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Pasirašyta kvalifikuotu elektroniniu parašu
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LTG LINK

Company's annual report, financial statements and independent auditor's report for the year 2023

Contents

Annual and interim reports as well as the financial statements are available publicly on the Company's website https://www.litrail.lt/keleiviams lt.

Overview

CEO foreword

Dear all,

The past year 2023 can be confidently called a breakthrough year in terms of traintravelers. Not only did we manage to reach the record number of passengers carried on domestic routes in Lithuania, which was reached back in 2019, but also to surpass it. Last year, around 5 million passengers chose to travel by train. 4.7 million of these passengers travelled by train in Lithuania, which accounts for 220 thousand passengers more than in 2022 and for 115 thousand passengers more than during the record-breaking year 2019.

At the end of the year, LTG Link took a big and ambitious step into the foreign market - after a gap of almost 20 years, we launched the first direct train from Vilnius to Riga, offering passengers a convenient and sustainable way to reach neighbouring Latvia and for Latvian residents to come to us. Connecting Vilnius to the capitals of neighbouring countries by train is one of our strategic objectives.

Vilnius - Riga is our second international destination. In the first year of the Vilnius-Warsaw-Krokuva route, train travelling from Vilnius to Warsaw and back was popular with both Lithuanian and foreign travellers, as evidenced by the number of travellers exceeding our expectations during the year. The Vilnius-Warsaw-Cracow route has been awarded the Polish Business Awards in an annual competition which honours Polish and Lithuanian businesses operating in the Lithuanian and Polish markets and contributing to the development of mutual economic relations.

The LTG Group as a whole has also received significant international recognition which we are very proud of – we are among the top 10 safest railway companies, as it has been declared in the Safety Report of the International Union of Railways (UIC) for 2023. The UIC comprises 34 railway companies from 32 countries, including Austria, Germany, Italy, Finland, Belgium, and the Netherlands.

Last year, we took a very important step, which, we hope, will be appreciated in the future by every traintraveler. We have signed a contract with Stadler Polska, a company of the Swiss-owned Stadler Group, which will produce new electric and battery-electric trains on order. Traintravelers in Lithuania will be able to travel on environmentally friendly electric trains on non-electrified routes. While preparing for the arrival of the new electric and battery-electric trains, we have signed a design contract for a new electric train depot in Naujoji Vilnia, to be followed by the installation of the new depot. We will be able to test the new trains next year, and the first customers will be able to travel by them in 2025.

We have improved all the areas that combine to create a comfortable and convenient journey for our customers. We have allowed additional routes where the most important events in our country took place. To promote sustainable mobility, we have introduced a unique digital programme Sustainable Travel Club to promote train travel and environmental sustainability, where points accumulated for kilometres travelled can be exchanged for discounts on other journeys. The Club members have already saved on2,515 tonnes of CO2. We have expanded the single ticket network - together with Klaipėda Public Transport we have offered a combined train and bus ticket to Klaipėda residents and visitors. More than 62,000 customers in Vilnius and Klaipėda have already taken advantage of the combined train and bus ticket in 2023.

We want train travel to be appreciated and enjoyed by as many people as possible; thus we have introduced to the public a new Lithuanian word traintravelers aiming to encourage people to travel by a highly sustainable, comfortable and safe means of transport - a train - more frequently, as well as to build a community of train enthusiasts.

Next year, traintravelers will be introduced with numerous new developments that will encourage even more people to choose travelling by train. We will offer passengers the opportunity to purchase train tickets at the terminals of the trade and services network Perlas, and we will also invite them to conveniently buy tickets using modern ticketing machines installed in railway stations.

We have a clear direction for LTG Link for 2024 – we promise to deliver public train passenger transport services and to make rail travelling more convenient for all people, including persons with individual needs, as well as to promote more sustainable public rail transport and reduce the environmental impact made by transport. As we continue our work, let us move forward with confidence.

Kristina Meidė
Chief Executive Officer of UAB LTG Link

Activity of the company

Company profile

Name: UAB LTG Link

Registered office address: Geležinkelio str. 16, LT-02100, Vilnius

Legal form: Private limited liability company

Date and place of registration: 28/02/2019, the Register of Legal Entities of the Republic of Lithuania

Company code: 305052228

Phone No.: 8 700 55 111

E-mail: info@ltglink.lt

Website: www.ltglink.lt

Core business: Passenger and luggage transport by rail and provision of related services

Company's Chief Executive Officer: Gediminas Šečkus has held the position until 31 January 2024. From 1 February 2024, this position has been taken by Kristia Meidė.

Shareholders: 100% of shares are owned by AB Lietuvos Geležinkeliai.

Data on the Company is collected and stored in the Register of Legal Entities of SE Centre of Registers.

Company's branches, representative offices abroad

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

Operating model of the company

UAB LTG Link was registered in the Register of Legal Entities of the Republic of Lithuania on 28 February 2019. The Company was established after the transfer of the activities of the Passenger Carriage Directorate of AB Lietuvos Geležinkeliai.

Core business and services

UAB LTG Link is a licensed railway undertaking engaged in transportation of passengers on domestic and international routes. The Company is also responsible for transit travel from the Belarusian border to the Kaliningrad region.

The Company fulfils the State's special obligations by providing public passenger transport services by rail and/or public combined passenger transport services on local transport routes. The implementation of the special obligations is financed from the State budget in accordance with the procedure laid down by the legislation of the European Union and the Republic of Lithuania. This contributes significantly to the sustainability of the Company's financial flows.

Services rendered by UAB LTG Link are as follows:

- passenger transportation on domestic routes;
- passenger transportation on international routes;
- carriage of mail and luggage within the territory of Lithuania and abroad;
- carriage of bicycles and animals within the territory of Lithuania;
- organisation of charter routes;
- rental and sale of rolling stocks;
- advertising services;
- services at stations (luggage storage, parcel services, ticketing, and food and beverage offerings);
- services on trains (sale of travel tickets, sale of food and beverages).

Market and competitive environment

The main market of LTG Link includes passenger carriage services in the territory of the Republic of Lithuania and abroad. At the end of 2023, passengers were carried on 19 domestic and 5 international routes.

