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Geležinkelio tiesimo centras UAB

INTERIM REPORT AND INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2024

CONTENTS

This interim report and the financial statements do not contain all the information required for the annual report and the financial statements and must therefore be read together with the annual report and the financial statements for the year ended 31 December 2023 (http://www.gtc.lt) which have been prepared in accordance with the IFRS Accounting Standards, as adopted by the European Union.

INTERIM REPORT

1. OVERVIEW

1.1 CEO'S FOREWORD

Dear Partners, Employees and Clients,

The first half of 2024 has brought numerous changes to Geležinkelio tiesimo centras UAB – and also some challenges. However, despite operating in a highly competitive market, we have continued our strategic development, striving to maintain the previous volumes of work and holding many meetings with infrastructure managers.

Continuing our strategic focus on expanding into new markets, we analysed opportunities in neighbouring Latvia over the past six months. Looking ahead, and to ensure operational stability and financial returns for our shareholders, we have actively engaged in public procurement and also signed partnership agreements to subcontract work.

We have continued to optimize our operations by reviewing and improving processes, streamlining project management and employee roles, and eliminating unnecessary machinery. These efforts have enabled us to operate more efficiently in the first half of this year, fostering optimism and determination within the team to progress swiftly.

We have successfully installed the Locomotive Safety System (LSS) on four railway vehicles. In addition to meeting national security requirements, this system represents a significant step towards modernization and compliance with safety standards.

We also successfully carried out track repairs on the Plungė-Šateikiai and Vievis-Žąsliai section. We have also completed 85% of the repair works on the Tarvainiai-Plungė section.

Another project of which Geležinkelio tiesimo centras UAB is proud is the first successful installation of a ballastless level crossing at Radviliškis railway station.

I am convinced that Geležinkelio tiesimo centras UAB will successfully complete the work started this year and implement the ongoing projects, continuing to operate successfully in both Lithuania and foreign markets and laying a solid foundation for a breakthrough in the coming years.

ROLANDAS ZABILEVIČIUS
CEO
Geležinkelio tiesimo centras UAB

1.2. ACTIVITIES OF THE COMPANY

GENERAL INFORMATION ABOUT THE COMPANY

Name	**Geležinkelio tiesimo centras UAB**
Registered office address	Trikampio str. 10, Lentvaris, Trakai dist.
Legal form	Private limited liability company, a private legal entity with 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 activity	Construction and repair of railway track infrastructure
CEO of the Company	Rolandas Zabilevičius
Shareholders	100% of shares are owned by Lietuvos geležinkeliai AB

Data on the Company shall be collected and stored in the Register of Legal Entities of the State Enterprise Centre of Registers.

THE COMPANY'S BRANCHES, REPRESENTATIVE OFFICES ABROAD

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

THE COMPANY'S ACTIVITY MODEL

The Company's registered office is located at Trikampio str. 10, Lentvaris, Trakai district. The Company has two production bases in strategic locations: 10 ha in Lentvaris, 12 ha in Šilėnai (Šiauliai district).
The Company has implemented and operates an Integrated Quality, Environmental and Occupational Health and Safety Management System in accordance with the international ISO 9001, ISO 14001 and ISO 45001 management standards.

COMPANY'S ACTIVITIES AND SERVICES PROVIDED

Currently, the Company specializes in the construction, repair, maintenance of road and structures, as well as the repair, reconstruction and construction of other civil engineering structures. Also in the lease of machinery, plant and equipment, installation of engineering systems for transport infrastructure.
The main activity of Geležinkelio tiesimo centras UAB is focused on the maintenance of railway infrastructure, construction, repair and modernisation projects.

GTC's main business segments:
- Railway track construction and repair;
- Maintenance of railway tracks and structures;
- Repair, reconstruction and construction of other engineering structures;
- Lease of machinery, plant and equipment;
- Installation of engineering systems for transport infrastructure.

MARKET AND COMPETITIVE ENVIRONMENT

LITHUANIAN MARKET. GTC competes in the Lithuanian civil engineering construction sector, which includes maintenance and repair of railway infrastructure. The Lithuanian market consists of public infrastructure managed by LTG Infra AB and private infrastructure. The public infrastructure is the largest market, but the Company's focus is not only on this market, but also on the private infrastructure market.

FOREIGN MARKET. The Company's modern fleet of machinery and equipment, qualified personnel, successful implementation of infrastructure projects and valuable experience give the Company a unique opportunity to leverage this experience internationally and expand the geography of the Company's operations by offering its services in the neighbouring market. The Company is currently organising its activities in Poland.

CUSTOMERS AND MAIN CUSTOMER GROUPS

The Company's services are used by public railway infrastructure managers, large, medium and small companies, which have their own railway sidings, loading bars and use vehicles. Also potential GTC clients in the markets are contracting and subcontracting companies.

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 in the Republic of Lithuania are laid down in the Railway Transport Code of the Republic of Lithuania, the provisions of which have been aligned with the legislation of the European Union. Article 7 of this Code states that the public administration of railway transport is carried out by the Government of the Republic of Lithuania, the Ministry of Transport and Communications and the Lithuanian Transport Safety Administration. These authorities formulate the rail transport strategy, coordinate its implementation, carry out the functions laid down in other legislation, and, in accordance with their competences, issue legislation on rail transport issues and, either directly or through authorised bodies, monitor the implementation of this legislation. The main legislation governing the Company is the Civil Code, the Construction Law and the Technical Building Regulations.

1.2. STRATEGY

The LTG Group, along with GTC, plans its activities for both the short and long term, adapting to geographical and economic changes in the transport services market, which affect trade routes and passenger flows Long-term strategies for individual LTG business units have been developed to ensure that the strategic directions and objectives of the 2024–2028 LTG Group Strategy are closely aligned with the specific activities of LTG Group companies. One of these strategies, approved by the GTC Board on 29 December 2023, is the "Geležinkelio tiesimo centras UAB Long-term Strategy for 2023–2040", which sets the direction until 2028 and outlines guidelines for activities through 2040.

MISSION, VISION, VALUES AND STRATEGIC DIRECTIONS

MISSION: We connect people and businesses for a more sustainable future.

VISION: To be the backbone of the transport system.

VALUES: Responsibility; Customer; Collaboration; Development

STRATEGIC DIRECTIONS:

1. A modern partner in the construction of railway infrastructure: We are constantly looking for new initiatives to expand our activities with external clients.
2. Operational efficiency: We are investing in modernising the equipment fleet, improving the project management tool and developing new tools for seamless management of business projects and data. We place a strong emphasis on more efficient use/management of assets, equipment fleet and employee productivity. We continually seek to improve efficiency, employ innovative and resource-saving process management techniques and enhance working conditions and service quality.
3. Business expansion and diversification: Aiming to expand internationally: Rail Baltica (Latvia, Estonia), business development in Poland.
4. Green Deal: GTC follows the guidelines of the LTG Sustainability Policy and focuses its activities on reducing energy consumption and investing in improving the environmental situation.
5. Complete resilience: GTC strives to create a safe and transparent working environment that helps prevent potential incidents. A safety culture is being continuously strengthened, with investments in safety training, management development and continuous improvement of internal processes.
6. Strong organizational culture: GTC strives to increase employee engagement and create a high performance management culture by reinforcing the company's mission and objective, reviewing and reinforcing its values, diversity principles and the highest level of leadership. Another important part is securing future competences, which aims to attract and/or develop talent for our core competences, building our image as a top employer in a highly competitive and ageing environment of local and international labour markets.

IMPLEMENTATION AND PROGRESS OF STRATEGIC PROJECTS IN THE 1ST HALF OF 2024

- Leasing railway construction equipment in Poland.
- Measures to improve the efficiency of the technical fleet (modernization, new tools):

  successfully installed Locomotive Safety System (LSS) on four railway vehicles.

ANNUAL TARGETS FOR 2024

In December 2023, the Company's Committee approved the **GTC's annual targets for 2024**, the indicators that measure them and the target values linked to the implementation of the LTG strategy for 2028. In line with GTC's ambition and strategic objectives, annual targets have been developed to facilitate value creation through integration into Western markets, operational efficiency, service business development, a strong focus on business resilience and employee engagement. Based on the approved annual targets, GTC employees are assigned personal objectives. This engages GTC employees in a structured and coherent process for the implementation of the LTG Group's strategy, linking the achievement of objectives to employee's career, development and incentive plans.

Strategic direction / Objective	Indicators for measuring achievement of the objectives	Measuring units	Weight, %	Guidelines for achieving the 2024 targets
VALUE CREATION THROUGH INTEGRATION INTO WESTERN MARKETS				
EBITDA margin secured	EBITDA margin	%	*25.0%*	≥8.1
EFFICIENCY OF OPERATIONS				
Increased share of successful tenders in Lithuania and achieved timely implementation of projects	Share of successful tenders in Lithuania	%	*20.0%*	≥42
	Timely implementation of projects (delays)	Days	*15.0%*	≤1,800
BUSINESS EXPANSION				
Increased revenue from external clients	Revenue from external clients	Mln. EUR	*20.0%*	≥1.7
BUSINESS RESILIENCE				
Enhanced risk management and increased employee safety	Risk management level	%	*5.0%*	≥80%
	Lost Time Injury Frequency Rate (LTIFR)	Accidents at work *1 million/total hours worked	*5.0%*	≤7.2
STRONG ORGANISATIONAL CULTURE				
Increased employee engagement level	Employee engagement	%	*10.0%*	≥51

1.4. MAIN EVENTS IN THE 1ST HALF OF 2024

JANUARY

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

FEBRUARY

- High-value contract works: Overhaul of the Dotnuva-Gudžiūnai Track I and replacement of switches in Šiauliai and Klaipėda regions.

MARCH

- Started track repairs on the Plungė-Šateikiai and the Vievis-Žąsliai section.
- Started working on the main project for the 1st half of 2024, namely the repair of the Tarvainiai-Plungė section. This project is now approx. 85% complete.

APRIL

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

MAY

- GTC successfully installed the Locomotive Safety System (LSS) on four railway vehicles.
- Chief Production Officer Darius Silius began serving as interim CEO.
- The company has undergone a structural change, with the Quality Department merged into Corporate Affairs and quality functions now carried out by a Quality Manager and a Quality Controller.
- A contract is signed for rail welding services in Poland.
- The Company won two Klaipėda State Seaport Authority tenders for repairing switches.

JUNE

- GTC's first successful installation of a ballastless level crossing at Radviliškis railway station.
- Rolandas Zabilevičius, CEO of Geležinkelio tiesimo centras UAB, was appointed for a five-year term of office.

1.5. EVENTS AFTER THE END OF THE REPORTING PERIOD

JULY

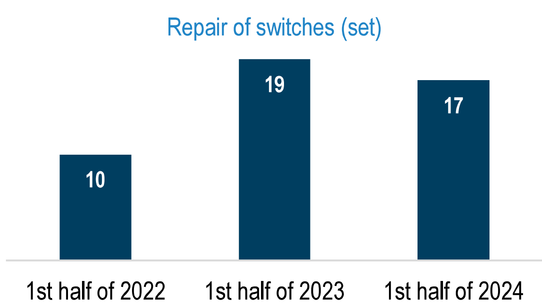
- The Company won the tender for the lease of equipment (special railway vehicles and special wagons).

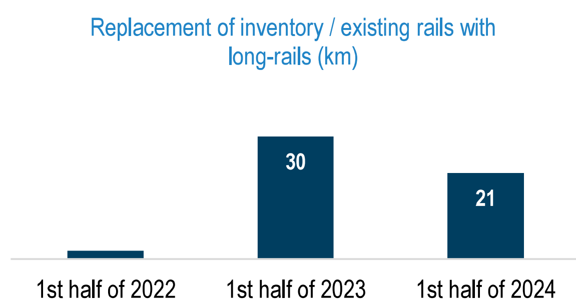
2. RESULTS

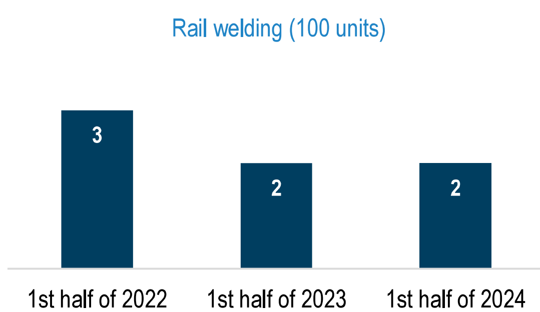
2.1. OVERVIEW OF KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS

Indicators	Measuring units	1st half of 2024	1st half of 2023	2024/2023 Δ, %	1st half of 2022
Assembly / reassembly of railway track	km	13	1	1,180%	1
Dismantling a railway track	km	9	1	790%	1
Dismantling of a railway track in individual components	km	14	0	N/A	1
Construction of railway tracks	km	9	1	787%	1
Ballasting	1,000 m3	11	16	-30%	1
Replacement of inventory / existing rails with long-rails	km	21	30	-29%	2
Rubble cleaning	km	13	15	-13%	0
Road repair	km	30	40	-25%	1
Installation of switches	set	0	14	-100%	1
Repair of switches	set	17	19	-11%	10
Replacement of rails (up to length of 25 km)	100 units	3	5	-44%	0
Replacement of railway ties	1,000 units	3	7	-52%	0
Rail welding	100 units	2	2	-23%	3
Replacement of clips	1,000 units	1	35	-98%	0
Working hours of leased machinery	hours	48	314	-85%	851
Leased wagons	(in days)	120	6,070	-98%	537







2.2. FINANCIAL RESULTS

SALES REVENUE

Dynamics of GTC's sales revenue from the 1st half of 2022 to the 1st half of 2024, EUR thousand

Type of revenue	1st half of 2024	1st half of 2023	1st half of 2022
Railway construction and repair	4,659	7,550	1,417
Maintenance of railway tracks and structures	1,220	1,255	282
Repair, reconstruction and construction of other engineering structures	37	654	3,724
Lease of machinery and equipment	47	330	466
Construction and repair of signaling, automation and electrification	244	62	0
Design works	1	0	131
Other work (snow clearance, sales of short-term assets, etc.)	70	169	147
Total	**6,278**	**10,020**	**6,167**

GTC's sales revenue in the 1st half of 2024 amounted to EUR 6,278 thousand, a decrease of EUR 3,742 thousand or 37.3% compared with the 1st half of 2023.

