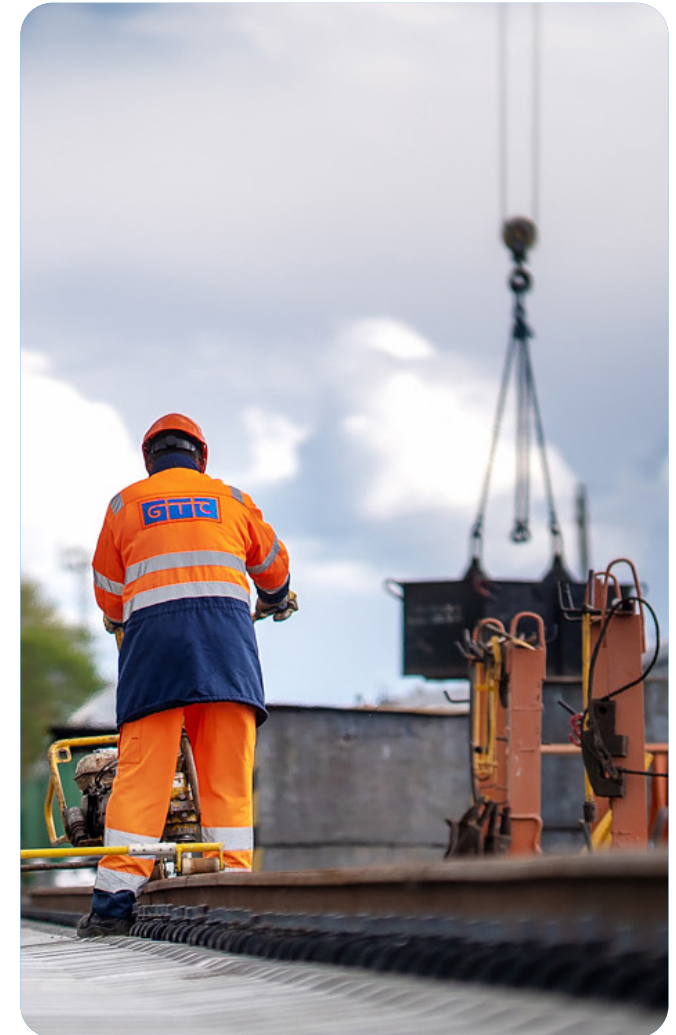
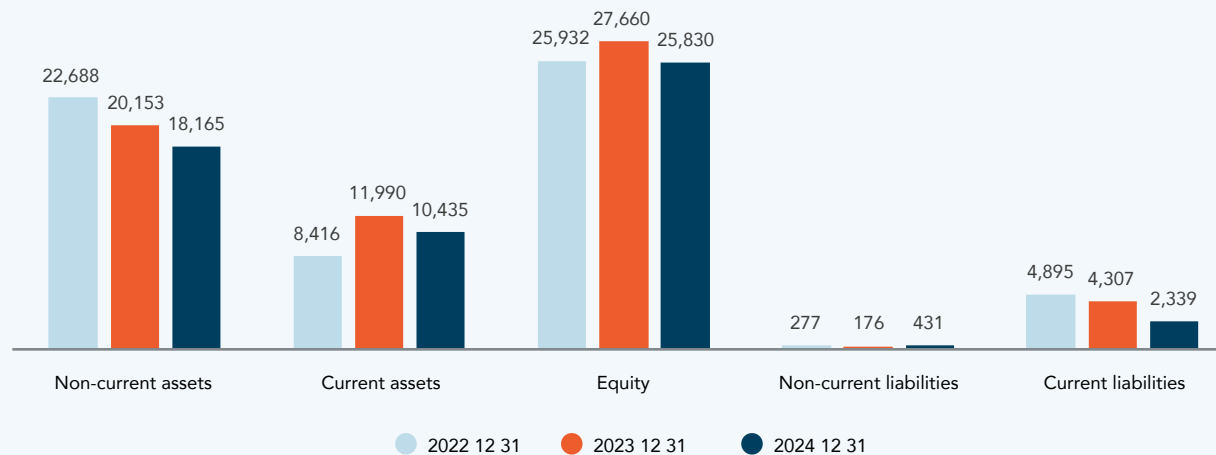
In 2024, the value of current assets decreased by EUR 1,555 thousand or by 13.0% compared to the reporting period of 2023 due to decreased inventories non-current assets held for sale (decreased by EUR 1,210 thousand).

Equity in 2024 decreased by EUR 1,830 thousand and amounted to EUR 25,830 thousand as at 31 December 2024. The changes resulted from the result of the Company for the reporting period.

In 2024, non-current liabilities increased by EUR 255 thousand or by 144.9% compared to the end of the reporting year 2023. The changes were due to increased non-current lease liabilities and provisions.

In 2024, current liabilities decreased by EUR 1,968 thousand or by 45.7% compared to the end of the reporting year 2023. The changes were due to reduced accrued income and trade payables.

Balance sheet changes, EUR thousand



KEY FINANCIAL INDICATORS

	Measurement unit	2024	2023	2022
Revenue	EUR thousand	15,107	24,176	19,909
Other income	EUR thousand	777	64	164
Total revenue	EUR thousand	15,884	24,240	20,073
Costs	EUR thousand	17,759	22,618	24,511
EBITDA	EUR thousand	(35)	3,608	(2,143)
Adjusted EBITDA	EUR thousand	703	3,814	(1,998)
EBITDA margin	%	(0.2)	14.9	(10.8)
Adjusted EBITDA margin	%	4.7	15.8	(10.0)
EBIT	thousand EUR	(1,875)	1,622	(4,438)
EBIT margin	%	(12.4)	6.7	(22.3)
Net profit	EUR thousand	(1,830)	1,728	(4,901)
Net profit margin	%	(12.1)	7.1	(24.6)
		31/12/2024	31/12/2023	31/12/2022
Non-current assets	EUR thousand	18,165	20,153	22,688
Current assets	EUR thousand	10,435	11,990	8,416
Total assets	EUR thousand	28,600	32,143	31,104
Equity	EUR thousand	25,830	27,660	25,932
Financial debt	EUR thousand	383	297	442
Net debt	EUR thousand	(3,734)	(3,361)	380

	Measurement unit	2024	2023	2022
Return On Equity (ROE)	%	-6.8	6.5	-17.3
Return On Assets (ROA)	%	-6.0	5.5	-14.7
Return on Investment (ROI)	%	-6.8	6.4	-17.1
Financial debt / EBITDA	Times	-10.9	0.1	-0.2
Financial debt / Equity (D/E)	%	1.5	1.1	1.7
Net debt / EBITDA	Times	106.7	-0.9	-0.2
Net debt / Adjusted EBITDA	Times	-5.3	-0.9	-0.2
Equity ratio	%	90	86	83
Asset turnover ratio	Times	0.5	0.8	0.6
Quick liquidity rate	Times	4.1	2.3	1.1
Total liquidity rate	Times	4.5	2.8	1.7

For definitions of the indicators, see section 6.4 of the Management Report.

FINANCING OF THE COMPANY

As at 31 December 2024, the Company did not have any financial liabilities to credit institutions.

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

2.3. INVESTMENTS

In 2024, the investments of GTC in non-current assets amounted to EUR 133 thousand. Investments were for minor mechanisations. There were no significant investment projects in 2024.

INVESTMENTS OF THE COMPANY

Investments, EUR thousand	2024	2023	2022
GTC equipment upgrades and modernisation	-	380	222
Replacement of locomotive safety system	-	199	-
Minor mechanisations etc.	28	61	17
Structures	24	-	-
Depot repairs of wagons	81	-	-
Total	133	640	239

GTC INVESTMENTS PLANNED FOR THE NEAR FUTURE

- Renewal of operating machinery, modernisation of equipment;
- Renewal and development of depreciated fleet of wagons.



2.4. DIVIDEND POLICY

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.

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

Allocation of dividends for the financial year is planned taking into consideration the level of return on equity, net profit earned, financial ability to pay dividends as well as other circumstances and conditions as set out in the Dividend Policy.

The dividend pay-out ratio, calculated on retained earnings of the Company, depends on return on equity (ROE) at the end of the reporting period.

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

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



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

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

During the recent three years, UAB Geležinkelio tiesimo centras did not pay any dividends.

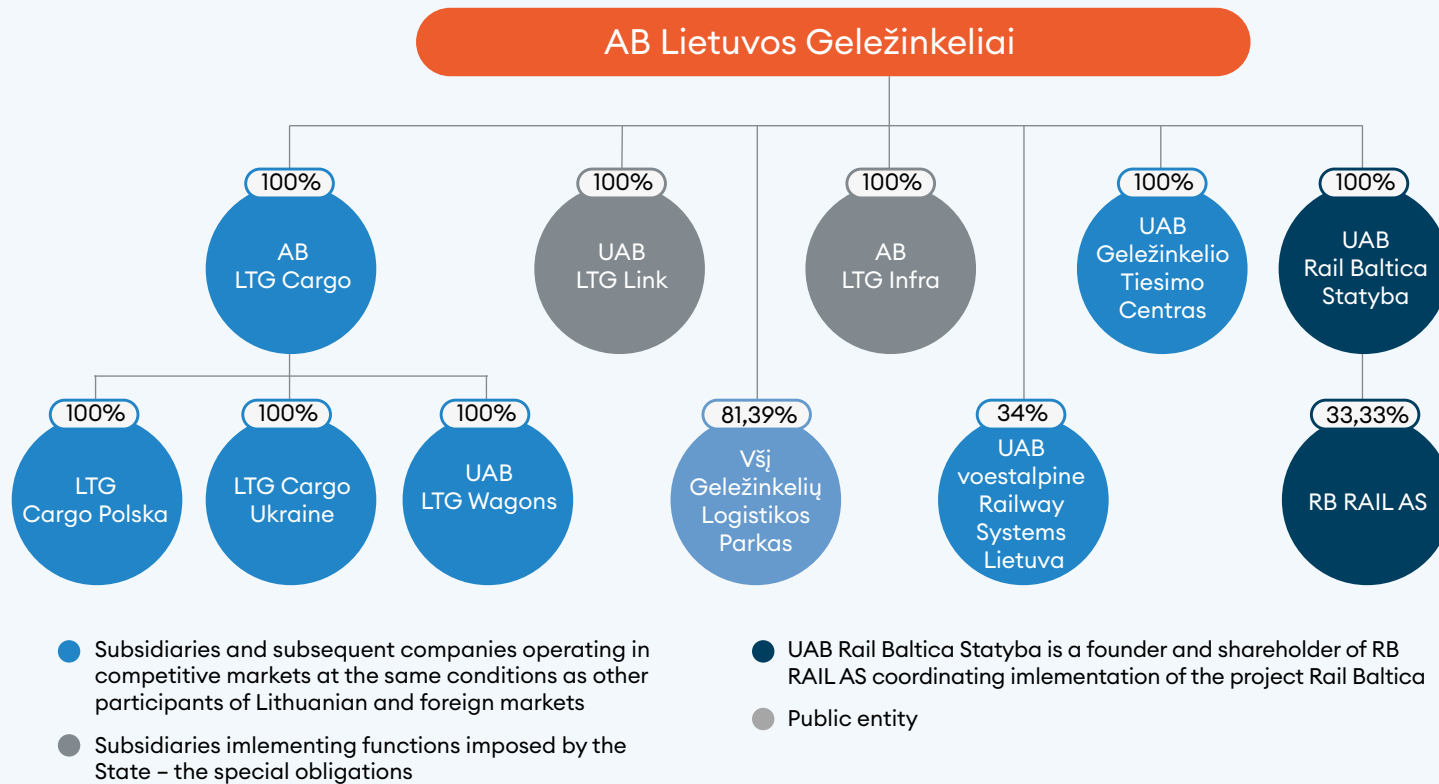


3. GOVERNANCE REPORT

3.1. OVERVIEW

GROUP STRUCTURE

The Company belongs to the LTG Group that is the largest in the Baltic States in terms of freight, passenger transport and infrastructure management. 100% of the Company's shares are owned by AB Lietuvos geležinkeliai. The Company had no subsidiaries in the reporting period.



GOVERNANCE MODEL AND PRINCIPLES

The corporate governance of the LTG Group is organised in such a way as to maintain an effective and results-oriented balance between management and control measurements of the LTG Group. The governance model of the LTG Group is centralised, i.e. the governance bodies of the parent LTG company consider and approve consolidated business strategy, consolidated performance objectives, performance indicators and targets, the consolidated budget and operating plan of the LTG Group. LTG establishes rules and procedures for coordination of the operating plans of the LTG Group companies, their supervision and control.

LTG Group applies the **functional leadership model**, which means that added value is created by centralising operational support, corporate function management as well as the functions themselves, 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.

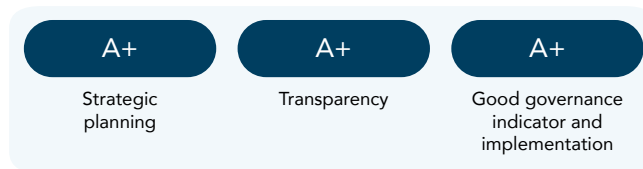
THE CORPORATE GOVERNANCE OF THE LTG GROUP IS ORGANISED ACCORDING TO THE FOLLOWING PRINCIPLES:

- Openness and transparency of operations;
- Compliance of corporate governance with legal regulation and its effectiveness;
- Meeting the expectations of the shareholders;
- Cooperation with stakeholders and their role;
- Effective and efficient risk management and internal control systems;
- Clarity and sustainability of goals;
- Responsibility and accountability of the governance bodies.

GOVERNANCE ACKNOWLEDGEMENTS

In the evaluation of the good governance index of state-owned enterprises (SOEs) for 2023/24, in the category of large enterprises, the LTG Group was recognised as one of the leaders among SOEs and received the highest A+ rating.

The Company received the highest A+ rating in the following categories: strategic planning and implementation and transparency. Good governance indicator is A+.



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

INFORMATION ON SHARES AS AT 31 DECEMBER 2024

Amount of the authorised capital (EUR)	Number of shares (units)	Akcijos nominali vertė, Eur
30,897,354.44	109,748	281.53

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

The shareholder of AB Lietuvos geležinkeliai is the State of Lithuania, it owns 100% of its shares, and the shareholder's rights and obligations are carried out by the Ministry of Transport and Communications of the Republic of Lithuania.

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

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



3. 2. INTERNAL REGULATION

THE COMPANY'S ARTICLES OF ASSOCIATION

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

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

The currently valid Articles of Association of the Company are available on the Company's website <https://gtc.lt/w/bendroves-valdymas/>.

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



OPERATING POLICIES OF THE LTG GROUP OF COMPANIES

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

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

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

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

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

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.

3.3. GOVERNING BODIES OF THE COMPANY

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

- The General Meeting of Shareholders;
- Head of the Company (Chief Executive Officer).

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

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

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

In accordance with the Company's Articles of Association, an additional competency of the General Meeting of Shareholders is to approve the decisions of the Company's CEO regarding the following:

- regarding the approval of operational strategy and long-term goals of the Company;
- regarding the setting the Company's performance indicators;
- regarding the approval of the Company's investment plan;

- regarding the approval of annual budget and operational plan of the Company;
- regarding the investment, purchase and sale of the Company's facilities and assets important for ensuring national security, or any other property transfer, on the revaluated or mortgage transactions;
- regarding the Company's non-current assets, the carrying amount of which is equal to or exceeds EUR 300,000 (three hundred thousand) (without value added tax):
 - investment into the Company's group companies or third parties, transfer or lease of these assets (separately for each type of transaction);
 - pledge or mortgage (aggregate amount of transactions).
- on surety or guarantee of the fulfilment of the obligations of other persons, the amount of which is equal to or exceeds EUR 300,000 (three hundred thousand) (without value added tax);
- regarding acquisition of non-current assets for the price equal to or exceeding EUR 300,000 (three hundred thousand) (without value added tax);
- regarding the conclusion of transactions for the purchase of goods, services and/or works where the value of such transactions is equal to or exceeds EUR 300,000 (three hundred thousand) (without value added tax) (prior to the announcement by the Company of such a purchase of goods and/or services and/or works, or prior to the initiation by the CEO of the Company of the establishment of a dynamic purchasing system for the conclusion of transactions of the values referred to in this paragraph);

dynamic purchasing system for the conclusion of transactions of the values referred to in this paragraph);

- regarding the approval of the essential conditions of the service contracts provided by the Company, if the planned annual income of the contract or the planned income during the entire period of validity of the contract may be equal to or exceed EUR 300,000 (three hundred thousand) (without value added tax);
- regarding the Company's becoming a founder or participant of other legal entities;
- the Company's decision to start a new type of activity or to terminate the Company's activity, if the relevant decision has not been made when approving the Company's strategy;
- regarding the approval of the total amount of the incentive to be awarded to the Company's employees for their annual performance;
- regarding the establishment of the Company's branches or representative offices and approval of their provisions;
- in other cases set out under the Company's Articles of Association.

During the reporting period, the property and non-property rights of the shareholder were not restricted, the shareholder was not granted special rights.