Lithuanian market

Historically, passenger transport by railway competes with other modes of transport. The greatest level of competition to passenger transportation by rail is caused by cars, with road transport accounting for 97.2% of total passenger transport in 2023, compared to 1.5% for passenger transportation by rail. Compared to 2022, the market share of rail transport has remained unchanged.

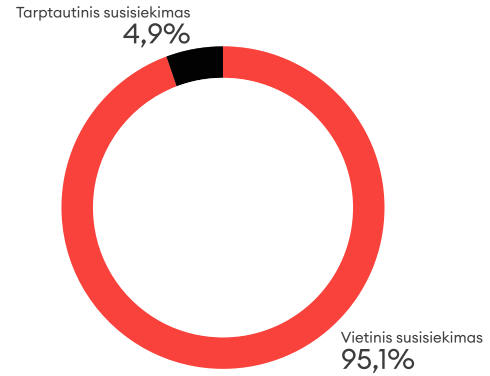
In 2023, 4.7 million passengers were carried on domestic routes, that is, 92.9% of all passengers transported by rail during that period.

At the end of 2023, 207 passenger trains were running. Compared to 2022, passenger numbers increased by 4.9% and exceeded the pre-pandemic level on local services (4.6 million passengers were carried in 2019).

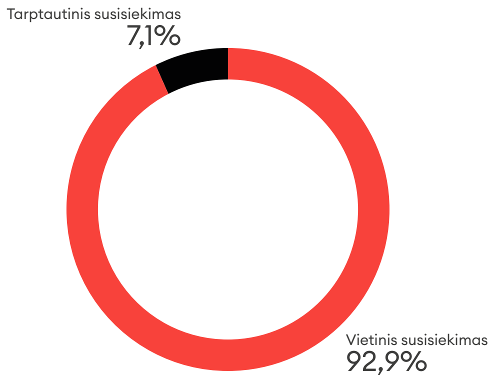
International market

During 2023, 0.4 million passengers were carried on international routes, that is, 7.1% of all passengers transported by rail during that period. In 2023, international transportation consisted of passenger carriage by passenger trains to Poland and by transit trains through the territory of the Republic of Lithuania in connection with the Kaliningrad region. From 27 December 2023, a formation train of LTG Link has started running on Vilnius-Riga route. There currently are 12 active international trains.

1 pic. Market segments of passenger carriage by rail in 2022, %



2 pic. Market segments of passenger carriage by rail in 2023, %



Main customers

Residents of Lithuania and other countries use services rendered by the Company.

Seeking to attract more customers, the Company is expanding its service offerings to different groups of passengers: families, students, business travellers, and active-leisure travellers. Trips to the seaside increase in summer. In 2023, the Seaside Express was successfully running for the seventh time, making it possible to reach Lithuania's seaside resorts conveniently and safely by connecting trains. Additional evening trips to various cultural and sporting events are organised. Changes to the timetable over the years, in line with passenger requests, have also led to increased satisfaction with the timetable and an increase in the number of passengers carried.

The service of a joint ticket with Vilnius city public transport and with Klaipėda city public transport have been launched since 1 December 2022 and since 5 October 2023, accordingly. In 2023, an average number of 140 tickets were sold per day.

In 2023, the number of business customers increased significantly – 330 companies, institutions and organisations used the Company's services in this period. The Company's new ticketing system which enables offering solutions tailored to business needs has led to the almost doubled number of business customers.

Pcipation in associations

Since 2021, UAB LTG Link has joined the Lithuanian Passenger Transport Association.

Strategy

The LTG Group's activities are based on rational strategic planning and management. LTG's long-term strategy (hereinafter referred to as the Strategy) was first approved in 2018 and covers all LTG Group activities.

The LTG has undergone a number of significant changes over the last few years. The COVID-19 pandemic has made a particularly negative impact on passenger transport operations and has challenged the smooth functioning of the supply chain; whereas, the war in Ukraine, initiated by the Russian Federation in February 2022, has affected Kaliningrad transit flows. There is a growing global focus on ecology, the efficient use of energy and natural resources, and initiatives that reduce environmental impact and climate change. Given the significant contribution and impact of the LTG's work at national level, it is necessary to take responsibility for contribution to the country's progress in the field of sustainable development by being a leader and driving organisational change in this direction.

In order to ensure the quality of the implementation of the Strategy and to ensure that the LTG Group does not deviate from its objectives in the context of a continuously changing external and internal environment, the LTG Group's Strategy, together with the strategies of the Business Units, is reviewed and updated annually. Ensuring a stronger focus of the anticipated strategic lines and objectives on specific activities managed by the LTG Group, long-term strategies of individual business units of LTG have been prepared. One of them, the UAB LTG Link Strategy 2028, was updated and approved on 5 December 2023.

Strategy updates made in 2023

In order to take full advantage of the opportunities offered by the changes and to reinforce the activities, the review of the strategy carried out in the second half of 2023 focused on the following aspects and developments:

• **Strategy planning horizon**. In order to ensure a smooth functioning in the face of uncertainties regarding the financing of projects of strategic importance and the ongoing economic crisis, the horizon for the Strategy formation has been extended: a detailed planning of up to 2028 and strategic guidelines up until 2040.

• **Revised passenger flow forecasts**. Reviewing passenger flow forecasts, forecasting methodologies have been revised, additional ways to attract passengers and increase their loyalty, ticketing channels have been planned; furthermore, the development of multimodal travel in Lithuania has been expanded by combining different modes of transport in cooperation with municipalities, other travel and digitisation service providers, the Lithuanian Transport Safety Administration.

• **Decisions related to diversification and activity orientation towards the West**. 3 new international routes to be introduced by 2028 are planned in the strategy: a new route Vilnius-Riga (following the approval of the strategy, this route has already been successfully launched) since 27 December 2023, additional routes to Daugavpils in Latvia and to Berlin in Germany (with a coordinated connection in Warsaw) are also being planned.

• **FREE Rail**. The need to find alternative spare parts manufacturers, suppliers, technological and IT solutions in the West within the scope of the FREE Rail programme, and to adapt railway operations model, that is based on EU railway standards, best practices and is aligned with the broad-gauge specifications (EU+), has been clearly identified.