The majority of the Company's operating income in the 1st half of 2024, or 74.2%, came from railway construction and repair. Revenue in this segment in the 1st half of 2024 was EUR 2,891 thousand or 38.3% lower than in the 1st half of 2023.

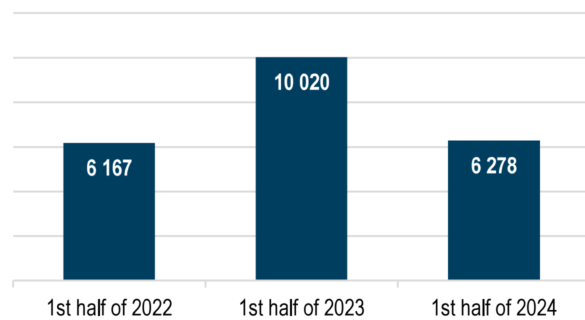
The share of revenue from maintenance of railway tracks and structures in the Company's revenue structure was 19.4% in the 1st half of 2024. Revenue in this segment in the period in question was EUR 35 thousand or 2,8% lower than in the 1st half of 2023.

During the reporting period, the Company also provided additional services such as lease of assets (machinery, mechanisms and specialised equipment) and other services.

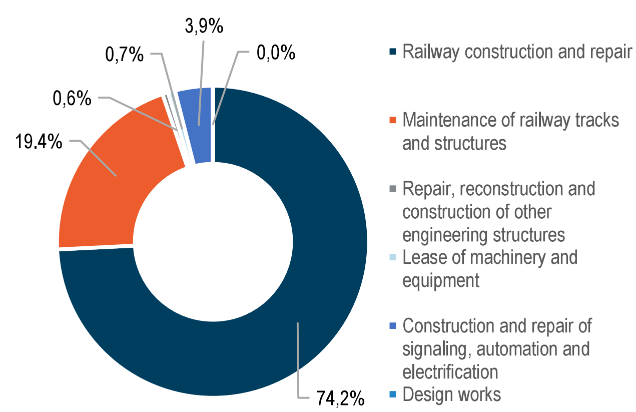
In the 1st half of 2024, the Company's activities were carried out not only in Lithuania but also in Poland. The majority of the works were carried out under public procurement by the public infrastructure manager and its subsidiary managers.

The Company's fleet of equipment and competences provide all the preconditions to increase sales volumes from other clients not only in Lithuania but also abroad.

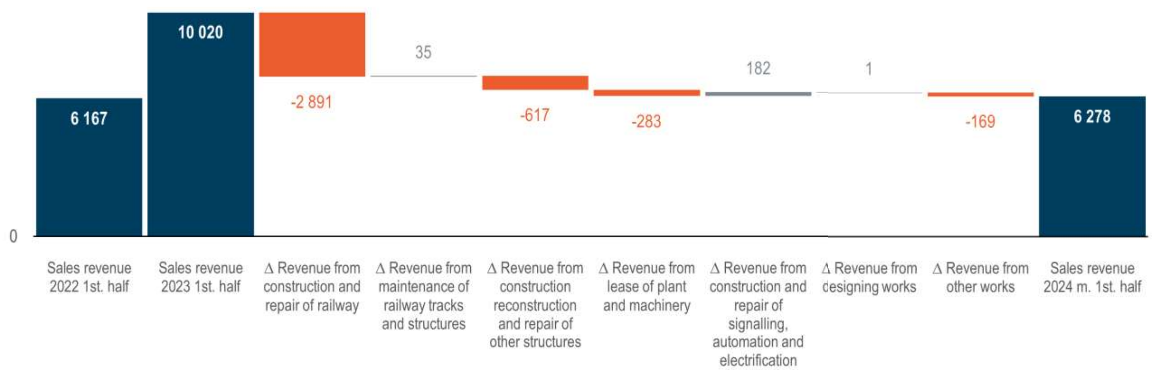
Company's sales revenue, in thousands of euros



Revenue structure in the 1st half of 2024, %



Change in Company's sales revenue, EUR thousand



COSTS

Changes in work volumes have also had a direct impact on costs, which is why in the 1st half of 2024 the Company observed a reallocation of costs in addition to sales revenues.

GTC's operating costs in the 1st half of 2024 were EUR 8,530 thousand. Compared with the 1st half of 2023, the costs decreased by EUR 1,990 thousand or 18.9%. The cost reductions are directly attributable to lower material costs for projects and lower labour costs.

Cost structure of GTC from the 1st half of 2022 to the 1st half of 2024, in thousands of euros

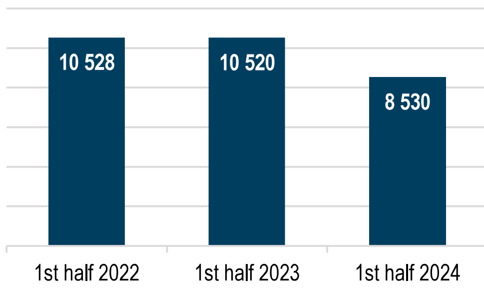
Type of cost	1st half of 2024	1st half of 2023	1st half of 2022
Salary and related costs	3,432	4,084	3,980
Materials	213	777	1,344
Fuel	259	290	305
Depreciations and amortisation	922	1,026	1,141
Other costs	3,704	4,343	3,812
Total	**8,530**	**10,520**	**10,582**

The largest share of the Company's operating costs – 40.2% – in the 1st half of 2024 was accounted for by salaries and related costs. This is a decrease of EUR 652 thousand compared with the 1st half of 2023. The change in costs is due to a reduction in the number of employees.

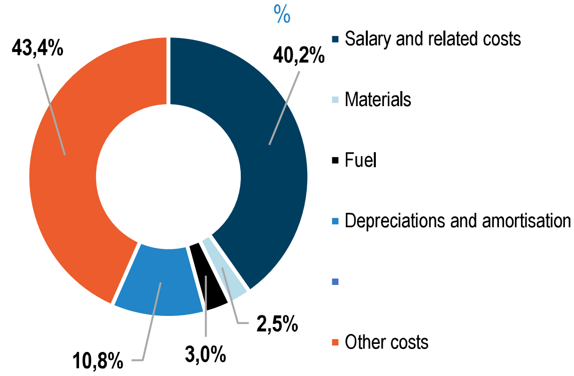
GTC's other costs amounted to 43.4% of total costs in the 1st half of 2024, dropping by EUR 639 thousand compared with the 1st half of 2023.

Other costs include production costs such as freight, locomotives and maintenance teams, special vehicles, leasing other assets and other costs, which are proportional to the volume of work.

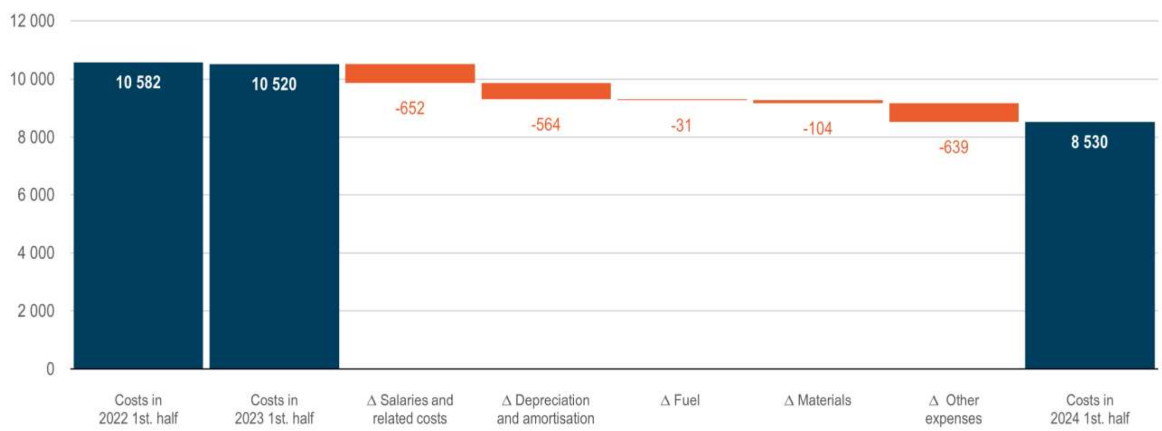
Company costs, in thousand EUR



Company's cost structure in the 1st half of 2024, %



Change in Company's costs, EUR thousand



OPERATING RESULTS

GTC's EBITDA (earnings before interest, tax, financial result, depreciation and amortisation) for the 1st half of 2024 amounted to EUR 724 thousand.

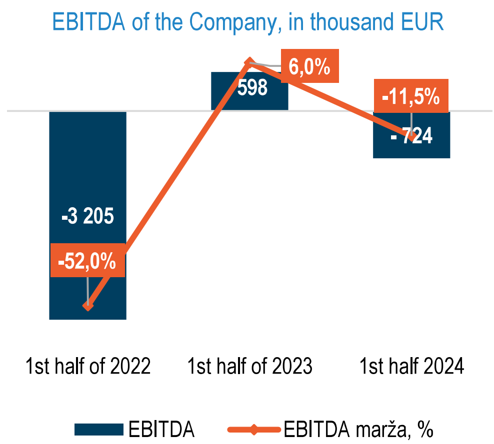
In the first half of 2024, GTC's revenue amounted to EUR 6,278 thousand, a decrease of EUR 3,742 thousand compared with the 1st half of 2023. The main contributor to the decrease in revenue was a significant drop in railway construction and repair revenue, which was EUR 652 thousand or 38.3% lower, due to a decrease in the volume of major repairs.

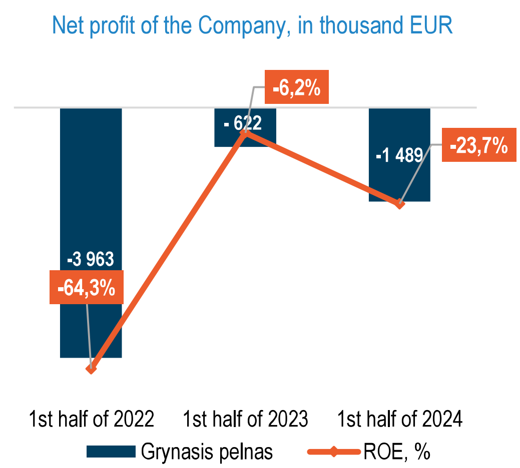
GTC's costs for core and non-core activities in the 1st half of 2024 amounted to EUR 8,530 thousand. Compared with the 1st half of 2023, the costs decreased by EUR 1,990 thousand or 18.9%. The bulk of the costs in the 1st half of 2024, 40.2%, was accounted for by salaries and related costs, with other costs accounting for 43.4% and depreciation accounting for 10.8% of the total costs.

In the 1st half of 2024, the Company incurred a loss of EUR 1,489 thousand.

The main reasons for GTC's poorer performance in the 1st half of 2024 are as follows:

- shrinking market for railway construction and maintenance services;
- optimised operations.





BALANCE SHEET CHANGES

During the reporting period, the value of the Company's assets decreased by EUR 1,060 thousand, or 3.3% compared to 2023.

