



UAB Geležinkelio tiesimo centras

THE COMPANY'S INTERIM MANAGEMENT REPORT AND FINANCIAL STATEMENTS (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025

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This interim management report and financial statements do not contain all information required in drawing up the set of the annual financial statements; therefore, they must be read along with the annual management report and financial statements for the year ended 31 December 2024 at [link](#), which were prepared in accordance with the International Financial Reporting Standards approved by the International Accounting Standards Board and adopted by the EU.



1. OVERVIEW

1.1. CEO'S FOREWORD

Dear partners, employees, clients,

The first half of 2025 was active and productive for Geležinkelio tiesimo centras – the company continued its operations strategically, maintaining its position in the railway infrastructure sector and striving for long-term value creation.

We started the year steadily, and from March onwards, the implementation of significant projects gained momentum. With the addition of a new Head of Corporate Operations to the company's leadership team, we have strengthened our field of competencies and management processes.

Among the most important achievements of this period are winning high-value tenders and concluding significant contracts with strategic partners. We are particularly pleased with our successful participation in tenders announced by AB LTG Infra – contracts have been signed for railway section repair and maintenance work, with a total value exceeding EUR 15 million.

The half-year was marked by a diversity of work – from major railway section and crossing repairs to projects involving the replacement of bridges with culverts. We continue our work in the Šiauliai and Klaipėda regions, where ongoing projects are contributing to the strengthening of long-term infrastructure.

The first six months of this year demonstrated that we are capable of successfully aligning strategic objectives with the efficiency of daily operations. Our team, working together, not only achieved high results but also maintained the highest standards of quality and safety. Each employee contributed to the company's goal of creating sustainable, safe, and modern railway infrastructure.

We continue our consistent efforts and have already submitted proposals for significant infrastructure projects. We are also participating in two construction work tenders announced by AB LTG Infra for the installation of a military (civil) loading area in Palemonas, with these proposals having a total value of more than EUR 8 million. We are awaiting the results and hope to continue our active participation in national and international projects.

As 2025 continues, we will strive for innovative solutions, strengthen international cooperation, and leverage growth opportunities in both Lithuanian and foreign markets. We are ready for new challenges and are responsibly building the railway infrastructure for tomorrow.



ROLANDAS ZABILEVIČIUS

Chief Executive Officer
UAB Geležinkelio tiesimo centras

1.2. THE COMPANY'S ACTIVITY

MAIN DETAILS ABOUT THE COMPANY

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

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



THE COMPANY'S BRANCHES AND REPRESENTATIVE OFFICES ABROAD

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

THE COMPANY'S ACTIVITY MODEL

The Company's office is located at Trikampio g. 10, Lentvaris, Trakų raj. The Company has two production bases located in strategically convenient locations: In a 10-hectare area in Lentvaris and a 12-hectare area in Šilėnai (Šiauliai district). The Company has implemented and maintains the Integrated Quality, Environmental and Occupational Safety and Health Management System in accordance with ISO 9001:2015, ISO 14001:2018 and ISO 45001:2018 international management standards.

CORE BUSINESS AND SERVICES

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

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

The key segments of GTC principal activities:

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

MARKET AND COMPETITIVE ENVIRONMENT

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

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

MAIN CUSTOMERS

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

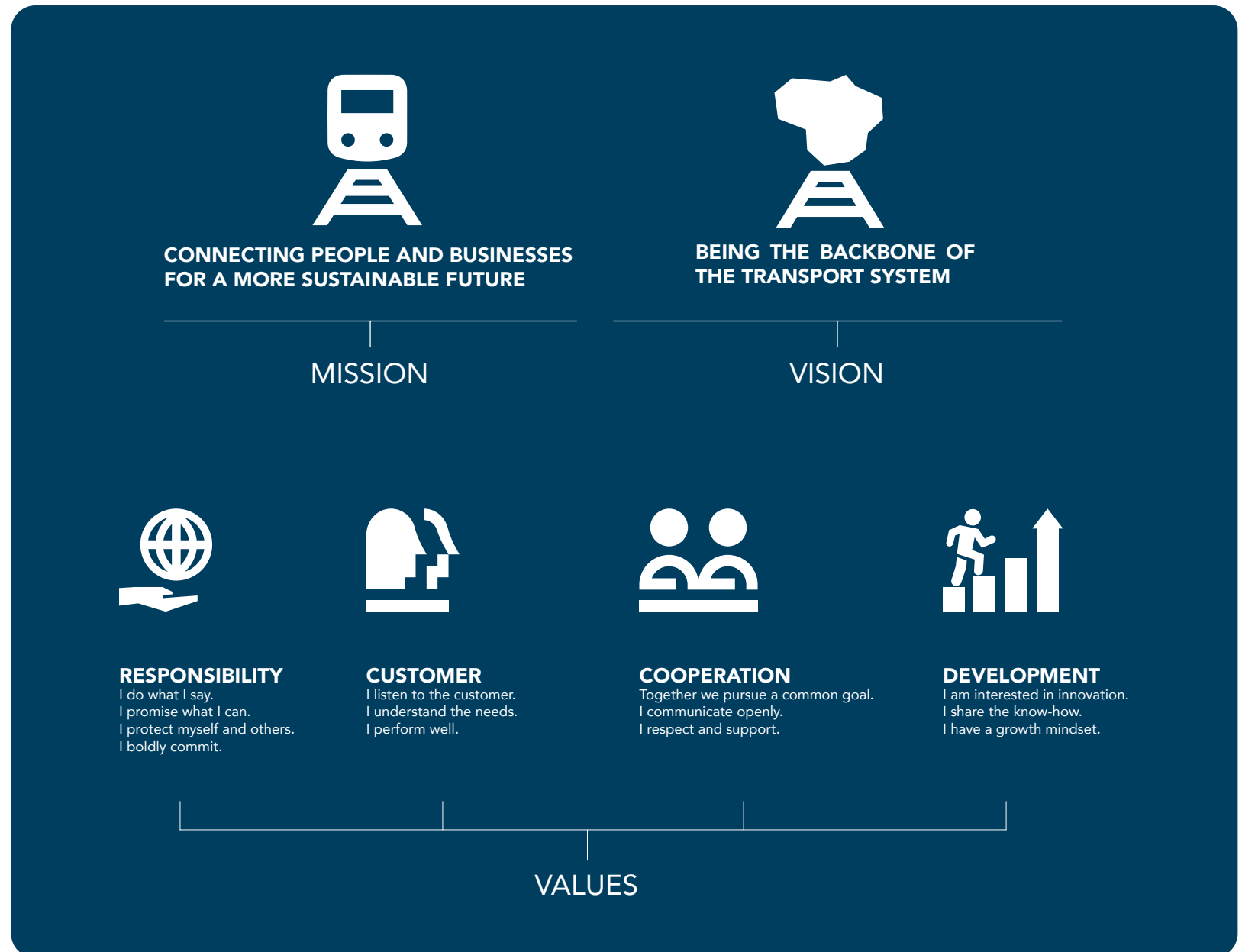
REGULATORY ENVIRONMENT

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



1.3. STRATEGY

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



STRATEGIC DIRECTIONS

Business development

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

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

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

Operational efficiency

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

Technology integration: assessment of the need for new technologies.

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

Business resilience

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

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

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

Inclusive organisational culture

Staff training: training programmes, qualification improvement.

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

ESG

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

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

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

BUSINESS PLANS AND FORECASTS

Forecasts and planned strategic projects until 2029:

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

Implementation and progress of strategic initiatives during the first half of 2025:

- The rental of railway machinery equipment is carried out in Poland.
- Efficiency improvement measures for the technology park are implemented (modernisations are in progress, new equipment is purchased).
- The LEAN methodology is being implemented.
- Key performance indicators (KPIs) have been approved, allowing for monitoring of process efficiency and identification of opportunities for improvement.
- A project for the installation of electric vehicle charging stations has been initiated.

ANNUAL GOALS IN 2025

The Company's goals for 2025, the indicators against which they are measured and the target values approved by the decision of the sole shareholder of the Company as at 16 December 2024 are linked to the implementation of the Strategy. Considering the ambition and strategic goals of GTC, the annual targets are designed to create the value as a modern railway infrastructure construction partner while integrating into western markets, ensure increased operational efficiency, operational development, sustainable activities and comprehensive safety. Based on the approved annual objectives, GTC employees have personal goals set. In this way, GTC employees are involved in a structured and coherent process of implementing the LTG Group's strategy, linking the achievement of objectives to career, development and incentive plans.

Strategic direction/ target	Indicators of achievement of goals	Measurement unit	Benchmarks for achievement of goals	
Value creation while integrating into western markets	Ebitda margin secured	%	15 %	>10
Operational efficiency	The Continuous Improvement Level I maturity has been achieved	maturity assess- ment in points	15 %	>1.2
	Maintain the share of won tenders in Lithuania	% of value in EUR	15 %	>40
Business development	Increase revenue from external clients and RB in 2025 (for completed work, not from LTG Group companies)	EUR million	20 %	>3,8
	Amounts of signed contracts from RB in 2026	EUR million	5 %	>3,4
ESG (Sustainability)	Total energy costs (electricity, fuel, boiler houses, buildings) to ensure operations per unit of revenue	MWh / EUR	10 %	(>) 0 percent less than the 2024 value
	Ensured business resilience level	%	5 %	>80
Business resilience	Increased employee safety (accidents due to employer negligence)	Accidents at work due to employer negligence *1 million / total working hours	5 %	<5.5
Inclusive organisational culture	Increased level of employee engagement	%	10 %	>76

1.4. MOST SIGNIFICANT EVENTS IN 2025

January

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

February

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

March

Andrius Latvys joined the GTC leadership team as the Head of Corporate Operations.

A contract was signed for the sale of railway construction and repair equipment and wagons for the removal of contaminated railway ballast, valued at EUR 3.3 million (excluding VAT).

April

The major overhaul of the Pavenčiai–Raudėnai railway section has commenced.

The major repair works of the Jašiūnai railway crossing have been completed – a ballastless crossing surface has been installed.

Won the AB LTG Infra tender for the maintenance of 1985 km of mainline, station, and access railway tracks in the Vilnius and Kaunas regions, with a contract value of EUR 7.05 million (excluding VAT).

Won the tender announced by SE Ignalina Nuclear Power Plant for the demolition work with design of category VI railway lines 60 and 60b, with a contract value of EUR 0.17 million (excluding VAT).

May

A contract was signed with AB LTG Infra for the routine repair of the Gimbo-gala–Radviliškis first track section, with a contract value of EUR 5.3 million (excluding VAT).

Projects for replacing three bridges with culverts have commenced in the Šiauliai region.

The contract for the maintenance of railway tracks at the Klaipėda State Seaport has been implemented.

June

A contract was signed with AB LTG Infra for the routine repair of the Gimbo-gala–Radviliškis second track section, with a contract value of EUR 3.6 million (excluding VAT).



1.5. EVENTS AFTER THE REPORTING PERIOD

July

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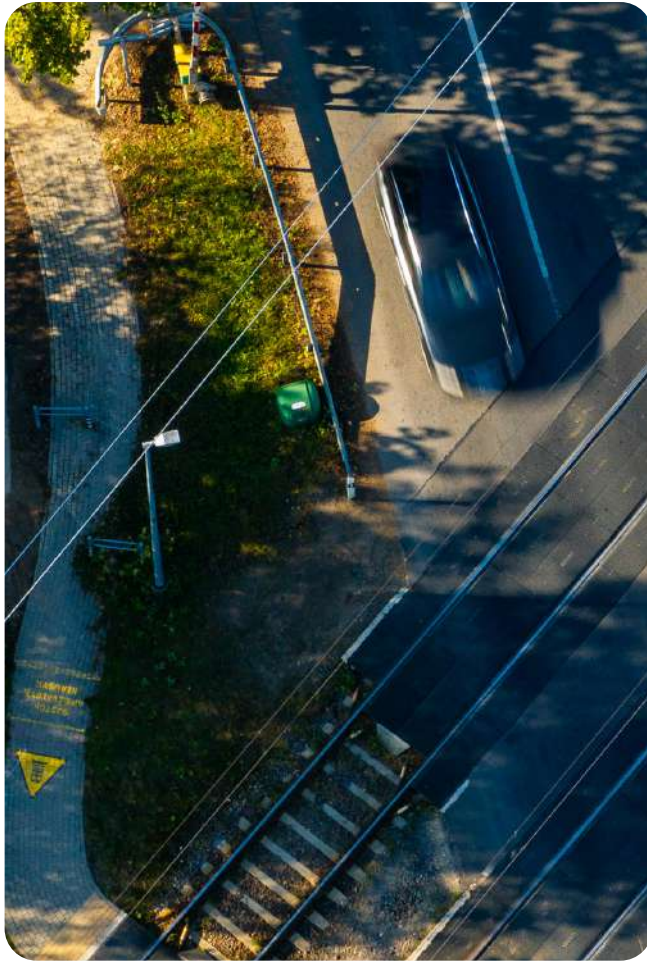
August

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○ 2. RESULTS



2.1. OVERVIEW OF KEY PERFORMANCE INDICATORS

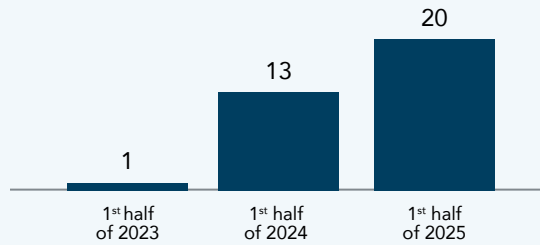
The differences in the number of indicators depending on the specifics of the ongoing projects between the first half of 2025 and the first half of 2024 resulted from:

- In the first half of 2025, we carried out more railway track dismantling, assembly, and construction work.
- In the first half of 2025, there was a greater demand for equipment rental both from AB LTG Infra and external companies.