• **Investments review**. Investment priorities have been revised emphasising operational efficiency and price-quality ratio.

Mission, vision, values

Connecting people and businesses for a more sustainable future

MISSION

Being the backbone of the transport system

VISION

Responsibility

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

Customer

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

Cooperation

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

Development

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

VALUES

For foundation of our succes and culture

Strategic directions of activities

Culture of sustainable mobility for travelers

To become the preferred choice of passengers, to be valued for its high level of service, operational efficiency and management. To ensure optimal interaction with other modes of transport, to improve people's perception of passenger carriage by rail, and to ensure that rail services are adapted to the principles of universal design, i.e. to maximise the accessibility of rail transport for all people, without any special adaptations.

Operational efficiency

To ensure financial stability by improving operational efficiency, i.e. by operating in line with the highest international corporate standards and optimised asset utilisation.

Business developments

To increase capacity and continue to expand into foreign markets, continuously seeking diversification solutions. The aim is to ensure greater competitiveness and independence in the market and accelerate the Group's revenue growth.

ESG

To use energy and natural resources efficiently, to initiate measures to reduce the impact on the environment and climate change, to raise safety awareness among employees and the public, to develop best corporate governance practices and to manage risks in the most effective way. The main objective is to become a benchmark for greenness and sustainability in passenger transportation in Lithuania and abroad, thus contributing to climate neutrality goals of the European Union and the Republic of Lithuania.

Business resilience

To enhance business resilience in the interests of national security. To ensure technology compatibility within the LTG Group and seamless integration into the European rail system and to apply the Safety above All principle by ensuring a high level of road safety, occupational safety and business safety.

Strong organisational culture

To become one of the most attractive employers in Lithuania, to develop a respectful and transparent business culture, and to increase the maturity of the organisation to ensure the successful implementation of the Strategy.

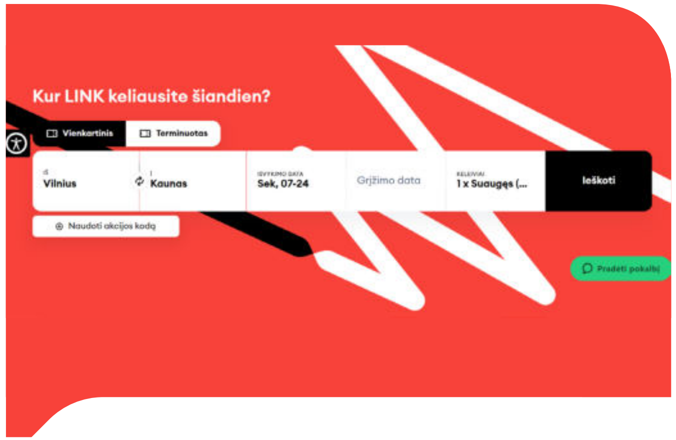
Strategic projects underway and planned for 2023

Acquisition of electric trains

• Final tenders from suppliers have been received and evaluated. On 21 June 2023, a contract for the purchase of trains was signed with Stadler Polska, a company of the Swiss train manufacturer Stadler Group.

Installation of ticketing system

• The project to install ticketing machines continues: final tenders from suppliers have been received and evaluated, the contract has been awarded, manufacturing of ticketing machines has been started.



Comprehensive tailoring of services for passengers with individual needs

• During the reporting period, interior solutions have been implemented in the project Stations – Centres of Attraction, in line with EU and national legislation and in coordination with representatives of organisations of people with individual needs.

• LTG Link has joined the international platform PRM ABT (Person with Reduced Mobility Assistance Booking Tool): a comprehensive assistance service to a passenger travelling on an international route is ensured.

• In cooperation with the Lithuanian Association for the Blind and Partially Sighted (LASS), the website of LTG Link adapted to blind and visually impaired people has been installed. The cooperation between LTG Link and LASS has been awarded at the contest organised by the European Blind Union.

• In cooperation with Latvijas Dzelzcelš, the company managing the infrastructure in Latvia, the assistance service is provided in the territory of Latvia - at the railway stations of Riga and Jelgava.

Door-to-Door travel solutions

• The combined ticket has been launched in Vilnius and Klaipėda.

• Combined ticket in Kaunas: negotiations and IT solutions are underway.

• Combined ticket in Šiauliai: implementation works in progress, expected to be launched on 15 January 2024.

• By the end of the year, 62 thousand passengers have used the combined transport services.

International expansion

• Latvia, Riga: on 27 December 2023, a new route Vilnius-Riga was launched.

• Poland, Warsaw: the route Vilnius – Warsaw (Krakow) is operated, initiatives increasing the attractiveness of the route (shorter travel time, the expanded range of services, adaptation to passengers with individual needs) are carried out.

• In cooperation with Eurostar, PKP Intercity and other carriers operating abroad, we have joined the AJC (Agreement on Journey Continuation) Initiative: passengers on an international journey who have missed a connecting train due to the delay of the previous train will be allowed to board another train at no additional cost.

Establishment of a Passenger Operations Control Centre (OCC)

• The Company's operations are managed through the IVU operations management system: an operations and resource planning and management functionality and a mobile application. During the reporting period, systems integrity has been further developed, business processes have been documented, the system has been made ready for use by the OCC, and integration into the Company's operations has been started.

Busines forecats

Modernisation and adaptation of passenger depot to new rolling stocks

• Passenger train depot solutions have been developed, a feasibility study on the transformation of the passenger train maintenance, parking and siding has been prepared, the implementation of the solutions foreseen therein has been launched, the design procurement documents have been prepared, and the procurement has been announced. A design contract has been signed at the end of the year.

In the updated LTG Link Strategy, it is estimated that having implemented the planned measures, tasks and objectives, the number of passengers will increase by 64% by the year 2028 compared to the forecast for 2023. Key growth drivers and initiatives to be implemented until 2028:

• 4 new domestic routes and 3 new international routes;

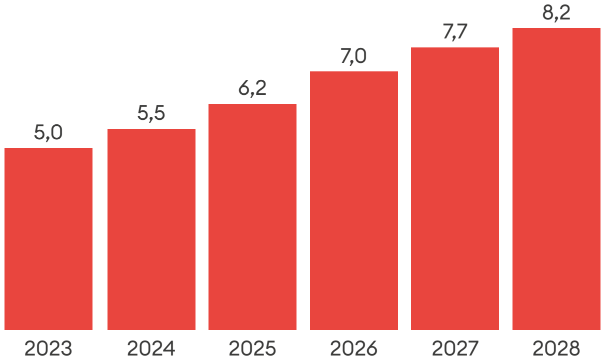
• loyalty programme;

• dynamic pricing;

• multimodal (of multiple types) trips (combined ticket, co-ordinated schedule, first-to-last mile infrastructure at stations);

• accessibility for passengers with individual needs.