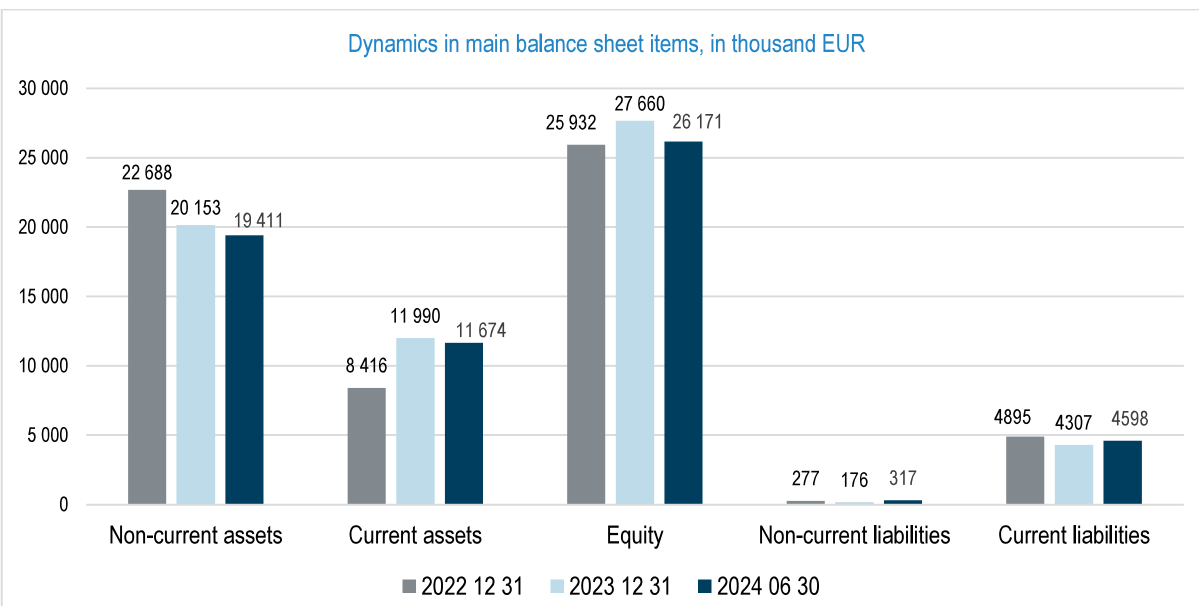
GTC's fixed assets accounted for 62.4% of its total asset structure. It should be noted that the value of fixed assets decreased by EUR 743 thousand or 3.7% compared to 2023.The decrease in fixed assets is due to the sale of machinery and equipment and depreciation of assets.

The value of current assets in the 1st half of 2024 decreased by EUR 317 thousand or 2.6% compared to the 2023 reporting period.

Shareholders' equity decreased by EUR 1 489 thousand in 2024 and amounted to EUR 26,171 thousand as of 30 June 2024. The change is due to the Company's negative result for the reporting period.

Non-current liabilities in the 1st half of 2024 increased by EUR 139 thousand or 78.9% compared to the end of the reporting year 2023. The change is due to an increase in long-term lease liabilities.

Current liabilities in the 1st half of 2024 increased by EUR 290 thousand or 6.7% compared to the end of the reporting year 2023. The changes were due to an increase in employment-related liabilities and an increase in trade payables.



KEY FINANCIAL INDICATORS

	Measuring units	1st half of 2024	1st half of 2023	1st half of 2022
Sales revenue	Thousand EUR	6,278	10,020	6,167
Other operating income	Thousand EUR	606	73	69
Total income	Thousand EUR	6,884	10,093	6,236
Costs	Thousand EUR	8,530	10,520	10,582
EBITDA	Thousand EUR	(724)	598	(3,205)
Normalized EBITDA	Thousand EUR	(724)	598	(3,205)
EBITDA margin	%	(11.5)	6.0	(52.0)
Normalized EBITDA margin	%	(11.5)	6.0	(52.0)
EBIT	Thousand EUR	(1,646)	(428)	(4,346)
EBIT margin	%	(26.2)	(4.3)	(70.5)
Net profit	Thousand EUR	(1,489)	(622)	(3.963)
Net profit margin	%	(23.7)	(6.2)	(64.3)

		30/6/2024	31/12/2023	31/12/2022
Fixed assets	Thousand EUR	19,411	20,153	22,688
Current assets	Thousand EUR	11,674	11,990	8,416
Total assets	Thousand EUR	31,085	32,143	31,104
Equity capital	Thousand EUR	26,171	27,660	25,932
Financial debt	Thousand EUR	353	297	442
Net debt	Thousand EUR	(3,437)	(3,361)	380

Return on equity (ROE)	%	(5.7)	6.5	(17.3)
Return on assets (ROA)	%	(4.8)	5.5	(14.7)
Return on investments (ROI)	%	(5.6)	6.4	(17.1)
Financial debt/EBITDA	By times	(0.5)	0.1	(0.2)
Financial debt/Equity (D/E)	%	1.3	1.1	1.7
Net debt/EBITDA	By times	4.7	(0.9)	(0.2)
Net debt/Normalized EBITDA	By times	4.7	(0.9)	(0.2)
Equity capital ratio	%	84	86	83
Asset turnover indicator	By times	0.2	0.8	0.6
Total liquidity ratio	By times	2.5	2.8	1.7

* Definitions of the indicators are provided in Section 6.3 of the Annual Report.

FINANCING OF THE COMPANY

The Company had no debt obligations to credit institutions as of 30 June 2024.

To balance the working capital, the Company used the LTG Group's cash pool, allowing it to optimise the use of working capital and short-term borrowing costs. The parent company of the LTG Group has entered into an agreement with a credit institution to provide account services for the LTG Group. Consequently, the Company enters into a mutual lending agreement annually. The terms of the Agreement are in line with standard market terms.

2.3. INVESTMENT

GTC's investment in fixed assets in the 1st half of 2024 amounted to EUR 29 thousand. All investments (100%) were financed from the Company's own resources.

Investment, in thousand EUR	1st half of 2024	1st half of 2023	1st half of 2022
Machinery and equipment	9	136	201
Equipment, appliances, tools and other	20	32	23
Total	**29**	**168**	**224**

KEY INVESTMENT PROJECTS CARRIED OUT IN THE 1ST HALF OF 2024

Low-value acquisitions of tools and appliances are carried out during the reporting period.

Technical repairs are also in progress in the 1st half of 2024.

PLANNED INVESTMENT PROJECTS / INVESTMENT LINES

GTC investments planned for the near future (primarily in 2024):

- Upgrading of existing machinery
- Renewal of the wagon fleet: replacement of ageing wagon beams with newer ones.

2.4. DIVIDEND POLICY

The payment of dividends and the amount of profit contributions in state-owned enterprises is regulated by the Resolution of the Government of the Republic of Lithuania No. 665 of 6 June 2012 "On the Approval of the Procedure for the Implementation of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises" and its amendments (LINK).

Company ROE ratio (%)	Share of distributable profit allocated to dividends (%)
≤ 1	≥ 85
> 1 and ≤ 3	≥ 80
> 3 and ≤ 5	≥ 75
> 5 and ≤ 10	≥ 70
> 10 and ≤ 15	≥ 65
> 15	≥ 60

The allocation and payment of dividends by Group companies is governed by the LTG Group's Dividend Policy.

Dividends for a financial year or a period shorter than a financial year shall be planned taking into account the level of return on equity, the net profit earned, the financial capacity to pay dividends, and other conditions and circumstances set out in the Dividend Policy.

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

Geležinkelio tiesimo centras UAB has not paid dividends for the last three years.

The payment of dividends and the amount of profit contributions in state-owned enterprises is regulated by the Resolution of the Government of the Republic of Lithuania No. 665 of 6 June 2012 "On the Approval of the Procedure for the Implementation of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises" (as subsequently amended) (link).

Dividends for a financial year or a period shorter than a financial year shall be planned taking into account the level of return on equity, the net profit earned, the financial capacity to pay dividends, the execution of economic projects of national importance, and other conditions and circumstances set out in the Dividend Policy.

The dividend payout ratio, calculated based on the company's retained earnings, depends on the return on equity (ROE) at the end of the reporting period.

The Board may propose to determine a higher share of the profit to be paid out as dividends, taking into account the execution of the financial plans, significant financial indicators (net profit, EBITDA, financial debt to EBITDA ratio, financial debt to equity ratio) at the end of the reporting period, provided that such a higher payout would not have a negative impact on the implementation of the Company's long term strategy.

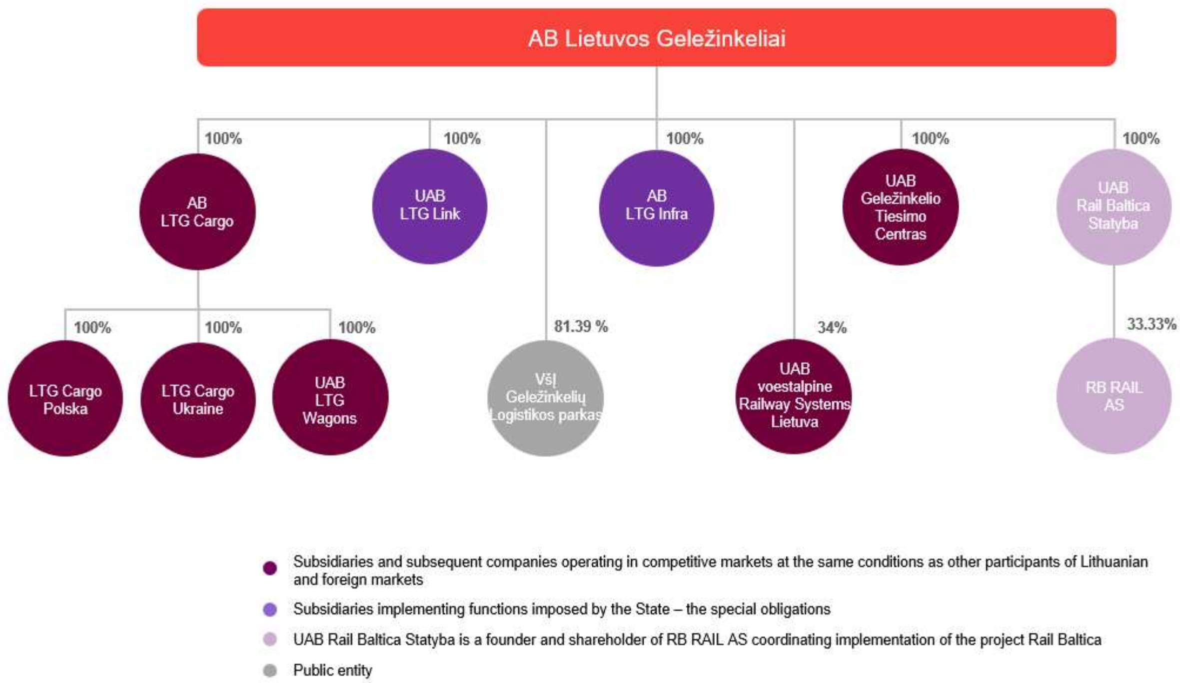
The Board may propose that the proportion of profits available for the payment of dividends be reduced or not paid at all if at least one of the following conditions is met:

- The Company made a net loss for the period under review
- The Company's indicators as monitored by institutional creditors at the end of the reporting period for which the dividends are proposed would not be in line with contractual values or the level of the indicators would have a negative impact on the credit rating
- The Company implements or participates in the implementation of an economic project of national importance or a project of special importance recognised by the decisions of the Government of the Republic of Lithuania/the Seimas of the Republic of Lithuania, which has an impact on the LTG Group's long-term strategy
- The Company's equity after payment of the dividend would be less than the amount of the LTG Group company's share capital, statutory reserve, revaluation reserve and reserve for the acquisition of own shares
- The Company is insolvent, or would become insolvent if dividends were paid.

3. GOVERNANCE REPORT

GROUP STRUCTURE

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



GOVERNANCE MODEL

The LTG Group's corporate governance is structured to achieve an effective and results-driven balance between management and control measures. The LTG Group's governance model is centralized, meaning that the governing bodies of the parent LTG consider and approve the LTG Group's consolidated strategy, performance targets, indicators and their targets, the consolidated budget and the business plan. LTG establishes rules and procedures to coordinate the operational plans, supervision and control of all LTG Group companies.

The LTG Group applies the **Functional Leadership Model**, which means that added value is created by centralising the management of operational support and corporate functions, as well as the functions themselves, through the consolidation of competences and promotion of functional excellence. The Parent Company coordinates the financial, legal, planning, monitoring, human resources, risk management, auditing, technology, communication and other general functions of the LTG Group companies according to shared policies, regulations, and standards applicable to all LTG Group entities.

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

- Operational transparency and openness
- Regulatory compliance and effectiveness of corporate governance
- Delivering on shareholder expectations
- Cooperation with stakeholders and emphasis on their role
- Effective and efficient risk management and internal control systems
- Clearly defined and sustainable goals
- Responsibility and accountability of management bodies.

INFORMATION ON SHARES AS OF 30 JUNE 2024

Amount of share capital, EUR	Number of shares, units	Nominal value per share, EUR
30,897,354.44	109,748	281.53

The Company is a member of the Lietuvos geležinkeliai AB group of companies, whose sole shareholder is the parent company Lietuvos geležinkeliai AB. The shareholder of Lietuvos geležinkeliai AB is the State of Lithuania, which owns 100% of the shares, and the Ministry of Transport and Communications of the Republic of Lithuania exercises the rights and duties of a shareholder.