KEY DECISIONS OF THE SOLE SHAREHOLDER IN 2024:

- adopted a decision on the appointment of the CEO;
- approved conclusion of the contracts for simple repairs;
- approved conclusion of the agreement for lease of special railway rolling stock and special wagons;
- approved conclusion of the procurement contracts for repair of machinery used by the Company, purchase of parts, fuel;
- approved conclusion of subcontracting contracts for railway track repairs;
- approved performance results set by the Company and head of the Company for 2023;
- set the amounts required to constitute the Company's incentive fund for annual performance (for the CEO);
- approved the CEO's decision to set the amounts required to constitute the Company's incentive fund for annual performance (for employees);
- approved the set of the Company's financial statements for 2023;
- approved the CEO's decision to conclude a contract for purchase of strategic management fee;
- approved the CEO's decision to establish mutual lending arrangements with AB Lietuvos geležinkeliai;
- approved the CEO's decision to approve the operational plan (budget) for 2025;
- approved the CEO's decision to set the goals of the Company for 2025.

HEAD OF THE COMPANY

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

Rolandas Zabilevičius holds the position of the Chief Executive Officer of the Company. The first five-year term of office of the Chief Executive Officer of the Company began on 17 June 2024.

Education. R. Zabilevičius acquired Master degree in Management and Business Administration at Kaunas University of Technology.

Employments. From 2000 to 2021, R. Zabilevičius held the position of the Director of Commerce at AB Panevėžio keliai. From 2021 to 2023, he held the position of the Chief Executive Officer at AB Panevėžio keliai.

COMMITTEES AND THEIR ACTIVITIES

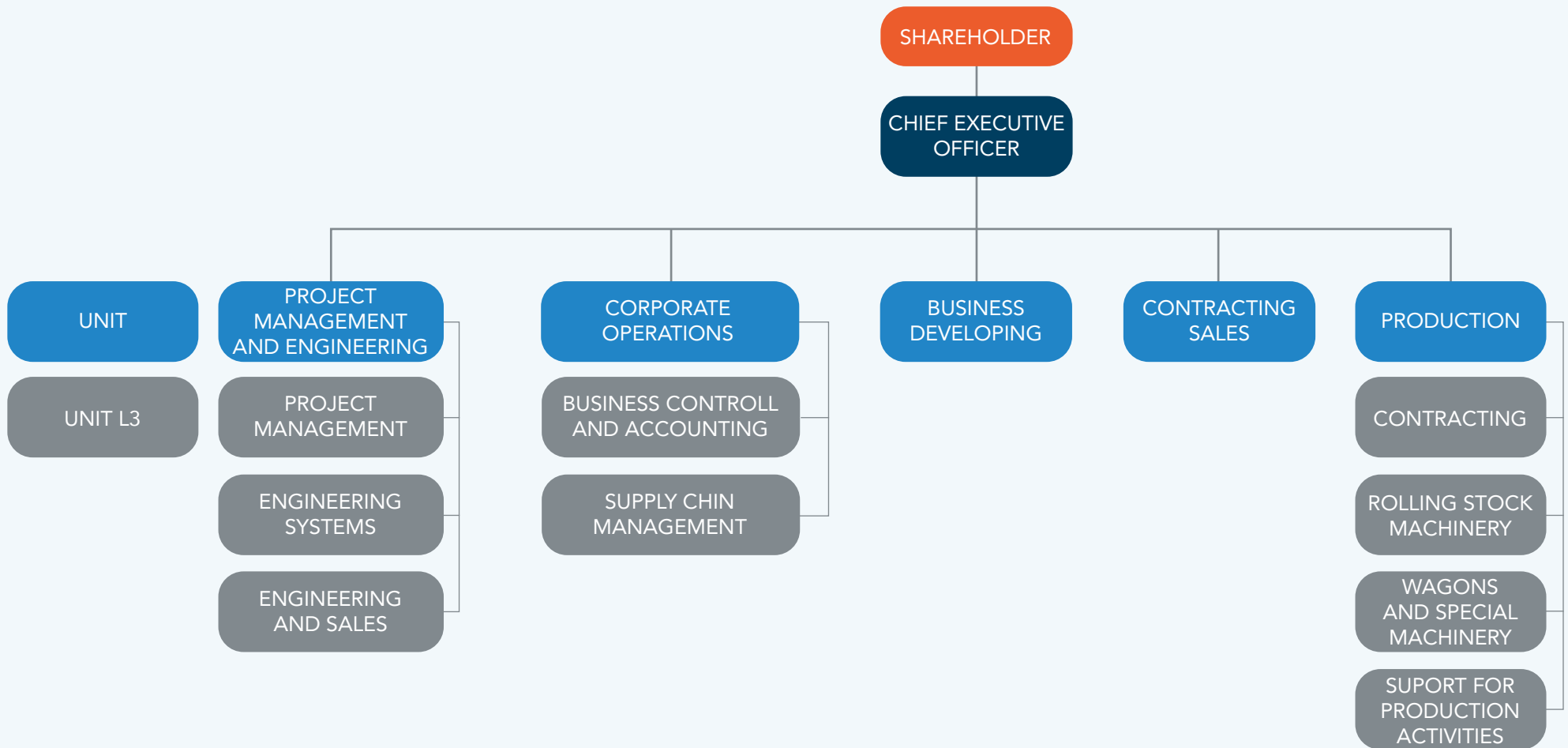
The Nomination and Remuneration and Audit Committees of the Board of AB Lietuvos geležinkeliai acted at LTG Group level.

The main objective of the Audit Committee 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.

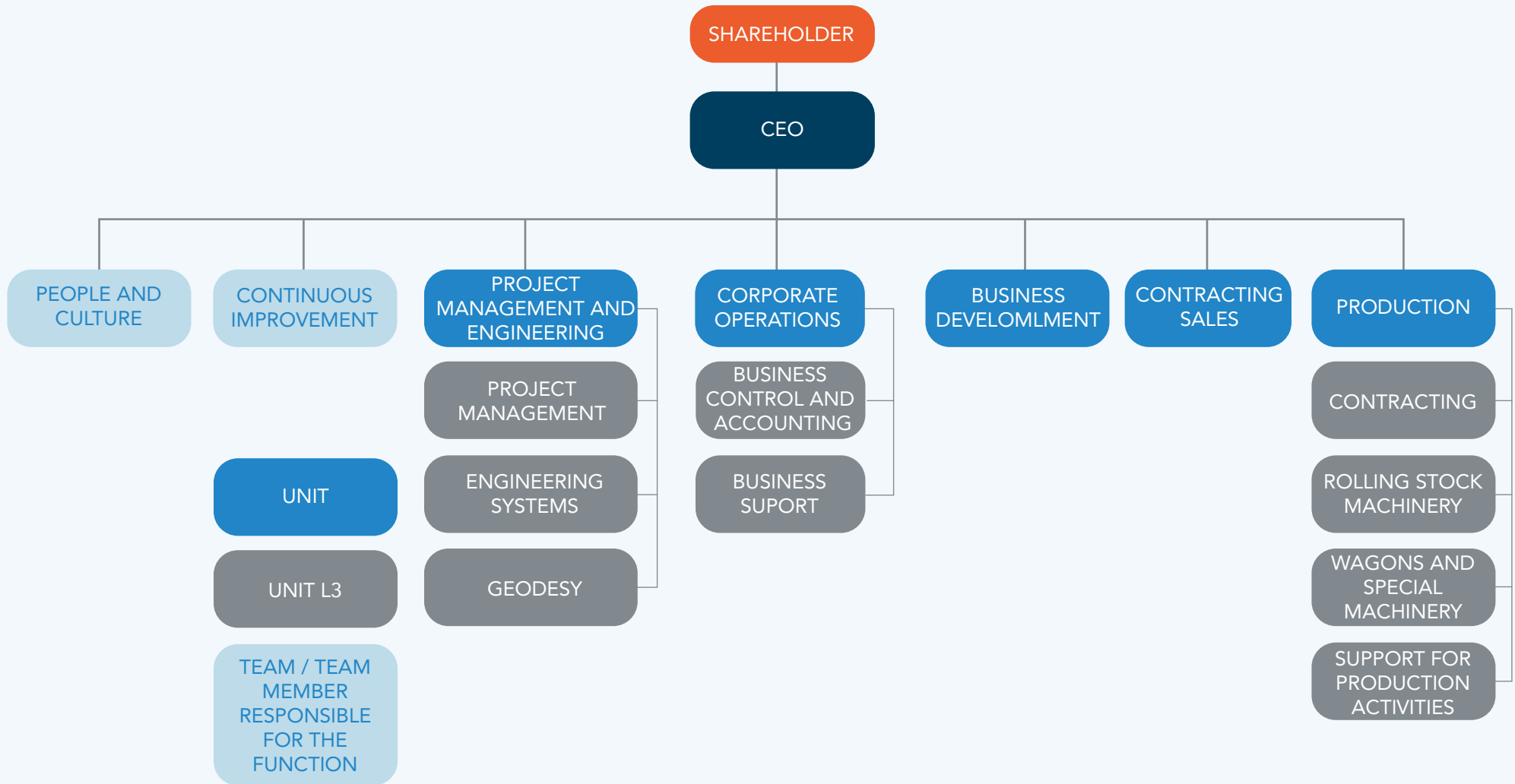
The purpose of the Nomination and Remuneration Committee is to provide conclusions, opinions, recommendations and suggestions to the LTG Board on the selection of members of the governing bodies of LTG Group and on the remuneration policy.

3.4. MANAGEMENT

MANAGEMENT AND ORGANISATIONAL STRUCTURE OF THE COMPANY



**Organisational structure of the Company applicable from 31 December 2024.*

MANAGEMENT AND ORGANISATIONAL STRUCTURE OF THE COMPANY AS OF 1 FEBRURARY 2025

* Organisational structure of the Company applicable from 1 February 2025.

MANAGEMENT OF THE COMPANY

Rolandas Zabilevičius	Chief Executive Officer	Holds office from 17 June 2024
Darius Silius	Chief Executive Officer	Held office from 2 May 2024 until 16 June 2024
Justas Vyžintas	Chief Executive Officer	Held office from 20 February 2023 until 1 May 2024
Nerijus Žekas	Head of Project Management and Engineering	Pareigas eina nuo 2023 m. liepos 7 d.
Darius Silius	Head of Production	Holds office from 7 July 2023
Irmantas Remeika	Head of Contracting Sales	Holds office from 23 July 2023
Erikas Stankevičius	Head of Business Development	Holds office from 20 March 2023
Dainius Suprikas	Head of Corporate Operations Department	Held office from 5 July 2023 until 8 September 2024
Aldona Jakutienė	Head of Corporate Operations Department	Held office from 24 September 2024 to 9 January 2025

INFORMATION ON REMUNERATION OF THE COMPANY'S CHIEF EXECUTIVE OFFICER

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

Basic monthly salary. The basic monthly salary of the Company's Chief Executive Officer, who took office on 17 June 2024, set out in the employment contract amounted to EUR 8,200 as at the end of the reporting period. During the reporting period, the basic monthly salary of the Company's CEO remained unchanged.

The basic monthly salary of the Company's CEO who left the Company in May 2024 was EUR 7 000.

Annual performance incentives. The annual variable remuneration (incentive for annual performance results) might be paid to the Company's Chief Executive Officer in addition to the basic monthly salary. The scheme of incentives shall be approved by the Company's Board. According to this scheme, 60% of the annual incentive payment is influenced by the level of achievements of the LTG Group's annual goals, and 40% is influenced by the level of achievements

of the Company's annual goals. Each year, the Board of the Company approves the structure of the annual goals of the Company, also threshold values and benchmarks for their achievement and, at the end of the year, verifies performance against the goals and the possibility of paying the annual incentive award.

The maximum amount of the variable annual incentive is up to 30% of the annual basic salary. The maximum monthly proportion (i.e. 1/12) of the annual incentive to the current CEO shall not exceed EUR 2,460.

In 2024, a monthly portion (1/12) of the annual incentive to the Company's CEO, who held office until 1 May 2024, for achievement of the goals of the year 2023 amounted to EUR 1,279. The maximum possibility of an annual incentive payment for the previous CEO of the Company could not exceed 30% of the established annual base salary, and the maximum monthly proportion (i.e. 1/12) of the annual incentive could not exceed EUR 2,100.

GOALS OF THE COMPANY FOR 2023

Main goals	Indicators of achievement of goals	Measurement unit	2023	2023 m. tikslų įgyvendinimo rodikliai
Value creation while integrating into western markets	EBITDA margin	Percent	9.7	14.9
Operational efficiency	Return On Assets (ROA)	Percent	0,4	5,5
Comprehensive safety	Lost Time Injury Rate (LTIIR)	Number of accidents * million / hours actually worked	5.4	3.98

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 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.

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

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

In 2024, internal audit continued to focus on the implementation of quality assurance and improvement programme. Such continuous monitoring of performance allows us to initiate and implement necessary decisions to improve the activities of the audit division. 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.

MANAGEMENT OF INTERESTS

At the end of the reporting period, the CEO and the managers of the Company have submitted declarations on private interest, which can be found on the website of the Ethics Commission at <http://www.vtek.lt>.





—○ 4. EMPLOYEES

INITIATIVES AND KEY EVENTS IN 2024

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



- Special attention was paid to fostering the LTG Group's values (Customer, Responsibility, Cooperation, Improvement) – team activities were organised in Lithuania and Poland using a unique board game „LTG Genas“ developed by LTG employees and external suppliers. As more and more employees are involved in this format, we have seen an increase in the awareness of values, team building, mutual knowledge, cooperation and trust in each other.
- A periodic extended organisational culture survey „Voice of Employees“ was carried out, measuring employee engagement, satisfaction, employee (eNPS) and customer loyalty (NPS) indicators, identifying progress in organisational culture and areas for improvement. In 2024, the study revealed high employee engagement, satisfaction and rapidly growing loyalty rates, significantly above the Scandinavian transport sector average.
- To embed the principles of inclusive and nurturing leadership, measures have been implemented to strengthen leadership competences: continuous development programmes for middle level and team leaders, e-learning cycle for leadership competences, leadership through strengths sessions; shift programme, updated and digitalised training programme for new managers, „The Manager's Standard“. To ensure the development of the necessary competences, mandatory and professional training has been organised through external suppliers and the LTG Group's internal resources, which include an e-learning and knowledge testing base and in-house trainers' training. In line with the principles of flexible learning, the „Friday for Growth“ initiative was implemented for the personal growth of all LTG Group employees, covering topics such as sustainability, emotional well-being, personal effectiveness, digital literacy, etc. In order to improve the learning experience of new LTG employees during their adaptation to the organisation, a „Newcomer“ programme was developed, based on video training content and interactive group activities.
- The LTG group became a member of the Diversity Charter. A diversity awareness project was also initiated, SOPA's DUOday initiative was joined, Diversity Month was celebrated in May, the ABC of Equality and Non-Discrimination training was launched, and the Equal Opportunities Ombudsman's Office awarded the LTG group the third Equal Opportunities Wing out of a possible three for its commitment to a safe and inclusive environment.
- The LTG group has paid particular attention to cooperation with educational institutions: in order to raise the profile of the railway professions and to encourage students to pursue engineering studies, knowledge and experience were shared at conferences, lectures, panel discussions, working groups, active involvement in initiatives of educational partners, suggesting railway topics for final theses at higher education institutions, and carrying out LTG group shadowing projects. The Company active participated in the project „Transport and Communications Career Laboratory“ initiated by the Ministry of Transport and Communications of the Republic of Lithuania and in the project „Vilnius is a School“ initiated by the Vilnius City Municipality and the EDU. A consortium agreement was signed for the Massachusetts Institute of Technology (MIT) International Science and Technology Initiatives (MISTI) programme for Lithuania. A cooperation agreement was signed with the State College of Šiauliai to expand the range of educational partners. The doubling of the number of young talents involved in the Growing Leaders internship programme, now in its third consecutive year, was also encouraging.
- The Company's senior management team was fully established in line with the Company's strategic objectives and priorities.

NUMBER OF EMPLOYEES AND THEIR REMUNERATION

Position group	31/12/2024**						31/12/2023		31/12/2022	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
Head of the Company*	1	-	1	8,200	-	8,200	1	7,000	1	6,600
High level executives*	1	-	1	7,000	-	7,000	1	6,750	3	5,468
Senior executives and specialists in exceptional fields	5	1	4	5,333	-	-	5	4,968	3	4,482
Middle-level managers and individual experts	10	4	6	4,186	-	-	13	3,669	20	3,553
Team leaders and experienced specialists	38	5	33	2,826	2,402	2,906	43	2,500	58	2,302
Specialists and experienced operational/service staff	65	8	57	2,159	1,831	2,202	73	2,041	92	1,821
Operational/service staff, qualified workers	74	-	74	1,744	-	1,750	91	1,656	114	1,426
Total	194	18	176	2,320	2,453	2,307	227	2,130	291	1,947

* fixed remuneration at the end of the period. The components of the remuneration of the Company's Chief Executive Officer are described in the Governance section of the Governance Report. The average monthly salary of top-level managers as established in their employment contracts as at 31 December 2024 amounted to EUR 7000, and the average actual salary of this function group, taking into account the annual performance incentives, amounted to EUR 7420.

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

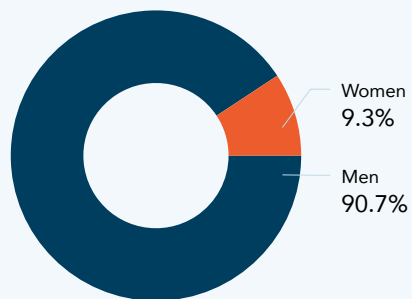
As at 31 December 2024, the **number of the Company's employees** was 194, 1 employee was on long-term leave (parental leave, maternity leave, military service, etc.). The number of employees has decreased by 33 or 14.5%, compared to the data as at 31 December 2023.

The **average monthly salary**, compared to 2023, changed from EUR 2130 to EUR 2320. The most significant impact on salary increases has been made by the remuneration review implemented across the LTG Group in April.