3 pic. Passenger flow forecasts up to 2028, in million



Implementation of objectives for 2023

In **May 2023**, the LTG Link Board approved LTG Link's annual objectives, the indicators against which they are measured and the target values linked to the implementation of the **LTG Strategy 2027**. In line with LTG Link's ambition and strategic objectives, annual objectives in the areas of ensuring passenger turnover and passenger satisfaction, improvement of operational efficiency, expansion of services business, delivering on LTG Link's strategic investments, and focusing on ensuring business resilience have been developed. Based on the approved annual objectives, LTG Link employees have personal goals set. In this way, LTG Link 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.

Main objectives	Indicators for measuring achievement of objectives	Measuring unit	Weight, %	2023 Benchmarks for achievement of goals	2023 Indicators of implementation of objectives
CULTURE OF SUSTAINABLE MOBILITY FOR TRAVELLERS					
Being sustainable mobility choice for travellers	LTG Link Passenger turnover	In million passengers, km	15.0	>387	464
	LTG Link passenger recommendation survey NPS	Points	20.0	>68	70
OPERATIONAL EFFICIENCY					
Improvement of operational efficiency	LTG Link train occupancy	Percentage	10.0	>33	35,4
	LTG Link's operating costs to revenue ratio	Ratio	15.0	<0.93	0.82
BUSINESS DEVELOPMENT					
Development of services business	LTG Link's revenue from ancillary services	Million EUR	10.0	>1.8	2.4
IMPLEMENTATION OF LTG LINK'S STRATEGIC DIRECTION INVESTMENTS					
Creation of added value for the public and shareholders	Implementation of investment projects	Percentage	20.0	>60	70
BUSINESS RESILIENCE					
Ensuring a high level of occupational safety	Lost Time Injury Rate	Accidents at work *1 M / total working hours	10.0	< 3.0	4.01

Most significant events in 2023

January

From 2 January, the Company has amended organisation of train routes in the districts of Radviliškis, Šiauliai, Akmenė, Mažeikiai, and Panevėžys. A common train route Panevėžys–Šiauliai–Mažeikiai started running in this part of Lithuania. The route is operated 8 times a day, the same frequency as the previous Šiauliai–Panevėžys and Radviliškis–Mažeikiai routes.

On 5 January, LTG Link and the Ministry of Transport and Communications has presented to the public the signed Passenger Transport Contract for the period 2023-2032, which commits LTG Link to the provision of public passenger transport services by rail and the facilitation of rail travel for all people, including those with individual needs, as well as to the promotion of a more sustainable public rail transport and the reduction of the environmental impact of transport. The average annual amount of co-financing for passenger transportation is planned to reach EUR 40 million, and it will allow not only to secure the necessary funding but also to upgrade the train fleet.

On 17 January, the Articles of Association of UAB LTG Link were amended to add new powers for the Board and to modify the thresholds for transactions to be approved by the Board, increasing them from EUR 1 million.

From 23 January, the newly formed Board of the Company has been approved.

February

From 6 February, due to the electrification works in progress on the railway section Kaišiadorys–Radviliškis, train traffic has been significantly restricted, some train services on the Vilnius–Klaipėda, Vilnius–Šiauliai and Kaunas-Šiauliai routes have been temporarily shortened or cancelled.

March

On 7 March, to promote train travel and environmental protection, LTG Link introduced a unique digital programme Sustainable Travel Club where points accumulated from kilometres travelled can be exchanged for discounts on other journeys.

On March 20 and 21, a strategic session of the Board the LTG Group was held, during which the strategies of the LTG Group and LTG subsidiaries were presented. In line with the comments of the Board of LTG, final adjustments have been made to the strategies.

April

On 6 April, the strategy of LTG Link was approved by the Board of UAB LTG Link.

After the railway electrification project works had been moved to the railway section Šiauliai–Klaipėda, LTG Link resumed the timetables of part of the passenger trains: the trains between Vilnius and Šiauliai as well as between Kaunas and Šiauliai resumed their daily runs. During the long weekend of Easter, the Company has also resumed train services on the Vilnius–Klaipėda route.

May

From 31 May, Indrė Kisielienė has joined the LTG Link's top management team and has taken up the position of Head of the Company's Corporate Operations.

June

From 1 June, LTG Link's top management team has been joined by Voitech Makovskij, Head of International Development.

On 21 June, a contract was signed with Stadler Polska, a company of the Swiss-owned Stadler Group, which will produce new electric and battery-electric trains on order. The EUR 226.5 million contract commits the successful tenderer to build 15 ultra-comfortable trains, provide technical support for their maintenance and supply spare parts until 2037.

July

On 4 July, a contract for the purchase of modern ticketing machines was signed. The ticketing machines will be manufactured for LTG Link by Mera Systemy and Mera-Serwis, Polish companies operating on a joint venture basis. The successful tenderers will provide the manufacture of 33 ticketing machines, the installation of the monitoring and control system, the maintenance of the system and the ongoing maintenance during the operational period, for a total cost of almost EUR 1.7 million.

On 10-13 July, LTG Link temporarily reopened the Vilnius–Vilnius Airport route due to the NATO Summit.During the period of the event, trains were running on the mentioned route up to 34 times a day.

On 12 July, the Company paid EUR 5,350 thousand of dividends to LTG Link's sole shareholder Lietuvos Geležinkeliai.

September

On 14 September, the LTG Group, that LTG Link belongs to, introduced the updated strategy Integration into Europe. The strategy covers five key directions: expanding the business into Northern and Western Europe, improving operational excellence and efficiency, strengthening organisational culture, business resilience and sustainability. By implementing these directions, every company of the LTG Group will pursue the shared vision of becoming the backbone of the transport system.