All shares are of a single class – ordinary registered shares. Shares are intangible and are recorded in personal securities accounts in accordance with the law. The Company has not issued any preference shares. During the reporting period, the voting rights were not restricted.

The Company did not acquire any of its own shares or shares in other LTG Group companies during the reporting period.

INTERNAL REGULATIONS

The Company's activities shall be governed by the Law on Companies, the Company's Articles of Association, the decisions of the Company's bodies and other legal acts of the Republic of Lithuania regulating the activities of companies, including state-owned enterprises.

ARTICLES OF ASSOCIATION OF THE COMPANY

The Company's Articles of Association are the main document guiding the Company's activities.

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

The Company's Articles of Association shall be amended by a decision of the General Meeting of Shareholders adopted by a qualified majority, which may not be less than 2/3 of the total number of votes attaching to the shares of all the shareholders present at the meeting.

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

OPERATIONAL POLICIES

In accordance with the LTG Corporate Governance Policy, LTG establishes the policies and rules to be applied consistently across the LTG Group. Consequently, the policies adopted by the LTG Board are implemented across all LTG Group companies, including the Company.

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

- The updated **Risk Management Policy** aims to establish a uniform risk management model, along with clear principles and responsibilities for the LTG Group.
- The **Dividend Policy** aims to define the guidelines for dividend distribution applicable to the entire LTG Group and to be followed by the governing bodies of LTG Group companies when deciding on dividend distributions.
- The **People and Culture Policy** aims to align the business strategy with human resource management within the organization.
- The **Transport Management Policy** outlines the procedures and conditions for the allocation, use, and control of official, shared, and personal vehicles for LTG Group employees.
- The updated **Compliance Management Policy** aims to establish a unified compliance management model, along with clear principles and responsibilities for the LTG Group.
- The updated **Sustainability Policy** outlines the principles and priorities for the LTG Group's sustainability efforts, defining main sustainability-related activities and the governance model.

GOVERNING BODIES OF THE COMPANY

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

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

THE GENERAL MEETING OF SHAREHOLDERS is the supreme body of the Company. The competence of the General Meeting of Shareholders, the procedure for convening and adopting decisions are laid down in the Law on Companies of the Republic of Lithuania, other legalisation and the Company's Articles of Association.

According to the Articles of Association of the Company, an additional competence of the General Meeting of Shareholders is to approve the following decisions of the Company's CEO:

- Regarding the approval of the Company's business strategy and long-term objectives
- Regarding the establishment of the Company's performance indicators
- Regarding the approval of the Company's investment plan
- Regarding the approval of the Company's annual budget and operational plan
- Regarding the investment, sale and purchase or any other transfer, exchange or mortgage of the Company's facilities and assets of national security importance
- Regarding the Company's fixed assets with a carrying amount equal to or exceeding EUR 300 thousand (three hundred thousand) (excl. value added tax):
  - investments in, disposals of, or leases of, assets in the Company's group companies or third parties (calculated separately for each type of transaction)
  - pledges or mortgages (counting the total amount of transactions).
- Regarding warranties or guarantees of the fulfilment of obligations of other persons in an amount equal to or exceeding EUR 300 thousand (three hundred thousand euros) (excl. value added tax)
- Regarding the purchase of fixed assets for an amount equal to or exceeding EUR 300 thousand (three hundred thousand) (excl. value added tax)
- Regarding the conclusion of transactions for the purchase of goods, services and/or works where the value of such transactions equals or exceeds EUR 300 thousand (three hundred thousand) (excl. value added tax) (before the Company announces such purchase of goods and/or services and/or works or before the Company's CEO initiates the establishment of a dynamic purchasing system for the conclusion of such transactions for the values specified in this paragraph)
- Regarding the approval of the material terms of service contracts provided by the Company if the planned annual revenue of the contract, or the revenue expected to be generated during the entire term of the contract, may be equal to or exceed EUR 300 thousand (three hundred thousand) (excl. value added tax)
- On the Company becoming a founder or participant in other legal entities
- For the Company to commence a new activity or to discontinue the Company's existing activities, unless a decision to that effect has been taken at the time of approval of the Company's strategy
- Regarding the approval of the total amount of the incentive for the annual performance of the Company's employees
- Regarding the establishment of the Company's branches and their representative offices and the approval of their regulations
- In other cases set out in the Company's Articles of Association.

During the reporting period, the shareholder's economic and moral rights were not restricted and there were no special rights for the shareholder.

CHIEF EXECUTIVE OFFICER (CEO) is the Company's sole governing body, who, within the scope of their authority, organizes and manages daily operations of the Company. The duties and powers of the CEO are defined in the Companies Act and the Company's Articles of Association. The CEO is elected by the Company's General Meeting of Shareholders for a term of 5 years and shall be accountable to it. The same person may not be appointed as CEO for more than 2 consecutive terms. Darius Silius served as Chief Executive Officer of the Company from 2 May 2024 until 16 June 2024. Rolandas Zabilevičius has been the Chief Executive Officer of the Company since 17 June 2024.

Zabilevičius has extensive experience in management roles. From 2021 to 2023, he was Managing Director of Panevėžio keliai AB, having served as its Commercial Director between 2000 and 2021. Zabilevičius holds a Master's degree in Management and Business Administration from Kaunas University of Technology.

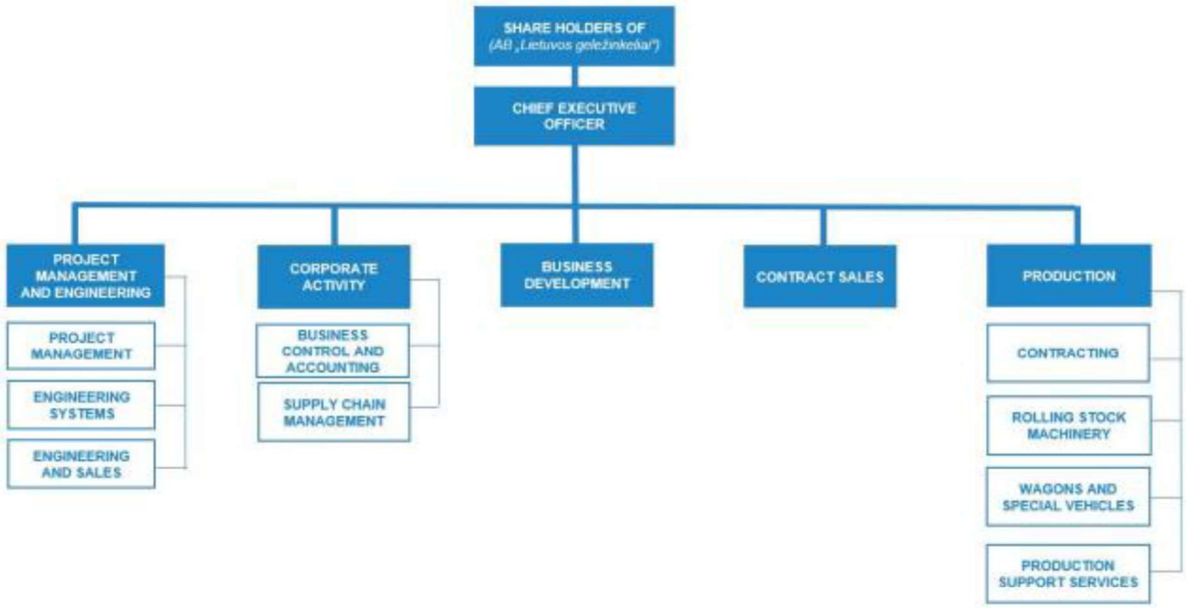
COMMITTEES

There were two committees operating at the LTG Group level, namely the Nomination and Remuneration Committee and the Audit Committee of the Board of Lietuvos geležinkeliai AB.

The primary task of the Audit Committee is to provide the LTG Board with opinions and recommendations regarding the effectiveness of internal and external audits, as well as risk management and control systems at LTG and its subsidiaries.

The Nomination and Remuneration Committee's purpose is to provide the LTG Board with conclusions, opinions, recommendations, and proposals regarding the selection of LTG Group's governing bodies and the establishment of the LTG Group's remuneration policy.

CORPORATE GOVERNANCE AND ORGANIZATIONAL STRUCTURE



THE COMPANY'S MANAGEMENT

ROLANDAS ZABILEVIČIUS	CEO	Holds office from 17 June 2024
JUSTAS VYŽINTAS	CEO	Held office from 20 February 2023 until 1 May 2024.
DARIUS SILIUS	CEO	Held office from 2 May 2024 until 16 June 2024.
NERIJUS ŽĖKAS	Manager (Project Management and Engineering)	Holds office from 7 July 2023
DARIUS SILIUS	Chief Production Officer	Holds office from 27 July 2023
DAINIUS SUPRIKAS	Head of Corporate Affairs	Holds office from 5 July 2023
ERIKAS STANKEVIČIUS	Head of Business Development	Holds office from 20 March 2023
IRMANTAS REMEIKA	Head of Contract Sales	Holds office from 24 July 2023

INTERNAL AUDIT

The LTG Group has established a centralised Internal Audit function, which acts as the 3rd line covering all LTG Group companies. The purpose of internal audit is to provide independent and objective assurance and advice, contributing to the achievement of the LTG Group's strategic objectives and enhancing value.

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

The unit reports directly to the LTG Board, ensuring the independence and objectivity of the internal audit function, and allowing it to identify weaknesses and areas for improving efficiency.

INTEREST MANAGEMENT

At the end of the reporting period, the CEO and the Company's senior executives have filed declarations of private interests, which can be found on the website of the Chief Official Ethics Commission at http://www.vtek.lt.

INFORMATION ON THE REMUNERATION OF THE COMPANY'S CEO

Components of the remuneration of the **Company's CEO**:

1. Basic monthly salary. The employment contract fixed the monthly basic salary of the CEO of the Company, who took office on 17 June 2024, at EUR 8,200 at the end of the reporting period. The monthly salary of the CEO who left the company in May 2024 was EUR 7,000.
2. Annual performance incentive. In addition to the basic salary, the CEO of the Company may receive a variable annual salary (annual performance incentive). The incentive scheme is approved by the LTG Board. Under the 2023 performance incentive scheme, the level of achievement of the LTG Group's annual targets had a 60% impact on the payment of the incentive, the level of achievement of the Company's annual targets had a 30% impact and the level of achievement of the leadership team, 10%. From 2024 onwards, the level of achievement of the LTG Group's annual targets has 60% and the level of achievement of the Company's annual targets has 40% impact on the payment of the incentive. The General Meeting of Shareholders approves the CEO's proposals regarding the structure of annual targets, including threshold values and weightings, as well as the results of these targets and the possibility of awarding an incentive based on annual performance after the year-end.

The maximum annual incentive opportunity may not exceed 30% of the established annual basic salary.

The maximum monthly incentive, i.e. 1/12th of the annual incentive for 2023, could not exceed EUR 2,100.

In April 2024, the monthly portion (1/12th) of the annual incentive paid to the former CEO, who left the Company in May 2024, amounted to EUR 1,279 based on the achievement of 2023 targets.

4. EMPLOYEES

OVERVIEW

Changes in organisational culture, one of the strategic directions, are being consistently implemented through the reinforcement of value-driven behaviours, feedback, internal career development, equal opportunities and diversity, social partnerships and other initiatives. Enhancing employee engagement, which has a direct positive impact on the Company's performance, productivity, job satisfaction, employee well-being and proactive behaviour, and strengthening loyalty to the organisation and ambassadorship by enabling the dissemination of knowledge about the LTG Group, and thereby retaining and attracting talent, remains a priority.

INITIATIVES AND EVENTS IN THE 1ST HALF OF 2024

- To consistently reinforce the LTG Group's values (Client, Responsibility, Cooperation, Improvement), quarterly Most Value-driven Employee elections were held, widely publicising the most value-driven colleagues and introducing a unique team activity called the LTG Gene. This activity, based on real-life situations at LTG Group, aims to strengthen employees' adherence to these values in their daily work.
- Various learning methods are employed to ensure continuous improvement. In the first half of the year, staff members actively participated in 18 online lectures covering topics such as mental health, sustainability, and personal effectiveness.
- To strengthen diversity and inclusion, we celebrated Diversity Month in May by presenting the results of the Equal Opportunities Ruler to our employees, offering e-learning on Equality at Work to all staff, and enhancing our understanding of neurodiversity and the inclusion of individuals with disabilities in the workplace.
- The annual review of basic salaries was implemented as of 1 April 2024, with an increase of EUR 26 thousand, or 6.2%, in the monthly basic salary pool and 94% of the employees benefiting from a pay rise based on the unified review criteria.
- The 2023 performance incentive was paid in April 2024, with EUR 0.28 million distributed to employees.