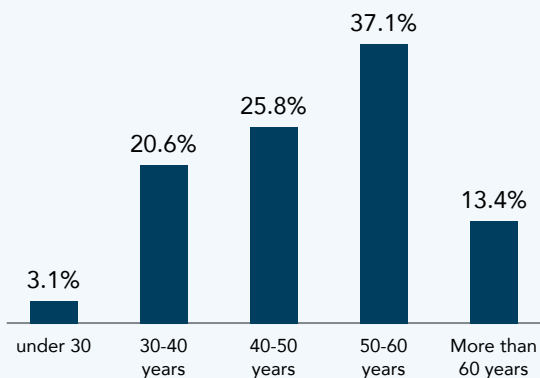
The total remuneration fund amounted to EUR 6.2 million and, as compared to 2023, decreased by EUR 1.9 million (from 8.1 million to 6.2 million). In addition, in April 2024, as in other LTG Group companies, the annual incentives for performance in the amount of EUR 0.28 million were paid to the Company's employees.

DISTRIBUTION OF THE COMPANY'S EMPLOYEES BY AGE, GENDER, LENGTH OF SERVICE AND EDUCATION AS AT 31

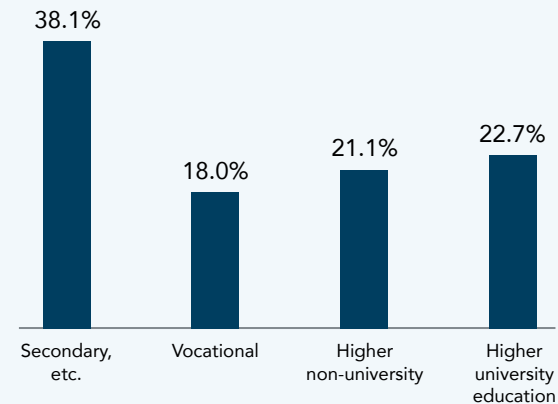
Employee distribution by gender, %



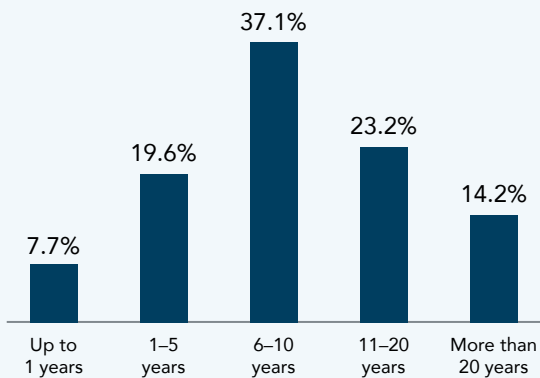
Employee distribution by age groups, %



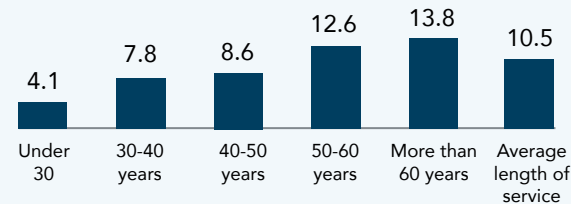
Employee distribution by education, %



Employee distribution by length of service, %



Employee distribution by average length of service, years



PEOPLE AND CULTURE POLICY

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



REMUNERATION AND PERFORMANCE MANAGEMENT

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

- a competitive remuneration package to attract and retain employees with the necessary competencies;
- equal opportunities and non-discrimination in summarising employee performance and determining remuneration;
- the principle of internal fairness in the remuneration for similar work;
- increasing inclusion;
- an incentive for employees to improve their skills and enhance competencies;
- promoting transparency and responsible governance;
- effective personnel cost management and creation of shareholder value.

The key elements of setting and reviewing remuneration are:

- **methodological appraisal 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 is used to publish the results of methodological position appraisal in the organisation. Each employee has access to information on the corporate levels of his/her position and other positions within the organisation, as well as on the basic salary ranges for each corporate level, providing systematic measures of embedding the principles of transparency and assessing internal career opportunities.

The periodic review of basic salaries is carried out annually and the principles of the review are linked to clear and objective

criteria - the comparison of the existing remuneration of employees with the market, the Company's financial results and the budget allocated for the review, as well as a summary 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 Company's monthly payroll fund by EUR 26 thousand, and 94% of staff have received a pay rise on the basis of uniform review criteria.

After the end of the financial year and after an assessment of the Company's performance, an annual performance incentive fund is established by a decision of the Company's Board. Such fund is an incentive for employees at the initiative of the employer for a job well performed and positive results of the Company, as specified in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, and which is allocated pursuant to Article 142(1)(2) of the Labour Code of the Republic of Lithuania. This incentive is also forward-looking as an incentive for employees, and individual opportunities for such incentive are linked to the corporate levels of positions and the evaluation of each employee's annual performance. In April 2024, the incentive fund distributed to the Company's employees for 2023 performance amounted to EUR 0.28 million.

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

The Company's package of fringe benefits 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 Collective Agreement of the branch and the Remuneration Methodology. Employees are also provided with a discount programme for various goods and services, insurance against accidents and additional

voluntary health insurance, which compensates employees for outpatient and inpatient treatment and diagnostics, preventive health check-ups and vaccinations, medicines and medical supplies. In addition, staff can choose between dental, rehabilitation or optician services. Each year, about 80% of employees choose to take out supplementary voluntary health insurance.

The remuneration policy approved by the LTG Board is applied to all subsidiaries and is publicly published on the Company's website under [Remuneration section](#). The implementation provisions of this policy are described in the Remuneration Methodology and internal process standards are used to define more detailed principles for practical implementation. All relevant documents are published on the LTG Group's intranet, a knowledge base for employees, as well as in the news section.

Information on the average salary of the Company's employees by general function group is publicly available on the Company's website in the remuneration section, and is updated after the end of each calendar quarter. At the same time, the update also reveals a comparison of average wages for women and men. The applied objective and unified remuneration management principles that ensure equal opportunities in the

Company, reveal that the actual differences between the average remuneration of women and men, as monitored by general function groups, remain similar to those in the previous year. The overall average remuneration of women in the Company is slightly higher than that of men due to the small number of women as women make up only 9% of employees and 10 out of 18 women employed by the Company took positions where the average remuneration is significantly higher than the overall average remuneration in the Company. At the same time, the average remuneration of women was lower than that of men in the position groups of team leaders and specialists and experienced operational staff. The differences in these position groups are due to the overall distribution of women and men, i.e. more men than women work in the railway industry in general as well as 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 market remuneration is higher.

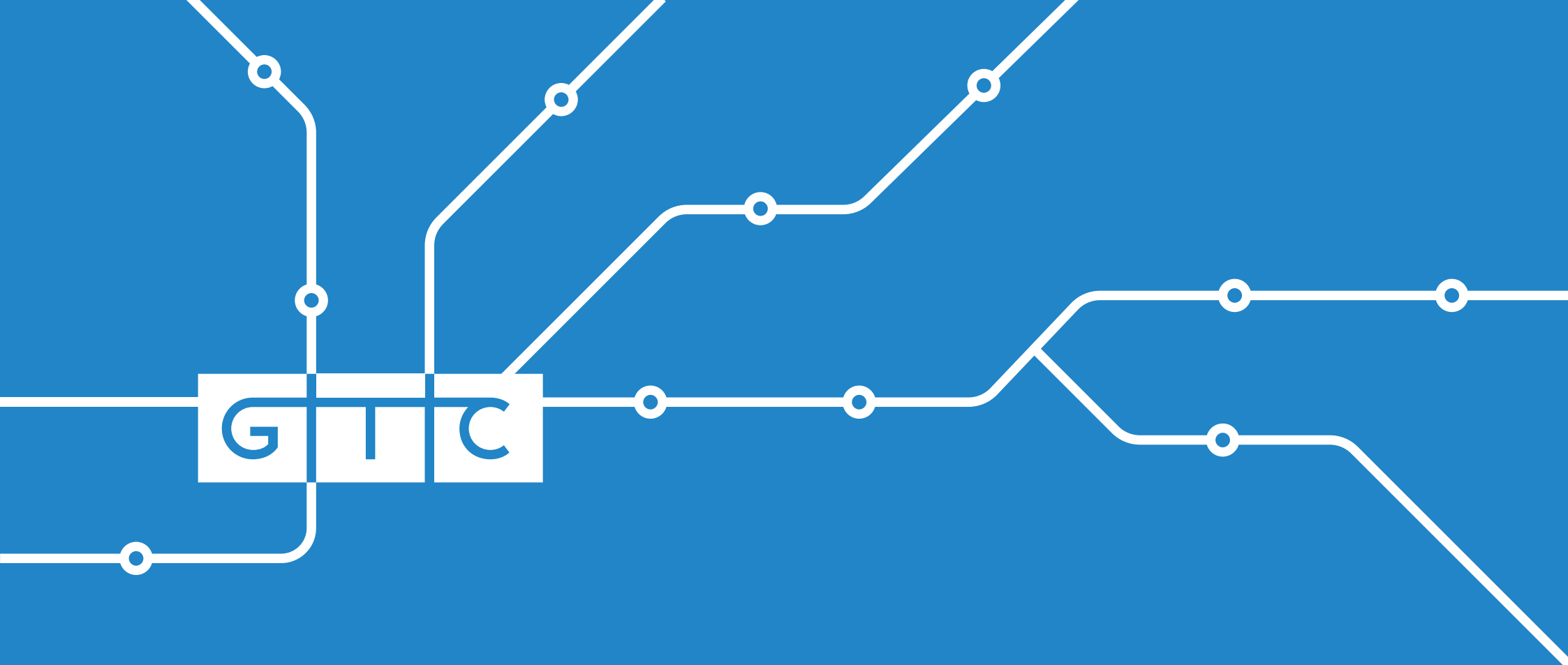
RATIO OF AVERAGE SALARIES OF WOMEN AND MEN IN THE COMPANY

Function group	2024	2023	2022
All employees	1 : 1,06	1 : 1,02	1 : 1,00
Team leaders and experienced specialists	1 : 0,83	1 : 0,81	1 : 0,78
Specialists and experienced operational/ service staff	1 : 0,83	1 : 0,85	1 : 0,89

* *lentelėje lyginamas moterų ir vyrų vidutinio darbo užmokesčio santykis, kur vyrų darbo užmokestis yra prilygintas 1, o moterų gautas moterų darbo užmokestį padalijus iš vyrų darbo užmokesčio.*

** *dėl konfidencialumo VDU santykio informacija pagal lytį neatskleidžiama, jei pareigybių grupėje yra mažiau nei 5 vienos lyties darbuotojai.*





GIC

5. REPORT ON RISKS AND THEIR MANAGEMENT

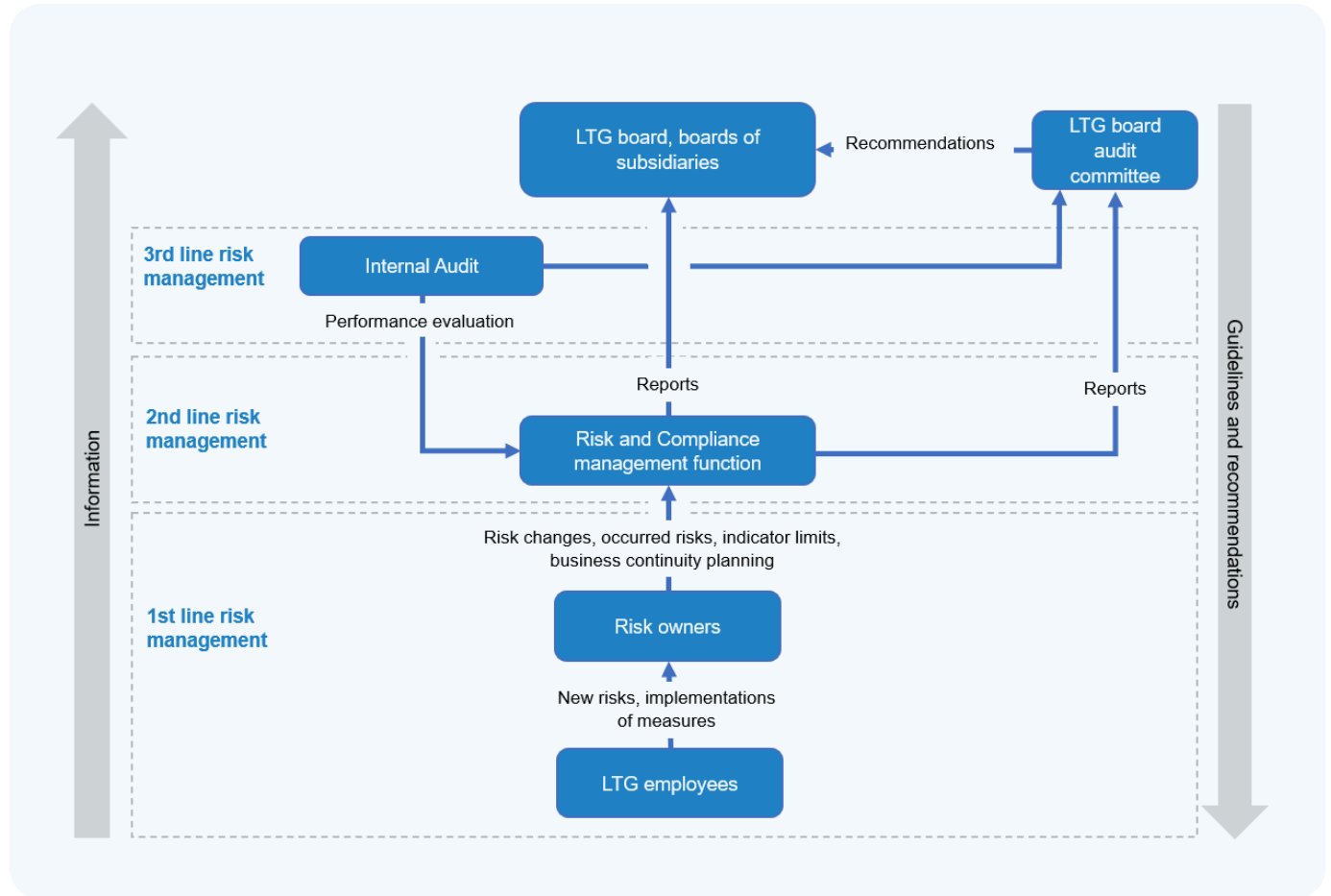
The LTG Group's unified risk management system is implemented and continuously improved in the Company. It is defined in the LTG Group's risk management policies, methodologies and process standards, which have been developed with reference to the International Organization of Standardization's (ISO 31000) and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO ERM) Enterprise Risk Management (ERM) international standards, as well as best practice examples.

The LTG Group allocates risk management responsibilities according to the [Three Lines Model](#).

It is based on:

- 1st line risk management activities are performed by the managers and employees of LTG Group companies and LTG corporate functions, which identify, assess and manage risks, ensuring the development of continuity plans.
- 2nd line risk management activities are performed by LTG Risk and Compliance Management, which develops and improves the overall system and performs coordination and control activities, provides advice and education on methodological and expert risk management issues to companies and units performing 1st line risk management activities, and prepares risk management reports to senior management.
- 3rd Line risk management is performed by the Internal Audit Division of LTG, which carries out an independent assessment of the effectiveness of risk management levels 1 and 2, and provides comments and recommendations.

The figure below discloses the risk management system, detailing the flow of information and distribution of responsibilities.



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

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

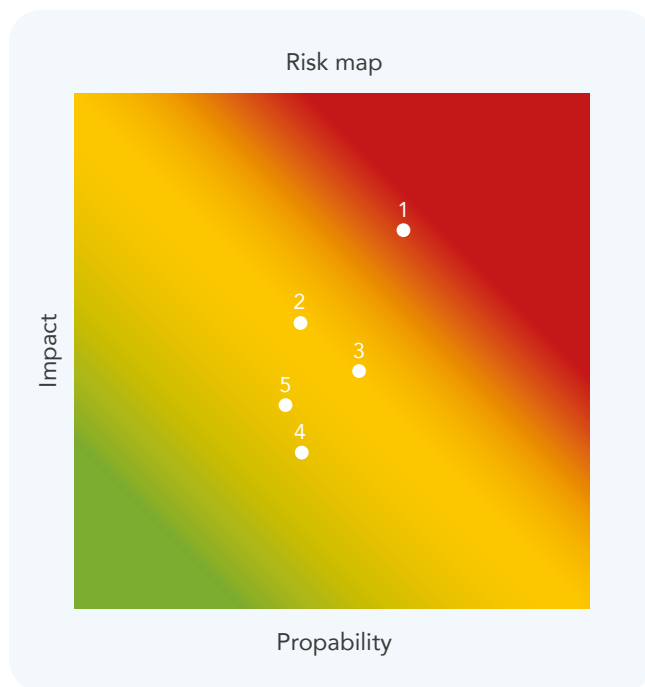
The level of identified risks is assessed by determining their likelihood and potential impact (considering financial, legal, reputational, business continuity and employee safety impacts) and assigning them to one of four risk categories (strategic, operational, financial, compliance). In this context, 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.

A well-established and settled reporting system ensures the periodic and timely dissemination of risk-related information. 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 LTG Group Management Board is informed on a monthly basis about the risks exceeding the appetite. This cyclical system not only helps to monitor the status of identified risks, but also provides an opportunity to discuss the emergence of new risks.