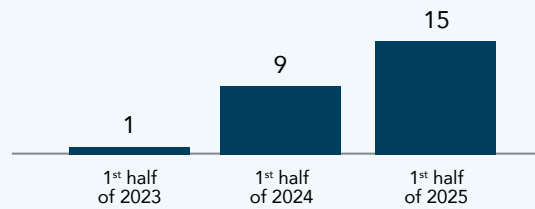
PAGRINDINIAI VEIKLOS RODIKLIAI

Indicators	Measurement unit	First half of 2025	First half of 2024	First half of 2025/ First half of 2024. Δ, %	First half of 2023
Assembly / reassembly of railway track	km	20	13	54%	1
Dismantling of railway tracks	km	15	9	67%	1
Dismantling of a railway track in individual components	km	5	14	-64%	0
Construction of railway tracks	km	15	9	67%	1
Ballasting	1000 m ³	15	11	36%	16
Replacement of inventory / existing rails with long-rails	km	7	21	-67%	30
Chip management	km	13	13	0%	15
Road repair	km	15	30	-50%	40
Working hours of leased machinery	Hour	291	48	506%	314
Leased wagons	Days	220	120	83%	6,070

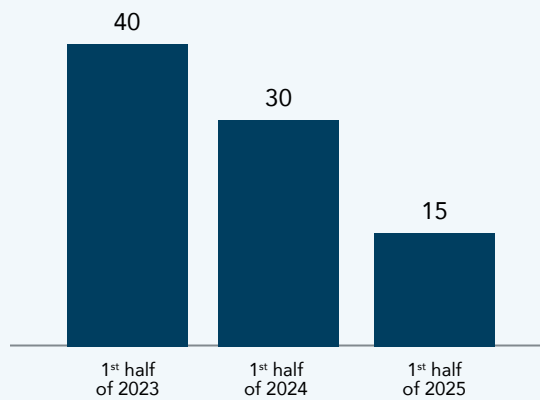
Assembly / reassembly of railway track



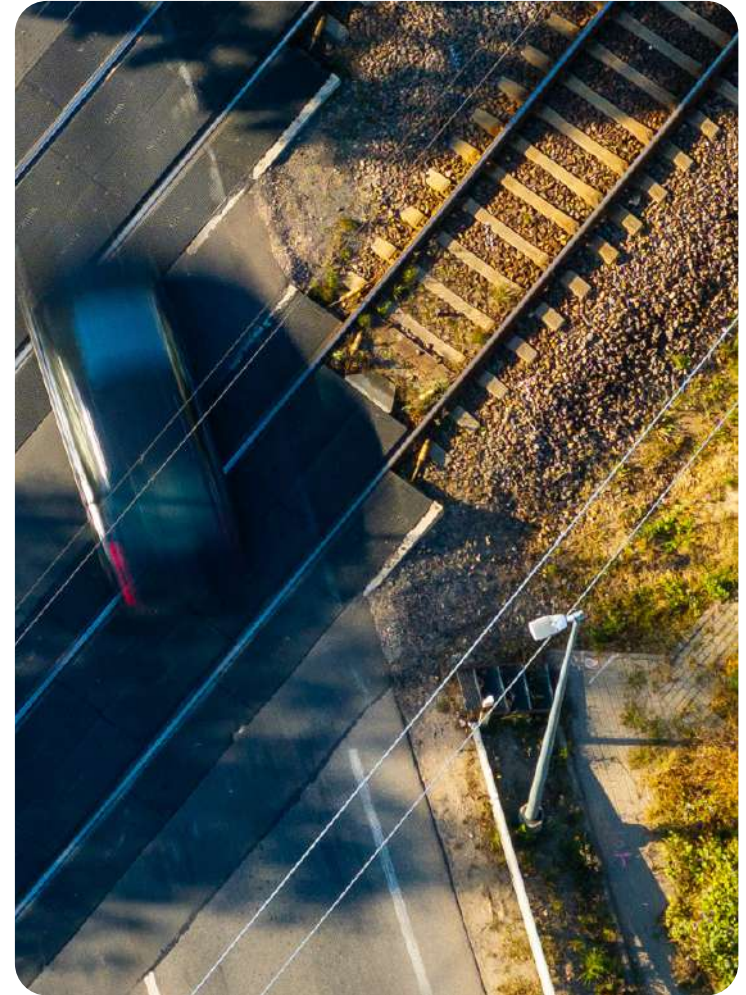
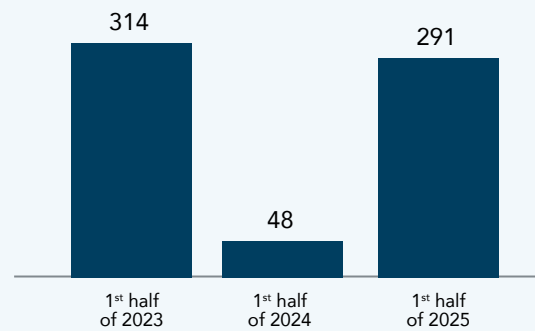
Construction of railway tracks (km)



Road repair (km)



Working hours of leased machinery (hours)



2.2. FINANCIAL RESULTS

REVENUE

Dynamics of GTC's sales revenue from the 1st half of 2023 to the 1st half of 2025, EUR thousand

Type of revenue	First half of 2025	First half of 2024	First half of 2023
Construction and repair of railways	3,569	4,659	7,550
Maintenance of railway track and structures	330	1,220	1,255
Construction, reconstruction and repair of other structures	367	37	654
Lease of plant and machinery	310	47	330
Construction and repair of signalling, automation and electrification	262	244	62
Designing works	0	1	0
Other works (snow removal, sales of current assets, etc.)	290	70	169
Total	5,128	6,278	10,020

GTC sales revenue amounted to EUR 5,128 thousand in the first half of 2025, compared to EUR 6,278 thousand in the first half of 2024. Compared to the first half of 2024, sales revenue decreased by EUR 1,150 thousand or 18.3%.

Railway construction and repair accounted for 69.6% of the Company's operating revenues in the first half of 2025. Revenue from this segment in the first half of 2025 was lower by EUR 1,090 thousand or 23.4% compared to the first half of 2024.

Revenue from maintenance of railway tracks and structures accounted for EUR 330 thousand or 6.4% in the first half of 2025. Revenue from this segment in the first half of 2025 was lower by EUR 890 thousand or 73% compared to the first half of 2024.

Revenue from repair, reconstruction and construction of other engineering structures amounted to EUR 367 thousand or

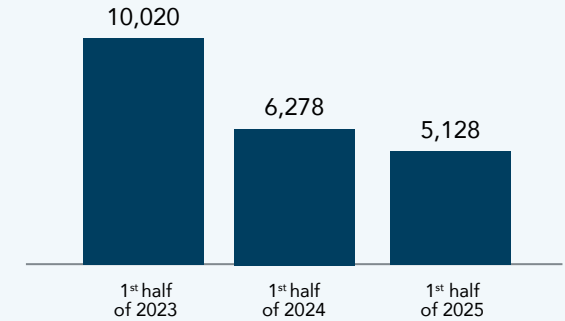
7.2% in the first half of 2025. Revenue from this segment in the first half of 2025 was higher by EUR 330 thousand compared to the first half of 2024.

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

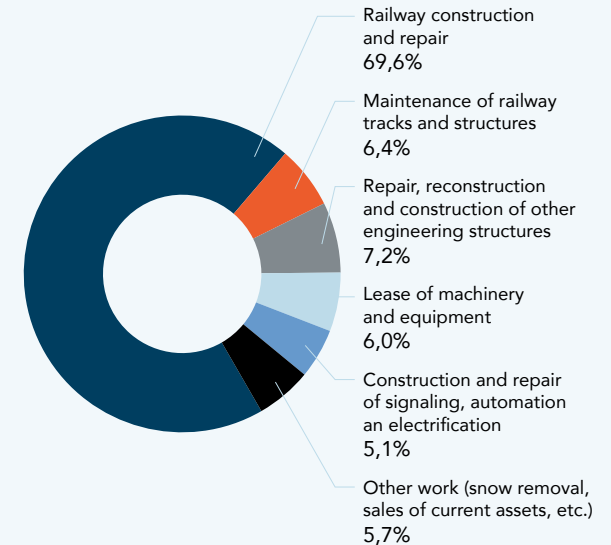
In the first half of 2025, the company's operations were conducted not only in Lithuania but also in Poland. The major portion of works was conducted in accordance with the public procurements of the public infrastructure manager and subsidiary managers.

The Company's technology park and existing competences make all assumptions of increasing sales volumes of other customers not only in Lithuania but also abroad.

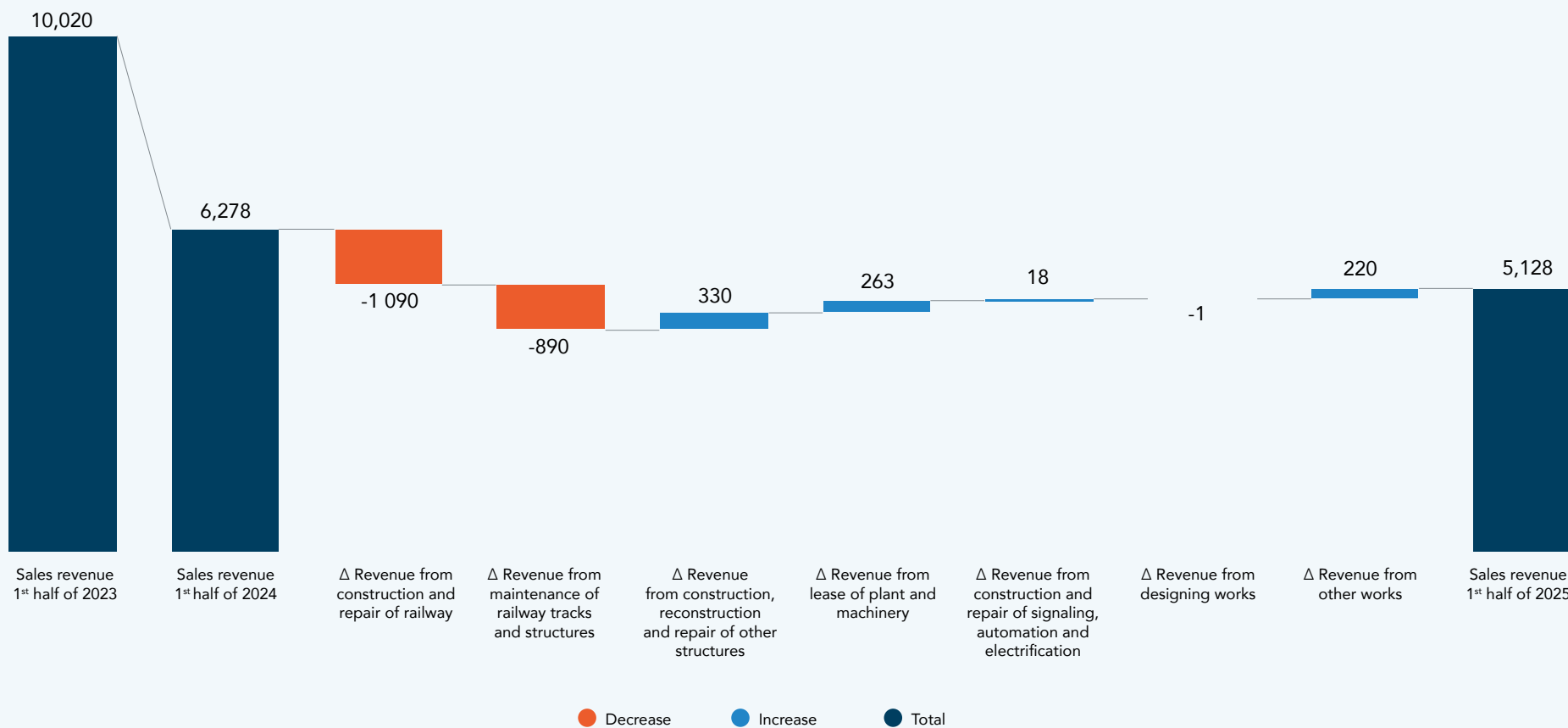
Company's revenue, EUR thousand



Structure of revenue in the first half of 2025, %



Change in Company's sales revenue, EUR thousand





COSTS

Changes in the Company's work volumes directly affected changes in costs; therefore, in the first half of 2025 there was reallocation of sales revenue as well as costs.

In the first half of 2025, the operating costs of GTC amounted to EUR 7,276 thousand, compared to the first half of 2024 costs decreased by EUR 1,254 thousand or 14.7%. Reduced costs are directly related to lower costs of subcontracting for projects, and reduced salary-related costs.

First half of 2023 – first half of 2025, GTC structure of costs, EUR thousand

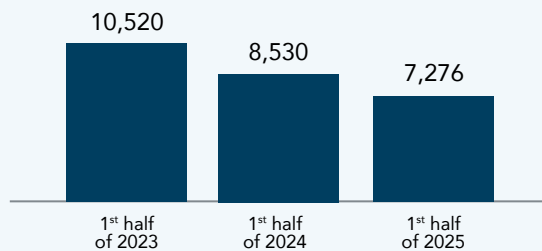
Type of costs	First half of 2025	First half of 2024	First half of 2023
Salaries and related costs	3,079	3,432	4,084
Materials	348	213	777
Fuel	189	259	290
Depreciation and amortisation	855	922	1,026
Subcontracting	269	1,284	2,232
Other costs	2,536	2,420	2,111
Total	7,276	8,530	10,520

The major portion of the Company's operating costs in the first half of 2025 consisted of salaries and related costs (EUR 3,079 thousand or 42.3%). It is EUR 353 thousand lower as compared to the first half of 2024. The change in costs resulted from the lower number of employees.

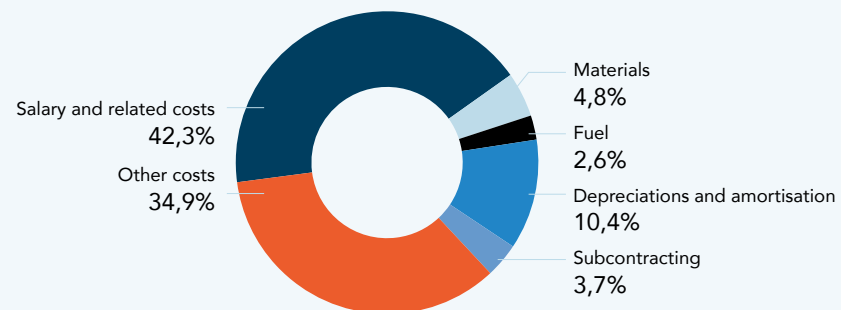
Other costs of GTC in the first half of 2025 amounted to EUR 2,536 thousand or 34.5% of all costs, which is higher by EUR 116 thousand compared to the first half of 2024.

Other expenses include operating costs related to freight transport, locomotives and brigades, special rolling stocks, lease of other assets and other costs which proportionally depend on work volumes. Also costs related to strategic management fee and general services, which in the first half of 2025 amounted to EUR 999 thousand and were lower by EUR 191 thousand compared to the first half of 2024.