REMUNERATION AND PERFORMANCE MANAGEMENT

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

- A competitive salary package to attract and retain employees with the right competences
- Equal opportunity and non-discrimination in performance review and remuneration
- The principle of internal fairness in the remuneration of comparable work
- A boost of employee engagement
- An incentive for employees to develop their skills and competences
- The promotion of transparency and responsible governance
- Effective management of labour costs and creation of shareholder value.

The core elements of salary setting and review are as follows:

- Methodological assessment of roles
- Regular comparison of internal remuneration data with the market
- A direct link between the potential for salary changes and the performance of the employee by reviewing the achievement of annual targets, extra effort and value-driven behaviour.

A local scale of corporate position levels is used to communicate the results of the methodological assessment of roles within the organization. Each employee has access to information about the corporate levels of their own and other positions within the organization, as well as the basic salary ranges for each level. This provides a systematic approach to embedding transparency principles and assessing internal career opportunities.

Basic salaries are reviewed annually, with the process based on clear and objective criteria. These include a comparison of current employee remuneration with market rates, the Company's financial performance, the budget allocated for the review, and a summary of each employee's annual performance.

The employee performance management and appraisal process remains focused on aligning with the LTG Group's and the Company's annual objectives, fostering high performance, promoting a culture of personal accountability and continuous feedback, and reinforcing the principle that “the best are the most rewarded”.

In addition to the basic salary, direct employee remuneration includes work-related and recreational allowances, payments for working outside regular hours, additional incentives or variable compensation, and annual performance incentives.

The annual performance incentive is awarded after the end of the financial year and after an assessment of the results achieved. This incentive is an employer-initiated fund to encourage good performance and positive results of the Company's activities, as referred to in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, and is granted on the basis of Article 142(1)(2) of the Labour Code of the Republic of Lithuania. The incentive is also future-oriented as a motivational tool for employees, and individual annual incentive opportunities are linked to corporate levels of position and to each employee's annual performance review. The decision to establish an annual incentive fund is taken by the Company's Board of Directors after a detailed assessment of all the circumstances.

Measures to create additional employer value include a supplementary benefits package and reimbursement of vehicle costs for managers at a specified level.

The Company's supplementary benefits package includes lump-sum payments for the birth of an employee's child or the death of a close family member, relief in the event of natural disasters, loyalty payments for employees who leave the organisation at retirement age, additional leave and other benefits as provided for in the LTG Group's branch collective agreement and in the Remuneration Methodology. Employees are also covered by accident insurance and supplementary voluntary health insurance, the terms of which reimburse them for outpatient and inpatient medical treatment and diagnostics, preventive health check-ups and vaccinations, and medicines and medical supplies. In addition, staff can choose dental, rehabilitation or optician services. Around 80% of employees declare their choice of supplementary voluntary health insurance each year.

The general principles of remuneration are outlined in the publicly available Remuneration Policy, which can be accessed on the Company's website, in the REMUNERATION SECTION. The implementation of this policy is detailed in the Remuneration Methodology, and internal process standards define the specific principles for its practical application. All relevant documents are published on the LTG Group's intranet, in the Knowledge Base for employees and in the News section.

Details on the average salary of the Company's employees by general role group are made publicly available on the Company's website, in the REMUNERATION SECTION, and updated after the end of each calendar quarter. The section also includes a comparison of average salaries for women and men. The Company applies objective and unified principles of equal-opportunity remuneration management mean, but the actual differences in average salaries between women and men, when viewed by role group, do persist. These differences are attributable to the overall distribution of men and women, with more men working not only in the railway industry as a whole but also in various role groups, particularly in operational positions. Women predominate in support/administrative roles, which are relatively less well compensated in the market. Men are concentrated in positions that offer higher market remuneration, often due to the nature of the work, involving physical exertion, outdoor tasks, or other demanding conditions that typically command higher pay. Conversely, in some job groups, women, while not the majority, occupy positions with a market shortage, leading to relatively higher pay. In these roles, women may outnumber men.

NUMBER OF EMPLOYEES AND AVERAGE SALARY IN THE COMPANY

Role group	30/6/2024**						31/12/2023		31/12/2022	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
CEO*	1	-	1	8,200	-	8,200	1	7,000	1	6,600
Top-level managers*	1	-	1	7,000	-	7,000	1	6,750	3	5,468
Higher-level managers and specialists in exceptional fields	5	-	5	5,199	-	5,199	5	4,968	3	4,482
Mid-level managers and experts in individual fields	10	4	6	3,937	-	-	13	3,669	20	3,553
Team leaders and experienced specialists	41	5	36	2,796	2,423	2,865	43	2,500	58	2,302
Specialist and experienced operational/service personnel	66	7	59	2,141	1,821	2,180	73	2,041	92	1,821
Operational/service personnel, skilled workers	93	2	91	1,712	-	-	91	1,656	114	1,426
Total	**217**	**18**	**199**	**2,267**	**2,309**	**2,264**	**227**	**2,130**	**291**	**1,947**

*The amount of the fixed salary at the end of the period. Components of the remuneration of the Company's CEO are described in the Corporate Governance section. The monthly salary of top-level managers, as set out in their contracts of employment as of 30 June 2024, amounted to EUR 7,000 and the average actual salary of this group of employees, after taking into account the annual performance incentive, amounted to EUR 7,353.
** For reasons of confidentiality, average salary information and the average salary differential is not disclosed if there are fewer than 5 staff of the same sex in the role group.

The number of employees of the company as of 30 June 2024 was 217, with 1 additional employee on long-term absence (parental leave, maternity leave, military service, etc.). Compared to 31 December 2023, the Company's number of employees has decreased by 10 employees or 4.4%.

The average monthly salary has changed from EUR 2,130 in 2023 to EUR 2,267. The key influence on the change in average salaries was the annual salary review.

The total salary bill amounted to EUR 2.7 million. In April 2024, in line with other LTG Group companies, the Company's employees were paid an annual incentive amount of EUR 0.28 million for their annual performance.

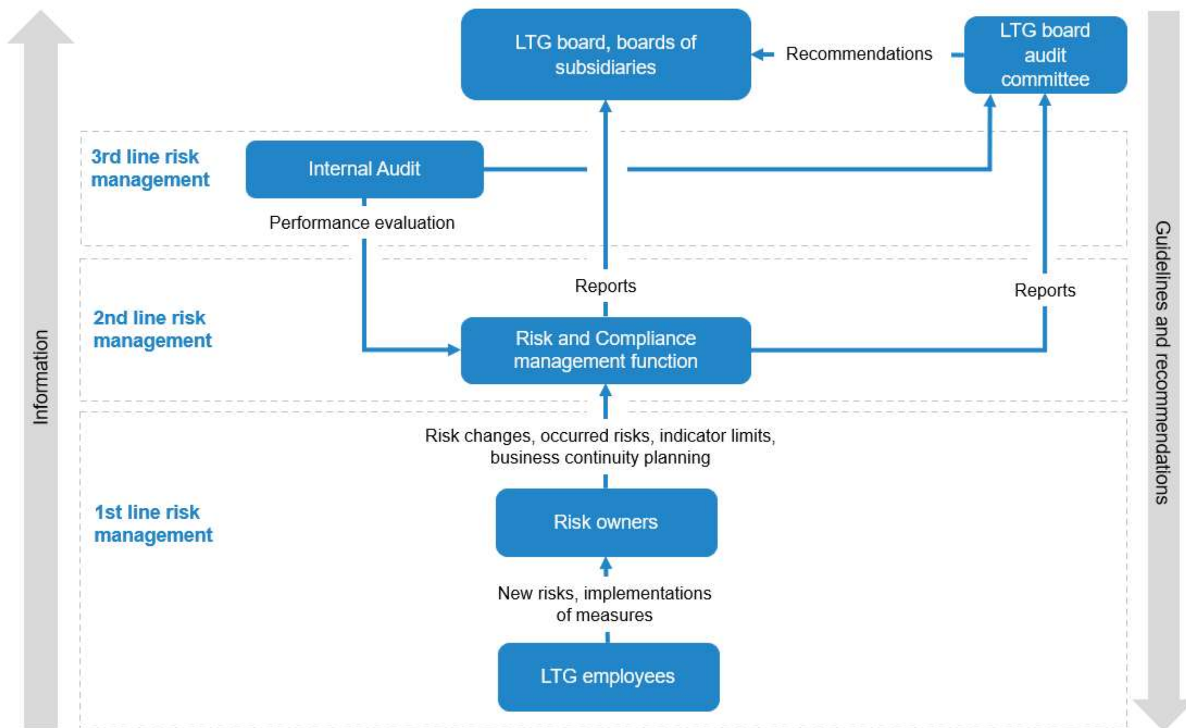
5. REPORT ON RISKS AND THEIR MANAGEMENT

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 in line with the International Organization of Standardization (ISO 31000) and the Committee of Sponsoring Organizations of the Treadway Commission, Enterprise Risk Management (COSO ERM) international standards and best practice examples.

The LTG Group allocates risk management responsibilities according to the Three Lines Model. As per this model:

- In Line 1, risk management activities are carried out by managers and employees of LTG Group companies and LTG corporate functions, who identify, assess and manage risks, and ensure the development of business continuity plans.
- In Line 2, risk management activities are carried out by LTG's Risk and Compliance Management function, which develops and refines the overall framework, carries out coordination and control activities, provides consultancy and training on methodological and expert risk management issues to the companies and business units operating at the 1st level of risk management, and prepares risk management reports for senior management.
- In Line 3, risk management activities are conducted by LTG Internal Audit, which independently assesses the effectiveness of Level 1 and Level 2 risk management and provides independent observations and recommendations for improving the risk management system.

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



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

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

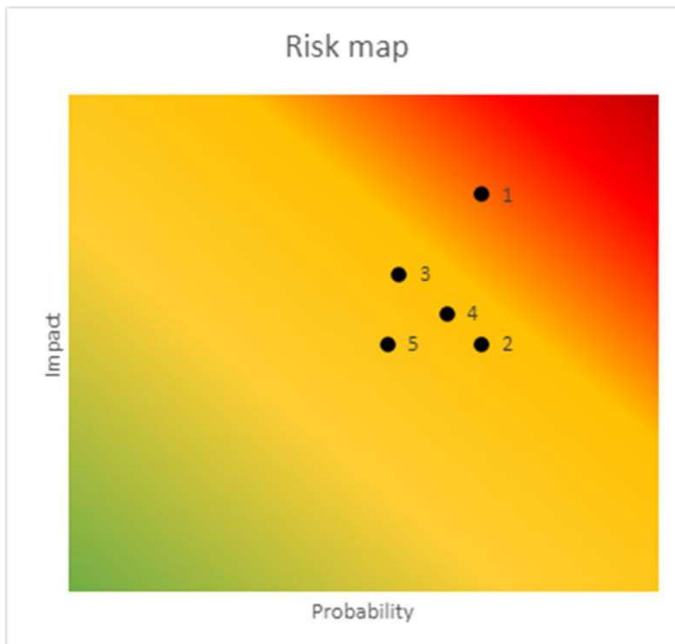
The level of identified risks is assessed by determining their likelihood and potential impact (assessing financial, legal, reputational, business continuity and employee safety impacts) and assigning them to one of four risk categories (strategic, operational, financial, compliance risks). In this context,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

Periodic and timely dissemination of risk-related information is ensured by a long-standing and well-established reporting system. On a quarterly basis, the risk management status of each of the companies is reviewed in statements to the boards of the companies and the LTG Group. The LTG Group's Board of Directors is informed on a monthly basis about the risks exceeding the appetite. Such a cyclic system not only helps to monitor the status of identified risks, but also provides an opportunity to discuss the emergence of new risks.

In 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 context of the external environment and related global factors. Based on the nature of the Company's business, the main risks that were relevant in the first half of 2024 are listed below.

KEY RISK MANAGEMENT TOOLS

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



Risk	Main sources of risk	Possible impact	Key risk management tools
Loss of competitiveness of the Company	• Significant changes in the regulatory environment	• Financial impact • Ensuring the continuity of operations • Reputational damage	• Participation in consultations and working groups • Action plan to maintain operational flexibility • Efficiency of operations
Supply chain disruptions	• Increase in prices of materials and raw materials • Longer delivery times • Possible sanctions for suppliers	• Operational failures due to lack of repair parts • Work delays	• Advance planning • Finding and validating alternative suppliers • Conduct of the procedure for verifying suppliers' compliance with sanctions • Railway vehicle recovery programmes • Improving employee competences
Risk of delays in the implementation of contractual projects	• Insufficiently effective project management • Delays in supply of materials	• Financial loss • Ensuring the continuity of operations • Reputational damage	• Assessment of the reliability of suppliers • Implementation of efficiency initiatives • Development of project management tools
Market shortage of specific competences	• Trends in the national labour market • Long training times for specialists • Lack of prestige of certain professions • Ageing employees	• Potential impact on continuity of critical activities due to lack of human resources	• Improvement of working conditions • Enhancing the prestige of the role • Employer branding
Risk of safety incidents	• Non-compliance with work safety instructions • Failure to comply with technological requirements during repair work *Inherent risks that are specific to the activity at hand. The management of this risk receives strong focus, supported by continuous and systematic measures*	• Financial losses due to damage to railway vehicles or infrastructure • Reputational damage due to traffic/worker safety failures • Disruption of operations due to traffic accidents	• Regular training and briefing • Mobile app to help ensure the safety of employees • Inspections of safety systems • Regular control of physical and technical security • Quality control checks

6. ADDITIONAL INFORMATION

6.1. EXTERNAL AUDIT INFORMATION

The Company's financial statements are audited in accordance with International Standards on Auditing.