On 30 September, Linas Baužys retired from the position of the Chief Executive Officer of LTG link Land decided to pursue his career outside the Company.

October

From 1 October, Gediminas Šečkus has been appointed as the Interim Chief Executive Officer of LTG Link for a temporary period until a new Chief Executive Officer is selected.

From 5 October, a combined train and bus ticket is available to the residents and guests of Klaipėda city, when the starting and the ending stop of their chosen route is the Klaipėda railway station.

December

From 1 December to 7 January, the LTG Link's Christmas trains have been running for the third time. Passengers were able to choose from trains running on the routes Vilnius–Klaipėda, Vilnius–Kaunas, Vilnius–Trakai, Vilnius–Mockava (Warsaw) and, from 27 December, on the new international route Vilnius-Riga. The latter festive international routes were donated by GO Vilnius.

On 7 December, the route Vilnius-Warsaw was awarded with the Polish Business Awards in the annual competition which is organised in cooperation with the Association of Polish and Lithuanian Chambers of Commerce, which rewards Polish and Lithuanian businesses operating in both markets and contributing to the development of mutual economic relations.

From 10 December, a new annual train timetable has taken effect. It provides for more convenient connections between major cities and a faster trip to Poland. Nearly half of more than 1,000 travellers' suggestions have been fully or partially taken into account when compiling the annual schedule.

On 14 December, LTG Link introduced a new visual advertising campaign. With the new video, the company, that is constantly looking for innovative solutions, aims to encourage people to travel by an especially sustainable, comfortable and safe means of transport – the train -more and more frequently and to build a community of train enthusiasts; thus, it has given these people a name – Traintravelers.

From 14 December, passengers may travel with a One-Day-Ticket on a selected route segment for an unlimited number of times at any time.

On 15 December, LTG Link received a safety certificate from the European Union Agency for Railways for its operations in Latvia.

On 18 December, in the Safety Report of the International Union of Railways (UIC) for 2023, the LTG Group was declared to be one of the top 10 safest railway companies. 34 railway companies in 32 countries belong to UIC, including Austria, Germany, Italy, Finland, Belgium, the Netherlands.

On 27 December, a train of LTG Link departed for Riga for the first time. The Prime Minister of Lithuania Ingrida Šimonytė, the Minister of Communications Marius Skuodis, the Head of LTG Egidijus Lazauskas and other distinguished guests have travelled to Riga for a meeting with the Latvian delegation on this first route. From this day on, trains have been running daily on the direct route Vilnius–Kaišiadorys–Šiauliai–Joniškis–Jelgava–Riga. Each passenger, including the ones with individual needs, find this route convenient to travel.

On 29 December, LTG Link, while preparing for arrival of new electric and battery-electric trains and improving its operational sustainability, signed a design contract for a new electric train depot in Naujoji Vilnia.

Events after the end of the reporting period

January

On 8 January, a new stage of electrification of Lithuania's main railway artery Vilnius-Klaipėda (the Radviliškis (Šauliai) – Klaipėda section) was started. Part of the train services on the Vilnius-Klaipėda and Radviliškis-Šiauliai-Klaipėda routes organised by LTG Link have been temporarily shortened or cancelled.

From 15 January, Šiauliai has become a third city in Lithuania where the Door to Door project allowing passengers to purchase a combined train and bus ticket has been implemented.

February

From 1 February, after completion of the selection procedures, Kristina Meidė has been appointed as the new Chief Executive Officer of LTG Link, the passenger transport company of the LTG Group, from 1 February 2024. The CEO is appointed by the Company's Board for a 5-year term of office.

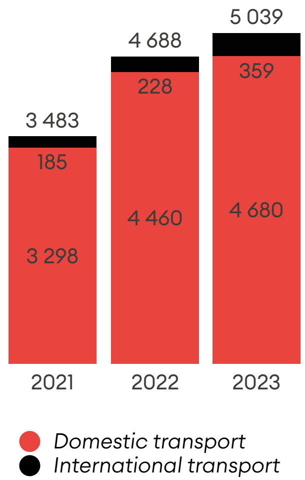
Results

Overview of key performance indicators

Volumes of pasenger transportation

LTG Link has been operating passenger services since 1 September 2019. The total number of people travelling by rail is rising steadily. Compared to 2022, the number of passengers carried in 2023 increased by 7.5% (5,039 thousand passengers in total) regardless of the challenges caused by the electrification works. Both in the domestic and international transport market, we have recorded a significant increase in the number of rail passengers, practically returning to the record level of the year 2019 when as many as 5,516 thousand passengers were carried.

4 pic. Dynamics of passenger transportation, in thousands of passengers



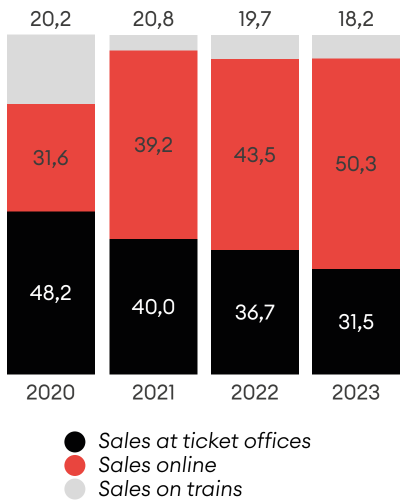
Indicators	Measuring unit	2021	2022	2023	2023/2022 Δ, %
Total passengers carried	**Thousands of passengers**	**3,483**	**4,688**	**5,039**	**7.5%**
Local connection	Thousands of passengers	3,298	4,460	4,680	4.9%
International connection	Thousands of passengers	185	228	359	57.4%
Passenger turnover	**Km for millions of passengers**	**301.3**	**432.6**	**464.1**	**7.3%**
Local connection	Km for millions of passengers	259.4	381.4	384.1	0.7%
International connection	Km for millions of passengers	41.9	51.2	80.0	56.1%
Average distance travelled by passenger	**km**	**86.5**	**92.3**	**92.1**	**-0.2%**
Portion of tickets sold online	%	39.2	43.5	50.3	15.6%
Punctuality of train arrivals	%	96	97	95	-2.1%
Assessment of passenger transportation services according to CSAT indicator	%	84	87	89	2.3%

Passenger transportation by rail on domestic routes

During 2023, 4,680 thousand of passengers have travelled on local transport routes (compared to 4,460 thousand of passengers in the corresponding period of 2022), an increase of 4.9% compared to 2022. The growth in passenger numbers has been positively influenced by a number of ongoing marketing campaigns and other measures to increase the attractiveness of train travel.