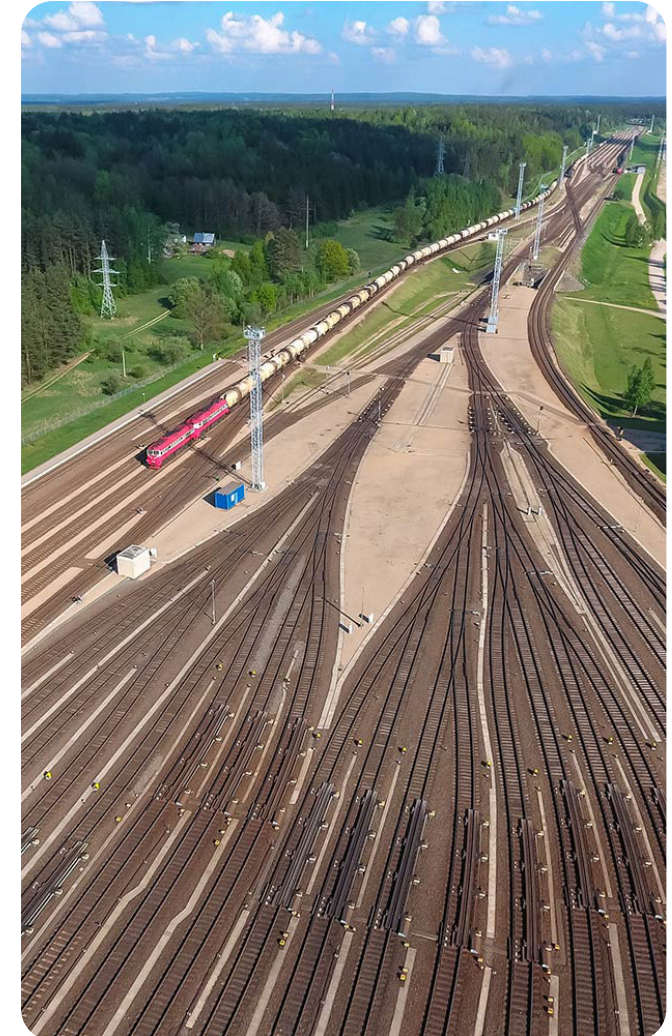
In the LTG Group, strategic decisions are made in the light of past experience, the risks and resilience identified and managed by the activities carried out, as well as the external context and related global factors. Based on the nature of the Company's business, the main risks that were relevant in 2024 are presented below.

MAIN RISKS AND THEIR MANAGEMENT MEASURES

1. Loss of competitiveness of the Company
2. Risk of delays in contractual projects
3. Lack of specific competences in the market
4. Supply chain disruptions
5. Risk of safety incidents



Risk	Main sources of risk	Potential impact	Basic risk management measures
Loss of competitiveness of the Company	Changes in the regulatory environment	- Financial impact - Ensuring going concern - Reputation damage	- Action plan to maintain operational flexibility - Operational efficiency
Risk of delays in contractual projects	- Lack of efficiency in project management - Delays in the supply of materials	- Financial losses - Ensuring going concern - Reputation damage	- Supplier reliability assessment - Implementation of efficiency initiatives - Development of project management tools
Lack of specific competences in the market	- National labour market trends - Long training time for specialists - Lack of occupational prestige of certain professions - Ageing of employees	Potential impact on continuity of critical activities due to lack of human resources	- Improving working conditions - Enhancing the prestige of the position - Creating an employer image
Supply chain disruptions	- Increase in prices of materials and raw materials - Increased delivery times - Possible sanctions for suppliers	- Operational failures due to lack of repair parts - Delays in works	- Advance planning - Search and validation of alternative suppliers - Implementation of the procedure for verifying the compliance of suppliers with sanctions - Rolling stock restoration programmes - Improvement of staff competences
Risk of safety incidents	- Failure to comply with work safety instructions - Failure to comply with technological requirements during repair work <i>Inherent risks that are specific to the performed activity. The management of these risks requires high level of attention, continuous and systemic measures</i>	- Financial losses due to damage to rolling stock or infrastructure - Damage to reputation due to failure to ensure worker safety	- Periodic training and coaching - Periodic monitoring of physical and technical security - Quality control reviews





6. ADDITIONAL INFORMATION

6.1. EXTERNAL AUDIT INFORMATION

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

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

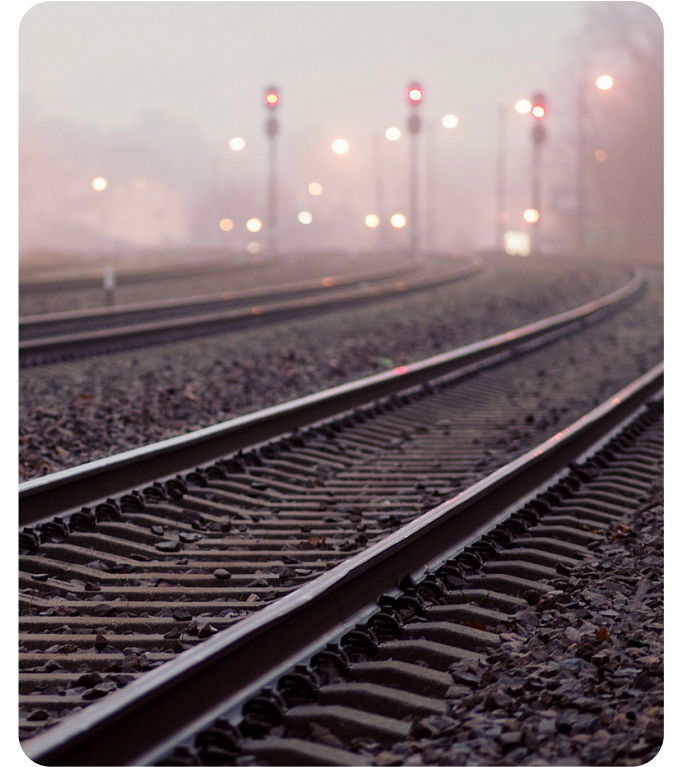
The audit fee set for the audit of the financial statements (including translation services) for 2024 amounts to EUR 33 thousand (excluding VAT).

During the reporting period, the auditor provided services of translation of the financial statements. During the reporting period, the auditor did not provide any additional services not related to the audit of the financial statements of the Company.

6.2. INFORMATION ABOUT SUSTAINABILITY REPORT

During the reporting period, the Company has not had any financial liabilities related to ESG (Environmental, Social and Governance) performance indicators, and they have neither faced any litigation or complaints regarding climate change related or similar events, nor incurred additional costs that would significantly affect the financial statements.

Details, goals and indicators related to **environmental protection, personnel, human rights, anti-corruption and anti-bribery** is disclosed in the LTG Group's Consolidated Management Report for 2024, where the Sustainability Report forms part thereof, covering information on sustainability related matters both of the parent company and the subsidiaries. LTG Group's Sustainability Report for 2024 follows European Sustainability Reporting Standards (ESRS), the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, while incorporating the recommendations and best practices of the Governance Coordination Centre. GTC does not prepare a separate sustainability report as all its activities directly contribute to LTG Group's overall sustainability goals and commitments.



SUSTAINABILITY MANAGEMENT IN LTG GROUP

LTG strives to operate with minimal environmental impact while maximising positive contributions to quality of life. Sustainability activities across the Group are managed centrally. The **LTG Strategy** and LTG Group **Sustainability Policy** serve as the primary documents establishing the group's sustainable development goals and directions. The LTG Sustainability Policy, updated in 2024, is a key document defining LTG's sustainability objectives, tasks, principles and priorities. The policy establishes long-term environmental, social and governance priorities in areas where LTG's operations have the greatest environmental impact and potential to create significant value and change.



GTC, as part of LTG Group, aligns its environmental, social and governance priorities and strategic objectives with areas where operations have the most significant environmental impact and potential for creating measurable value and change. GTC strategy defines the following key long-term sustainability objectives and indicators across environmental, social and governance dimensions:

Strategic objectives and aspirations		Item	2025	2029
Environmental protection	Reduce environmental impact of activities	CO ₂ emissions per revenue unit, tCO ₂ e/kEUR	0.12	0.12
	Optimise energy costs	Total energy costs for operations per revenue unit, MWh/kEUR	425	405
	Increase the level of occupational safety	Lost Time Injury Rate (LTIFR) accidents per million working hours	5,4	3,6
Social responsibility	Inclusive high-performance culture	Employee engagement indicator (measured in the course of employee survey, %)	81	82
	Maintain low level of risk to society	Safety risk indicator: weighted number of major and minor incidents per million train kilometres	0	0
Governance	To maintain the Good Governance Index	Good governance score	A+	A+

LTG envisions a future grounded in sustainability culture, where all business decisions align with rigorous sustainability principles and values. The LTG's sustainable operations are guided by UN Global Compact principles, Paris Agreement resolutions, and EU strategic documents (including the European Commission Communication on promoting corporate social responsibility and the Green Paper). Additionally, the sustainability framework incorporates the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and recommendations of the Governance Coordination Centre established by the Government of the Republic of Lithuania, ensuring implementation of good governance principles in state-owned enterprises.

LTG maintains a sustainable and conscientious approach to environmental stewardship and stakeholder relationships, encompassing employees, society, state institutions, customers, suppliers, and partners.

THE COMPANY'S SUSTAINABILITY ACTIVITIES

The Environmental Area section of the LTG Group's Sustainability Report discloses environmental targets and priorities of the LTG Group aimed at contributing to reduction of environmental impact and climate change mitigation as well as becoming a climate-neutral organisation by 2050; in addition, it also discloses the initiatives and projects carried out by the LTG Group, including the Company, aimed at reducing the impact on the climate and the environment, and the environmental indicators monitored.

In 2024, GTC sought to use environmentally friendly methods and tools in its operations, with the aim of modernising its operations in line with the principles of sustainability as part of its business strategy. Major environmental initiatives included the following projects:

- Optimisation of real estate in use: abandonment or conservation of inefficient or unused premises by relocating activities and staff to other premises.
- Upgrading lighting systems by replacing existing technologies with more energy-efficient solutions;
- Automatic light sensors in common areas to reduce energy consumption;
- Upgrading of small machinery used in operations to electric ones (e.g. impact wrenches and other tools).

The **Social Area section** of the LTG Group's Sustainability Report discloses the LTG Group's social priorities, initiatives carried out throughout LTG Group companies to ensure well-being, development, safe work environment, equal opportunities, etc. for employees, also unified policies, standards and other internal documentation regulating personnel related issues applied within the LTG Group as a whole, and the monitored priority indicators related to personnel.

Employee engagement and well-being remain among the Company's key social priorities. Detailed information about GTC's employee-related indicators, objectives and achievements can be found in the Employees section of this annual management report, with comprehensive measures outlined in the LTG Group report.

It is important to note that GTC has valid certificates of Environmental Management System ISO 14001:2018 and Occupational Safety and Health Management System ISO 45001:2018 which confirms that environmental protection and occupational safety management meets the highest standards.

The LTG Group follows the **principle of zero tolerance for corruption**, which means that Group companies do not tolerate any form of corruption. In the Governance Area section of the LTG Group's Sustainability Report, internal documents which, in addition to the laws and regulations of the Republic of Lithuania, regulate corruption prevention within the LTG Group, including conclusion of business transactions and public procurements, and which are followed by each LTG Group company in the course of their activities. It discloses corruption risks and their management measures, measures of employee training on corruption prevention, corruption resistance indicators monitored. It should be noted that the LTG Group for several years has been working in accordance with the international standard 37001:2016 *Anti-corruption management systems. Requirements and Guidelines for Use*, and focuses on the review and improvement of internal business processes.

Information on sustainability activities and projects of the LTG Group is also available on the website of the parent company at <https://www.Ltg.Lt>.

6.3. INFORMATION ON THE MAIN INTANGIBLE RESOURCES

Information on the main intangible resources and their impact on the business value is disclosed in the sections Strategy, Government Report, Employees, Information on Sustainability Report of the Company's management report.

More information is provided in the consolidated management report of the LTG Group, the integral part of which is the Sustainability Report that includes sustainability-related information of the parent company as well as all subsidiaries including the information on intangible resources (human resources, working conditions, training and applicable motivational systems, value creation mechanism and participants of the value chain, use of innovative technologies in activities and innovative projects in progress, relations with customers, suppliers and investors as well as their management, all unified policies and standards applicable across the LTG Group, etc.).

6.4. INFORMATION ON COMPLIANCE WITH THE GUIDELINES FOR ENSURING TRANSPARENCY OF STATE-OWNED ENTERPRISES

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

STRUCTURED INFORMATION OF THE COMPLIANCE WITH THE GUIDELINES ON TRANSPARENCY

Clause of the Description	Provision of the description	Yes/No
Section II		
DISCLOSURE OF INFORMATION OF A STATE-OWNED ENTERPRISE		
5.	The following data and information must be announced in the internet website of a state-owned enterprise:	-
5.1.	Name;	Yes
5.2.	Code and register, where data about the company is filed and stored;	Yes
5.3.	Headquarters (address);	Yes
5.4.	Legal status, if a state-owned enterprise is under reformation, reorganization (indicate the way of reorganization), liquidation, is becoming or has become bankrupt;	Legal status not registered
5.5.	The name of the institution representing the State and a link to its website;	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;	Not formed
5.11.	Names of committees, if formed; data about their chairmen and members;	Disclosed in the website of the parent LTG
5.12.	The sum of the nominal values of the state-owned shares (in euro to the nearest euro cent) and the share (in percentage) in the authorized capital of the state-owned enterprise;	Yes
5.13.	The performed special obligations that are determined as to recommendations approved by the Minister of Economics and Innovations of the Republic of Lithuania: the purpose of the special obligations, state budget appropriations allocated their implementation in the current calendar year and the legal acts entrusting the state-owned enterprise with the performance of the special obligation, the conditions for fulfilment of the special obligations and (or) regulatory pricing;	The Company does not fulfil special obligations
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



Clause of the Description	Provision of the description	Yes/No
7.	The following documents shall be announced in the website of a state-owned enterprise:	-
7.1.	Articles of Association;	Yes
7.2.	Statement from an institution representing the State regarding the establishment of the goals and expectations of the State in a state-owned enterprise;	Yes
7.3.	The business strategy or a summary thereof in cases where the business strategy contains confidential information or information which is considered a commercial (industrial) secret;	Yes
7.4.	Document establishing the remuneration policy, setting out the remuneration of the head of a state-owned enterprise and the remuneration of members of collegial bodies and committees formed in a state-owned enterprise, as detailed in the Code of Corporate Governance;	Yes
7.5.	Annual and interim reports of a state-owned enterprise, annual and interim activity reports of a state-owned enterprise for a period of at least five years;	Yes
7.6.	Annual and interim financial statements and auditor's reports on annual financial statements for a period of at least five years;	Yes
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
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
9¹.	When a company is a subsidiary or a subsequent subsidiary of a state-owned enterprise, the details of its parent company specified in Clauses 5.1–5.3 of the Description as well as the link to the parent company's website must be published on its website.	Yes
10.	If details specified in Clause 5, 6, 7.1–7.4, 8, 9 and 91 of the Description change or are found to be false, information and documents must also be immediately corrected on the website.	Yes
11.	A set of annual financial statements of a state-owned enterprise, an annual report of a state-owned enterprise, an auditor's report on the annual financial statements of a state-owned enterprise must be posted on the website of the state-owned enterprise within 10 business days after their approval.	Yes
12.	Sets of interim financial statements of a state-owned enterprise, interim reports of a state-owned enterprise must be posted on the website of the state-owned enterprise within 2 months after the end of the reporting period.	Yes
13.	Documents specified in Clause 7 of the Description must be posted in the PDF format with the option of printing.	Yes



Clause of the Description	Provision of the description	Yes/No
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
15.	In addition to a set of annual financial statements, a state-owned enterprise must prepare a set of interim financial statements for periods of 6 months, and a state enterprise prepares sets of interim financial statements for periods of 3, 6 and 9 months.	Yes
16.	A state-owned enterprise, considered to be a public interest company in accordance with the Law on the Audit of Financial Statements of the Republic of Lithuania, apart from the annual report must additionally prepare a 6-month interim report. 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 activity report must additionally prepare a 6-month interim activity report.	Yes
17.	The following additional details must be provided in an annual report of a state-owned enterprise or an annual activity report of a state enterprise:	-
17.1.	A short description of the operating model of the state-owned enterprise;	Yes
17.2.	Information about major events, which had occurred during a fiscal year and later (prior to the preparation of the annual report or the annual activity report) and which were of primary importance to the activities of the state-owned enterprise;	Yes
17.3.	The results of implementation of the targets specified in the established business strategy of the state-owned enterprise;	Yes
17.4.	The profitability, liquidity, assets negotiability, and debt indicators;	Yes
17.5.	The fulfilment of the specific obligations;	The Company does not fulfil special obligations
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 II of the Description, including the information on how they are being implemented, what provisions have not been complied with and why.	Yes



Clause of the Description	Provision of the description	Yes/No
18.	State-owned enterprises, which are not imposed a duty to prepare a social responsibility report, are recommended to respectively provide information in their annual reports on the issues of environmental protection, social and personnel-related issues, the protection of human rights, anti-corruption and anti-bribery measures.	Yes
19.	If the information specified in Clause 17 of the Description is considered a commercial (industrial) secret or confidential information of a state-owned enterprise, the state-owned enterprise is entitled not to disclose such information; however, it must specify in its annual report or the annual activity report that this information is not being disclosed and specify reasons for nondisclosure.	Yes
20.	Other information not specified in the Description may be provided in an annual report of a state-owned enterprise.	Yes
21.	A state-owned enterprise, which is a parent company, must provide the structure of the group of companies, the details of each subsidiary specified in Clauses 5.1–5.3 of the Description, the equity interest in the subsidiary (the percentage share), the financial and non-financial performance results of a fiscal year in its consolidated annual report, and if it is not obliged to prepare a consolidated annual report, in its annual report. If a state-owned enterprise, which is a parent company, prepares a consolidated annual report, the requirements of Clause 17 of the Description apply to it mutatis mutandis.	Yes
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