The tender for the audit of the consolidated financial statements of the Company and its subsidiaries for 2023–2025 prepared in accordance with International Financial Reporting Standards as adopted by the EU was awarded to KPMG Baltics UAB. The appointment of the auditors has been approved by the LTG Audit Committee and the LTG Board, also obtaining shareholder approval. The audit services contract was signed on 27 July 2023.

The audit fee for the audit of the Company's financial statements for 2024 is EUR 33 thousand (excl. VAT).

6.2. Information on compliance with the transparency guidelines

The Company complies with the requirements of the "Guidelines for Ensuring Transparency in the Activities of State-Owned Enterprises", approved by the Government of the Republic of Lithuania by Resolution No. 1052 dated 14 July 2010, by disclosing the required information in its annual and interim reports, as well as on its website http://www.gtc.lt.

Structured information on the implementation of the Transparency Guidelines

Paragraph of the Description	Provision of the Description	Yes/No
	Disclosure of Company information on the website	
5.	The following data and information must be published on the website of the state-owned enterprise:	-
5.1.	Name	Yes
5.2.	Code and register where the company's details are collected and stored	Yes
5.3	Registered Office (address)	Yes
5.4.	Legal status if the state-owned enterprise is being restructured, reorganised (indicating the type of reorganisation), wound up, is going bankrupt or insolvent	Legal status not registered
5.5.	Name of the national authority and a link to its website	Yes
5.5.	Operational objectives, vision and mission	Yes
5.7.	Structure	Yes
5.8.	Details of the CEO	Yes
5.9.	Details of the chairman and members of the board of directors if a board of directors is established under the statutes	Yes
5.10.	Details of the chairman and members of the supervisory board, if a supervisory board is established under the statutes	Not established
5.11.	Names of the committees, their chairpersons and members if committees are set up	Disclosed on the website of the parent LTG
5.12.	Sum of the nominal values of the shares owned by the State (to the nearest euro cent) and the proportion (as a percentage) in the authorised capital of the State-owned enterprise	Yes
5.13.	Specific obligations carried out in accordance with the guidelines approved by the Minister of Economy and Innovation of the Republic of Lithuania, specifying the purpose of the specific obligations, the state budget allocations for their execution in the current calendar year and the legislation entrusting the state-owned enterprise with the specific obligation, the conditions for the execution of the specific obligation and/or the regulated pricing	The Company has no specific obligations
5.14.	Information on social responsibility initiatives and measures, and major investment projects underway or planned.	Yes
6.	To ensure publicity regarding the professionalism of the members of the management and supervisory bodies, as well as of the committees, of state-owned enterprises, the following data is to be published for the persons referred to in sub-paragraphs 5.8 to 5.11 of the Description: name, surname, date of commencement of the current position, any other managerial positions held in other legal entities, education, qualifications and professional experience. If the person referred to in points 5.9 to 5.11 of the Description is elected or appointed as an independent member, this is to be indicated in addition to their details.	Yes
7.	The following documents must be published on the website of the state-owned enterprise:	-
7.1.	Articles of Association	Yes
7.2.	Letter from the public authority on the definition of the state's objectives and expectations in the state-owned enterprise	Yes
7.3.	Business strategy or a summary thereof if the business strategy contains confidential information or information that is considered to be a commercial/industrial secret	Yes
7.4.	Document setting out the remuneration policy covering the remuneration of the CEO of the state-owned enterprise and the remuneration of the members of the collegiate bodies and committees of the state-owned enterprise, as detailed in the Corporate Governance Code	Yes
7.5.	Annual and interim reports of the state-owned enterprise, and annual and interim activity reports of the public undertaking for a period of at least 5 years	Yes
7.6.	Sets of annual and interim financial statements for a period of at least 5 years, and auditor's reports on the annual financial statements.	Yes
8.	If the state-owned enterprise is the parent company, its website must publish the group structure, the data referred to in sub-paragraphs 5.1 to 5.3 of the Description, the website addresses, the percentage of the parent company's shareholding in the share capital of the parent company, the annual consolidated financial statements and the consolidated annual reports	Yes
9.	If the state-owned enterprise is a participant in legal entities other than those referred to in paragraph 8 of the Description, its website must contain the data and website addresses of those legal entities referred to in sub-paragraphs 5.1-5.3 of the Description	Yes

Paragraph of the Description	Provision of the Description	Yes/No
9[1].	If the company is a subsidiary or a downstream subsidiary of a state-owned enterprise, the website must contain the information specified in sub-paragraphs 5.1 to 5.3 of the Description and a link to the parent company's website	Yes
10.	Data, information and documents referred to in paragraphs 5 and 6, sub-paragraphs 7.1 to 7.4 and paragraphs 8, 9 and 9[1] of the Description that have changed or been published in error must be immediately amended and published on the website	Yes
11.	The set of annual financial statements of the state-owned enterprise, the annual report of the state-owned enterprise and the auditor's report on the annual financial statements of the state-owned enterprise must be published on the website of the state-owned enterprise within 10 business days of the approval of the set of annual financial statements of the state-owned enterprise	Yes
12.	The sets of interim financial statements of the state-owned enterprise and the interim reports of the state-owned company must be published on the website of the state-owned enterprise no later than 2 months after the end of the reporting period	Yes
13.	The documents referred to in paragraph 7 are to be published in PDF format and technically printable	Yes
	Preparation of financial statements, reports and activity reports	
14.	State-owned enterprises maintain their accounts in such a way as to ensure that financial statements are prepared in accordance with international accounting standards	Yes
15.	In addition to the annual set of financial statements, the state-owned enterprise prepares a set of 6-monthly interim financial statements, and the public undertaking prepares sets of 3-monthly, 6-monthly and 9-monthly interim financial statements	Yes
16.	A state-owned enterprise classified as a public interest entity under the Republic of Lithuania Law on the Audit of Financial Statements prepares a 6-month interim report in addition to the annual report. A public undertaking classified as a public interest entity under the Republic of Lithuania Law on the Audit of Financial Statements prepares a 6-month interim activity report in addition to the annual activity report	Yes
17.	In addition to the provisions of the Law of the Republic of Lithuania on Financial Reporting by Undertakings, the annual report of a state-owned enterprise or the annual activity report of a public undertaking must include:	Yes
17.1.	Brief description of the business model of the state-owned enterprise	Yes
17.2.	Information on significant events that occurred during and after the financial year (before the annual report or the annual activity report) and that had a material impact on the activities of the state-owned enterprise	Yes
17.3.	Outcomes of the objectives outlined in the state-owned enterprise's operational strategy	Yes
17.4.	Profitability, liquidity, asset turnover and debt ratios	Yes
17.5.	Compliance with specific obligations	The Company has no specific obligations
17.6.	Implementation of the investment policy, investment projects under way and planned, and investments during the reporting year	Yes
17.7.	Implementation of the risk management policy in the state-owned enterprise	Yes
17.8.	Implementation of dividend policy in state-owned enterprises	Yes
17.9.	Implementation of the remuneration policy	Yes
17.10.	Total annual salary bill, the average monthly salary by role and/or department	Yes
17.11.	Information on compliance with the provisions of Sections II and III of the Description, namely how they are being implemented, which provisions are not being complied with and why.	Yes
18.	State-owned enterprises that are not required to prepare a corporate social responsibility report are recommended to include information on environmental, social and human resources, human rights, anti-corruption and anti-bribery issues in the annual report as appropriate.	Yes
19.	If the information referred to in point 17 of the Description is considered to be a commercial (industrial) secret or confidential information of the state-owned enterprise, the state-owned enterprise need not disclose such information, but the annual report of the state-owned enterprise or the annual activity report of the public undertaking, as the case may be, must state that the information is not to be disclosed and the reason for non-disclosure	Yes
20.	The annual report of a state-owned enterprise may also contain other information not specified in this Description	Yes
21.	A state-owned enterprise which is the parent company must disclose in its consolidated annual report or, if it is not required by law to prepare a consolidated annual report, in its annual report, the structure of the group of companies, as well as for each of its subsidiaries and successive subsidiaries the data referred to in sub-paragraphs 5.1 to 5.3 of the Description, the percentage of the shareholding in the authorised capital of the subsidiary and the financial and non-financial performance for the year. If a state-owned enterprise which is a parent company prepares a consolidated annual report, the requirements of paragraph 17 of the Description shall apply mutatis mutandis to it.	Yes
22.	The interim report of a state-owned enterprise or the interim activity report of a public undertaking is to contain a brief description of the business model of the state-owned enterprise, an analysis of its financial performance for the reporting period, information on significant events that occurred during the reporting	Yes

Paragraph of the Description	Provision of the Description	Yes/No
	period, and the profitability, liquidity, asset turnover, debt ratios and their changes compared to the corresponding period of the previous year.	

6.3. DEFINITIONS

Revenue	Sales revenue + other operating revenue, excluding financial operating revenue
Sales revenue	Revenue excluding other operating revenue and financial operating revenue
Costs	Costs excluding income tax and financial operating costs
Financial debt	Financial debt with interest, including lease
Net debt	Financial debt with interest, including lease, net of cash and cash equivalent investments
Return on equity (ROE)	Net profit (loss) for the last 12 months / Average of equity capital at the beginning and at the end of the reporting period
Return on assets (ROA)	Net profit (loss) for the last 12 months / Average of assets at the beginning and at the end of the reporting period
Return on investment (ROI)	Net profit (loss) for the last 12 months / (Average of assets at the beginning and end of the reporting period – Average of current liabilities at the beginning and end of the reporting period)
EBIT	Profit (loss) before income tax – Result from financing activities
EBITDA	Profit (loss) before income tax – Result from financing activities + Depreciation and amortization
Normalized EBITDA	Profit (loss) before income tax + Interest costs - Interest income + Depreciation and amortisation + Increase (decrease) in the value of non-current assets, inventories and investments + Increase (decrease) in the value of receivables and contract assets + Increase (decrease) in the value of provisions for non-operating expenses
EBIT margin	EBIT / Sales revenue
EBITDA margin	EBITDA / Sales revenue
Normalized EBITDA margin	Normalized EBITDA / Sales revenue
Net profit margin	Net profit (loss) / Sales revenue
Equity capital ratio	Equity capital at the end of the reporting period / Assets at the end of the reporting period
Financial debt/EBITDA	Financial debt / EBITDA for the last 12 months
Financial debt/Equity (D/E)	Financial debt/Equity at the end of the reporting period
Net debt/EBITDA	Net debt/EBITDA for the last 12 months
Asset turnover indicator	Sales revenue / Assets at the end of the period for the last 12 months
Immediate liquidity ratio	(Current assets at the end of the reporting period – Inventories at the end of the reporting period) / Current liabilities at the end of the reporting period
Total liquidity ratio	Current assets at the end of the reporting period / Current liabilities at the end of the reporting period
Number of employees	List of active employees at the end of the period (excluding employees on parental leave, military service, long-term sick leave)
Average salary	Estimated gross earnings per employee

6.4. ABBREVIATIONS

LTG: Lietuvos geležinkeliai AB
LTG Group: Lietuvos geležinkeliai AB and its subsidiaries
EU: European Union
SOE: State-Owned Enterprise

GELEŽINKELIO TIESIMO CENTRAS UAB

INTERIM FINANCIAL STATEMENTS (UNAUDITED)

PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS,
AS ADOPTED BY THE EUROPEAN UNION
FOR THE SIX-MONTHS PERIOD ENDED ON 30 JUNE 2024

FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	30/6/2024	31/12/2023
Non-current assets			
Tangible assets		**17,942**	**19,000**
Land			
Buildings and structures	4	2,899	2,996
Machinery and equipment	4	10,383	10,890
Road vehicles	4	19	35
Railway vehicles	4	3,714	4,027
Other equipment, fittings and tools	4	187	196
Right of use assets	5	346	289
Construction in progress and advance payments	4	394	567
Intangible assets		**15**	**19**
Software	3	15	19
Financial assets			
Investments in associates, subsidiaries and other companies		-	-
Deferred tax assets	22	**1,455**	**1,134**
Total non-current assets		**19,412**	**20,153**
Current assets			
Inventories	6	1,384	1,366
Non-current assets held for sale	6	591	669
Assets arisings from contracts with customers	8	19	19
Prepayments	7	12	8
Trade receivables	9	386	562
Receivables from related parties	9	5,134	5,666
Other receivables	10	358	43
Cash and cash equivalents	11	3,790	3,657
Total current assets		**11,674**	**11,990**
TOTAL ASSETS		**31,086**	**32,143**