The introduction of the new train ticketing system Smart Ticketing and the mobile application in 2022 has led to a steady increase in the number of tickets purchased through digital sales channels. Passengers are able not only to purchase tickets faster but also to conveniently store their tickets, view travel information and receive notifications about important changes to their journey. The number of tickets sold through http://www.ltglink.lt digital sales channels of LTG Link is continuously increasing, and it accounted for 50.3% in 2023 (43.5% in 2022). In Spring of 2024, passengers will be introduced with the option of purchasing tickets at Perlas terminals.

5 pic. Ticket sales channels



In addition, the Door to Door project is being successfully implemented. A combined train and bus ticket is available to be purchased by the travellers of Vilnius and Klaipėda when the starting and the ending stop of their selected route is Vilnius or Klaipėda train station, accordingly. From 15 January 2024, Šiauliai has become a third city in Lithuania where LTG Link is implementing this service promoting sustainable mobility.

However, further growth in passenger transport volumes in the domestic transport market during the period under analysis has been restricted by the intensive electrification works on the railway network section Vilnius–Klaipėda. Traffic interruptions for roadworks have led to cancellations or shortening of some of the train routes.

Vilnius–Kaunas remains the most popular local route (36.2% of total local transportation). 1.7 million passengers have travelled on this route during 2023.

Passenger transportation by rail on international routes

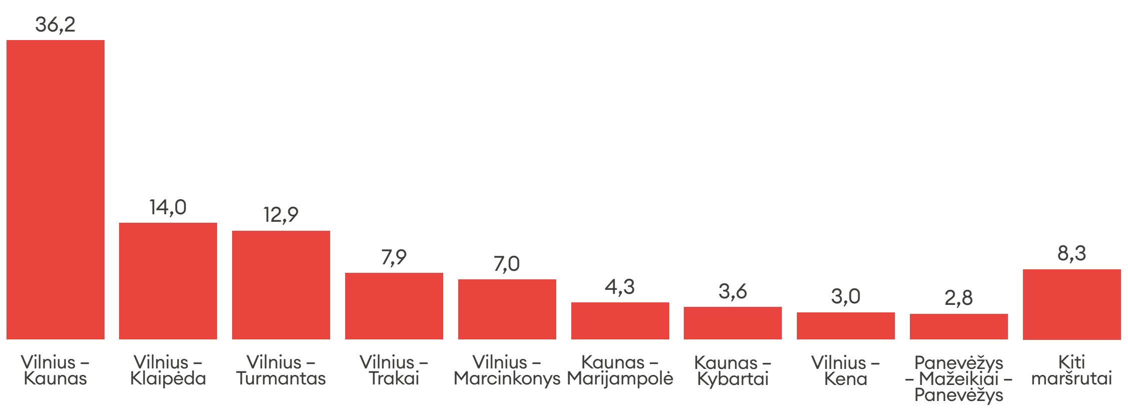
In 2023, transportation on international routes accounted for 359 thousand passengers (228 thousand passengers in 2022) travelling by passenger trains to Poland and by transit trains throughout the territory of Lithuania to Kaliningrad and from Kaliningrad to Russia. The number of passengers in the international transportation segment increased by 57.4% compared to 2022. The restriction on the maximum number of passengers in transit trains, having documents for simplified rail transit, which was introduced in 2020 was still in force in 2023; however, by decision of the Ministry of Foreign Affairs of the Republic of Lithuania, as of 1 August 2022, the maximum authorized number of citizens of the Russian Federation having travel permits has been increased to 300 passengers on one transit train.

From 11 December 2022, the daily rail service on the route Krakow-Mockawa-Krakow by the Polish carrier PKP INTERCITY has been launched, and the formation train of LTG Link has been aligned with the mentioned rail service on the route Vilnius-Mockava-Vilnius. During 2023, 103 thousand passengers have travelled on this route, including 38 thousand passengers on international routes. The average train occupancy rate was 58%.

A train of LTG Link has departed for Riga for the first time on 27 December. Trains have started running daily on the direct route Vilnius–Kaišiadorys–Šiauliai–Joniškis–Jelgava–Riga.

At the end of 2023, there were 12 international trains, 8 of which were in transit trains and 4 were international trains.

6 pic. Structure of domestic transportations in 2023, %



Financial results

Revenue

• The Company's revenue in 2023 amounted to EUR 81.9 million, and, compared to the corresponding period of 2022, it is an increase by EUR 10.0 million.

• **Domestic passenger transportation revenue** accounted for 30.2% of the Company's total revenue structure and amounted to EUR 24.7 million (EUR 21.1 million in 2022). The increase in revenue by EUR 3.6 million has been driven by an increase in transport prices and various marketing campaigns intended to boost sales.

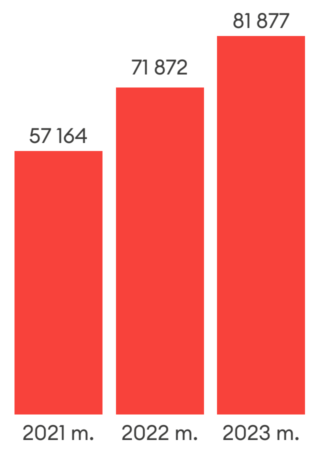
• The Law on Transport Privileges provides for **concessions** to encourage the use of rail transport by socially disadvantaged groups who are entitled to 80% and 50% discounted tickets. This activity is subsidised by the state budget to compensate for the loss of income incurred as a result of transporting passengers on local routes under preferential conditions. In 2023, passengers were granted concessions amounting to EUR 4.4 million.