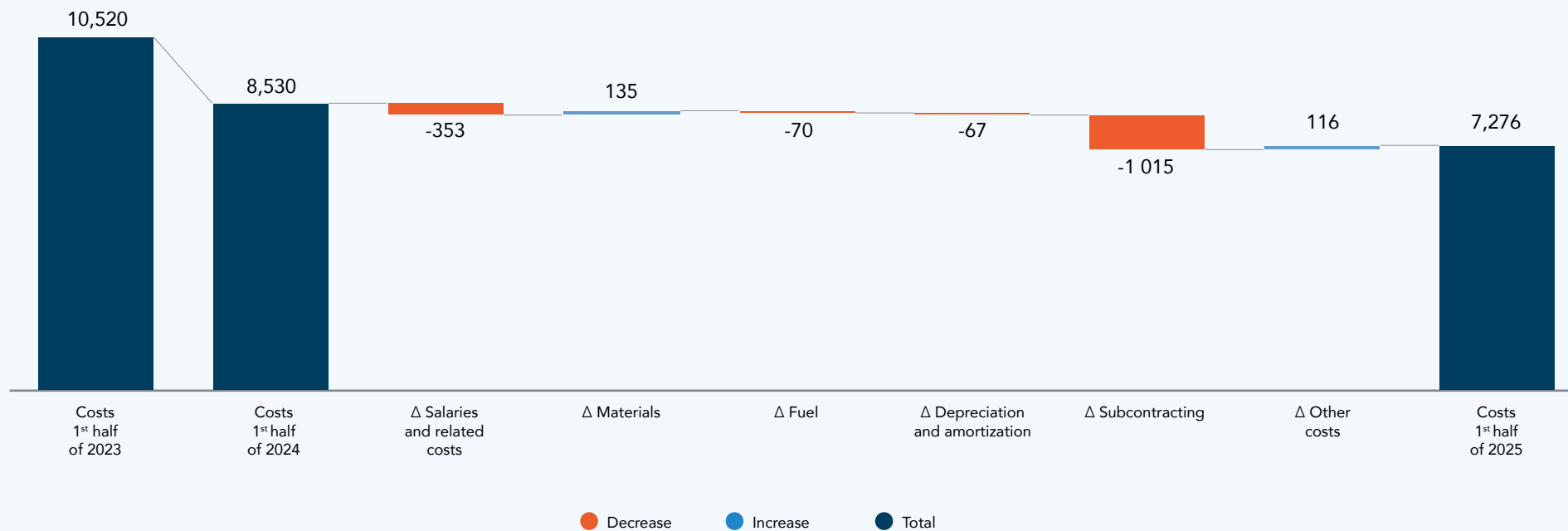
Company's costs, EUR thousand



Structure of the Company's costs in the first half of 2025, %



Change in Company's costs, EUR thousand



OPERATING RESULTS

EBITDA (profit after tax, results of financial activities, depreciation and amortisation) of GTC amounted to EUR 572 thousand in the first half of 2025, and it was higher by EUR 1,296 thousand compared to the first half of 2024.

Revenue of GTC amounted to EUR 5,128 thousand in the first half of 2025 and it was lower by EUR 1,150 thousand compared to the first half of 2024. The biggest impact on the decrease in revenue was a significant decrease of EUR 1,090 thousand or 23.4% in the revenue from construction and repair of railways due to the decrease in volume of major works.

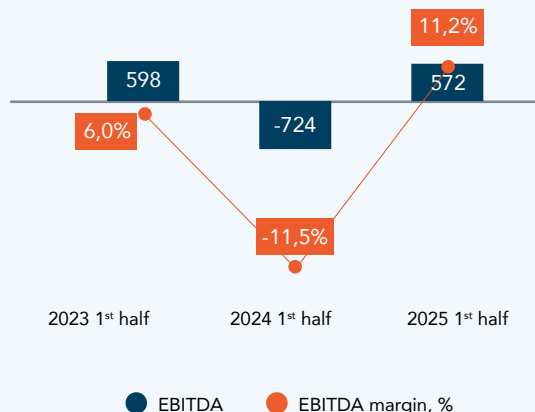
In the first half of 2025, GTC incurred EUR 7,276 thousand in costs with regard to its principal and other activities. Compared to the first half of 2024, costs decreased by EUR 1,254 thousand or 14.7%. In the first half of 2025, the major portion of costs comprised salaries and related costs (42.3%), other costs (34.9%), subcontracting costs (3.7%), materials (4.8%), fuel (2.6%) and depreciation (11.8%).

In the first half of 2025, the Company incurred a net loss of EUR 336 thousand, which was EUR 1,153 thousand less compared to the first half of 2024.

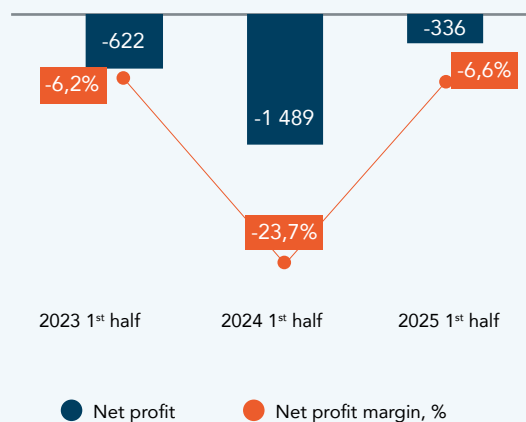
The result of GTC in the first half of 2025 improved due to the following main reasons:

- Increased gross profit;
- Increased other operating income due to asset sales.

Company's EBITDA, EUR thousand



Company's net profit, EUR thousand



BALANCE SHEET CHANGES

During the reporting period, the value of the Company's assets decreased by EUR 336 thousand or by 1.17% compared to 2024.

Non-current assets of GTC comprised 56% of the total asset structure. It must be mentioned that the value of non-current assets decreased by EUR 1,973 thousand or 10.9% compared to 2024. The decrease was due to sale of assets not used in the Company's activities (machinery and plant) and depreciation of assets.

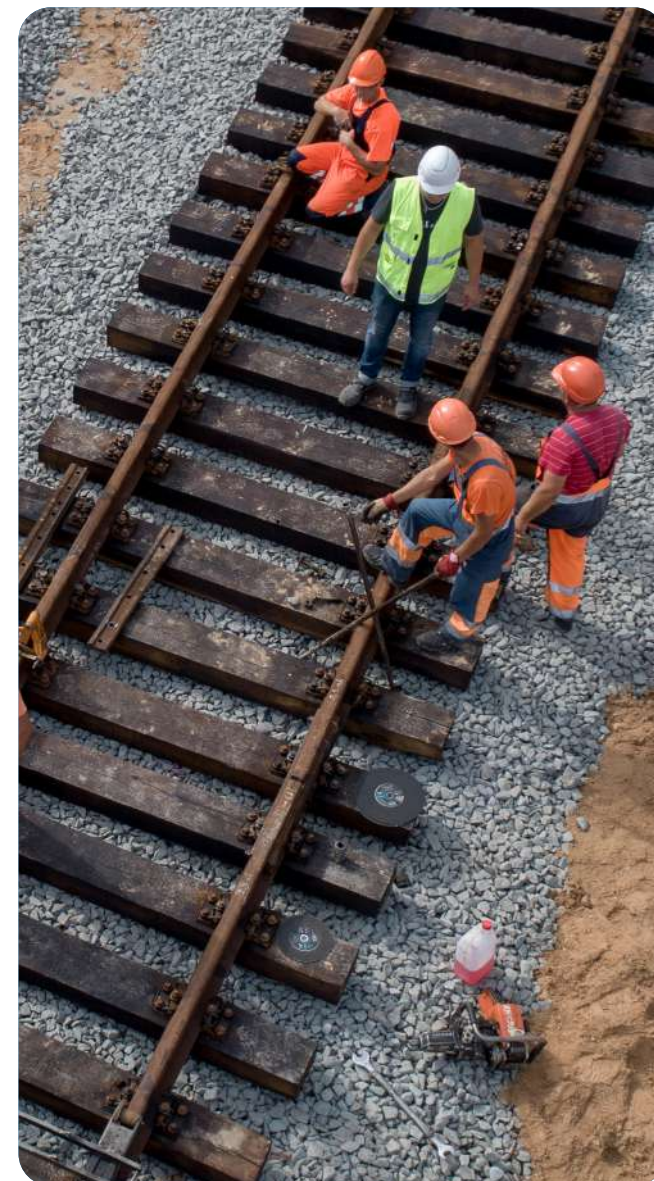
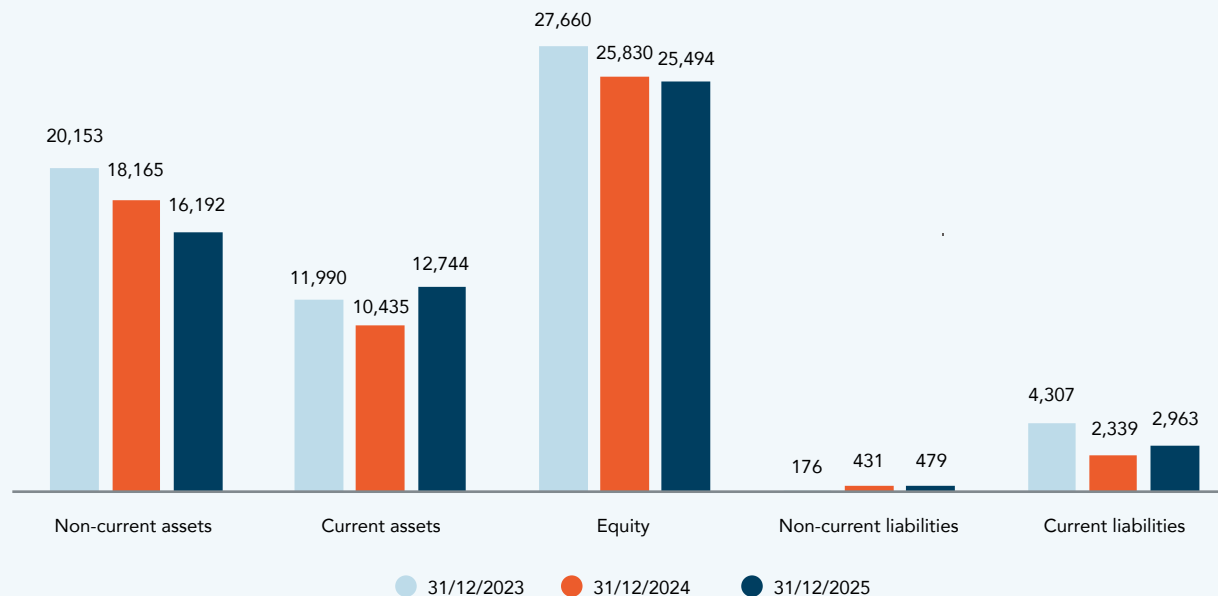
The value of current assets in the first half of 2025 increased by EUR 2,309 thousand, or 22.1%, compared to the reporting period of 2024, due to an increase in receivables from related companies and other financial assets.

Equity in the first half of 2025 decreased by EUR 336 thousand and amounted to EUR 25,494 thousand as at 30 June 2025. The changes resulted from the result of the Company for the reporting period.

In the first half of 2025, non-current liabilities increased by EUR 48 thousand or 11.1% compared to the end of the reporting year 2024. The changes were due to increased non-current lease liabilities.

Current liabilities increased by EUR 624 thousand in the first half of 2025 or 26.7% compared to the end of the reporting year 2024. The changes were driven by increased liabilities related to employment relationships and debts to related companies.

Balance sheet changes, EUR thousand



KEY FINANCIAL INDICATORS

	Measurement unit	First half of 2025	First half of 2024	First half of 2023
Sales revenue	EUR thousand	5,128	6,278	10,020
Other income	EUR thousand	1,864	606	73
Total revenue	EUR thousand	6,992	6,884	10,093
Costs	EUR thousand	7,276	8,530	10,520
EBITDA	EUR thousand	572	(724)	598
Adjusted EBITDA	EUR thousand	581	(724)	598
EBITDA margin	%	11.2	(11.5)	6.0
Adjusted EBITDA margin	%	11.3	(11.5)	6.0
EBIT	EUR thousand	(283)	(1,646)	(428)
EBIT margin	%	(6)	(26.2)	(4.3)
Net profit	EUR thousand	(336)	(1,489)	(622)
Net profit margin	%	(7)	(23.7)	(6.2)
		30/06/2025	31/12/2024	31/12/2023
Non-current assets	EUR thousand	16,192	18,165	20,153
Current assets	EUR thousand	12,744	10,435	11,990
Total assets	EUR thousand	28,936	28,600	32,143
Equity	EUR thousand	25,494	25,830	27,660
Financial debt	EUR thousand	336	383	297
Net debt	EUR thousand	72	(3,734)	(3,361)

	Measurement unit	First half of 2025	First half of 2024	First half of 2023
Return On Equity (ROE)	%	-2.6	-6.8	6.5
Return On Assets (ROA)	%	-2.3	-6.0	5.5
Return on Investment (ROI)	%	-2.6	-6.8	6.4
Financial debt / EBITDA	Times	0.3	-10.9	0.1
Financial debt / Equity (D/E)	%	1.3	1.5	1.1
Net debt / EBITDA	Times	0.1	106.7	-0.9
Net debt / Adjusted EBITDA	Times	0.03	-5.3	-0.9
Equity ratio	%	88	90.3	86
Asset turnover ratio	Times	0.5	0.5	0.8
Quick liquidity rate	Times	4.0	4.1	2.3
Total liquidity rate	Times	4.3	4.5	2.8

* For definitions of the indicators, see section 6.2 of the Management Report.

FINANCING OF THE COMPANY

As at 30 June 2025, the Company did not have any financial liabilities to credit institutions.

To balance the working capital, the Company has the ability to use the LTG Group's cash pool to optimise the use of working capital. The parent company of the LTG Group has signed an agreement with a credit institution for the provision of services of the Group's cash pool, and accordingly, LTG and the Company have concluded a mutual cash pool agreement. The terms of the agreement are in compliance with an arm's length principle. The agreement is valid until the end of 2027.

2.3. INVESTMENTS

In the first half of 2025, the investments of GTC in non-current assets amounted to EUR 570 thousand. There were no significant investment projects in the first half of 2025.

INVESTMENTS OF THE COMPANY

Investments, EUR thousand	First half of 2025	First half of 2024	First half of 2023
GTC equipment upgrades and modernisation	92	9	127
Minor mechanisations etc.	14	20	41
Long-term lease	56	-	-
Depot repairs of wagons	408	-	-
Total	570	29	168

KEY INVESTMENT PROJECTS IMPLEMENTED IN THE FIRST HALF OF 2025

- During the reporting period, purchases of low-value tools and devices are being carried out.
- Two cars were acquired under long-term operating lease agreements.
- Technical repair work is being carried out in the first half of 2025.

GTC INVESTMENTS PLANNED FOR THE NEAR FUTURE

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



2.4. DIVIDEND POLICY

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

Allocation and payment of dividends of the LTG Group companies are regulated by the Dividend Policy of LTG Group as updated during the reporting period and approved by the LTG Board.