STATEMENT OF FINANCIAL POSITION (CONTINUED)

EQUITY AND LIABILITIES	Notes	30/6/2024	31/12/2023
Equity			
Share capital	**12**	30,897	30,897
Share premium		-	-
Legal reserve	**13**	-	-
Other reserves	**13**	-	-
Retained earnings (losses)		(4,726)	(3,237)
Total equity		**26,171**	**27,660**
Non-current liabilities			
Lease liabilities	**15**	268	128
Provisions	**16**	48	48
Deferred tax liabilities	**22**	-	-
Total non-current liabilities		**316**	**176**
Current liabilities			
Liabilities arising from contracts with customers	**18**	1,305	1,305
Loans	**14**	-	-
Lease liabilities	**15**	85	169
Prepayments received	**18**	11	1
Trade creditors	**19**	713	991
Payables to related parties	**19**	566	312
Provisions	**16**	298	298
Corporate income tax liabilities	**22**	-	91
Employment-related liabilities	**17**	1,271	819
Other payables	**19**	350	321
Total current liabilities		**4,599**	**4,307**
Total liabilities		**4,915**	**4,483**
Total equity capital liabilities		**31,086**	**32,143**

CEO	Rolandas Zabilevičius
Head of Corporate Affairs	Dainius Suprikas
Chief Accountant	Kamilija Chaleckaja

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

	Notes	30/6/2024	30/6/2023
Revenue	**20**	6,278	10,020
Other income	**20**	606	73
Total income		**6,884**	**10,093**
Depreciation and amortisation		(922)	(1,026)
Salaries and related costs		(3,432)	(4,084)
Fuel		(259)	(290)
Materials		(213)	(777)
Repair		(496)	(429)
Electricity		(31)	(47)
Reversal of impairment of receivables		-	-
Proceeds from impairment of inventories		-	-
Change in provisions		-	(20)
Change in vacation accruals and other remuneration-related accruals		88	14
Taxes		-	-
Other costs		(3,265)	(3,861)
Total operating expenses		**(8,530)**	**(10,520)**
Operating profit		**(1,646)**	**(427)**
Finance income	**21**	44	7
Finance costs	**21**	(208)	(355)
Result of financial activities at net value		(164)	(348)
Profit (loss) before taxation		**(1,810)**	**(775)**
Corporate income tax	**22**	321	153
Net profit		**(1,489)**	**(622)**
Other comprehensive income (expenses)			
Total comprehensive income (expenses)		**(1,489)**	**(622)**

CEO — Rolandas Zabilevičius

Head of Corporate Affairs — Dainius Suprikas

Chief Accountant — Kamilija Chaleckaja

STATEMENT OF CHANGES IN EQUITY

	Notes	Authorised share capital	Share premium	Legal reserve	Other reserves	Retained earnings (losses)	Total
Balance as of 31 December 2022		**30,897**	**-**	**-**	**-**	**(4,965)**	**25,932**
Net profit/loss		-	-	-	-	(622)	(622)
Other comprehensive revenue, after tax		-	-	-	-	-	-
Total comprehensive revenue (costs)						(622)	**(622)**
Profit (loss) not recognized 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	13	-	-	-	-	-	-
Reserves used	13	-	-	-	-	-	-
Balance as at 30 June 2023		**30,897**	**-**	**-**	**-**	**(5,587)**	**(25,310)**
Balance as of 31 December 2023		**30,897**	**-**	**-**	**-**	**(3,237)**	**27,660**
Net profit/loss		-	-	-	-	(1,489)	(1,489)
Other comprehensive revenue, after tax		-	-	-	-	-	-
Total comprehensive revenue (costs)		-	-	-	-	(1,489)	**(1,489)**
Profit (loss) not recognized 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	13	-	-	-	-	-	-
Reserves used	13	-	-	-	-	-	-
Dividends		-	-	-	-	-	-
Balance as at 30 June 2024		**30,897**	**-**	**-**	**-**	**(4,726)**	**26,171**

CEO — Rolandas Zabilevičius

Head of Corporate Affairs — Dainius Suprikas

Chief Accountant — Kamilija Chaleckaja

STATEMENT OF CASH FLOWS

	30/6/2024	30/6/2023
Cash flows from operating activities		
Net profit (loss)	**(1,489)**	**(622)**
Adjustments to non-cash items:		
Depreciation and amortisation expenses	922	1,026
(Gain) loss from disposal/write-off of non-current assets (except for financial assets)	510	11
Impairment (reversal) of property, plant and equipment and financial assets	-	-
Impairment (reversal) of trade receivables and prepayments	13	(53)
Impairment (reversal) of inventories to net realisable value	(49)	(58)
Decrease (increase) in accrued income	1,042	(896)
Increase (decrease) in accrued costs	625	-
Interest (income)	(40)	(7)
Interest expenses	18	175
Lease liability interest	6	7
Decrease (increase) in provisions	(33)	1
Loss (gain) from corporate income tax	(321)	(153)
	1,204	**(569)**
Change in working capital		
Decrease (increase) in inventories	559	757
Decrease (increase) in trade and other receivables and prepayments	1,511	(1,387)
Increase (decrease) in non-current and current trade payables and prepayments received	(499)	156
Increase (decrease) in employment-related liabilities	(22)	(7)
Increase (decrease) in other non-current and current payables Increase	57	(925)
(Paid) corporate income tax	91	-
Net cash from operating activities	**2,719**	**(1,975)**
Cash flows from investing activities		
Disposals of financial assets	**-**	-
(Acquisition) of non-current assets	(101)	(168)
Disposals of non-current assets	975	48
Net cash flows from investing activities	**874**	**(120)**
Cash flows from financing activities		
Loans received	-	4,542
Loans (repayment)	-	(2,342)
Grants received (returned)	-	-
Lease payments	(18)	123
Interest (paid)	(6)	(175)
Interest on lease liabilities	56	(7)
Net cash used in/from financing activities	**32**	**2,141**
Increase (decrease) in net cash flows	**3,625**	**46**
Cash and cash equivalents at the beginning of the period	**165**	**119**
Cash and cash equivalents at the end of the period	**3,790**	**165**

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

CEO	Rolandas Zabilevičius
Head of Corporate Affairs	Dainius Suprikas
Chief Accountant	Kamilija Chaleckaja

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1. Background information

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 with limited civil liability, which organises its economic, financial, organisational and legal activities independently. The Company is a private limited liability company, the shareholder of which is Lietuvos geležinkeliai AB, registration code 10053842, registered office address Geležinkelio str. 16, Vilnius. Company registration code 181628163, VAT registration code LT816281610, legal (registration) address and head office: Trikampio str. 10, Lentvaris, LT-25112 Trakai dist.

In 2024 and on 30 June 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.

In 2024 and on 30 June 2023, the sole shareholder of the Company was AB Lietuvos geležinkeliai owning 100% shares of UAB Geležinkelio tiesimo centras.

As of 30 June 2024, Geležinkelio tiesimo centras UAB's authorised capital consisted of 109,748 ordinary registered shares with a nominal value of EUR 281.53 each. The amount of the share capital in value terms was EUR 30,897 thousand.

On 10 November 2020, Lietuvos geležinkeliai AB, exercising the rights of the Company's sole shareholder, adopted a decision to change the nominal value of the Company's issued shares. Pursuant to the decision, the nominal value of one ordinary registered share of the Company (hereinafter - Share) is changed from EUR 289.62 to EUR 281.53. The change in the nominal value of one Share resulted in the division of GTC's share capital into 109,748 shares. The company had not acquired its own shares.

The company's list of active employees at the end of the period (excluding employees on parental leave, military service, long-term sick leave) consisted of 217 employees on 30 June 2024 (227 on 31 December 2023).

2. Important accounting policies

Basis for reporting. These interim financial statements for the six-month period ended 30 June 2024 are prepared in accordance with International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

These interim financial statements do not include all the information required for the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available on the Company's website at https://gtc.lt/w/veiklos-rezultatai/veiklos-ataskaitos/.

The financial statements are prepared using the historical acquisition cost method.

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

These financial statements for the six-month period ended 30 June 2024 are unaudited. The annual accounts for the year ended 31 December 2023 were audited by KPMG Baltics UAB.

Changes in accounting policies. The Company has applied the same accounting policies and used the same assumptions and estimates for the period from 1 January 2024 to 30 June 2024 as it did in the previous reporting year, details of which are set out in the financial statements as of 31 December 2023. The preparation of interim financial statements in conformity with IFRS as adopted by the European Union requires the Company's management to make estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and consistent with current conditions, and the results of which are used to make conclusions about the residual values of assets and liabilities that cannot be determined from other sources. Actual results may differ from calculations.

Functional and presentation currency. The Company's functional currency is the euro. Amounts in the financial statements are presented in euro unless otherwise stated. In the financial statements, all amounts are presented in euros and rounded to the nearest thousand (EUR 000).

Foreign currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Profits 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 profit and loss account.

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

Events after the end of the reporting period. After the end of the reporting period, management considered significant non-adjusting events and their impact on the disclosures in the financial statements and the potential impact on principle of continuity.

Revenue recognition. The Company's management assesses the timing of revenue recognition, i.e. whether revenue is recognized over time or at a specific moment in time.

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

Lease. A lease is a contract, or part of a contract, that gives the right to use an asset (the leased asset) for a specified period of time for remuneration. A contract is, or includes, a lease if, in return for consideration, it gives the right to control the use of a designated asset for a specified period.

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 realizable value. The Company reviews the inventory list at least annually to determine the net realizable value of inventories. Inventories acquired more than one year ago are reviewed to determine whether they are available for future disposal. The calculation of impairment is based on the following formula:
Impairment of inventories = Balance of physically and morally depreciated inventories to be written off + (Balance of good inventories that have been stored for more than 24 months and have no expected use by the end of their useful life * 0.75) + (Carrying amount of inventories for sale – realizable value of inventories for sale).

Provisions and contingent liabilities. The Company makes significant judgements in assessing and recognizing provisions and contingent liabilities related to ongoing litigation or other pending claims that will be resolved through negotiation, mediation or arbitration, and other contingent liabilities. The decision has to be made on the basis of an assessment of the likelihood of a favourable decision on the claim or the creation of an obligation, and a quantification of the possible options for final settlement. Due to the inherent uncertainties in this assessment process, actual losses may differ from the provisions originally calculated. These assessments are subject to change as new information becomes available, in particular thanks to the support of internal specialists such as lawyers. Changes in assessments could have a material impact on the Company's results of operations.

Deferred income tax. Deferred tax is calculated using the balance sheet method, taking into account temporary differences between the financial and tax values of assets and liabilities. The amount of deferred tax depends on the expected future use of the asset and the settlement of the liability. A deferred tax asset is recognized only when sufficient future taxable profit is expected to allow the tax asset to be utilized. Deferred tax assets are reviewed at the date of preparation of each statement of financial position and reduced if it is not probable that the related tax benefit will be realized.

UAB Geležinkelio tiesimo centras Trikampio g. 10, LT-25112 Lentvaris, Trakai | correspondence address: Pelesos g. 10, LT-02111 Vilnius
Tel. +370 655 37023, www.gtc.lt Company code 181628163 | VAT identification code LT816281610

3. Intangible assets

The Company's intangible assets consist of:

	Software	Total
Acquisition value		
31 December 2022	**67**	**67**
- acquisitions	-	-
- received from the group companies	-	-
- sales, disposals, write-offs	-	-
- reclassification	-	-
31 December 2023	**67**	**67**
- acquisitions	16	16
- sales, disposals, write-offs	(33)	(33)
- reclassification	-	-
31 December 2023	**50**	**50**
Accumulated depreciation and impairment losses		
31 December 2022	**60**	**60**
- depreciation	4	4
- impairment during the year	-	-
- sales, disposals, write-offs	(33)	(33)
- received from the group companies (+)	-	-
- reclassification	-	-
31 December 2023	**31**	**31**
- depreciation	4	4
- impairment during the year		
- sales, disposals, write-offs	-	-
- sales, disposals, write-offs		
- received from the group companies (+)	-	-
- reclassification	-	-
30 June 2024	**36**	**36**
Residual value		
31 December 2022	**7**	**7**
31 December 2023	**19**	**19**
30 June 2024	**15**	**15**

The Company does not have internally generated intangible assets.

The amortization expense of the Company's intangible assets, which amounted to EUR 4 on 30 June 2024 (30 June 2023: EUR 2), is included in depreciation and amortization expense in the Statements of Profit or Loss and other comprehensive income.

The Company's intangible assets that have been fully amortized but still used amounted to EUR 33 (30 June 2023: EUR 55). The major part of amortised assets comprised of software.