• **Revenue form passenger transportation by transit trains** amounted to EUR 19.9 million. Compared to 2022, revenue from this activity have increased by as much as 64.8% or EUR 7.8 million. Revenue growth has been boosted by an average 24% increase in the transit train passenger load factor in the second half of 2022 as well as an increase in passenger numbers.

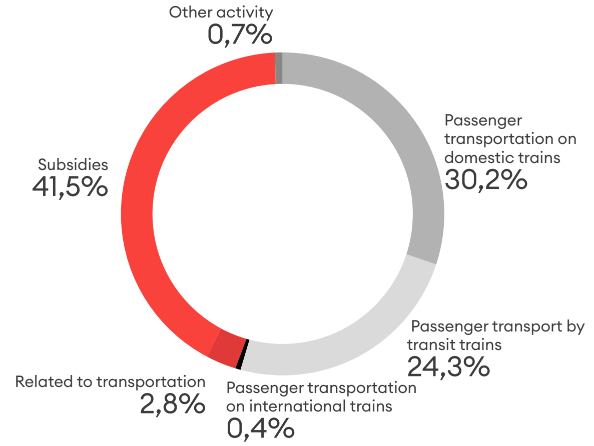
• **International passenger transportation revenue** amounted to EUR 0.4 million, i. e. only 0.4% of total sales revenue. In order to develop the expansion to Western Europe, trains on the Vilnius–Warsaw–Kraków route started running on 11 December 2022, and the first formation train of LTG Link departed for Riga on 27 December 2023.

• **Passenger-related revenue** (carriage of porters parcels, luggage, on-board catering) amounted to EUR 2.3 million. Revenue growth from transportation of mail and luggage by

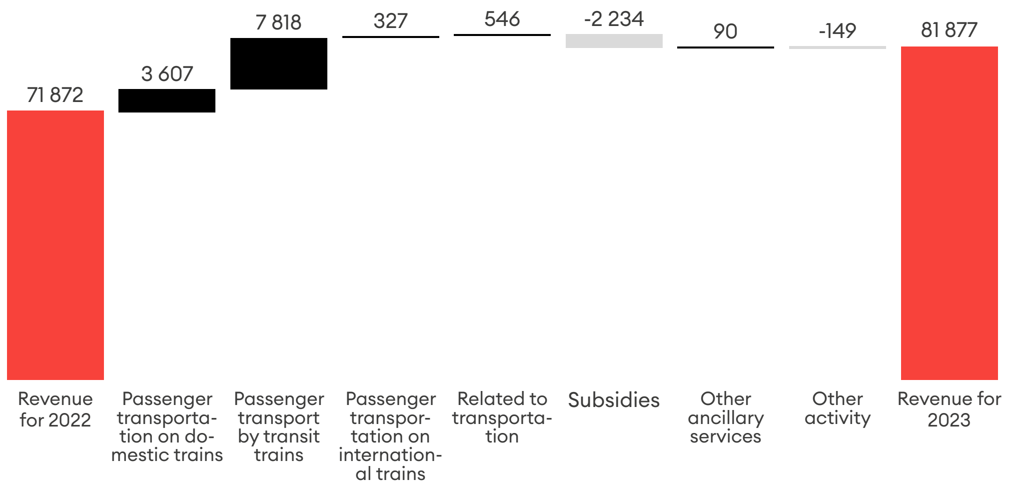
7 pic. Revenue for 2021-2023, EUR thousand



8 pic. Revenue structure 2023, %



9 pic. Change in revenue, EUR thousand



transit trains has been driven by a 29% price increase. Higher revenue has been generated from food and beverage sales on trains as a result of a wider range of products and an increase in the number of routes with on-board catering).

• The Company also provides **other ancillary services**: luggage storage, advertising, property rental services, selling of food to passengers at stations. During the period under analysis, the revenue generated from this group of services amounted to EUR 0.6 million.

• The **grant** amounted to EUR 34.0, including therein EUR 33.7 million (EUR 36.2 million in 2022) for the compensation of losses in the carriage of passengers by train on domestic transport routes, EUR 0.3 million of bonus (EUR 0 in 2022), calculated in accordance with the Resolution No 716 of 7 June 2010 of the Government of the Republic of Lithuania "Regarding the Approval of the Description of the Procedure for Compensation for Losses incurred in the Execution of Public Service Obligations and (or) public combined passenger transport services on local transport routes" and the contract No SL-355/2022 of 29 December 2022 on provision of public passenger transport services by rail and (or) combined transportation of passengers on domestic routes. As a result of significant increase in revenue compared to 2022, the need for the grant has decreased by EUR 2.2 million.

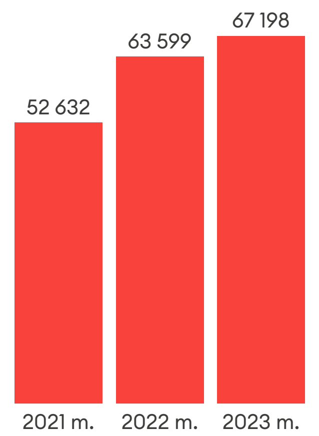
Costs

• The Company's operating and other costs amounted to EUR 67.2 million in 2023 (EUR 63.6 million for the corresponding period in 2022).

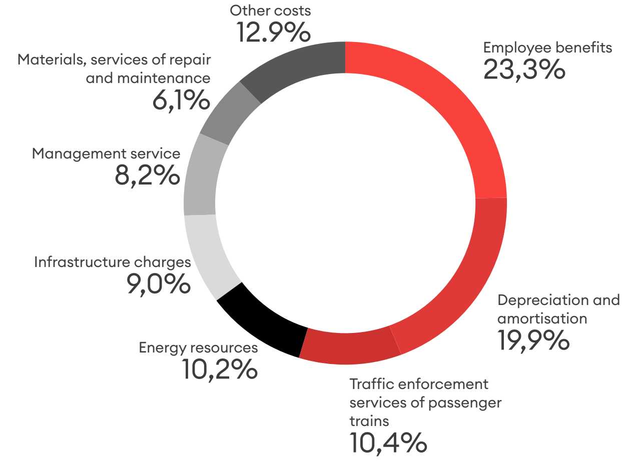
• The main components thereof comprise the following: employee benefit costs (23.3%), depreciation and amortisation (19.9%), traffic enforcementnservices of passenger trains (10.4%), energy resources (10.2%), infrastructure charges (9.0%), management service fee (8.2%), materials, repairs and maintenance costs (6.1%).