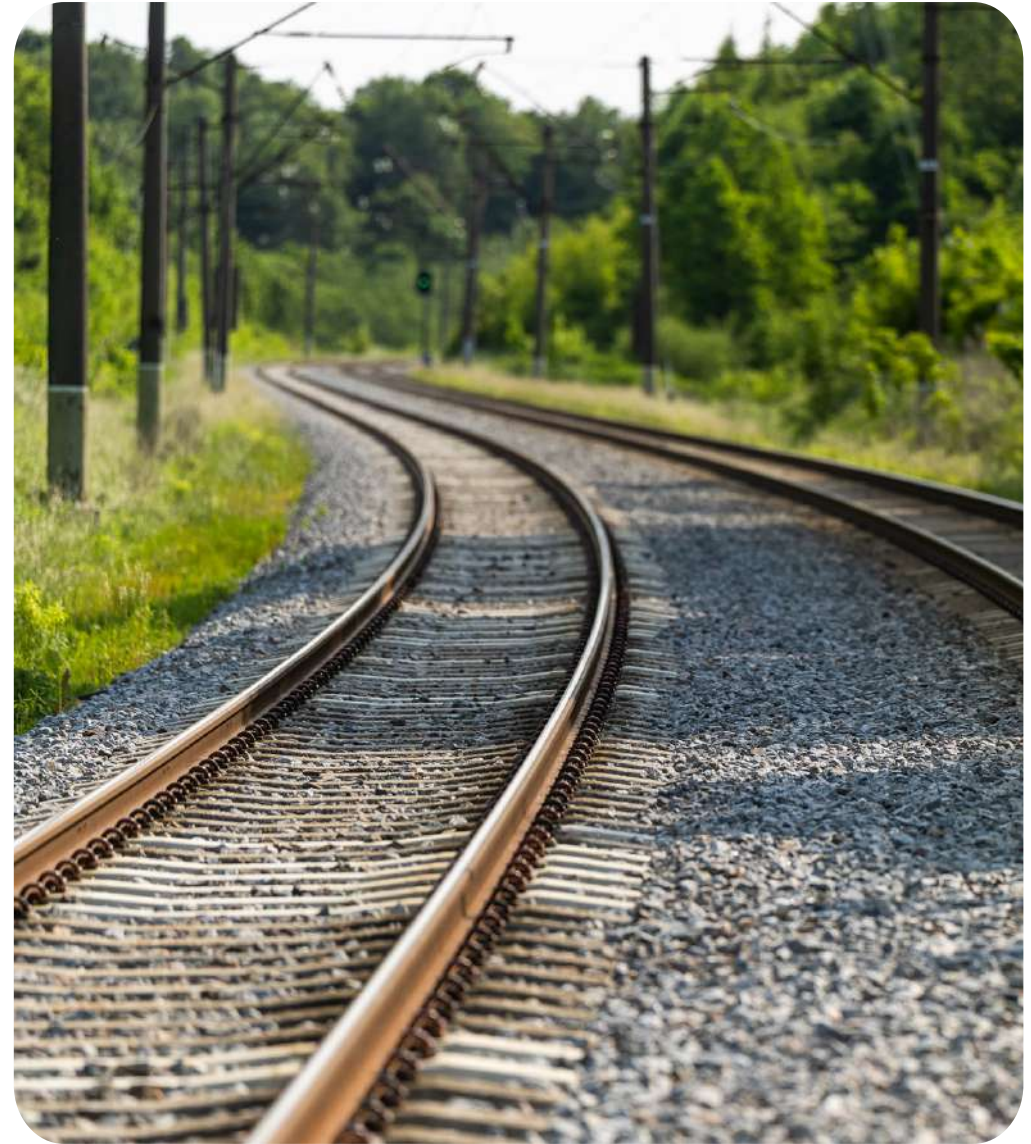
Company's ROE indicator (%)	Portion of distributed profit allocated to dividends (%)
≤ 1	≥ 85
$> 1 \text{ ir } \leq 3$	≥ 80
$> 3 \text{ ir } \leq 5$	≥ 75
$> 5 \text{ ir } \leq 10$	≥ 70
$> 10 \text{ ir } \leq 15$	≥ 65
> 15	≥ 60

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

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

The Company's Board may propose to the shareholder to allocate a smaller or larger share of profit for dividends, or recommend against dividend distribution, based on the conditions and circumstances outlined in the Dividend Policy.

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



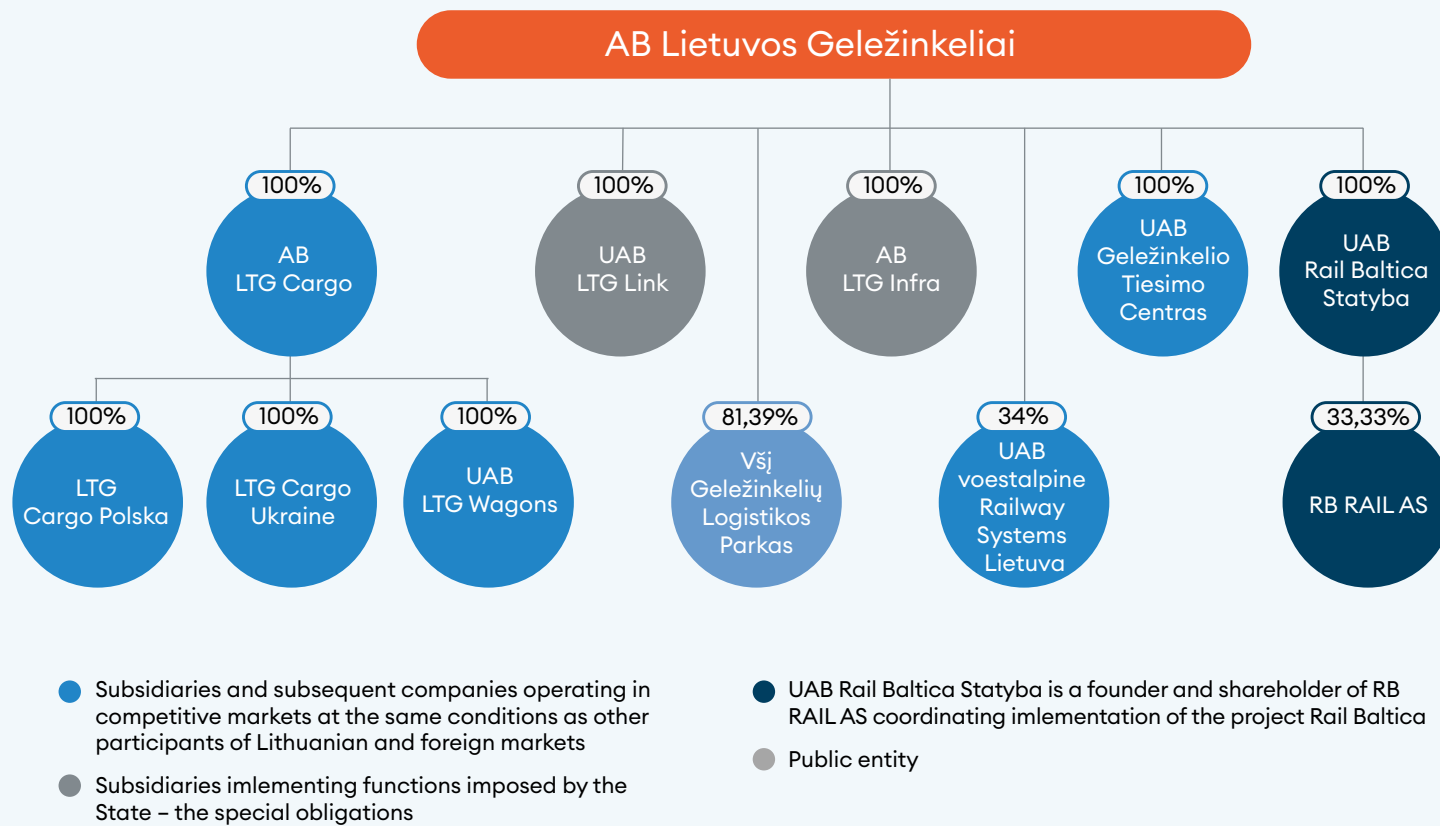


—○ 3. GOVERNANCE

3.1. OVERVIEW

GROUP STRUCTURE

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



GOVERNANCE MODEL AND PRINCIPLES

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

LTG Group applies the **functional leadership model**, which means that added value is created by centralising operational support, corporate function management as well as the functions themselves, consolidating competencies and introducing functional excellence. The parent company coordinates financial, legal, planning and monitoring, human resources, risk management, auditing, technology, communications and other general areas of the companies of LTG Group, within the framework of common policies, regulations and norms applicable to all companies of LTG Group.

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

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

OPERATING POLICIES OF THE LTG GROUP OF COMPANIES

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

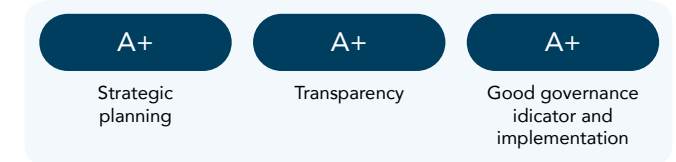
- The updated **Procurement Policy** aims to define the main principles and objectives of procurement activity management and ensure that procurements are conducted in accordance with high quality standards, promoting competition, innovation, sustainability, and efficiency in the use of resources, while inventory is managed according to best inventory management practices and methods.
- **The National Security Compliance Policy** aims to establish the strategic and unified approach of the LTG Group of companies to ensure compliance with national security, stemming from the status of the LTG Group of companies, whose respective companies are considered important for ensuring national security, and the resulting obligation to act in accordance with national security interests.
- The updated **Strategic Planning and Management Policy** establishes the general principles, responsibilities, and key operational processes for strategic planning and management within the AB Lietuvos geležinkeliai Group of companies, aiming to ensure coordinated strategic planning and management across the Group.



GOVERNANCE ACKNOWLEDGEMENTS

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

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



The assessment tool developed by the Governance Coordination Centre – the Good Governance Index for SOEs – is used to assess the quality of SOEs' governance, and aims to measure and assess the implementation of key good governance practises by state-owned enterprises and the representative institutions that control them. Currently, this is the only tool used as a basis for monitoring the governance of state-owned enterprises (SOEs), assessing the governance quality and compliance with legal provisions of all SOEs and their subsidiaries.

INFORMATION ON SHARES AS AT 30 JUNE 2025

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

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

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

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

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

INTERNAL REGULATION

In its activities the Company follows the Law on Companies of the Republic of Lithuania, the Company's Articles of Association, decisions of the bodies of the Company, and other laws and legal acts regulating the activities of the Company including the activities of State-owned enterprises.

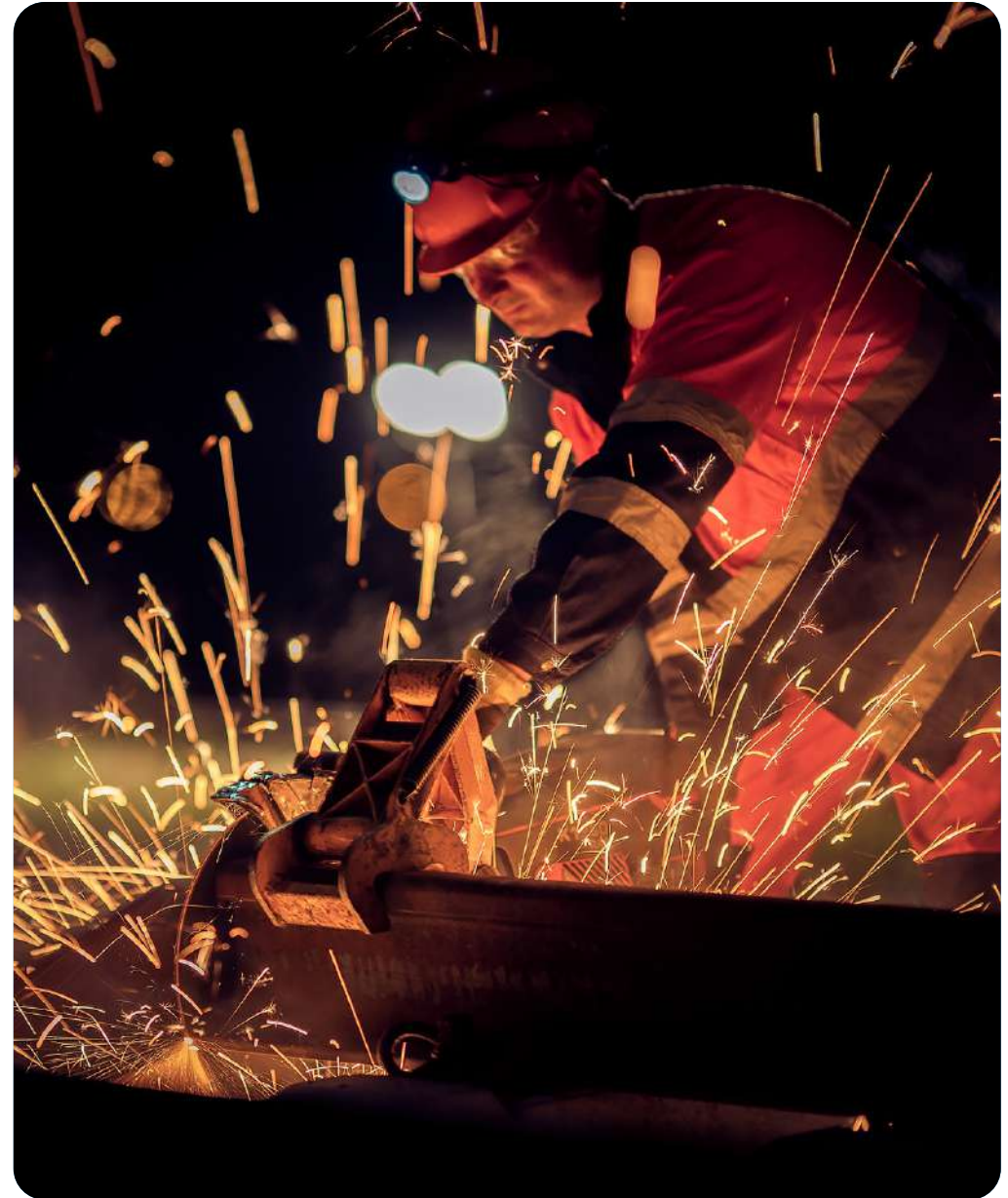
THE COMPANY'S ARTICLES OF ASSOCIATION

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

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

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

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



3.2. GOVERNING BODIES OF THE COMPANY

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

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



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

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

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

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

- regarding the approval of operational strategy and long-term goals of the Company;
- regarding the setting the Company's performance indicators;
- regarding the approval of the Company's investment plan;
- regarding the approval of annual budget and operational plan of the Company;
- regarding the investment, purchase and sale of the Company's facilities and assets important for ensuring national security, or any other property transfer, on the revaluated or mortgage transactions;
- regarding the Company's non-current assets, the carrying amount of which is equal to or exceeds EUR 300,000 (three hundred thousand) (without value added tax):
 - investment into the Company's group companies or third parties, transfer or lease of these assets (separately for each type of transaction);
 - pledge or mortgage (aggregate amount of transactions).
- on surety or guarantee of the fulfilment of the obligations of other persons, the amount of which is equal to or exceeds EUR 300,000 (three hundred thousand) (without value added tax);

- regarding acquisition of non-current assets for the price equal to or exceeding EUR 300,000 (three hundred thousand) (without value added tax);
- regarding the conclusion of transactions for the purchase of goods, services and/or works where the value of such transactions is equal to or exceeds EUR 300,000 (three hundred thousand) (without value added tax) (prior to the announcement by the Company of such a purchase of goods and/or services and/or works, or prior to the initiation by the CEO of the Company of the establishment of a dynamic purchasing system for the conclusion of transactions of the values referred to in this paragraph);
- regarding the approval of the essential conditions of the service contracts provided by the Company, if the planned annual income of the contract or the planned income during the entire period of validity of the contract may be equal to or exceed EUR 300,000 (three hundred thousand) (without value added tax);
- regarding the Company's becoming a founder or participant of other legal entities;
- the Company's decision to start a new type of activity or to terminate the Company's activity, if the relevant decision has not been made when approving the Company's strategy;
- regarding the approval of the total amount of the incentive to be awarded to the Company's employees for their annual performance;
- regarding the establishment of the Company's branches or representative offices and approval of their provisions;
- in other cases set out under the Company's Articles of Association.