6.5 DEFINITIONS

Item	Formula
Revenue	Sales revenue + Other operating income (excluding income from financial activities)
Sales revenue	Revenue, excluding income from other activities and income from financial activities
Costs	Costs, excluding the Corporate tax and Financial expenses
Financial debt	Long-term loans + Long-term lease liabilities + Current portion of long-term loans + Short-term loans + Current portion of lease liabilities
Net debt	Financial debt - Cash and cash equivalent investments
Return On Equity (ROE)	$\frac{\text{Net profit (loss) for the last 12 months period}}{\text{Average equity at the beginning and end of the reporting period}}$
Return On Assets (ROA)	$\frac{\text{Net profit (loss) for the last 12 months period}}{\text{Average assets at the beginning and end of the reporting period}}$
Return On Investment (ROI)	$\frac{\text{Net profit (loss) for the last 12 months period}}{\text{Average of assets at the beginning and end of the reporting period} - \text{Average of current liabilities at the beginning and end of the reporting period}}$
EBIT	Profit (loss) before the corporate tax – the result of financial activities
EBITDA	Profit (loss) before the corporate tax – the result of financial activity + depreciation and amortisation
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	$\frac{\text{EBITDA}}{\text{Sales revenue}}$

Item	Formula
Adjusted EBITDA margin	$\frac{\text{Adjusted EBITDA}}{\text{Sales revenue}}$
Net profit margin	$\frac{\text{Net profit (loss)}}{\text{Sales revenue}}$
Equity ratio	$\frac{\text{Equity at the end of the reporting period}}{\text{Assets at the end of the reporting period}}$
Debt Service Coverage Ratio	$\frac{\text{Net profit/(loss) for the last 12 months + amortisation, depreciation and grant costs of the last 12 months + interest expenses of the last 12 months (adjusted considering the non-monetary items)}}{\text{Amortisation of debt for interest + Interest payable for the last 12 months}}$
Asset turnover ratio	$\frac{\text{Sales revenue for the period of the last 12 months}}{\text{Assets at the end of the reporting period}}$
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 liquidity rate	$\frac{\text{Current assets at the end of the reporting period / current liabilities at the end of the reporting period}}{\text{Current liabilities at the end of the reporting period}}$
Total liquidity rate	$\frac{\text{Current assets at the end of the reporting period}}{\text{Current liabilities at the end of the reporting period}}$
Number of employees	The number of listed active employees as of the end of the period (excluding the employees on parental leave, military service, long-term incapacity)
Average salary	Average gross salary per employee

6.6. ABBREVIATIONS

ESG	Environmental, Social and Corporate Governance
Company, GTC	UAB Geležinkelio tiesimo centras
EU	European Union
LTG Group, Group	AB Lietuvos geležinkeliai and its subsidiaries
Government of RoL	Government of the Republic of Lithuania
IFRS	International Financial Reporting Standards
AS	Average salary
SOE	State-owned enterprise





○ FINANCIAL STATEMENTS

Prepared in accordance with ifrs accounting standards, as adopted by the european union,
independent auditor's report for the year 2024

Independent Auditor's Report

To the Shareholders of UAB "Geležinkelio tiesimo centras"

■ Opinion

We have audited the financial statements of UAB "Geležinkelio tiesimo centras" ("the Company"). The Company's financial statements comprise:

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

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

■ Basis for Opinion

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

■ Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

On behalf of KPMG Baltics, UAB

Vilmantas Karalius
Certified Auditor

Vilnius, the Republic of Lithuania
14 March 2025

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 57 – 59 of this document.

STATEMENT OF FINANCIAL POSITION

Assets	Notes	31/12/2024	31/12/2023
Non-current assets			
Property, plant and equipment		16,754	19,000
Land			
Buildings and structures	8	2,802	2,996
Machinery and equipment	8	9,818	10,890
Road vehicles	8	6	35
Railway rolling stocks	8	3,379	4,027
Other equipment, fittings and tools	8	173	196
Right-of-use assets	9	375	289
Construction in progress and prepayments	8	201	567
Intangible assets		10	19
Software	7	10	19
Financial assets			
Investments in associates, subsidiaries and other companies			
Deferred tax asset	26	1,401	1,134
Total non-current assets		18,165	20,153
Current assets			
Inventories	10	779	1,366
Non-current assets held for sale	10	46	669
Assets arising from contracts with customers	12	85	19
Prepayments	11	10	8
Trade receivables	13	1,245	562
Receivables from related parties	13	3,860	5,666
Other receivables	14	293	43
Cash and cash equivalents	15	4,117	3,657
Total current assets		10,435	11,990
Total assets		28,600	32,143

Equity and liabilities	Notes	31/12/2024	31/12/2023
Equity			
Share capital	16	30,897	30,897
Share premium		-	-
Legal reserve	17	-	-
Other reserves	17	-	-
Retained earnings (loss)		(5,067)	(3,237)
Total equity		25,830	27,660
Non-current liabilities			
Lease liabilities	19	201	128
Provisions	20	230	48
Total non-current liabilities		431	176
Current liabilities			
Liabilities arising from contracts with customers	22	114	1 305
Loans	18	-	-
Lease liabilities	19	182	169
Prepayments received	24	22	1
Trade debts	23	407	991
Amounts payable to related parties	23	502	312
Provisions	20	56	298
Corporate income tax liabilities	27	-	91
Employment related liabilities	21	673	819
Other payables	23	383	321
Total current liabilities		2,339	4,307
Total liabilities		2,770	4,483
Total equity and liabilities		28,600	32,143

Chief Executive Officer **Rolandas Zabilevičius**Business Support Manager **Monika Vaišvilienė**Business Control and Accounting Manager **Evelina Skominienė**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2024	2023
Revenue	25	15,107	24,176
Other income	25	777	64
Total revenue		15,884	24,240
Depreciation and amortisation		(1,840)	(1,985)
Salaries and related costs		(6,853)	(8,068)
Fuel		(469)	(651)
Materials		(978)	(2,150)
Repair		(931)	(911)
Electricity		(41)	(98)
(Impairment) increase in value of receivables		(94)	2
(Impairment) reversal of inventories and non-current assets held for sale to net realisable value		(909)	50
Change in provisions		60	13
Change in vacation accruals and other remuneration-related accruals		88	27
Other expenses		(5,792)	(8,847)
Operating profit		(1,875)	1,622
Finance income	26	96	20
Finance costs	26	(318)	(559)
Profit (loss) before taxation		(2,097)	1,083
Corporate income tax	27	267	645
Net profit		(1,830)	1,728
Other comprehensive income (expenses)			
Total comprehensive income (expenses)		(1,830)	1,728

Chief Executive Officer **Rolandas Zabilevičius**

Business Support Manager **Monika Vaišvilienė**

Business Control and Accounting Manager **Evelina Skominienė**

STATEMENT OF CHANGES IN EQUITY

	Notes	Authorised share capital	Share premium	Legal reserve	Other reserves	Retained earnings (losses)	Total
Balance as at 31 December 2022		30,897	-	-	-	(4,965)	25,932
Impact of initial application of IFRS 16		-	-	-	-	-	-
Net profit (loss)		-	-	-	-	1,728	1,728
Other comprehensive income, after tax		-	-	-	-	-	-
<i>Total comprehensive income (expenses)</i>						1,728	1,728
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	-	-
Increase in share capital by contribution of a shareholder		-	-	-	-	-	-
Decrease in share capital		-	-	-	-	-	-
Reserves formed		-	-	-	-	-	-
Reserves used		-	-	-	-	-	-
Balance as at 31 December 2023		30,897	-	-	-	(3,237)	27,660
Net profit (loss)		-	-	-	-	(1,830)	(1,830)
Other comprehensive income, after tax		-	-	-	-	-	-
<i>Total comprehensive income (expenses)</i>		-	-	-	-	(1,830)	(1,830)
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	-	-
Increase in share capital		-	-	-	-	-	-
Decrease in share capital		-	-	-	-	-	-
Reserves formed		-	-	-	-	-	-
Reserves used		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
Balance as at 31 December 2024		30,897	-	-	-	(5,067)	25,830

Chief Executive Officer **Rolandas Zabilevičius**Business Support Manager **Monika Vaišvilienė**Business Control and Accounting Manager **Evelina Skominienė**

STATEMENT OF CASH FLOWS

	31/12/2024	31/12/2023
Cash flows from operating activities		
Net profit (loss)	(1,830)	1,728
Adjustment to non-cash items:		
Depreciation and amortisation expenses	1,840	1,985
(Gain) loss from disposal/write-off of non-current assets (except for financial assets)	(653)	117
Impairment (reversal) of property, plant and equipment and financial assets	-	-
Impairment (reversal) of trade receivables and prepayments	94	13
Impairment (reversal) of inventories to net realisable value	909	(50)
Decrease (increase) in accrued income	(1,268)	833
Interest (income)	(86)	(8)
Interest expenses	23	246
Lease liability interest	13	13
Increase (decrease) in provisions	(60)	(13)
Loss (gain) from corporate income tax	(267)	(736)
Kitų nepiniginių sandorių rezultatų eliminavimas	81	-
	(1,204)	4,128
Change in working capital		
Decrease (increase) in inventories	293	39
Decrease (increase) in trade and other receivables and prepayments	1,788	(871)
Increase (decrease) in non-current and current trade payables and prepayments received	(374)	279
Increase (decrease) in employment-related liabilities	(146)	6

	2024 12 31	2023 12 31
Increase (decrease) in other non-current and current payables		
Increase	61	(360)
(Paid) corporate income tax	(91)	-
Net cash from operating activities	327	3,221
Cash flows from investing activities		
Disposals of financial assets	-	-
(Acquisition) of non-current assets	(51)	(926)
Disposals of non-current assets	1,306	1,574
Change in prepayments for non-current assets	-	-
Loans (granted)	(1,000)	-
Net cash flows from investing activities	255	648
Cash flows from financing activities		
Loans received	-	13,643
Loans (repayment)	-	(13,643)
Grants received (repaid)	-	-
Lease payments	(86)	(34)
Interest (paid)	(23)	(227)
Lease liability interest	(13)	(13)
Net cash flows from financing activities	(122)	(274)
Increase (decrease) in net cash flows	460	3,595
Cash and cash equivalents at the beginning of the period	3,657	62
Cash and cash equivalents at the end of the period	4,117	3,657

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

Chief Executive Officer **Rolandas Zabilevičius**
 Business Support Manager **Monika Vaišvilienė**
 Business Control and Accounting Manager **Evelina Skominienė**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Background information

UAB Geležinkelio tiesimo centras (toliau – Bendrovė UAB Geležinkelio tiesimo centras (hereinafter – Company or GTC) is a limited liability company registered in the Republic of Lithuania. The Company was registered in the Register of Legal Entities on 21 December 2001 after termination of the structural branch of AB Lietuvos geležinkeliai – a Railway repair station in Lentvaris. In its activities the Company follows the Constitution of the Republic of Lithuania, Law on Companies of the Republic of Lithuania, the Railway Transport Code of the Republic of Lithuania, and other valid legal acts of the Republic of Lithuania.

The Company is a profit-making entity of limited civil liability that is independently organising economic, financial, organisational and legal activities. The Company is a private limited company, and its shareholder is AB Lietuvos geležinkeliai, registration code: 10053842,

head office address: Mindaugo g. 12/14, Vilnius. The Company's registration code 181628163, VAT payer's code LT816281610, legal (registration) and head office of the Company is Trikampio g. 10, Lentvaris, LT-25112 Trakų r.

As at 31 December 2024 and 2023, the Company's main activity was construction and repair of railway infrastructure, railway tracks and other traffic facilities, and lease of railway track maintenance equipment and machinery.

In 2024 and 2023, the sole shareholder of the Company was AB Lietuvos geležinkeliai owning 100% shares of UAB Geležinkelio tiesimo centras.

As at 31 December 2024, the share capital of UAB Geležinkelio tiesimo centras comprised 109,748 ordinary registered shares with par value of EUR 281.53 each. Value of the share capital amounted to EUR 30,897.

On 10 November 2020, acting as the sole shareholder AB Lietuvos geležinkeliai made a decision to change the nominal value of shares issued by the Company. Based on the decision, the nominal value of one ordinary registered share (hereinafter - Share) is changed from EUR 289.62 to EUR 281.53. Upon the change of the nominal value of one share, the share capital of GTC was divided into 109,748 shares. The Company did not acquire its own shares.

As at the end of the period, the listed number of the Company's employees (except for employees on parental leave, on military service and in long-term disability) was 194 as a 31 December 2024 (as at 31 December 2023: 227).

2. Summary of material accounting principles

Basis of preparation. The Company's financial statements have been prepared in accordance with the IFRS Accounting Standards (IFRS) as adopted by the EU.

The financial statements for the year ended 31 December 2024 have been prepared on a going concern basis and using the historical cost method unless otherwise stated. These financial statements present comparative information for the previous reporting period.

Changes in accounting policies. The main accounting policies applied when preparing the financial statements of the Company are provided below. The mentioned policies were applied to all the reporting periods presented in the financial statements unless stated otherwise.

Functional and presentation currency. The functional currency of the Company is euro. The amounts in these financial statements have been presented in euros, unless otherwise stated. In these financial statements all amounts have been expressed in euros and rounded down to the nearest thousand (EUR '000).

Foreign currency. Transactions in foreign currency are measured in functional currency applying the currency exchange rate applicable at the time of the transactions. Gains and losses arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of profit or loss.

Property, plant and equipment.

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 Company from the expenditure and if they can be measured reliably. All other repair and maintenance costs 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.

Depreciation. Depreciation on other groups of property, plant and equipment is calculated using the straight-line method to allocate their cost to their carrying amounts over their estimated useful lives.

Groups of property, plant and equipment	Useful life
Buildings and structures	8-110
Machinery and equipment	5-40
Road vehicles	4-15
Railway rolling stocks (including wagons)	8-46
Computers and hardware	3-15
Other equipment, fittings and tools	4-18

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Construction in progress. Construction in progress is accounted for at the cost of acquisition less impairment losses. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until construction is completed and assets are ready for service. Inventories intended for repair of property, plant and equipment and complying with the provisions of IAS 16 are transferred from inventories to construction in progress. Construction in progress is reclassified to the appropriate groups of non-current assets when construction in progress is completed and 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. The item of construction in progress includes property, plant and equipment under construction. The acquisition cost of such assets includes design, construction work, plant and equipment transferred for installation and other direct expenses. Tangible non-current assets are recorded at acquisition (production) cost.

Intangible assets. The Company's intangible assets have definite useful lives. Intangible assets include capitalised computer software, patents, trademarks and licenses. Acquired computer software, licences, patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use.

Expenditures related to development of unique software controlled by the Company, are recorded as intangible assets, where it is expected that future economic benefit will exceed expenditures incurred. The Company's capital expenditures include costs of a software development team and related overhead costs. All other costs related to software such as software maintenance are recognised as costs as incurred.

The Company's intangible assets are amortised on a straight-line basis over their estimated useful lives, which can be from 3 to 15 years respectively. The amortisation period is reviewed at the end of each financial year.

Impairment of property, plant and equipment and intangible assets. At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment, and intangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of impairment (if any). Where it is not possible to assess the recoverable amount of the asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, the Company's assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The Company does not have any property, plant and equipment with an indefinite useful life.

The recoverable amount is the higher of fair value less costs to sell and value in use. When assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate, assessed under current market conditions, an existing time value of money and risks specific to the asset, which have not been considered in the estimates of future cash flows.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount.

An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Assets held for sale. Assets (or groups of assets) held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Assets held for sale are reclassified if they meet the criteria for such assets under IFRS 5. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Financial instruments

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

The financial asset, which is subsequently measured at amortised cost, is measured by using the effective interest method. The amortised 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.

Write-off of and derecognition of financial assets. Impair-

ment allowances for financial assets are made in accordance with the provisions of IFRS 9, the Company's Accounting Policies and an assessment of potential risks, based on the likelihood of their occurrence, taking into account possible internal and external factors, which include the customer's significant financial difficulties, defaults of more than 120 days, and the customer's probable bankruptcy.

The gross carrying amount of a financial asset is written down when the Company has no reasonable expectations of recovering all or part of the asset. Unrecoverable assets are written off according to the recognised impairment if all necessary actions were taken to recover the assets and the amount of losses has been determined.

For financial assets which are written off and are also subject to the activity of securing fulfilment, the Company takes actions related to legal regulation so that the amounts were recovered to the maximum extent.

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

Financial liabilities. The Company's financial liabilities comprise loans and other financial debts, liabilities arising 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.

Offsetting of financial assets and liabilities. Financial assets and financial liabilities are offset when, and only when, the Company has a legally enforceable right to record the amounts and intend to make an offsetting, or realize the asset to offset the liability.

Impairment of financial assets. Impairment losses on financial assets measured at amortised cost are measured based on the expected credit loss (ECL) model. Credit losses are measured as the present value of all cash losses (the difference between the cash flows that the Company holds under the contract and the cash flows the Company expects to receive). ECLs are discounted by applying an effective interest rate.