The Company's operations use fully amortized intangible assets:

	30/6/2024	30/6/2023
Software	33	55
Total	**33**	**55**

4. Tangible assets

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

	Buildings and structures	Machinery and equipment	Road vehicles	Railway rolling stocks	Other equipment, fittings and tools	Construction in progress and prepayments	Total
Acquisition value							
31 December 2022	**5,246**	**25,209**	**903**	**8,089**	**741**	**27**	**40,215**
Acquisitions during the year	-	240	-	2	38	646	926
Assets sold, written off, transferred	(9)	(2,173)	(248)	(681)	(39)	-	(3,150)
Reclassification from/to current assets	-	(2,449)	-	(221)	-	-	(2,670)
Reclassification	-	106	-	-		(106)	-
31 December 2023	**5,237**	**20,933**	**655**	**7,189**	**740**	**567**	**35,321**
Acquisitions during the year	-	-	-	-	20	81	101
Assets sold, written off, transferred	-	91	(81)	(1,190)	(26)	-	(1,388)
Reclassification from/to current assets	-	-	-	214	-	-	214
Reclassification		60		194		(254)	
30 June 2024	**5,237**	**20,902**	**574**	**6,407**	**734**	**394**	**34,248**
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
Sold, written off, transferred	(2)	(1,003)	(241)	(413)	(32)	-	(1,691)
Reclassification from/to current assets	-	(1,654)	-	(142)	-	-	(1,796)
Reclassification	-	-	-	-	-	-	-
31 December 2023	**2,241**	**10,043**	**620**	**3,162**	**544**	**-**	**16,610**
Depreciation	97	566	12	139	12	-	826
Sold, written off, transferred		(90)	(77)	(748)	(9)		(924)
Reclassification from/to current assets	-	-	-	140	-	-	140
Reclassification	-	-	-	-	-	-	-
30 June 2024	**2,338**	**10,519**	**555**	**2,693**	**547**	**-**	**16,652**
Residual value							
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**
30 June 2024	**2,899**	**10,383**	**19**	**3,714**	**187**	**394**	**17,596**

4. Tangible assets (continued)

The amount of the Company's depreciation expense included in the Company's Statement of Profit (Loss) and Other Comprehensive Income amounted to EUR 827 thousand, excluding depreciation expense on assets held under Right of Use (30 June 2023: EUR 1,026 thousand). The value of the assets acquired amounted to EUR 101 thousand (EUR 168 on 30 June 2023).

The cost of fully depreciated property, plant and equipment in use included:

	30/6/2024	31/12/2023
Buildings and structures	565	565
Machinery and equipment	1,121	1,128
Road vehicles	228	233
Railway vehicles	830	1,195
Other equipment, appliances and tools	677	679
Total	**3,421**	**3,800**

Machinery and equipment and railway vehicles accounted for the majority of fully depreciated property, plant and equipment.

The Company has no mortgaged assets.

5. Right of use assets

The assets held by the Company in right of use were:

	Buildings and structures	Vehicles	Total
Acquisition value			
31 December 2022	**61**	**1,067**	**1,128**
- acquisitions during the year	-	113	113
- derecognition within one year	-	(517)	**(517)**
31 December 2023	**61**	**663**	**724**
- acquisitions during the year	-	171	**171**
- derecognition within one year	-	(211)	**(211)**
30 June 2024	**61**	**623**	**684**
Accumulated depreciation and impairment losses			
31 December 2022	**58**	**642**	**700**
- depreciation	3	241	**244**
- derecognition	-	(509)	**(509)**
-reduction in value	-	-	**-**
31 December 2023	**61**	**374**	**435**
- depreciation	-	91	**91**
- derecognition	**-**	(188)	**(188)**
-reduction in value	-	-	-
30 June 2024	**61**	**277**	**338**
Residual value			
31 December 2022	**3**	**425**	**428**
31 December 2023	**-**	**289**	**289**
30 June 2024	**-**	**346**	**346**

As at the date of the interim financial statements, the Company has entered into lease agreements for the lease of vehicles. Remaining lease term is up to 4 years.

6. Inventories and non-current assets held for sale

The Company's inventories and non-current assets held for sale consisted of:

	30/6/2024	31/12/2023
Materials	341	245
Materials for superstructures	717	745
Spare parts	500	596
Fuel	80	36
Workwear	28	17
Inventory	18	18
Oils	12	21
Subtract: decrease in realizable value (-)	(312)	(312)
Total raw materials, consumables and assemblies	**1,384**	**1,366**
Goods purchased for sale	-	-
Subtract: decrease in realizable value (-)	-	-
Total goods purchased for resale	**-**	**-**
IT for resale	**591**	**669**
Total	**1,975**	**2,035**

The accounting value of the Company's inventories before net realizable value adjustment as of 30 June 2024 amounted to EUR 2,287 (31 December 2023: EUR 2,347). The Company's inventory structure comprises the largest comparative proportion of materials for road superstructures.

As at 30 June 2024, the Company's non-current assets held for sale consisted of wagons and railway construction equipment. Most of the sales are conducted through public auction.

The change in the write-down of the Company's inventories to net realizable value is reflected in the write-down to net realizable value expense line in the statements of profit or loss and other comprehensive income.

7. Prepayments

The Company's advance payments included:

	30/6/2024	31/12/2023
Advance payments	8	6
Deferred expenses	4	2
Total	**12**	**8**

8. Assets arising from contracts with customers

The Company's assets under contracts with clients include:

	30/6/2024	31/12/2023
Guarantees paid to suppliers	19	19
Accrued income	-	-
Total	**19**	**19**

9. Trade receivables

The Company's trade and other receivables included:

	30/6/2024	31/12/2023
Trade receivables	433	609
Receivables from related parties	5,134	5,666
Impairment of debt receivable (-)	(47)	(47)
Total debt owed by customers:	**5,520**	**6,228**

The fair values of receivables approximate their accounting values.

Receivables from customers are interest-free and usually have a maturity of 30–60 days.

10. Other receivables

Other receivables included:

	30/6/2024	31/12/2023
Recoverable VAT	297	-
Other receivables from the budget	61	43
Total	**358**	**43**

11. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	30/6/2024	31/12/2023
Cash in bank	3,790	3,657
Total	**3,790**	**3,657**

As of 30 June 2024 and 31 December 2023 the Group and the Company had no fixed-term deposits. The money was not pledged.

12. Share capital

The nominal value of one share of the Company is EUR 281.53. All shares are paid up.

The change in share capital is shown in the table below:

	Authorized capital	Number of shares, units
Subscribed share capital		
Number of shares as of 31 December 2023	30,897	109,748
Increased	-	-
Decreased	-	-
Number of shares as of 30 June 2024	30,897	109,748
2. Capital structure		
2.1. By type of share	-	-
2.10. Ordinary shares	30,897	109,748
2.11. Preference shares	-	-
2.2. Authorized capital	-	-
B. Unclaimed and claimed but not yet paid amounts, including:		
Shareholders (debtors)	-	-
Total	**30,897**	**109,748**

During the 1st half of 2024, there were no changes to the Company's Articles of Association regarding the increase/decrease of the share capital.

13. 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 of 30 June 2024 the Company had no other reserves.

The distribution of the Company's profit for 2023 was approved by Shareholder's Order No. AS(LTG)-42/2024 of 16 April 2024. No statutory or other reserves have been established.

14. Loans and other financial debts

On 30 June 2024, the Company had no financial debts.

On 21 December 2018, LTG signed a cash-pool agreement with Swedbank AB. On 29 March 2019, the Company signed an agreement to join the Group's account. Under this agreement, members of the Group can borrow and lend money to members of the Group on the peer-to-peer lending platform for a maximum period of one year at market rates. As of June 2024, the Company had no obligations under this agreement.

15. Lease liabilities

The Company's lease liabilities consist of:

	30/6/2024	31/12/2023
Long-term share	268	128
Short-term share	85	169
Lease liabilities	**353**	**297**

As of 30 June 2024, the Company had a long-term share of lease liabilities of EUR 268 (31 December 2023: EUR 128) and a short-term share of EUR 85 (31 December 2023: EUR 169).

The company leases vehicles. Lease contracts are usually for a fixed period, with or without the possibility of renewal. In determining the lease term, management considers all facts and circumstances that provide an economic incentive to exercise the option to renew or not to exercise the option to terminate. The management only considers options to extend the lease (or periods beyond the termination option) if the lease can reasonably be expected to be extended (or not terminated). Potential future cash payments are not included in the lease liabilities because there is no certainty that the leases will be renewed (or not terminated).

Short-term lease contracts with a term of 12 months or less and lease payments for low-value assets are recognized as an expense directly in profit or loss and other comprehensive income.

16. Provisions

The Company's provisions consist of:

	30/6/2024	31/12/2023
Long-term provisions	48	48
Short-term provisions	298	298
Total	**346**	**346**

Movement in provisions:

	30/6/2024	31/12/2023
Provisions		
Balance at beginning of period	346	359
Increase (formed)	-	-
Decrease (used)	-	(13)
Balance at the end of the period	**346**	**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. Under the laws of the Republic of Lithuania, an employee of the Company is entitled to 2 months' salary if he or she leaves the company at retirement age. In addition, an employee with 25 years' service is entitled to an allowance of up to 1 month's average salary under a valid collective agreement. Provisions for pensions and similar liabilities also include allowances for anniversaries of employees. With the adoption of a new collective agreement in 2023, the anniversary allowance for employees was eliminated.

The key assumptions used in the measurement of the Company's liability for long-term employee benefits are:

	30/6/2024	31/12/2023
Discount rate	3.766%	3.374%
Employee turnover rate	27.61%	27.61%
Annual salary increase	5.0%	5.0%

17. Employment related liabilities

Short-term employee benefits by type:

	30/6/2024	31/12/2023
Vacation accruals	396	389
Payable remuneration	333	-
Payable personal income tax contributions	233	-
Payable social insurance contributions	147	174
Accrued portion of variable remuneration	162	256
Total	**1,271**	**819**

18. Prepayments received and liabilities arising from contracts with customers

As of 30 June 2024, the commitments under the customer contracts were as follows:

	30/6/2024	31/12/2023
Deferred income	1,305	1,305
Advance payments received	11	1
Total	**1,316**	**1,306**

In the 1st half of 2024, the Company's prepayments received consisted of project implementation funds received in advance.

19. Trade and other payables

Trade and other payables consisted of:

	30/6/2024	31/12/2023
Financial guarantees received	-	-
Other taxes payable to the budget	-	221
Trade union membership fee	3	1
Trade payables	713	991
Payables to related parties	566	312
Accrued costs	-	187
Other payables and non-current liabilities	347	2
Total	**1,629**	**1,715**

The Company's accruals consisted of management service fee accruals and other atypical accruals.

20. Sales revenue

As of 30 June 2024, income consisted of:

	30/6/2024	30/6/2023
Revenue arising from contracts with customers	6,278	10,020
Other income	606	73
	6,884	**10,093**

The works and services were provided to companies of the Lietuvos geležinkeliai AB group of companies and other clients.

21. Result from financing activities

Financing activity results of the Company consisted of:

	30/6/2024	30/6/2023
Total finance income	**44**	**3**
Penalties and default interest for overdue trade receivables	3	3
Interest	41	-
Total finance costs	**(208)**	**(114)**
Interest	(13)	(50)
Interest on lease liability	(6)	(10)
Currency exchange loss	-	-
Result from financing activities	**(164)**	**(214)**

22. Corporate income and deferred tax

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

	30/6/2024	30/6/2023
Income tax for the year under review	-	-
Deferred tax expense (benefit)	321	153
Income tax expense (benefit) recognized in profit or loss in total	**321**	**153**

23. Related party transactions

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

Related party transactions of the Company:

30/6/2024	Procurement	Sales	Receivables	Payables
Lietuvos geležinkeliai AB	798	-	2	241
LTG Infra AB	288	5,405	5,155	81
LG Cargo AB	441	-	-	206
LTG Link UAB	4	-	-	1
voestalpine Railway Systems Lietuva UAB	131	-	-	36
	1,662	**5,405**	**5,157**	**565**

30/6/2023	Procurement	Sales	Receivables	Payables
Lietuvos geležinkeliai AB	1,114	-	2	2,417
LTG Infra AB	258	8,168	5,039	31
LG Cargo AB	529	-	-	196
LTG Link UAB	71	-	-	1
voestalpine Railway Systems Lietuva UAB	95	-	58	13
	2,067	**8,168**	**5,099**	**2,658**

Remuneration to management and other benefits

As of June 2024, the number of executives was 6, namely 1 CEO, 1 Head of Corporate Affairs, 1 Chief Production Officer, 1 Head of Contract Sales, 1 Head of Business Development, 1 Manager (Project Management and Engineering).

During the 1st half of 2024 and 2023, no loans, guarantees or other disbursements or accruals were made to the management of the Company, nor were there any transfers of assets, other than as set out above.

24. Off-balance liabilities, contingent assets and liabilities

As of 30 June 2024, the Company had issued guarantees for the amount of EUR 657thousand, including guarantees of the performance of contracts and guarantees for liabilities of the warranty period..

During the 1st half of 2024 and 2023, the Company did not enter into any non-monetary transactions that are not reflected in the cash flow statement.

25. 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.