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

COMMITTEES AND THEIR ACTIVITIES

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

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

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

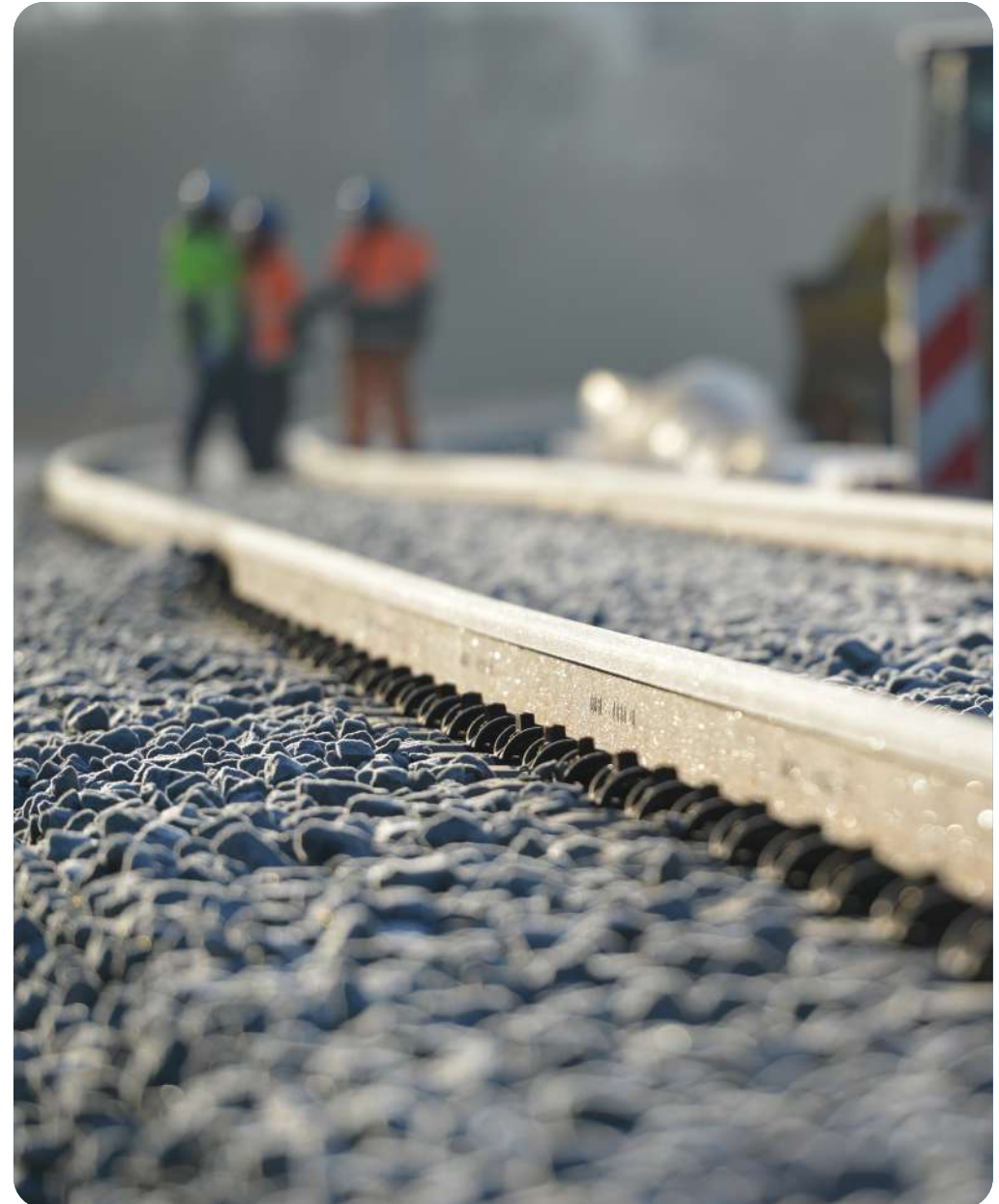
HEAD OF THE COMPANY

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

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

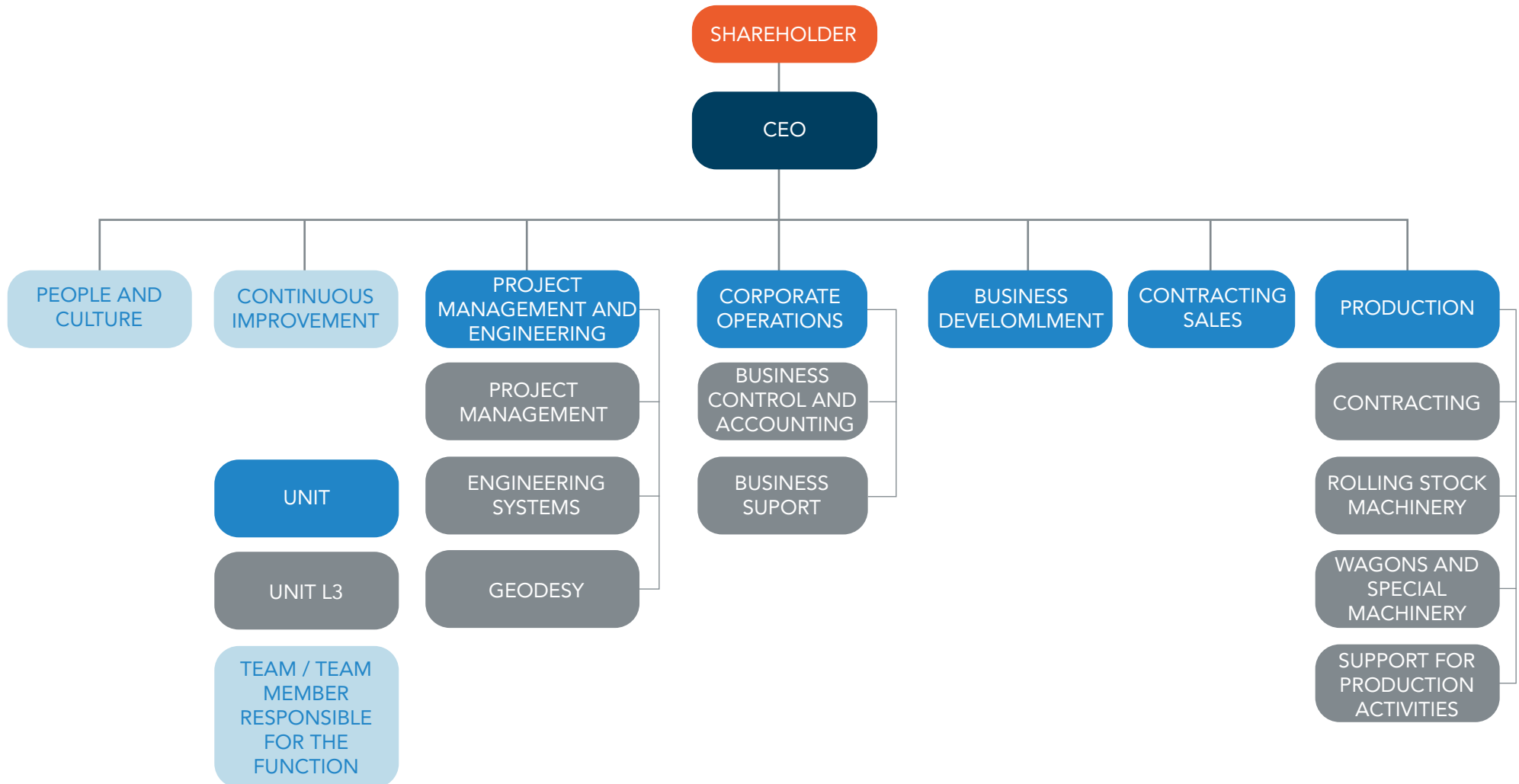
Education. R. Zabilevičius acquired Master degree in Management and Business Administration at Kaunas University of Technology.

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



3.3. MANAGEMENT

MANAGEMENT AND ORGANISATIONAL STRUCTURE OF THE COMPANY



MANAGEMENT OF THE COMPANY

Rolandas Zabilevičius	Chief Executive Officer	Holds office from 17 June 2024
Nerijus Žėkas	Head of Project Management and Engineering	Holds office from 7 July 2023
Darius Silius	Head of Production	Holds office from 27 July 2023
Irmantas Remeika	Head of Contracting Sales	Holds office from 23 July 2023
Erikas Stankevičius	Head of Business Development	Holds office from 20 March 2023
Aldona Jakutienė	Head of Corporate Operations Department	Held office from 24 September 2024 to 9 January 2025
Andrius Latvys	Head of Corporate Operations Department	Holds office from 12 March 2025

THE COMPANY'S GOALS FOR 2024

On 27 March 2025, the achievement of the Company's goals for 2024 was approved by the decision of the Company's sole shareholder:

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

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

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

MANAGEMENT OF INTERESTS

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

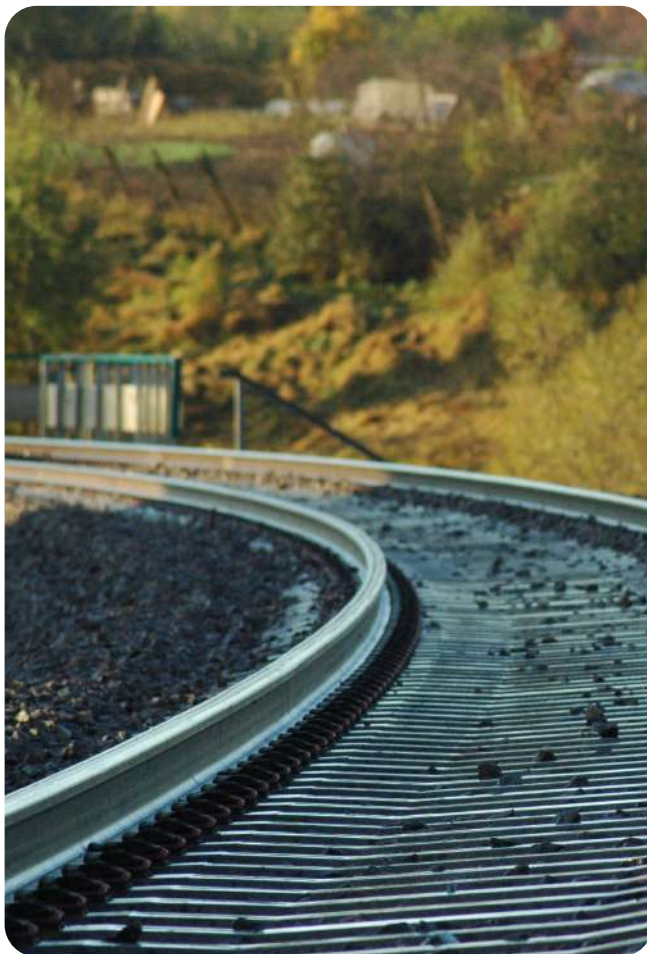




4. EMPLOYEES

The current people and culture policy, applicable to all LTG Group companies, is published alongside publicly available internal regulations on [the LTG Group's Website](#).

The distribution of employees by age, gender, tenure, and education, as well as information on remuneration management principles, along with links to the current remuneration policy, are published on [the Company's annual management report for 2024](#), in the Employee section.



INITIATIVES AND KEY EVENTS IN THE FIRST HALF OF 2025

- In April, the results of the sectoral collective agreement implementation for 2024 were discussed with representatives of trade unions. Detailed presentations and discussions covered topics such as salaries, employee development, organisational culture, training, and work safety.
- As of 11 April, the annual review of base salaries was implemented – the monthly base payroll fund increased by EUR 33 thousand or 7.9%, and the salary increase, according to uniform review criteria, was implemented for 96% of employees.
- In April 2025, by decision of the Company's Board, a bonus for the 2024 results was paid out – EUR 0.26 million was distributed to employees.
- Based on the "Voice of Employees" survey conducted in the fall of 2024, which received historically high employee participation (94%) and revealed a significantly increased engagement rate (81), after organised discussions with employees at the beginning of the year, directions to increase engagement were refined: reputation improvement, leadership development and strengthening, efficiency enhancement, improvement of working conditions and employee well-being, talent management, and recognition. Despite the high overall engagement rate, departments have incorporated specific measures or initiatives into their plans for teams where lower engagement was identified.
- In April, a recognition program involving all LTG Group employees was launched, aimed at increasing employee engagement, which significantly influences the organisation's success. This program combined new and previously applied measures designed to recognise, nominate, and thank colleagues who, beyond their direct functions, actively share and implement ideas; are seen as examples of value-driven behaviour; engage in activities that unite LTG Group colleagues, strengthen information dissemination about the group, and other organisation-promoted activities; are loyal and have faithfully been with the organisation for many years. Employees who win nominations are awarded ePoints, which can be used in the MELP online store to purchase LTG branded merchandise or choose from a wide range of other products

and services. The MELP platform not only provides access to the online store but also offers a wide selection of various discounts. It has become a tool for tracking internal news and viewing all employee benefits in one place.