At the end of each reporting period, the Company recalculates and records the provision for expected credit losses in accordance with past events, current market conditions and future prospects. The Company applies a three-stage approach based on change in a financial asset's credit risk since the moment of initial recognition. At the initial recognition of financial asset, the Company registers a deferred loss of financial asset measured at fair value for subsequent 12 months. Such recognition is applied to financial assets which may lead to financial loss in the future due to certain events or circumstances during the subsequent 12 months (no necessarily over 12 months). At the end of each financial period the Company assesses whether there has been a significant change in the credit risk of the financial instrument since initial recognition.

The Company assumes that the major risk of default occurs when the outstanding amounts are delayed for more than 90 days of the due date of payment. For financial instruments with low credit risk, the Company applies an insignificant increase in credit risk.

Trade and other receivables. Trade and other receivables are initially recognised at transaction price and subsequently at amortised cost.

The Company's receivables comprise trade receivables for services rendered and transport lease.

Trade and other payables. At initial recognition trade and other payables are recognised when the Company becomes a party to the contractual terms. Trade and other payables are initially measured at fair value plus directly related transaction costs.

The Company's payables comprise amounts owed by the Company for transport lease, work carried out by subcontractors, materials, etc.

Cash and cash equivalents. Cash comprises cash in bank accounts. 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.

Financial guarantees. Financial guarantee contract is the contract that binds the Company to make specific payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or updated terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by due amounts received.

Lease means a contract or part of a contract that gives the right to use the asset (leased property) for a certain period of time for consideration. A contract is a lease contract or includes a lease if, for consideration, it confers the right to control the use of an asset for a certain period of time.

The Company as a lessee. The Company shall assess each contract for possible lease items. If the contract is a lease contract or includes a lease, the Company accounts for each lease component of the contract as a lease separately from the non-lease (service) components of the contract.

The Company does 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. The Company applies the provisions of IAS 38 Intangible Assets to such assets.

The Company recognises the right-of-use asset and the lease liability in the statement of financial position at the commencement of the lease.

At the commencement date, the Company measures the right-of-use assets at cost. Subsequent to initial recognition, right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, and an adjustment to any revaluation of the liability. Subsequent assessment of right-of-use assets. After the commencement date, the Company measures the right-of-use assets at cost: less any accumulated depreciation and any accumulated impairment losses; and adjusted for reassessment of the lease liability.

In calculating the depreciation of right-of-use assets, the Company applies the depreciation requirements of IAS 16 Property, Plant and Equipment.

Initial assessment of the lease liability. On the commencement date the Company measures a lease liability at the present value of the lease payments outstanding at that date. Lease fees are discounted using the interest rate provided for in the lease contract, if that rate can be readily determined. If this rate cannot be readily determined, the Company uses the borrowing rate published by the Bank of Lithuania.

Reassessment of the lease liability. After initial recognition, the lease liability is reassessed to take into account changes in the lease fees. The Company recognises the amount of the reassessment of the lease liability as an adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use asset is reduced to zero and the assessment of the lease liability is further reduced, the Company recognises any remaining amount of the reassessment as profit or loss. The Company reports the lease liabilities separately from other liabilities in the statement of financial position. The interest expenditure on the lease liability is presented separately from the depreciation of the right-of-use assets. The interest expenditure on the lease liability is a component of the financial cost presented in the statement of comprehensive income.

The Company as a lessor. Every lease of a lessor is classified either as a finance lease or an operating lease. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form.

Operating lease. The Company recognises the lease fees related to operating lease, as income on a straight-line basis. Costs (including depreciation) incurred in earning lease related income are recognised by the Company as costs. The initial direct costs incurred in obtaining the operating lease are included by 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 the change in the operating lease as a new lease from the date of the change entry into force and treats the lease fees paid or accrued in advance in relation to the original lease as part of the new lease.

Income taxes. Income tax assets and liabilities for current and prior periods are recorded at the amount expected to be recovered from, or paid to the tax authority. The applicable income tax and tax laws are those that are enacted or substantively enacted at the date of the statement of financial position. The income tax rate applicable for the companies of the Republic of Lithuania in 2024 and 2023 was 15%.

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

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

The carrying amount of 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 the deferred tax asset is reduced to the amount that is probable of reducing future taxable profit. Deferred tax is calculated using the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

The Company's provisions include provisions for pension benefits, annual bonuses, warranty repairs and others.

Employee benefits. The Company does not have any adopted defined contribution and benefit plans and has 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. There are no long-term payments to employees.

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. The historical cost is recognised as expenses in the statement of profit or loss and other comprehensive income immediately after the assessment of such liability. Any profit or losses which have appeared as a result of a change in benefit conditions are recognised immediately. The above-mentioned employment benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. The obligation is recorded in the statements of financial position and reflects the present value of these benefits on the preparation date of the statements of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial profit and losses are recognised in other comprehensive income. Therefore, provisions are formed for the possible benefits. Actuarial estimates are carried out in

order to assess the liability of such retirement payments. The liability is carried at present value discounted using the market interest rate.

Plans of bonuses. The Company recognises the liability and expenses of bonuses when a contractual liability is present or a practice which created a constructive liability was applied in the past. Based on the provisions of the Collective Agreement, the liabilities are recognised for possible benefits to employees reaching the jubilees of 50 and 60.

Provisions for warranty repairs. The Company is obliged to remedy defects in construction objects over the warranty period and incurs costs but does not earn income. In order to incur expenses in the same period when income in relation to the expenses incurred is earned, the Company forms a provision for potential expenses of remedies for defects over the warranty period. The amount of provision is estimated based on historical data; i. e. the amount of expenses related to warranty repair, remedies of defects and similar expenses the Company incurs every year. In formation of a provision, the Company estimates the period which is covered by the guarantee and during which the Company is obliged to remedy defects.

Provisions for potential liabilities related to litigation. The Company is involved in litigation as a creditor, claimant or defendant, examines claims where the Company is in cooperation with external lawyers. As the remuneration for legal services remains fixed regardless of the court decision, the Company forms a provision for potential legal consultation expenses. The amount of provision is estimated based on historical data.

Revenue recognition. Revenue from rendering of services is recognised in the reporting period during which the control of services is transferred to a customer; i. e. after provision of services. Revenues of the Company are recognised in accordance with IFRS 15, i.e., the Company recognises income at the time and to such an extent that the transfer of committed goods or services to customers would represent an amount that corresponds to the consideration that the Company expects to obtain in exchange for those goods or services. The Company takes into account the terms of the contract and all relevant facts and circumstances.

For that purpose the Company's revenue is recognised using the 5-step model:

STEP 1 – Identification of contracts with customers

An agreement between two and (or) more parties (depends on sale or purchase conditions), which creates enforceable rights and liabilities, is recognised as a contract. A contract subject to IFRS 15 is only recognised if the following criteria are satisfied:

- a) the parties have approved the contract (in writing, orally or in accordance with other usual business practices) and are bound by the obligations under the contract;
- b) each party's rights in relation to the goods and/or services to be transferred can be identified;
- c) the payment terms for the goods and/or services to be transferred can be identified;
- d) the contract is of commercial nature;
- e) it is probable to receive remuneration in exchange for the goods and/or services which will be transferred to a customer.

Contracts with the customer may be aggregated or disaggregated into separate contracts, while retaining the criteria of the former contracts.

Such aggregation or disaggregation is considered modification of a contract.

STEP 2 – Identification of the performance obligations in the contract

The contract establishes a promise to deliver goods and (or) services to the customer. When goods and/or services can be distinguished, the obligations are recognised separately. Each obligation is identified in one of two ways:

- a) goods and/or a service is distinct;
- b) a package of distinct goods and/or services which are substantially the same and are transferred to the customer based on the same model.

STEP 3 – Determination of the transaction price

The transaction price may be fixed, variable or both.

The transaction price is the amount to which the Company expects to be entitled in exchange for the transfer of goods and services. Transaction price may be a fixed amount of consideration paid by the customer; yet sometimes it may also comprise variable compensation. The transaction price is also adjusted considering the time value of money, if the contract includes a significant financing arrangement, and considering any consideration payable to the customer. The Company applies the following sales price calculation methods: adjusted market assessment approach, expected cost plus margin approach and residual approach. Similar transactions are measured equally.

STEP 4 – Allocation of the transaction price to each performance obligation

Usually, the Company attributes the transaction price to each performance obligation, based on relative separate sales prices of each promised good or service. If data on separate sales prices is not observed in the market, an entity performs its assessment.

STEP 5 – Recognition of revenue when the Company satisfies performance obligations

The Company recognises revenue when it satisfies a performance obligation by transferring promised goods or services to the customer (i.e. when the customer obtains control over the mentioned goods or services). The recognised amount of revenue is equal to the amount of the satisfied performance obligation. Performance obligation may be satisfied at a point of time or over time.

Revenue is recognised when the amount of revenue can be measured reliably and when it is probable that the economic benefits associated with the transaction will flow to the Company, and when specific criteria have been met for each type of income, as described below. The Company relies on historical results, taking into account the customer type, the transaction type and the terms of each agreement.

Revenue from sale of services

Revenue from the sale of services are recognised based on the invoices issued to customers for the services rendered. Invoices are issued under the deeds of acceptance and delivery of works. At the end of the period, revenue from the services, which were rendered but not invoiced, are accrued on an accrual basis.

Revenue from sale of goods

Revenue from the sale of goods are recognised if all the following conditions are met:

- the Company disposed of the control of asset to the customer;
- the Company is unable to continue neither management of goods to the extent that is normally related to ownership nor their effective control;
- the amount of revenue may be reliably estimated;
- it is probable that an economic benefit will be received from the transaction and the transaction-related costs, that were or may be incurred, may be reliably estimated.

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

Revenue is recognised (at a point in time or over a period of time) when the performance obligations have been fully discharged and control has passed to the customer. Revenue is measured at the consideration specified in the contract with the customer and does not include amounts collected on behalf of third parties. The contractual consideration with the customer may include fixed amounts, variable amounts or both.

Revenue of the Company is earned through provision of different types of services. Sales revenue is classified into the following groups based on:

Bendrovėje pajamos uždirbamos teikiant skirtingas paslaugas. Pardavimo pajamos skirstomos į grupes pagal:

The type of revenue:

- construction and repair of railways;
- maintenance of railway track and structures;
- construction, reconstruction and repair of other structures;
- construction and repair works in the area of security, automation and electrification;
- design works.
- lease of machinery and plant;
- other revenue. Other revenue comprises snow removal, sales of current assets, and other income.



The Company recognises revenue when goods are transferred to a customer, the deed of acceptance and delivery of works is signed).

In 2024 and 2023, the Company's revenue from every transaction in progress is recognised in accordance with the state and extent of completion of works and rendering of services. In applying this approach, transaction revenue is compared to costs resulting from the execution of a current transaction. Transaction losses are recognised at the moment when there is an indication that a transaction will be onerous.

Lease income arising from leases of other assets is accounted for on a straight-line basis over the lease term.

The table below provides information on the nature and timing of the fulfilment of performance obligations provided in contracts with customers, payment terms and accounting policies for revenue recognition:

Type of services	Nature and timing of performance obligation fulfilment, payment terms	Revenue recognition under IFRS 15
repair of railways Maintenance of railway track and structures Construction, reconstruction and repair of other structures Construction and repair works in the area of security, automation and electrification Designing works	Invoices are issued after the service has been rendered and the deed of acceptance and transfer has been signed. A common term for payment of invoices is 30 days.	Revenue is recognised over a period of time based on stage of completion method. The related costs are recognised in profit or loss and other comprehensive income when incurred. Expected contract related loss is recognised immediately in the statement of profit or loss and other comprehensive income. Advances received are included into contractual liabilities. If services under one agreement are rendered in different reporting periods, then the consideration is allocated based on their relative stand-alone sales prices. The stand-alone sales price is determined based on service prices indicated in the agreement.
Lease of machinery and plant Other revenue	Invoices for additional services are issued immediately after the service has been rendered. Revenue after sale of goods are recognised after the loading of goods from a warehouse. A common term for payment is 30 days.	Revenue is recognised immediately after the service delivery or loading goods from warehouse. Services are considered provided after the deed of acceptance and delivery of works is signed. Revenue after sale of goods are recognised after the loading of goods from a warehouse.

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

Interest income is recognised on an accrual basis, using the effective interest rate method. Interest income is recognised when it is probable that the Company will receive economic benefit and the amount of income can be reliably estimated.

Delay interest is recognised as income upon receipt.

Finance costs. Finance costs comprise interest expense. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method. Currency exchange gain or loss in profit or loss is presented at a net value.

Events after the reporting period. Events after the reporting period are events which provide additional information on the Company's standing as at the reporting date. Adjusting events are reported in the financial statements. Non-adjusting subsequent events are described in the notes, if significant.

Offsetting. When preparing financial statements, assets and liabilities, as well as revenue and expenses are not offset, except for the cases when a certain standard specifically permits or requires such settlement.

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 Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

3. Material judgements and accounting estimates

The preparation of the financial reporting in accordance with IFRS, as adopted by the EU, requires from the Company's management to make estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from estimates. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Significant estimates and assumptions. Information on significant estimates and assumptions is provided below:

The date when assets are brought into use. An asset is included in operations and its impairment is begun to be calculated when it is prepared for usage, i.e. the assets is in the right place and conditions are set for it to be used according to the management's intended method. The Company's management included the asset into operations after it was properly tested and all permissions to begin activities were obtained.

Useful lives of intangible assets and property, plant and equipment. The useful lives are reviewed on an annual basis and, if necessary, are adjusted to reflect the current estimate of remaining useful life, considering

technological changes, future economic use of assets and their physical condition. If expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate in accordance with IAS 8.

Impairment losses of property, plant and equipment. The Company reviews the carrying amounts of its property, plant and equipment at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units) are grouped at the lowest levels for which there are currently no cash flows.

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

Duration of the lease period. In determining the lease term, management considers all the facts and circumstances that give rise to the economic incentive to exercise the option to extend the contract or not to exercise

the option to terminate it. 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).

Discount rate. In assessing value in use, the estimated future cash flows are discounted to their present value using an additional borrowing rate that reflects current market assessments of the time value of money and the risks specific to the asset and have not been assessed for cash flows.

Impairment losses of amounts receivable. The Company assesses receivables for impairment on a half-yearly basis. In order to determine whether it is necessary to recognise an impairment loss in profit or loss, the Company assesses whether there is any indication that future cash flows from receivables may be impaired until the impairment of a specific receivable is determined.

Write-down of inventories to net realisable value. The Company reviews its inventory list at least annually to determine the net realisable value of inventories. Inventories acquired earlier than a year ago are reviewed to determine whether they can be realised in the future. Impairment is calculated using a formula:

Impairment of inventories = the balance of physically and morally depreciated inventories that are to be written down + (the balance of good inventories held for more than 24 months with no expected date of use * 0.75) + (the carrying amount of sold inventories – the realisable value of sold inventories).

Provisions and contingent liabilities. Provisions are accounted for only when the Company has a legal or irrevocable obligation resulting from an event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that part or the total amount of the provisions will be reimbursed, the reimbursement receivable shall be recognised as a separate asset, but only when it is virtually certain that reimbursement will be received. The provision-related expenses are recognised in the statement of profit or loss net of any compensation receivable. If the time value of money is significant, provisions are discounted using the effective periodic rate (before tax), if appropriate, taking into account the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses.

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 Company.

Corporate income tax. Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future based on taxable profit forecasts. When it is probable that a portion of

4. New standards, amendments and interpretations not yet adopted

deferred tax will not be utilised, this portion of deferred tax is not recognised in the financial statements. Differed income tax asset of the unused potential income tax incentives is not recognised.

Non-current assets held for sale. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets are considered as those held for sale if the carrying amount will be recovered by selling it but not continuing their operation. This condition is met only when the sale is highly probable and the assets are fully ready for a quick sale. The essential conditions for potential sale are the decision to sell approved by the shareholder and signing of irrevocable purchase agreement with the buyer of non-current assets. When non-current assets are reclassified to the assets held for sale, depreciation is no longer calculated.

If the Company's assets are classified as those held for sale, they do no longer meet the above conditions, the Company does not classify the assets as held for sale and measures such non-current assets at the carrying amount before reclassification of the assets to the assets held for sale upon assessment of any depreciation, amortisation or revaluation adjustments that would have been accounted for if the assets are not classified as the assets held for sale or at its recoverable amount determined after making the decision not to sell the assets whichever amount is lower. Adjustments to the carrying amount of non-current assets that is no longer classified as the assets held for sale are accounted for as profit (loss) for the reporting period.

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

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

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

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

The IASB has issued amendments to IFRS 9 and IFRS 7. Amendments:

- a) clarify the recognition date and derecognition date for certain financial assets and liabilities, and a new exemption is applied to certain financial liabilities when settling through an electronic payment system;
- b) provide additional guidance on assessing whether financial assets meet the solely payments of principal and interest (SPPI) criterion;
- c) introduce new disclosures for instruments with contractual terms that may modify cash flows;
- d) update disclosures for equity instruments measured at fair value through other comprehensive income (FVOCI).

These amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after 1 January 2026. 1 January 2026. Earlier application is permitted.

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 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 sta

5. Financial instruments and risk management

Financial instruments. Fair value

The Company's main financial instruments not carried at fair value are trade and other receivables, trade and other payables, cash and long-term and short-term borrowings. According to the management of the Company, the carrying amounts of these financial instruments are close to their fair values; therefore, their fair value fluctuation is not significant.