- To strengthen the principles of equality, diversity, and inclusion, which are part of the strategic direction of an inclusive organisational culture, the definition of a close family member was expanded in May to include partners and non-biological children. In June, participation in the LGBTQ+ march „For Equality“ was undertaken for the first time. A broad internal communication campaign about the Transparency Line was conducted. "Duoday" was organised independently and in collaboration with SOPA. In extending the supplemental health insurance contract and inviting employees to choose their preferred option, employees on parental leave were also included. As part of the diversity awareness project, lectures were organised for all employees and training sessions were conducted for targeted employee groups.
- In the first half of the year, significant attention was devoted to nurturing a feedback culture, aiming to create an open, collaborative, and continuously improving organisational environment. Employees were actively encouraged to provide feedback to one another, thereby strengthening mutual trust and awareness in daily activities.
- In expanding measures for strengthening responsible leadership and sustainable human resource development, all managers were invited to undergo a 360-degree leadership competency assessment, and a significant portion of them participated. The assessment was conducted using the internal SAP SF 360 feedback platform, with the aim of providing qualitative and constructive feedback on leadership competencies, helping to identify strengths and behaviours to be improved, and creating individual development plans.
- Continuing the continuous improvement initiatives, 17 remote lectures were organised for employees in the first half of the year on topics such as mental health, sustainability, personal effectiveness, diversity and inclusion, among others. Employees actively took advantage of the opportunity to participate in these lectures.
- A team of managers reporting to the CEO and middle management was fully formed.

NUMBER OF EMPLOYEES AND THEIR REMUNERATION

The number of the Company's employees as at 30 June 2025 was 193 (the number of listed active employees as of the end of the period (excluding the employees on parental leave, military service, long-term incapacity). The number of the Company's employees has decreased by 1 compared to the data as at 31 December 2024.

The average monthly salary, compared to 2024, increased from EUR 2,320 to EUR 2,507 or by 8%. The most significant impact on salary increase has been made by the remuneration review implemented for all employees of the LTG Group in April 2025.

The total payroll fund amounted to EUR 2.5 million. In April 2025, the Company, as also other LTG Group entities, granted employees an annual motivation bonus of EUR 0.26 million for performance results.

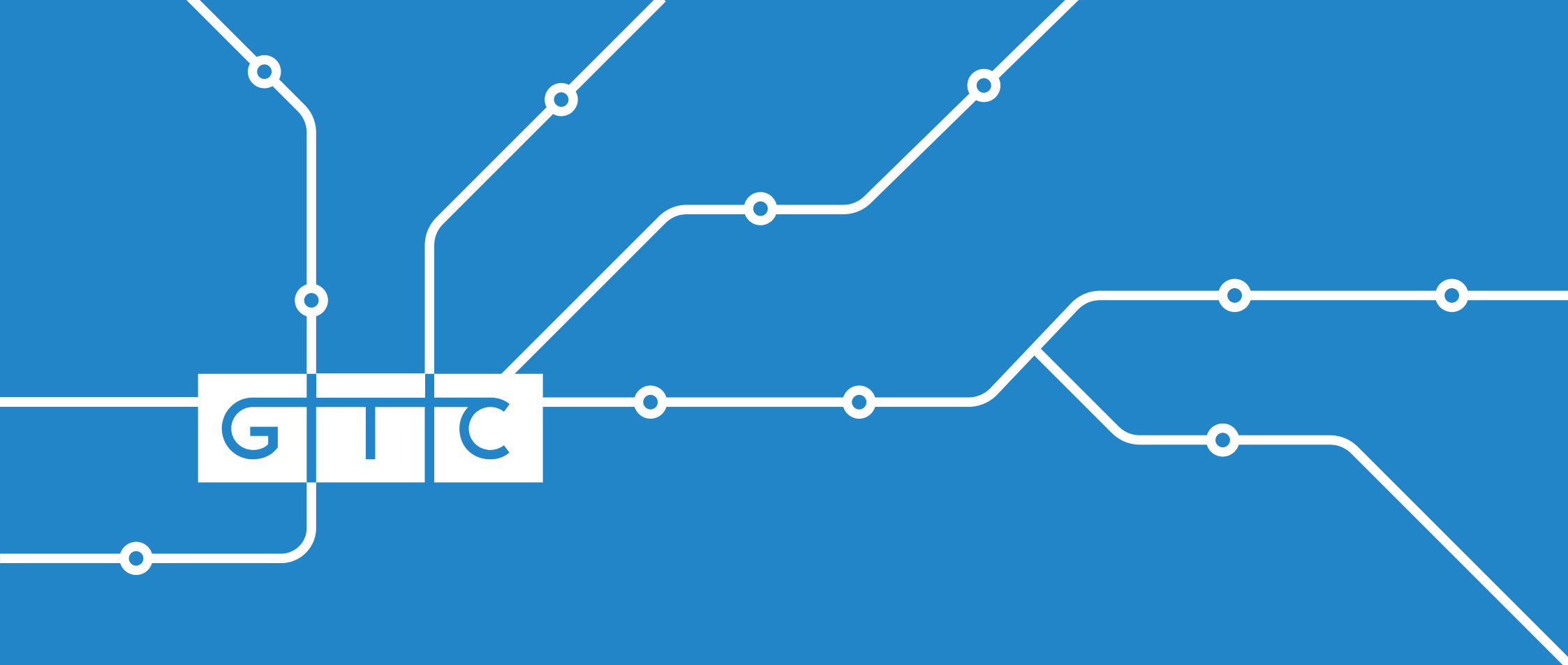
Position group	30/06/2025**						31/12/2024		31/12/2023	
	Average salary, EUR			Number of employees			Average salary, EUR	Number of employees	Average salary, EUR	VDU, Eur
	Iš viso	Moterų	Vyrų	Iš viso	Moterų	Vyrų				
Head of the Company*	1	-	1	8,200	-	8,200	1	8,200	1	7,000
High level executives*	1	-	1	7,490	-	-	1	7,000	1	6,750
Senior executives and specialists in exceptional fields	6	1	5	5,704	-	-	5	5,333	5	4,968
Middle-level managers and individual experts	14	5	9	4,453	4,770	4,314	10	4,186	13	3,669
Team leaders and experienced specialists	36	6	30	2,979	2,688	3,029	38	2,826	43	2,500
Specialists and experienced operational/service staff	61	8	53	2,209	1,992	2,234	65	2,159	73	2,041
Operational/service staff, qualified workers	74	-	74	1,813	-	1,813	74	1,744	91	1,656
Total	193	20	173	2,507	2,965	2,469	194	2,320	227	2,130

* fixed remuneration at the end of the period.

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

Components of the [Company's Chief Executive Officer's](#) remuneration are disclosed at [the Company's Annual Management Report For 2024](#), in the Governance section. The monthly salary of the Company's Chief Executive Officer as at 30 June 2025 was EUR 8,200. During the reporting period, the basic monthly salary of the Company's CEO remained unchanged. In 2025, a monthly portion (1/12) of the annual incentive to the Company's CEO for achievement of the goals of the year 2024, which are disclosed in [the Company's annual management report for 2024](#), in the Strategy section of the Governance report, amounted to EUR 1,632 (the total amount is divided by 6 months – proportionate to the period of the CEO's appointment as of 17 June 2024. The average actual salary, including the annual bonus for work performance, amounted to EUR 8,995.

The monthly salary of top-level managers as established in their employment contracts as at 30 June 2025 amounted to EUR 7,490, and the average actual salary of this function group, taking into account the annual performance incentives, amounted to EUR 8,151.



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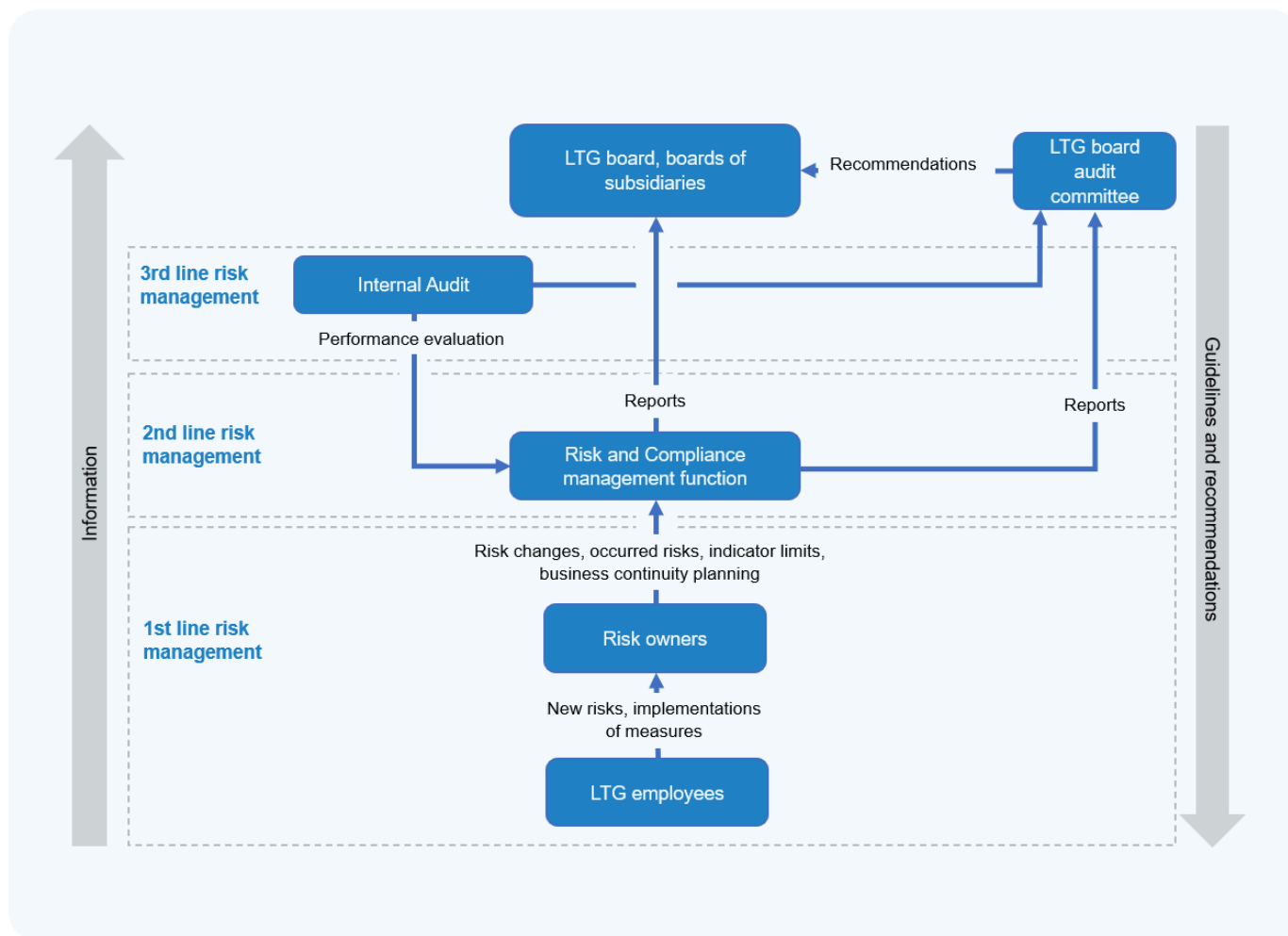
5. REPORT ON RISKS AND THEIR MANAGEMENT

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

The LTG Group allocates risk management responsibilities according to the Three Lines Model. It is based on:

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

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



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

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

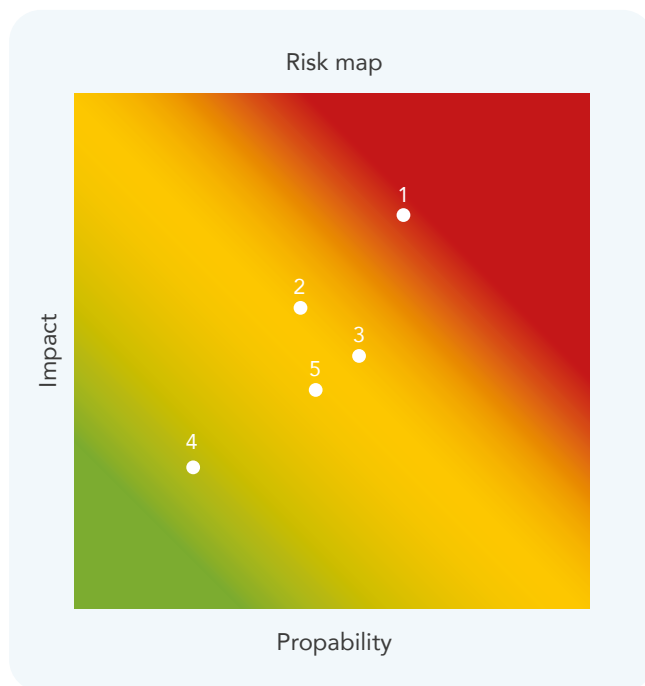
The level of identified risks is assessed by determining their likelihood and potential impact (considering financial, legal, reputational, business continuity and employee safety impacts) and assigning them to one of four risk categories (strategic, operational, financial, compliance). In this context,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

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

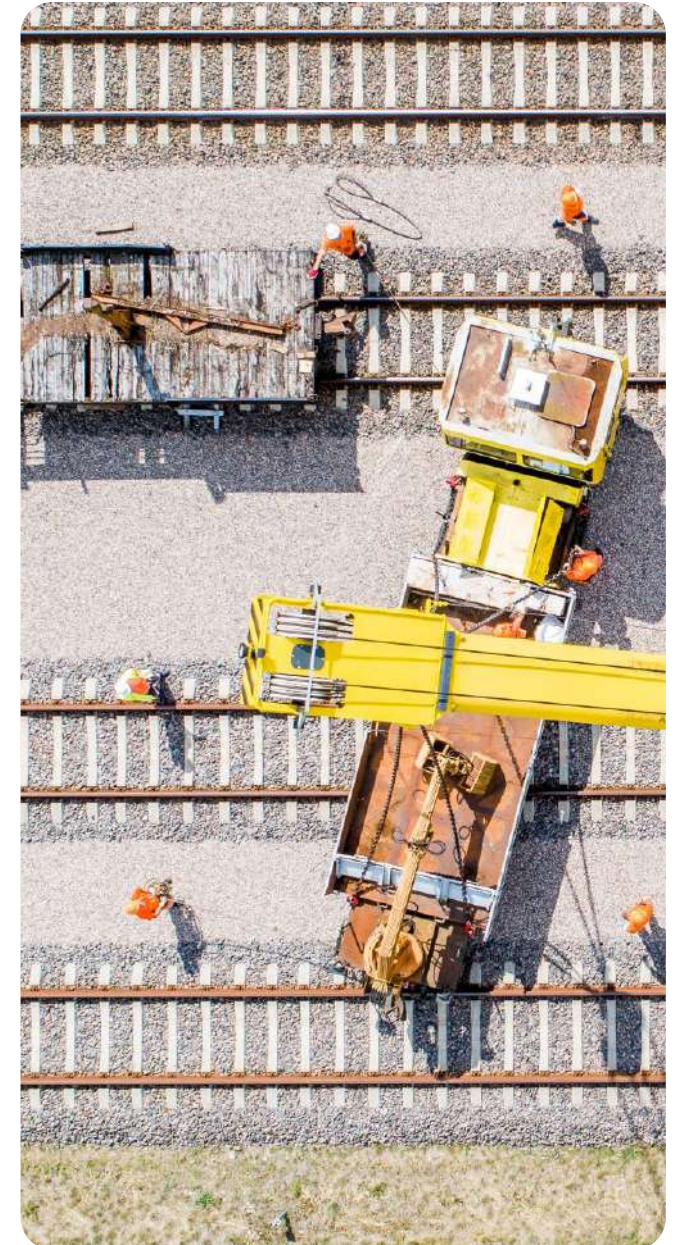
In the LTG Group, strategic decisions are made in the light of past experience, the risks and resilience identified and managed by the activities carried out, as well as the external context and related global factors. Based on the nature of the Company's business, the main risks that were relevant in the first half of 2025 are presented below.