The fair value of financial instruments is the value at which, at the valuation date, an asset or liability would be sold under current market conditions under an orderly transaction on the underlying (or most advantageous) market, regardless of whether this price is directly monitored or determined by the valuation methodology.

The Company's financial instruments according to their types:

Financial assets	31/12/2024	31/12/2023
Assets arising from contracts with customers	85	19
Trade receivables	1,245	562
Receivables from related parties	3,860	5,666
Cash and cash equivalents	4,117	3,657
Total	9,307	9,904

tements and notes in general. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

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

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

IFRS 19 Subsidiaries without Public Accountability: (new standard)

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

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

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

There are no other new or amended standards or their interpretations, which are not yet effective and which may have material impact on the Company, are present.

Financial liabilities	31/12/2024	31/12/2023
Liabilities arising from contracts with customers	114	1,305
Loans and other financial debts	-	-
Lease liabilities	383	297
Trade debts	407	991
Amounts payable to related parties	502	312
Other payables and liabilities	61	169
Total	1,467	3,074

Fair value is defined as the price at which the asset would be disposed of at the date of valuation or a liability settled under current market conditions, independent on whether this price is directly observable or established using valuation techniques.

In determining the fair value of financial instruments, the Company applies such approaches and assumptions and distinguishes three levels of fair value hierarchy.

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

The fair value hierarchy consists of the following levels:

LEVEL 1

quoted prices (unadjusted) in active markets for identical assets or liabilities

LEVEL 2

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

LEVEL 3

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

The following is a comparison of the values of the Company's financial instruments:

	Total carrying amount	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Assets arisings from contracts with customers	85	-	-	-
Trade receivables	1,245	-	-	-
Receivables from related parties	3,860	-	-	-
Cash and cash equivalents	4,117	-	-	-
Total	9,307	-	-	-
Financial liabilities				
Lease liabilities	383		-	-
Trade payables	407	-	-	-
Amounts payable to related parties	502	-	-	-
Liabilities arising from contracts with customers	114	-	-	-
Other long-term and short-term payables and liabilities	61	-	-	-
Total	1,467	-	-	-

Cash and cash equivalents. Cash includes cash the value of which approximates to the fair value.

Loans and other financial debts. The fair value of long-term loans is determined on the basis of market price of the same or similar loan or based on interest rate applicable at that time to debts of the same term. Fair value of loans is attributable to Level 2 of the fair value calculation approach. Fair value of received loans is equal to their carrying amount.

Amounts receivable and payable. The carrying amount of current trade receivables, current trade creditors approximates their fair value.

Risk management

The Company faces uncertainty about external and internal factors, identifies operational risks, anticipates their impact and likelihood in advance, and seeks to mitigate them at least in part. The Company has risk managers who are trained on a regular basis, and a regular assessment of risks is carried out. Assessment results are provided to the Company's management. Monitoring of implementation of unacceptable risks is performed. Risk management policy and management systems are reviewed on a regular basis to ensure they are in compliance with changes in the Company's activities and market conditions. The Company aims at establishing a disciplinary and constructive risk management environment where all employees are aware of their functions and responsibilities.

According to the strategic goals of 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 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 Company is exposed to the following financial risks: credit, liquidity, currency exchange, interest rate and capital risks as well as a customer dependency risk. This note provides information on the impact of these risks on the Company, objectives, policies and processes related to the assessment and management of these risks.

Credit risk. Credit risk arises due to cash in bank, issued loans and trade receivables.

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

The Company manages the credit risk through procedures. The basis of credit risk management of trade receivables is the assessment of customer reliability. The Company constantly assesses the creditworthiness of both potential and existing buyers/suppliers of services. If the buyer of the services is assessed as risky or the customer is new and does not have a history of cooperation with the Company, the terms of advance payment apply.

Various credit risk management and mitigation measures are provided for in bilateral agreements between the Company and service buyers/suppliers: restrictions, guarantees for the fulfilment of contractual obligations and other measures protecting the Company's interests. Credit risk is monitored on an ongoing basis.

The Company assesses probability of non-fulfilment of obligations during the initial recognition of financial assets and on each date of preparation of a balance sheet, considering whether the credit risk has not grown substantially since initial recognition. To assess whether there has been a significant increase in credit risk, the Company compares the risk of default related to assets as at the reporting date to the risk of default on initial recognition.

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

The Company's exposure to credit risk is mainly determined by individual features of each client. However, the management also considers factors that might have impact on the credit risk of its customer base, including the risk of default related to the industry and the country which customers operate in.

Trade receivables from major customers of the Company consisted of:

	2024	2023
Client A	2,865	5,666
Client B	1,007	446
Others	1,374	163
Impairment	(141)	(47)
Total	5,105	6,228

The Company distinguishes each level of the credit risk considering information based on which it is possible to reliably establish the impairment risk (including but not limited to external ratings, audited financial statements, managerial accounting, cash flow forecasts, and available press information about customers) and applying an opinion on creditworthiness. Credit risk levels are defined by means of qualitative and quantitative factors, which show the risk of non-fulfilment of obligations and conforms to external definitions of credit ratings. The probable credit loss rate that is calculated based on experience of actual devaluation has been established of each credit risk level.

The Company's exposure to credit risk and ECLs for trade receivables as at 31 December 2024 by separate external customers:

	Initial value	Expected credit losses, %	Impairment	Carrying amount
Low risk	4,934	0.48%	(24)	4,910
Fair risk	186	1.42%	(3)	183
Increased risk	0	0.0%	0	0
High risk	126	90.0%	(114)	12
Total	5,246		(141)	5,105

The Company's exposure to credit risk and ECLs for trade receivables as at 31 December 2023 by separate external customers:

	Initial value	Expected credit losses, %	Impairment	Carrying amount
Low risk	6,111	0.0002%	(1)	6,110
Fair risk	8	0.0%	0	8
Increased risk	90	0.0%	0	90
High risk	66	75.0%	(46)	20
Total	6,275		(47)	6,228

Low risk

the buyer does not have any past due invoices

Fair risk

the buyer has at least one past due invoice up to 30 days

Increased risk

the buyer has at least one past due invoice up to 120 days

High risk

the buyer has at least one past due invoice for more than 120 days

The Company applies a simplified method to calculate credit losses over the period of validity and use a provisioning matrix for all trade and other receivables. For calculation of the expected credit losses using the provisioning matrix, trade receivables and other receivables are categorised into separate groups according to credit risk characteristics. The amounts for each group are analysed by the number of days past due. The table below provides information on expected credit losses calculated according to each group of amounts past due. As trade and other receivables usually do not include deposit or other collaterals, the ratio of expected losses coincides with the probability of default.

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

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

	Expected credit losses, %	Pradinė vertė	Impairment	Carrying amount
Not past due	0.48%	4,934	(24)	4,910
Past due for 1 to 30 days	1.42%	186	(3)	183
Past due for 31 to 60 days	0.0%	-	-	-
Past due for 61 to 120 days	0.00%	-	-	-
Past due for over 120 days	90.0%	126	(114)	12
Total		5,246	(141)	5,105

Impairment accounted for by the Company reflects estimated losses caused by doubtful receivables from customers. The principal component of impairment is individually assessed losses from significant doubtful trade receivables. Impairment measurement methods are revised on an ongoing basis in order to minimize differences between estimated losses and actual losses.

The Company's movement of impairment allowance for doubtful trade receivables:

	2024	2023
Balance at the beginning of the period	(47)	(110)
Change in impairment of trade receivables	(94)	63
Balance at the end of the period	(141)	(47)

The expected credit losses with regard to trade and other receivables are calculated according to the requirements of IFRS 9.

As at 31 December 2024, impairment for receivables at the Company has been reflected in the statement of profit or loss and other comprehensive income, in the item of increase (decrease) in value of receivables.

Although economic circumstances may affect the recovery of owed amounts, in the opinion of the management, the Company is not exposed to a significant risk of incurring losses that would exceed the already recognised impairment. Impairment for doubtful receivables is estimated according to ECLs.

The maximum credit risk of cash and cash equivalents is equal to fair value of cash and cash equivalents which are classified under this heading as at the date of the statement of financial position. In the opinion of the Company's management, the risk related to cash in bank and cash equivalents is insignificant as cash are held in Lithuanian commercial banks with a high level of credit rating.

Credit risk concentration at the Company is insignificant.

Liquidity risk. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. Risk management ensures that the Company will always have sufficient liquid assets and will be able to meet its obligations on time. Liquidity and solvency risk management involves the planning and control of cash flows and the forecasting of unforeseen events that may adversely affect cash flows and pose a threat to 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.

	31/12/2024	31/12/2023
Debt ratio, %	9.7	14.0
Long-term debt ratio, %	1.5	0.5
Short-term debt ratio, %	8.2	7.46
Asset structure ratio, %	36.5	37.30
Debt-to-equity (leverage) ratio, %	10.7	14.2
Critical liquidity ratio, times	4.1	2.47
Basic liquidity ratio, times	4.5	2.8

Repayment terms of the Company's trade payables and lease liabilities using the undiscounted flow method:

Financial liabilities	Carrying amount	Total	Within one year	From one to five years	After five years
Lease liabilities	407	407	186	221	-
Trade payables	407	407	407	-	-
Amounts payable to related parties	502	502	502	-	-
Other long-term and short-term payables and liabilities	61	61	61	-	-
Total	1,377	1,377	1,156	221	-

Liquidity risk is managed by the Company using the following instruments:

- Current liquidity risk is managed through utilisation of contractual credit lines and overdrafts, borrowing within the LTG Group through the Cash pool platform.
- Non-current liquidity risk is managed through constant funding of the Company's activities using loans granted by commercial banks and other instruments. The lending process is performed in a centralised manner; i. e. funds are borrowed on behalf of LTG – the parent company – and, subsequently, LTG lends the funds to companies of the LTG Group.

Usually, the Company ensures sufficient cash to cover the intended operating costs, including repayment of financial debts. This ensuring does not include impact of potential unpredictable extraordinary circumstances (e. g. natural disasters).

Basically, the Company manages liquidity risk through planning of cash flows which make it easier to manage cash and, if there is a lack of cash, make it easier to choose a way if financing.

Conservative management of liquidity risk at the Company allows retaining sufficient amount of cash, and the Company aims at retaining financing flexibility. Management of liquidity risk in the Company comprises a projection of cash flows. The more comprehensive and accurate this projection, the better liquidity management. Payments for rendered services may be deferred for 30 to 60 days, in rare cases for 60 to 90 days. Payments for services and supply of materials are made within 30 days on average. Such projection foresees the upcoming payments and receipts of cash and allows to plan short-term borrowing and investing. At the end of the current year, the next year's budget is drawn up. A long-term projection (over one year) is part of strategic business planning. Such cash flow projections provide information on the level of cash surpluses and needs, when cash surplus and need will arise, how long the period of cash surplus and need will last, how the cash surplus will be utilized or the need financed.

As at the date of the financial statements, the Company's liquidity risk is insignificant.

Market risk. Market risk is the risk that changes in market prices will impact the Company's results or the value of financial instruments held.

Currency risk. Currency exchange risk is the risk that changes in market prices due to changes in foreign exchange rates will affect the Company's results or the value of available financial instruments. As at 31 December 2024 and 2023, the Company's monetary assets and liabilities are mainly denominated in euros; therefore, the Company's management believes that the currency exchange risk is insignificant. During 2024 and 2023, the Company did not enter into derivative financial transactions to manage the risk of exchange rate fluctuations with servicing banks.

Interest rate risk. All loans received by the Company are subject to variable interest rates related to EURIBOR. Given the situation in the inter-bank interest rate market, the Company has not entered into any financial instrument transactions during the period 2024 and 2023 to manage the risk of interest rate fluctuations.

Capital management. Capital includes equity attributable to shareholders. The primary objective of the Company's capital management is to ensure that it meets external capital requirements. The objectives of the Company's capital management is to ensure 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. According to the Law on Companies of the Republic of Lithuania, the share capital of a private limited liability company must be at least EUR 2.5 thousand, and equity at least 50 percent of the Company's share capital.

The Company's management controls compliance with the provisions of the Law on Companies of the Republic of Lithuania 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.

7. Intangible assets

As at 31 December 2024, intangible assets of the Company consisted of the following:

	Software	Total
Acquisition cost		
31 December 2022	67	67
- acquisitions	16	16
- sales, disposals, write-offs	(33)	(33)
- reclassifications	-	-
31 December 2023	50	50
- acquisitions	-	-
- assets sold, written off, disposed	-	-
- reclassifications	-	-
31 December 2024	50	50
Accumulated depreciation and impairment losses		
31 December 2022	60	60
- amortisation	4	4
- impairment during the year	-	-
- sales, disposals, write-offs	(33)	(33)
- received from company group (+)	-	-
- reclassifications	-	-
31 December 2023	31	31
- amortisation	9	9
- impairment during the year	-	-
- assets sold, written off, disposed	-	-
- assets sold, written off, disposed	-	-
- received from company group (+)	40	40
- reclassifications	-	-
31 December 2024		
Carrying amount		
31 December 2022	7	7
31 December 2023	19	19
31 December 2024	10	10

The Company does not have internally generated intangible assets.

Fully amortised intangible assets used in the Company's activities:

	31/12/2024	31/12/2023
Software	49	34
Total	49	34

The total amount of amortisation costs of the Company's intangible assets included in the statement of profit or loss and other comprehensive income as at 31 December 2024 was EUR 9 thousand (2023: EUR 4 thousand).

Intangible assets which were fully amortised but still used by the Company amounted to EUR 66 thousand (in 2023 – EUR 34 thousand). The major part of amortised assets comprised of software.

8. Property, plant and equipment

Property, plant and equipment of the Company consisted of the following:

	Buildings and structures	Machinery and equipment	Road vehicles	Railway rolling stocks	Other equipment, fittings and tools	Construction in progress and prepayments	Total
Acquisition cost							
31 December 2022	5,246	25,209	903	8,089	741	27	40,215
- acquisitions during the year, reclassifications from current assets		240	-	2	38	646	926
- assets sold, written off, disposed, reclassified to current assets	(9)	(2,173)	(248)	(681)	(39)	-	(3,150)
- received from group companies (+)	-	-	-	-	-	-	-
- transferred to current assets	-	(2,449)	-	(221)	-	-	(2,670)
- reclassifications	-	106	-	-	-	(106)	-
31 December 2023	5,237	20,933	655	7,189	740	567	35,321
- acquisitions per year	24	8	-	-	20	81	133
- reclassifications from current assets		-	-	-	-	-	-
- sold, written off, disposed	(75)	(581)	(150)	(1,379)	(51)	(193)	(2,429)
- transferred to current assets	-	-	-	-	-	-	-
- reclassifications	-	60	-	194	-	(254)	-
31 December 2024	5,186	20,420	505	6,004	709	201	33,025
Accumulated depreciation and impairment losses							
31 December 2022	2,047	11,492	828	3,436	557	-	18,360
- depreciation	196	1,208	33	281	19	-	1,737
- impairment during the year	-	-	-	-	-	-	-
- assets sold, written off, disposed, reclassified to current assets	(2)	(1,003)	(241)	(413)	(32)	-	(1,691)
- transferred to current assets	-	(1,654)	-	(142)	-	-	(1,796)
- reclassifications	-	-	-	-	-	-	-
31 December 2023	2,241	10,043	620	3,162	544	-	16,610
- depreciation	194	1,127	20	276	26	-	1,643
- impairment during the year	-	-	-	-	-	-	-
- sold, written off, disposed	(51)	(568)	(141)	(813)	(34)	-	(1,607)
- transferred to current assets	-	-	-	-	-	-	-
- reclassifications	-	-	-	-	-	-	-
31 December 2024	2,384	10,602	499	2,625	536	-	16,646
Carrying amount							
31 December 2022	3,199	13,717	75	4,653	184	27	21,855
31 December 2023	2,996	10,890	35	4,027	196	567	18,711
31 December 2024	2,802	9,818	6	3,379	173	201	16,379

8. Property, plant and equipment (cont'd)

The Company's depreciation costs, included in the statement of profit or loss and other comprehensive income, amounted to EUR 1,643 thousand (in 2023: EUR 1,737 thousand), excluding depreciation costs of right-of-use assets EUR 188 thousand (in 2023: EUR 244 thousand).

As at 31 December 2024, the cost of depot repairs of rolling stock amounted to EUR 191 thousand and was accounted for as construction in progress and prepayments in the statement of financial position (in 2023: EUR 302 thousand).

Acquisition cost of fully depreciated property, plant and equipment still in use consisted of the following:

	31/12/2024	31/12/2023
Buildings and structures	1,710	565
Machinery and equipment	1,738	1,128
Road vehicles	430	233
Railway rolling stocks	885	1,195
Other equipment, fittings and tools	662	679
Total	5,425	3,800

The major part of fully depreciated property, plant and equipment consisted of machinery and plant as well as railway rolling stocks.

In 2024, in preparing the financial statements, the Company's management calculated the recoverable amount of property, plant and equipment. Estimation was performed discounting the expected future cash flows from the Company's activity. The forecast of the Company's operating results was made on the basis of the following key assumptions:

- The cash flows are assessed for a period of 5 years up to and including 2029, after which continuous growth is assessed (continuing period);
- The calculation uses data from the Company's approved strategy. 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 158,8 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 terminal 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 terminal period was the same as in 2024, the recoverable amount would be lower and it would be at risk of impairment by EUR around 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.