MAIN RISKS AND THEIR MANAGEMENT MEASURES

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



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





6. ADDITIONAL INFORMATION

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

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

Structured information of the compliance with the Guidelines on Transparency is provided in the Company's annual management report for 2024 ([GTC 2024 LT.PDF](#)).



6.2. DEFINITIONS

Item	Formula
Revenue	Sales revenue + Other operating income (excluding income from financial activities)
Sales revenue	Revenue, excluding income from other activities and income from financial activities
Costs	Costs, excluding the Corporate tax and Financial expenses
Financial debt	Long-term loans + Long-term lease liabilities + Current portion of long-term loans + Short-term loans + Current portion of lease liabilities
Net debt	Financial debt – Investments in cash and cash equivalents
Return On Equity (ROE)	$\frac{\text{Net profit (loss) for the last 12 months period}}{\text{Average of equity at the beginning and end of the reporting period}}$
Return On Assets (ROA)	$\frac{\text{Net profit (loss) for the last 12 months period}}{\text{Average of assets at the beginning and end of the reporting period}}$
Return On Investment (ROI)	$\frac{\text{Net profit (loss) for the last 12 months period}}{\text{Average of assets at the beginning and end of the reporting period} - \text{Average of current liabilities at the beginning and end of the reporting period}}$
EBIT	Profit (loss) before the corporate tax – the result of financial activities
EBITDA	Profit (loss) before the corporate tax – the result of financial activity + depreciation and amortisation
Adjusted EBITDA	Profit (loss) before the corporate tax + interest expenses – interest income + depreciation and amortisation + (decrease) increase in the value of non-current assets, inventories and investments + (decrease) increase in the value of amounts receivable and contract assets + costs of provisions not related to operating activities
EBIT margin	$\frac{\text{EBIT}}{\text{Sales revenue}}$
EBITDA margin	$\frac{\text{EBITDA}}{\text{Sales revenue}}$

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

6.3. ABBREVIATIONS

ESG	Environmental, Social and Corporate Governance
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Company, GTC	UAB Geležinkelio tiesimo centras
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EU	European Union
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IT	Information technologies
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KPI	Key performance indicators
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LTG Group, Group	AB Lietuvos geležinkeliai and its subsidiaries
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Government of RoL	Government of the Republic of Lithuania
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SAP	Business management systems
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IFRS	International Financial Reporting Standards
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AS	Average salary
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SOE	State-owned enterprise
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UAB GELEŽINKELIO TIESIMO CENTRO INTERIM FINANCIAL STATEMENTS (UNAUDITED)

Prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union for the six-month period ended 30 June 2025

STATEMENT OF FINANCIAL POSITION

Assets	Notes	30/06/2025	31/12/2024
Non-current assets			
Property, plant and equipment		14,837	16,754
Land			
Buildings and structures	6	2,706	2,802
Machinery and equipment	6	7,931	9,818
Road vehicles	6	3	6
Railway rolling stocks	6	3,242	3,379
Other equipment, fittings and tools	6	173	173
Right-of-use assets	7	329	375
Construction in progress and prepayments	6	453	201
Intangible assets		8	10
Software	5	10	19
Financial assets			
Investments in associates, subsidiaries and other companies			
Deferred tax asset	26	1,347	1,401
Total non-current assets		16,192	18,165
Current assets			
Inventories	8	642	779
Non-current assets held for sale	8	43	46
Assets arising from contracts with customers	10	235	85
Loans to related companies	12	5,500	-
Prepayments	9	68	10
Trade receivables	11	580	1,245
Receivables from related parties	11	3,586	3,860
Other receivables	12	326	293
Other financial assets	13	1,500	-
Cash and cash equivalents	14	264	4,117
Total current assets		12,744	10,435
TOTAL ASSETS		28,936	28,600

Equity and liabilities	Notes	30/06/2025	31/12/2024
Equity			
Share capital	15	30,897	30,897
Share premium		-	-
Legal reserve	16	-	-
Other reserves	16	-	-
Retained earnings (loss)		(5,403)	(5,067)
Total equity		25,494	25,830
Non-current liabilities			
Lease liabilities	18	249	201
Provisions	19	230	230
Total non-current liabilities		479	431
Current liabilities			
Liabilities arising from contracts with customers	21	-	114
Lease liabilities	18	87	182
Prepayments received	23	28	22
Trade debts	22	461	407
Amounts payable to related parties	22	840	502
Provisions	19	56	56
Corporate income tax liabilities	26	-	-
Employment related liabilities	20	1,051	673
Other payables	22	440	383
Total current liabilities		2,963	2,339
Total liabilities		3,442	2,770
Total equity and liabilities		28,936	28,600

Chief Executive Officer **Rolandas Zabilevičius**Head of Corporate Operations **Andrius Latvys**Chief Accountant **Kamilija Chaleckaja**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30/06/2025	30/06/2024
Revenue	24	5,128	6,278
Other income	24	1,864	606
Total revenue		6,992	6,884
Depreciation and amortisation		(855)	(922)
Salaries and related costs		(3,079)	(3,432)
Fuel		(189)	(259)
Materials		(348)	(213)
Repair		(591)	(496)
Electricity		(51)	(31)
(Impairment) increase in value of receivables		1	-
(Impairment) reversal of inventories and non-current assets held for sale to net realisable value		(25)	-
Change in provisions		-	-
Change in vacation accruals and other remuneration-related accruals		99	88
Other costs		(2,238)	(3,265)
Operating profit		(284)	(1,646)
Finance income	25	34	44
Finance costs	25	(31)	(208)
Profit (loss) before taxation		(281)	(1,810)
Corporate income tax	26	(55)	321
Net profit		(336)	(1,489)
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		(336)	(1,489)

Chief Executive Officer **Rolandas Zabilevičius**Head of Corporate Operations **Andrius Latvys**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 at 31 December 2023		30,897	-	-	-	(3,237)	27,660
Net profit (loss)		-	-	-	-	(1,830)	(1,830)
Other comprehensive income, after tax		-	-	-	-	-	-
<i>Total comprehensive income (expenses)</i>						(1,830)	(1,830)
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	-	-
Increase in share capital by contribution of a shareholder		-	-	-	-	-	-
Decrease in share capital		-	-	-	-	-	-
Reserves formed		-	-	-	-	-	-
Reserves used		-	-	-	-	-	-
Balance as at 31 December 2024		30,897	-	-	-	(5,067)	25,830
Net profit (loss)		-	-	-	-	(336)	(336)
Other comprehensive income, after tax		-	-	-	-	-	-
<i>Total comprehensive income (expenses)</i>		-	-	-	-	(336)	(336)
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	-	-
Increase in share capital		-	-	-	-	-	-
Decrease in share capital		-	-	-	-	-	-
Reserves formed		-	-	-	-	-	-
Reserves used		-	-	-	-	-	-
Dividends		-	-	-	-	-	-
Balance as at 30 June 2025		30,897	-	-	-	(5,403)	25,494

Chief Executive Officer **Rolandas Zabilevičius**
Head of Corporate Operations **Andrius Latvys**
Chief Accountant **Kamilija Chaleckaja**

STATEMENT OF CASH FLOWS

	30/06/2025	31/12/2024
Cash flows from operating activities		
Net profit (loss)	(336)	(1,830)
Adjustment to non-cash items:		
Depreciation and amortisation expenses	855	1,840
(Gain) loss from disposal/write-off of non-current assets (except for financial assets)	(1,862)	(653)
Impairment (reversal) of property, plant and equipment and financial assets	-	-
Impairment (reversal) of trade receivables and prepayments	1	94
Impairment (reversal) of inventories to net realisable value	25	909
Decrease (increase) in accrued income	(264)	(1,268)
Interest (income)	(33)	(86)
Interest expenses	11	23
Lease liability interest	6	13
Increase (decrease) in provisions	-	(60)
Loss (gain) from corporate income tax	55	(267)
Elimination of results from other non-monetary transactions	(252)	81
	(1,794)	1,204
Change in working capital		
Decrease (increase) in inventories	114	293
Decrease (increase) in trade and other receivables and prepayments	(847)	1,788
Increase (decrease) in non-current and current trade payables and pre-payments received	399	(374)
Increase (decrease) in employment-related liabilities	378	(146)

	2025 06 30	2024 12 31
Increase (decrease) in other non-current and current payables	61	(360)
Increase	149	61
(Paid) corporate income tax	-	(91)
Net cash from operating activities	(1,601)	327
Cash flows from investing activities	-	-
Disposals of financial assets	-	-
(Acquisition) of non-current assets	(539)	(51)
Disposals of non-current assets	3,353	1,306
Change in prepayments for non-current assets	-	-
Loans (granted)	(5,500)	(1,000)
Recovery of granted loans	2,000	-
Net cash flows from investing activities	(686)	255
Cash flows from financing activities		
Loans received	-	-
Loans (repayment)	-	-
Grants received (repaid)	-	-
Lease payments	(11)	(86)
Interest (paid)	(6)	(23)
Lease liability interest	(49)	(13)
Other cash flows from financing activities	(1,500)	-
Net cash flows from financing activities	(1,566)	(122)
Increase (decrease) in net cash flows	(3,853)	460
Cash and cash equivalents at the beginning of the period	4,117	3,657
Cash and cash equivalents at the end of the period	264	4,117

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

Chief Executive Officer **Rolandas Zabilevičius**
Head of Corporate Operations **Andrius Latvys**
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 of limited civil liability that is independently organising economic, financial, organisational and legal activities. The Company is a private limited company, and its shareholder is AB Lietuvos geležinkeliai, registration code: 10053842, head office address: Geležinkelio g. 16, Vilnius. The Company's registration code 181628163, VAT payer's code LT816281610, legal (registration) and head office of the Company is Trikampio g. 10, Lentvaris, LT-25112 Trakų r.

As at 30 June 2025 and 2024, the Company's main activity was construction and repair of railway infrastructure, railway tracks and other traffic facilities, and lease of railway track maintenance equipment and machinery.

As at 30 June 2025 and 2024, the sole shareholder of the Company was AB Lietuvos geležinkeliai owning 100% shares of UAB Geležinkelio tiesimo centras.

As at 30 June 2025, the share capital of UAB Geležinkelio tiesimo centras comprised 109,748 ordinary registered shares with par value of EUR 281.53 each. Value of the share capital amounted to EUR 30,897 thousand.

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

As at the end of the period, the listed number of the Company's employees (except for employees on parental leave, on military service and in long-term disability) was 193 as at 30 June 2025 (as at 31 December 2024: 217).

2. Basis of preparation

Basis for preparation of the financial statements. These interim financial statements have been prepared for the six-month period ended 30 June 2025 (hereinafter – interim financial statements) and have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

These interim financial statements do not provide all the information required for annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2024, which were prepared in accordance with IFRS accounting standards (hereinafter – IFRS) as approved by the International Accounting Standards Board (IASB) and adopted for application in the EU.

The Company's interim financial statements for the six-month period ended 30 June 2025, are prepared on a going concern basis and valued using the historical cost method.

In these interim financial statements, all amounts are presented in thousands of euros unless otherwise indicated, and figures between tables may not match due to rounding. Such inconsistencies are considered insignificant in the financial statements.

The Company's financial year coincides with the calendar year.

These financial statements for the six-month period ended 30 June 2025 are unaudited. The annual financial statements for the year ended 31 December 2024 were audited by KPMG Baltics UAB.

3. Material accounting principles

The accounting principles applied in preparing these interim financial statements are the same as those used in preparing the Company's annual financial statements for the year ended 31 December 2024, except for new standards that came into effect on 1 January 2025. In preparing these interim financial statements, the Company did not apply new standards, amendments, and interpretations that have been approved but are not yet effective.

4. Significant accounting estimates

In preparing these interim financial statements, significant management decisions regarding the application of accounting policies and the determination of key uncertainties were the same as those applied in preparing the financial statements for the year ended 31 December 2024.

5. Intangible assets

As at 30 June 2025, intangible assets of the Company consisted of the following:

	Software	Total
Acquisition cost		
31 December 2023	50	50
- acquisitions	-	-
- assets sold, written off, disposed	-	-
- reclassifications	-	-
31 December 2024	50	50
- acquisitions	-	-
- assets sold, written off, disposed	-	-
- reclassifications	-	-
30 June 2025	50	50
Accumulated depreciation and impairment losses		
31 December 2023	31	31
- amortisation	9	9
- impairment during the year	-	-
- assets sold, written off, disposed	-	-
- received from company group (+)	-	-
- reclassifications	-	-
31 December 2024	40	40
- amortisation	2	2
- impairment during the year	-	-
- assets sold, written off, disposed	-	-
- assets sold, written off, disposed	-	-
- received from company group (+)	-	-
- reclassifications	-	-
30 June 2025	8	8
Carrying amount		
31 December 2023	19	19
31 December 2024	10	10
30 June 2025	8	8

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

	30/06/2025	31/12/2024
Software	49	49
Total	49	49

The Company does not have internally generated intangible assets.

The total amount of amortisation costs of the Company's intangible assets included in the statement of profit or loss and other comprehensive income as at 30 June 2025 was EUR 2 thousand (as at 30 June 2024 – EUR 4 thousand).