9. Right-of-use assets

As at 31 December 2024, the right-of-use assets of the Company consisted of the following:

	Buildings and structures	Vehicles	Total
Acquisition cost			
31 December 2022	61	1,067	1,128
- acquisitions per year	-	113	113
- derecognition during the year	-	(517)	(517)
31 December 2023	61	663	724
- acquisitions during the year	-	298	298
- derecognition during the year	-	(255)	(255)
31 December 2024	61	706	706
Accumulated depreciation and impairment losses			
31 December 2022	58	642	700
- depreciation	3	241	244
- derecognition	-	(509)	(509)
- impairment	-	-	-
31 December 2023	61	374	435
- depreciation	-	188	188
- derecognition	-	(231)	(231)
- impairment	-	-	-
31 December 2024	61	331	392
Carrying amount			
31 December 2022	3	425	428
31 December 2023	-	289	289
31 December 2024	-	375	375

As at the reporting date, the Company has concluded contracts for the lease of vehicles. The remaining lease term is up to 5 years. A discount rate of 3.723% was applied to the lease contracts. Impact on the Company's results in the statement of comprehensive income is insignificant.

10. Inventories

As at 31 December 2024, inventories of the Company consisted of the following:

	31/12/2024	31/12/2023
Materials	346	245
Materials of track superstructures	558	745
Spare parts	471	596
Fuel	33	36
Work clothing	19	17
Inventory	17	18
Greases	11	21
Less: decrease in realisable value (-)	(676)	(312)
Total raw materials, materials and component parts	779	1,366
IT assets held for sale	591	669
Less: decrease in realisable value (-)	(545)	-
Total investment assets held for sale	46	-
Total	825	2,035

As at 31 December 2024, the carrying amount of the Company's inventories, except for non-current assets held for sale amounting to EUR 1,455 thousand was reduced by EUR 676 thousand to the net realisable value and amounted to EUR 779 thousand (as at 31 December 2023, the carrying amount of EUR 1,678 thousand was reduced by EUR 312 thousand to the net realisable value and amounted to EUR 1,366 thousand). The change in the write-down of the Company's inventories to net realisable value is reflected in the expense item in the statement of profit or loss and other comprehensive income.

As at 31 December 2024, the carrying amount of the Company's non-current assets held for sale of EUR 591 thousand was reduced to net realisable value and amounted to EUR 46 thousand (as at 31 December 2023: EUR 669 thousand).

Write down to the net realizable value of the Company's non-current assets held for sale, less costs to sell, is represented under costs of impairment and write-off and equity in the statement of profit or loss; The majority of the Company's non-current assets held for sale consists of machinery and equipment.

11. Prepayments

Prepayments of the Company comprised:

	31/12/2024	31/12/2023
Prepayments	6	6
Deferred costs	4	2
Total	10	8

12. Assets arising from contracts with customers

The Company's assets arising from contracts with customers consisted of:

	31/12/2024	31/12/2023
Guaranties paid to suppliers	8	19
Accrued income	77	-
Total	85	19

13. Trade receivables

The Company's trade and other receivables consisted of:

	31/12/2024	31/12/2023
Trade receivables	1,386	609
Receivables from related parties	3,860	5,666
Impairment of receivable debts (-)	(141)	(47)
Total trade receivables:	5,105	6,228

In order to ensure more efficient fund management and the liquidity of the LTG Group companies under market conditions, the Group's cash-pool agreement was signed with AB Swedbank on 21 December 2018. Under this agreement the members of the Group may borrow and lend funds to Group members on mutual lending platform for a period shorter than one year.

As at 31 December 2024, the Group companies had a debt of EUR 1 million to the Company under the Group's cash pool agreement.

14. Other receivables

Other receivables consisted of:

	31/12/2024	31/12/2023
Recoverable VAT	204	-
Other receivables from the budget	89	43
Total	293	43

15. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	31/12/2024	31/12/2023
Cash in bank	4,117	3,657
Cash in transit	-	-
Total	4,117	3,657

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

16. Share capital

The nominal value of the Company's shares is EUR 281.53 per share. All shares are paid.

Change in the share capital is presented in the table below:

	Share capital	Number of shares, units
Authorised share capital		
Number of shares as at 31 December 2023	30,897	109,748
Increased	-	-
Decreased	-	-
Number of shares as at 31 December 2024	30,897	109,748
2. Capital structure		
2.1. By type of shares	-	-
2.10. Ordinary shares	30,897	109,748
2.11. Preference shares	-	-
2.2. State capital	-	-
B. Amounts unclaimed and amounts claimed but not yet paid, including therein:	-	-
Shareholders (debtors)	-	-
Total	30,897	109,748

On 10 November 2020, acting as the sole shareholder AB Lietuvos geležinkeliai made a decision to decrease the Company's share capital by reducing the nominal value of issued shares. Based on the decision, the nominal value of one ordinary registered share is changed from EUR 289.62 to EUR 281.53. Upon the change of the nominal value of one share, the share capital of GTC was divided into 109,748 shares. The amount of the share capital in value terms was EUR 30,897 thousand.

17. Reserves

Legal reserve. A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfers of not less than 5% of net profit are compulsory until the reserve reaches 10% of the authorised share capital. The legal reserve cannot be distributed as dividends, but can be used to cover future losses.

Other reserves. As at 31 December 2024, the Company did not have other reserves.

Allocation of the Company's profit of 2023 was approved by the Shareholder's decision No AS(LTG)-42/2024 dated 16 April 2024.

Legal and other reserves were not formed.

18. Loans and other financial debts

As at 31 December 2024, the Company had no loans and other financial debts.

On 21 December 2018, the LTG Group's cash-pool agreement was signed with Swedbank, AB. On 29 March 2019, the Company signed an agreement pursuant to which it has access to the cash-pool. Under this agreement the members of the Group may borrow and lend funds to Group members under market conditions and for a period shorter than one year. As at 31 December 2024, the Company had no liabilities under this agreement.

19. Lease liabilities

The Company's lease liabilities comprised the following:

	31/12/2024	31/12/2023
Non-current	201	128
Current	182	169
Lease liabilities	383	297

The Company leases vehicles. Lease contracts are usually concluded for a fixed period with or without an option of extending it. In determining the lease term, management considers all the facts and circumstances that give rise to the economic incentive to exercise the option to extend the contract or not to exercise the option to terminate it. The management believes that the possibilities of extending the contract (or the periods after the possibility of terminating the contract) are 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.

The discount rate applied for lease agreements in 2024 amounts to 3.723% (31 December 2023: 3.79%).

20. Provisions

The Company's provisions consisted of:

	31/12/2024	31/12/2023
Non-current provisions	230	48
Current provisions	56	298
Total	286	346

Movement of provisions:

	31/12/2024	31/12/2023
Provisions		
Balance at the beginning of the period	346	359
Increase (formed)	12	-
Decreased (used)	(72)	(13)
Balance at the end of the period	286	346

Provisions for warranty repairs. The amount of provisions for warranty repairs is estimated taking into account the historical data; i. e. the amount of expenses related to warranty repair, remedies of defects and similar expenses the Company incurs every year. In formation of a provision, the Company estimates the period which is covered by the guarantee and during which the Company is obliged to remedy defects.

Provisions for received claims. Provisions for claims are accounted for based on the received claims. The management assesses the reasonableness of the received claims and potential expenses.

Provisions for pensions and similar liabilities. Pursuant to the Labour Code of the Republic of Lithuania, each employee leaving the Company at the age of retirement is paid a compensation of up to two-month-average salary. In addition, a compensation of up to one month average salary is paid to an employee in the event of 25 years length of service pursuant to the collective agreement effective in the Company. Jubilee payments also comprise provisions for pensions and similar liabilities.

Key assumptions applied in assessing the Company's non-current liabilities to employees are as follows:

	31/12/2024	31/12/2023
Discount rate	3.671%	3.374%
Employee turnover rate	32.54%	27.61%
Annual salary increase	5.0%	5.0%

21. Employment related liabilities

Current employee benefits by type:

	31/12/2024	31/12/2023
Vacation accruals	316	389
Payable remuneration	-	-
Payable personal income tax contributions	-	-
Payable social insurance contributions	116	174
Accrued portion of variable remuneration	241	256
Total	673	819

22. Liabilities arising from contracts with customers

As at 31 December 2024, liabilities arising from contracts with customers consisted of:

	31/12/2024	31/12/2023
Accrued income	114	1,305
Total	114	1,305

In 2024, prepayments received by the Company consisted of advances paid for project implementation.

23. Trade and other payables

Trade and other payables consisted of:

	31/12/2024	31/12/2023
Financial guarantees received	20	-
Other charges payable to the budget	17	130
Trade union membership fee	1	1
Trade payables	407	991
Amounts payable to related parties	502	312
Accrued costs	343	187
Other payables and non-current liabilities	1	3
Total	1,291	1,624

Accrued expenses in the Company consisted of accrued management fee and other atypical accruals formed.

24. Prepayments received

	31/12/2024	31/12/2023
Prepayments received	22	1
Total	22	1

25. Sales revenue

Revenue comprised:

	2024	2023
Revenue arising from contracts with customers	15,107	24,176
Other income	777	64
Total	15,884	24,240

Information related to each segment disclosed is presented below. Sales revenue of a segment is used for measurement of operating results of a segment. Information on segments is prepared in accordance with the same accounting policies as those used in the statements of the Company's operating results.

Revenue according to the type:

	2024	2023
Construction and repair of railways	12,080	19,043
Maintenance of railway track and structures	1,766	2,755
Construction, reconstruction and repair of other structures	321	1,266
Lease of plant and machinery	267	550
Construction and repair of signalling, automation and electrification	595	317
Designing works	-	57
Other works (snow removal, sales of current assets, etc.)	78	188
Total	15,107	24,176

Pardavimai pagal pirkėjo grupę:

	2024	2023
LG and group companies	12,208	20,072
Other customers	2,899	4,104
Total	15,107	24,176

Works and services were delivered to group companies of AB Lietuvos geležinkeliai and other customers.

Expected recognition periods of unsatisfied (or partially unsatisfied) performance obligations as of the end of the reporting period as revenue:

	Total transaction price	2025	2026
Contracting works	19,824	447	0
Total	19,824	447	0

Long-term contracts

Revenue in the Company is earned within more than one year; i. e. the Company has long-term selling contracts. Recognition of ongoing projects as the Company's revenue under the signed long-term construction contracts is based on the completion stage of contractual obligations. The stage of completion is measured by comparing actual costs incurred to all the budgeted costs. The table below provides information on the ongoing contracts as of the end of the year:

Ongoing contracts	2024	2023
Revenue and profit (loss) recognised under ongoing contracts	1,269	(1,501)
The amount of invoices issued under ongoing contracts	4,707	19,279
Total	5,976	17,778

As at the end of 2022, there were 9 ongoing construction contracts signed, recognition of which was subject to IFRS 15. From the starting date of performance of the contract, the invoices issued for carried out works amounted to EUR 19,377 thousand.

26. Result from financing activities

Financing activity results of the Company consisted of:

	2024	2023
Total finance income	96	20
Penalties and default interest for overdue trade receivables	10	11
Interest	86	9
Total finance costs	(318)	(559)
Interest	(23)	(246)
Lease liability interest	(13)	(13)
Fines, penalties, delay interest	(281)	(296)
Currency exchange loss	(1)	(4)
Result from financing activities	(222)	(539)

27. Corporate income tax and deferred tax

Corporate income tax was calculated at a 15% tax rate.

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

	2024	2023
Profit (loss) before tax	(2,097)	1,083
Corporate income tax at a statutory tax rate of 15%	(315)	162
Non-deductible expenses	146	173
Non-taxable income	(10)	(2)
Income tax incentive used	-	(37)
Deferred tax assets not recognised in previous years	-	(941)
Income tax adjustment of the previous year	-	-
Income tax change	(88)	-
Total income tax expenses (income) recognised in profit or loss	(267)	(645)
Effective rate	12.7%	59.5 %
	2024 12 31	2023 12 31
Corporate income tax of the reporting year	-	91
Income tax adjustment of the previous year	-	-
Deferred tax expenses (income)	(267)	(736)
Total income tax expenses (income) recognised in profit or loss		
Total	(267)	(645)

During 2024, the Tax Authorities have not performed 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 of the Company is not aware of any circumstances which would cause calculation of additional significant liabilities due to unpaid taxes.

Calculation of the Company's deferred tax asset is presented below:

	31/12/2024	31/12/2023
Deferred tax asset before realisation valuation	1,401	1,134
Realisation valuation	-	-
Deferred tax asset, net value	1,401	1,134
Components of deferred tax are given below:		
Deferred tax asset:		
Impairment of amounts receivable and write-off of bad debts	23	7
Accrued income	6	-
Impairment of inventories	195	47
Vacation accruals	1	1
Pension accruals	10	7
Warranty repair provisions	36	45
Bonuses	39	38
Other provisions	55	28
Tax loss carry-forward	1,098	784
Valuation of non-current assets (increase and decrease in value) and differences in depreciation rates	(62)	(20)
Other temporary differences	-	197
Deferred tax asset before realisation valuation	1,401	1,134
Realisation valuation	-	-
Deferred tax asset after realisation valuation	1,401	1,134
Deferred tax liability:		
Difference in the tax value of non-current assets	-	-
Deferred income tax liability	-	-
Deferred income tax asset, net value	1,401	1,134

- IAS at 31 December 2024, deferred tax asset was calculated applying a 16% tax rate and amounted to EUR 1,401 thousand.
- Deferred tax asset for taxable losses was fully recognised. Deferred tax assets and deferred income 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.
- Realisation of such assets is based by the Company on future taxable profit. Based on the forecasts and approved business strategy of the Company, taxable profit amounting to EUR 12.9 million is planned for the period 2025-2029 and it will allow using the accumulated deferred income tax assets in full. Currently there are no known legal or tax changes that could have negative impact on realisation of deferred assets. Main assumptions:
 - the Company will maintain current customer base and increasing operating profitability;
 - there will be no significant market shocks that would influence revenue flows;
 - stable level of expenses control is maintained.

28. Related party transactions

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company's related parties and transactions with them in 2024 and 2023 were as follows:

31/12/2024	Purchases	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	1,746	-	1,007	253
AB LTG Infra	614	11,104	2,865	175
AB LG Cargo	764	-	-	58
UAB LTG Link	6	-	-	1
UAB voestalpine Railway Systems Lietuva	578	6	-	16
	3,708	11,110	3,872	503

31/12/2023	Purchases	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	1,751	-	-	187
AB LTG Infra	623	20,064	5,666	77
AB LG Cargo	1,558	-	-	15
UAB LTG Link	76	-	-	1
UAB voestalpine Railway Systems Lietuva	394	7	-	32
	4,402	20,071	5,666	312

Remuneration to management and other benefits

As at 31 December 2024, there were 6 executives; i.e. 1 Chief Executive Officer, 1 Head of Corporate Operations, 1 Head of Production, 1 Head of Contracting Sales, 1 Head of Business Development, 1 Head of Project Management and Engineering.

	31/12/2024	31/12/2023
Remuneration employment related remunerations except for employer's social insurance contributions	500	546
Remuneration to other related parties	-	-
Number of management personnel	6	6

During 2024 and 2023, no loans, guarantees, or other disbursements or accruals or disposals of assets were made to the Company's management, except for those disclosed above.

29. Off-balance liabilities, contingent liabilities and assets

The Company is involved in several legal proceedings with different procedural positions: both as the claimant and the respondent. These cases are related to different legal issues, including fulfilment of contractual obligations, commercial disputes and other aspects of civil law.

The Company, as a civil respondent, is involved in the case as a partner in a joint venture agreement (JVA) for serious accidents at work of non-Company employees in the course of work under the JVA. In view of the acquittal on 30.12.2024 (civil claims pending), it was decided not to make any provision for the possible settlement of the liabilities on 31.12.2024. Appeals were received in January 2025. On 4 March 2025, the case was scheduled for appeal (Vilnius Regional Court).

GTC requests to annul part of the decision No. 4S-437(7.4Mr) dated 20/04/2023 of the respondent BĮ Viešųjų pirkimų tarnyba regarding the recognition of UAB Geležinkelio tiesimo centras as a contracting entity and the obligation to conduct procurement in accordance with the provisions of the Law on Procurement by Contracting Authorities in the Field of Water Management, Energy, Transport or Postal Services.

A part of the proceedings is at the initial stage where the circumstances of claims and counter-claims are analysed and other proceedings are already in the stage of legal investigation. As legal proceedings are dynamic and depend on a number of legal and factual circumstances, the final decisions are not clear. GTC is active in defending its interests, cooperates with lawyers and complies with all legal requirements to achieve the most beneficial results. For the most efficient and rational solution to problems, the Company's management is ready to take additional steps or discuss alternative ways to solve the disputes.

30. Events after the reporting period

Until the approval date of the financial statements, there were no other post-balance events which could significantly affect the Company's financial statements.

Due to the uncertainties surrounding the possible outcome of legal proceedings and in view of the risks involved, the Company has made provisions to cover the possible outcome of legal proceedings as a precautionary measure. These provisions are calculated by estimating the potential liabilities and estimated costs associated with ongoing disputes. As at 31 December 2024, the provision made for legal proceedings amounted to EUR 179 thousand (as at 31 December 2022: EUR 104 thousand).

The Tax Authorities have not performed 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 of the Company is not aware of any circumstances which would cause calculation of additional significant liabilities due to unpaid taxes.

As at 31 December 2024, the Company had issued guarantees for the amount of EUR 5,588 thousand, including guarantees of the performance of contracts and guarantees for liabilities of the warranty period.



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