Intangible assets which were fully amortised but still used by the Company amounted to EUR 49 thousand (as at 31 December 2024 – EUR 49 thousand). The major part of amortised assets comprised of software.

6. Property, plant and equipment

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

	Buildings and structures	Machinery and equipment	Road vehicles	Railway rolling stocks	Other equipment, fittings and tools	Construction in progress and prepayments	Total
Acquisition cost							
31 December 2023	5,237	20,933	655	7,189	740	567	35,321
- acquisitions during the year, reclassifications from current assets	24	8	-	-	20	81	133
- assets sold, written off, disposed, reclassified to current assets	-	-	-	-	-	-	-
- received from group companies (+)	(75)	(581)	(150)	(1,379)	(51)	(193)	(2,429)
- transferred to current assets	-	-	-	-	-	-	-
- reclassifications	-	60	-	194	-	(254)	-
31 December 2024	5,186	20,420	505	6,004	709	201	33,025
- acquisitions per year	25	24	-	-	14	476	539
- reclassifications from current assets	-	-	-	-	-	-	-
- sold, written off, disposed	(81)	(4,568)	(117)	-	(127)	(156)	(5,049)
- transferred to current assets	-	-	-	-	-	-	-
- reclassifications	-	68	-	-	-	(68)	-
30 June 2025	5,130	15,944	388	6,004	596	453	28,515
Accumulated depreciation and impairment losses							
31 December 2023	2,241	10,043	620	3,162	544	-	16,610
- depreciation	194	1,127	20	276	26	-	1,643
- impairment during the year	-	-	-	-	-	-	-
- assets sold, written off, disposed, reclassified to current assets	(51)	(568)	(141)	(813)	(34)	-	(1,607)
- transferred to current assets	-	-	-	-	-	-	-
- reclassifications	-	-	-	-	-	-	-
31 December 2024	2,384	10,602	499	2,625	536	-	16,646
- depreciation	96	509	-	137	14	-	756
- impairment during the year	-	-	-	-	-	-	-
- sold, written off, disposed	(56)	(3,098)	(114)	-	(127)	-	(3,395)
- transferred to current assets	-	-	-	-	-	-	-
- reclassifications	-	-	-	-	-	-	-
30 June 2025	2,424	8,013	385	2,762	423	-	14,007
Carrying amount							
31 December 2023	2,996	10,890	35	4,027	196	567	18,711
31 December 2024	2,802	9,818	6	3,379	173	201	16,379
30 June 2025	2,706	7,931	3	3,242	173	453	14,508

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

The Company's depreciation costs, included in the statement of profit or loss and other comprehensive income, amounted to EUR 756 thousand (as at 30 June 2024 – EUR 827 thousand), excluding depreciation costs of right-of-use assets EUR 97 thousand (as at 30 June 2024 – EUR 91 thousand).

As at 30 June 2025, the cost of depot repairs of rolling stock amounted to EUR 443 thousand and was accounted for as construction in progress and prepayments in the statement of financial position (as at 31 December 2024 – EUR 191 thousand).

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

	30/06/2025	31/12/2024
Buildings and structures	1,710	1,710
Machinery and equipment	1,738	1,738
Road vehicles	430	430
Railway rolling stocks	885	885
Other equipment, fittings and tools	662	662
Total	5,425	5,425

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

7. Right-of-use assets

As at 30 June 2025, the right-of-use assets of the Company consisted of the following:

	Buildings and structures	Vehicles	Total
Acquisition cost			
31 December 2023	61	663	724
- acquisitions during the year	-	298	298
- derecognition during the year	-	(255)	(255)
31 December 2024	61	706	767
- acquisitions during the year	-	56	56
- derecognition during the year	-	(26)	(26)
30 June 2025	61	736	797
Accumulated depreciation and impairment losses			
31 December 2023	61	374	435
- depreciation	-	188	188
- derecognition	-	(231)	(231)
- impairment	-	-	-
31 December 2024	61	331	392
- depreciation	-	97	97
- derecognition	-	(21)	(21)
- impairment	-	-	-
30 June 2025	61	407	468
Carrying amount			
31 December 2023	-	289	289
31 December 2024	-	375	375
As at 30 June 2025	-	329	329

As at the reporting date, the Company has concluded long-term contracts for the lease of vehicles. The remaining lease term is up to 5 years.

8. Inventories

As at 30 June 2025, inventories of the Company consisted of the following:

	30/06/2025	31/12/2024
Materials	242	346
Materials of track superstructures	564	558
Spare parts	426	471
Fuel	70	33
Work clothing	15	19
Inventory	17	17
Greases	9	11
Less: decrease in realisable value (-)	(701)	(676)
Total raw materials, materials and component parts	642	779
IT assets held for sale	588	591
Less: decrease in realisable value (-)	(545)	(545)
Total investment assets held for sale	43	46
Total	685	825

As at 30 June 2025, the carrying amount of the Company's inventories, except for non-current assets held for sale amounting to EUR 1,343 thousand was reduced by EUR 701 thousand to the net realisable value and amounted to EUR 642 thousand (as at 31 December 2024, the carrying amount of EUR 1,455 thousand was reduced by EUR 676 thousand to the net realisable value and amounted to EUR 779 thousand). The change in the write-down of the Company's inventories to net realisable value is reflected in the expense item in the statement of profit or loss and other comprehensive income.

As at 30 June 2025, the net realisable value of the Company's long-term assets held for sale was EUR 43 thousand (as at 31 December 2024 - EUR 46 thousand).

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

9. Prepayments

Prepayments of the Company comprised:

	30/06/2025	31/12/2024
Prepayments	7	6
Deferred costs	61	4
Total	68	10

10. Assets arising from contracts with customers

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

	30/06/2025	31/12/2024
Guaranties paid to suppliers	8	8
Accrued income	227	77
Total	235	85

11. Trade receivables

The Company's trade and other receivables consisted of:

	30/06/2025	31/12/2024
Trade receivables	720	1,386
Receivables from related parties	3,586	3,860
Impairment of receivable debts (-)	(140)	(141)
Total trade receivables:	4,166	5,105

12. Other receivables

Other receivables consisted of:

	30/06/2025	31/12/2024
Loans to related companies	5,500	-
Recoverable VAT	176	204
Other receivables from the budget	150	89
Total	5,826	293

13. Other financial assets

As at 30 June 2025, other financial assets consisted of:

	30/06/2025	31/12/2024
Short-term deposits	1,500	-
Total	1,500	-

As at 30 June 2025, the Company had entered into a fixed-term deposit agreement valued at EUR 1,500 thousand. The fixed-term deposit agreement is for 60 days, with an annual interest rate of 2.00%.

14. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	30/06/2025	31/12/2024
Cash in bank	264	4,117
Cash in transit	-	-
Total	264	4,117

As at 30 June 2025 and 31 December 2024, the fair value of cash and cash equivalents is approximately equal to their carrying value.

In order to ensure more efficient fund management and the liquidity of the LTG Group companies under market conditions, the Group's cash-pool agreement was signed with AB Swedbank on 20 December 2024. Under this agreement the members of the Group may borrow and lend funds to Group members on mutual lending platform for a period shorter than one year.

As at 30 June 2025, the Group companies had a debt of EUR 5,500 thousand to the Company under the Group's cash pool agreement. During the six months of 2025, Group members used the funds from the Group's cash pool as needed, with GTC accruing EUR 9 thousand in interest income (as at 31 December 2024 – EUR 7 thousand).

15. Share capital

During the first half of 2025, the Company's share capital was not changed.

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

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

	Share capital	Number of shares, units
Authorised share capital		
Number of shares as at 31 December 2024	30,897	109,748
Increased	-	-
Decreased	-	-
Number of shares as at 30 June 2025	30,897	109,748
2. Capital structure		
2.1. By type of shares	-	-
2.10. Ordinary shares	30,897	109,748
2.11. Preference shares	-	-
2.2. State capital	-	-
B. Amounts unclaimed and amounts claimed but not yet paid, including therein:	-	-
Shareholders (debtors)	-	-
Total	30,897	109,748

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

16. Reserves

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

Other reserves. As at 30 June 2025, the Company did not have other reserves.

The distribution of the Company's profit for 2024 was approved on 16 April 2025.

Legal and other reserves were not formed.

17. Loans and other financial debts

As at 30 June 2025, the Company had no loans and other financial debts.

18. Lease liabilities

The Company's lease liabilities comprised the following:

	30/06/2025	31/12/2024
Non-current	249	201
Current	87	182
Lease liabilities	336	383

The Company leases vehicles. Lease contracts are usually concluded for a fixed period with or without an option of extending it. In determining the lease term, management considers all the facts and circumstances that give rise to the economic incentive to exercise the option to extend the contract or not to exercise the option to terminate it. The management believes that the possibilities of extending the contract (or the periods after the possibility of terminating the contract) are provided for in the leases only if it can be reasonably expected that the lease will be extended (or not terminated). Possible future cash payments were not included in the lease obligations as there is no reason to be certain that the leases will be extended (or not terminated).

Short-term leases of 12 months or less and lease payments for low-value assets are recognised directly as expenses in the Statement of profit or loss and other comprehensive income.

The discount rate applied for lease agreements as at 30 June 2025 amounts to 3.723% (31 December 2024: 3.723%).

19. Provisions

The Company's provisions consisted of:

	30/06/2025	31/12/2024
Non-current provisions	230	23
Current provisions	56	56
Total	286	286

Movement of provisions:

	30/06/2025	31/12/2024
Provisions		
Balance at the beginning of the period	286	346
Increase (formed)	-	12
Decreased (used)	-	(72)
Balance at the end of the period	286	286

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

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

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

20. Employment related liabilities

Current employee benefits by type:

	30/06/2025	31/12/2024
Vacation accruals	338	316
Payable remuneration	300	-
Payable personal income tax contributions	157	-
Payable social insurance contributions	135	116
Accrued portion of variable remuneration	121	241
Total	1,051	673

21. Liabilities arising from contracts with customers

As at 30 June 2025, liabilities arising from contracts with customers consisted of:

	30/06/2025	31/12/2024
Accrued income	-	114
Total	-	114

As at 30 June 2025, the Company had no obligations under contracts with customers.

22. Trade and other payables

Trade and other payables consisted of:

	30/06/2025	31/12/2024
Financial guarantees received	24	20
Other charges payable to the budget	-	17
Trade union membership fee	1	1
Trade payables	461	407
Amounts payable to related parties	840	502
Accrued costs	-	343
Other payables and non-current liabilities	415	2
Total	1,741	1,292

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

23. Prepayments received

	30/06/2025	31/12/2024
Prepayments received	28	22
Total	28	22

24. Sales revenue

Revenue comprised:

	06/2025	06/2024
Revenue arising from contracts with customers	5,128	6,278
Other income	1,864	606
Total	6,992	6,884

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

Revenue according to the type:

	06/2025	06/2024
Construction and repair of railways	3,569	4,659
Maintenance of railway track and structures	330	1,220
Construction, reconstruction and repair of other structures	367	37
Lease of plant and machinery	310	47
Construction and repair of signalling, automation and electrification	262	244
Designing works	-	1
Other works (snow removal, sales of current assets, etc.)	290	70
Total	5,128	6,278

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

25. Result from financing activities

Financing activity results of the Company consisted of:

	06/2025	06/2024
Total finance income	34	44
Penalties and default interest for overdue trade receivables	-	3
Interest	34	41
Total finance costs	(31)	(208)
Interest	(11)	(13)
Lease liability interest	(6)	(6)
Fines, penalties, delay interest	(14)	(189)
Currency exchange loss	-	-
Result from financing activities	3	(164)

26. Corporate income tax and deferred tax

As at 30 June 2025, income tax was calculated applying a 16% tax rate (as at 30 June 2024 – a 15% tax rate).

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

	06/2025	06/2024
Corporate income tax of the reporting year	-	-
Income tax adjustment of the previous year	-	-
Deferred tax expenses (income)	55	153
Total income tax expenses (income) recognised in profit or loss		
Total	55	153

During the first six months of 2025, the Tax Authorities have not performed full-scope tax investigations at the Company. The Tax Authorities may inspect accounting, transaction and other documents, accounting records and tax returns for the current and previous 3 calendar years at any time, and where appropriate, for the current and previous 5 or 10 calendar years and impose additional taxes and penalties. Management of the Company is not aware of any circumstances which would cause calculation of additional significant liabilities due to unpaid taxes.

27. Related party transactions

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company's related parties and transactions with them as at 30 June 2025 and 2024 were as follows:

30/06/2025	Purchases	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	512	9	5,509	125
UAB LTG Kompetencijų centras	537	-	-	160
AB LTG Infra	176	7,072	3,588	74
AB LG Cargo	685	-	-	480
UAB LTG Link	3	-	-	1
UAB voestalpine Railway Systems Lietuva	13	-	-	1
	1,926	7,081	9,097	841

30/06/2024	Purchases	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	798	-	2	241
AB LTG Infra	288	5,405	5,155	81
AB LG Cargo	441	-	-	206
UAB LTG Link	4	-	-	1
UAB voestalpine Railway Systems Lietuva	131	-	-	36
	1,662	20,071	5,157	565

All transactions with related parties are conducted under market conditions and comply with the arm's length principle.

More details about borrowing from the cash-pool are described in Note 14.

Remuneration to management and other benefits

As at 30 June 2025, there were 6 executives; i.e. 1 Chief Executive Officer, 1 Head of Corporate Operations, 1 Head of Production, 1 Head of Contracting Sales, 1 Head of Business Development, 1 Head of Project Management and Engineering.

	30/06/2025	30/06/2024
Remuneration to management	246	500
Incentive payments*	46	-
Number of management personnel	6	6

* Incentive payments are bonuses for work performance and one-time bonuses.

As at 30 June 2025, no loans, guarantees, or other disbursements or accruals or disposals of assets were made to the Company's management, except for those disclosed above.

28. Off-balance liabilities, contingent liabilities and assets

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

During the first half of 2025, there were no significant changes in legal disputes from those disclosed in the 2024 annual financial statements, nor were there any new significant legal disputes and commitments.

As at 30 June 2025, the Company had issued guarantees for the amount of EUR 5,769 thousand, including guarantees of the performance of contracts and guarantees for liabilities of the warranty period.

29. Events after the reporting period

On 18 July 2025, the accumulated tax losses from previous years were transferred to an LTG Group company, in accordance with the applicable tax legislation governing the transfer of losses between related companies.

The amount of the transferred loss is EUR 1,403,389. This transfer did not have a direct impact on the profit (loss) statement for the first half of 2025, but it will affect the calculation of corporate income tax in future periods.

There were no other significant events after the reporting period until the date of issuance of these financial statements.



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