• **Costs related to employee benefits** amounted to EUR 15.7 million in 2023; compared to 2022, they increased by EUR 2.5 million. The increase in remuneration has been mainly affected by the annual salary review carried out in April 2023 and

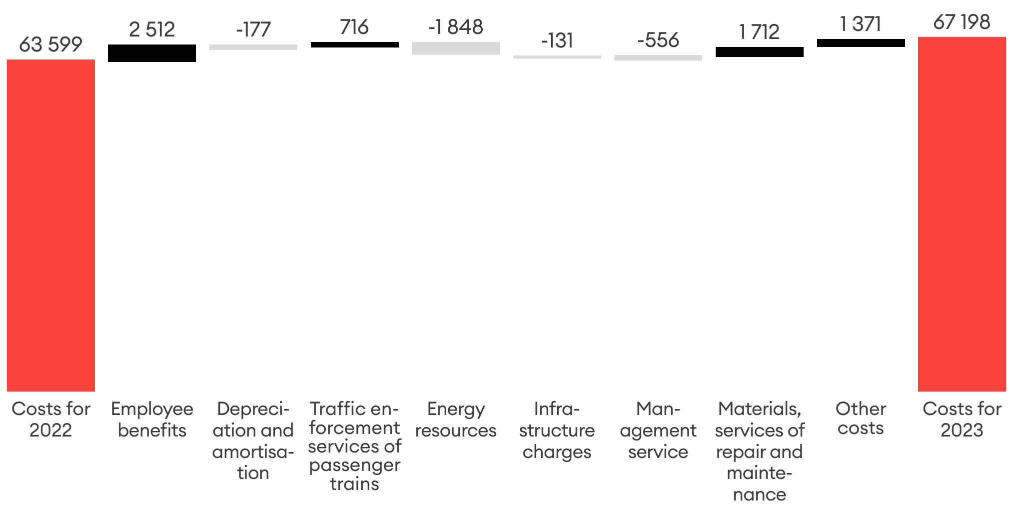
10 pic. Company's costs, EUR thousand



11 pav. Bendrovės sąnaudų struktūra 2023 m, %



12 pic. Change in costs of the Company, EUR thousand



by changes made to the way in which travel attendants and train drivers are paid for breaks between routes. Changes to the average remuneration is disclosed in the section Employees in the Annual Report.

• In 2023, **depreciation and amortisation costs** amounted to EUR 13.4 million, with a slight decrease (EUR 0.2 million) compared to 2022.

• **The costs of traffic enforcement services of passenger trains** amounted to EUR 7.0 million; compared to 2022, they have increased by EUR 0.7 million as a result of acquisition of locomotives from LTG Cargo and an increase in work volumes by 10.5%, including a 14.1% increase in transit trains.

• In 2023, **costs of energy resources** (fuel, electricity) amounted to EUR 6.9 million; compared to 2022, they have increased by EUR 1.8 million. A decrease in electricity price (41.2%) and the measures taken to optimise the drivers' rates for electric trains have led to savings in electricity costs. A 6.1% decrease in diesel prices has also contributed to the decrease in the costs of energy resources.

• In 2023, **the costs of infrastructure charges** amounted to EUR 6.1 million; compared to 2022, there has been no significant change.

• In 2023, **the costs related to a management service fee** amounted to EUR 5.5 million; compared to 2022, the costs decreased by EUR 0.6 million as a result of performance optimisation of LTG Link.

• In 2023, **the costs related to materials, repair and maintenance** amounted to EUR 4.1 million; compared to 2022, they have increased by EUR 1.7 million as a result of unscheduled and additional repairs of rolling stocks.

• In 2023, **other costs (revaluation of non-current assets and inventories, cleaning, security, insurance and other purchased services)** amounted to EUR 8.6 million; compared to 2022, they increased by EUR 1.4 million. The increase in costs has been affected by impairment of assets.

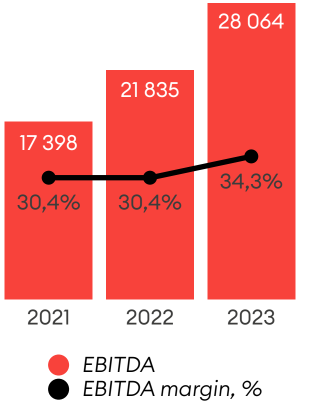
Performance results

• In 2023, the Company generated EUR 13.1 million of **net profit**; whereas, in 2022, it amounted to EUR 7.1 million. The improved result has been driven by higher passenger numbers, ticket price increases related to development of transport services. Passenger transportation revenue for 2023 amount to EUR 11.8 million; i. e., an increase by 35.4% compared to the corresponding period in 2022.

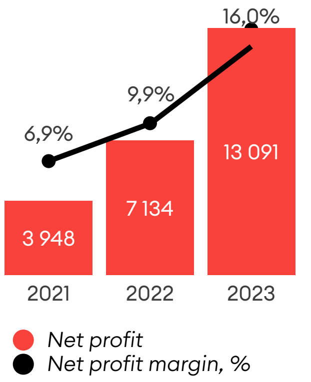
• **The net profit (loss) margin** was 16.0% in 2023 (9.9% in 2022).

• In 2023, the Company's **EBITDA** amounted to EUR 28.1 million (2022: EUR 21.8 million), while the **EBITDA margin** was 34.3%, accordingly (2022: 30.4%).

13 pic. EBITDA of the Company, EUR thousand



14 pic. Net profit of the Company, EUR thousand



Changes in the balance sheet

• As at 31 December 2023, the carrying amount of **non-current assets** was EUR 124.6 million (EUR 120.7 million as at 31 December 2022). The change has resulted from a prepayment of EUR 11.1 million for the new rolling stocks received.

• As at 31 December 2023, **current assets** amounted to EUR 58.7 million, an increase by EUR 8.6 million or 17.2% compared to the period as of 31 December 2022. The increase in current assets has mainly been driven by an increase in net cash that have been granted from the state budget as a subsidy to compensate for losses incurred in passenger transport operations.

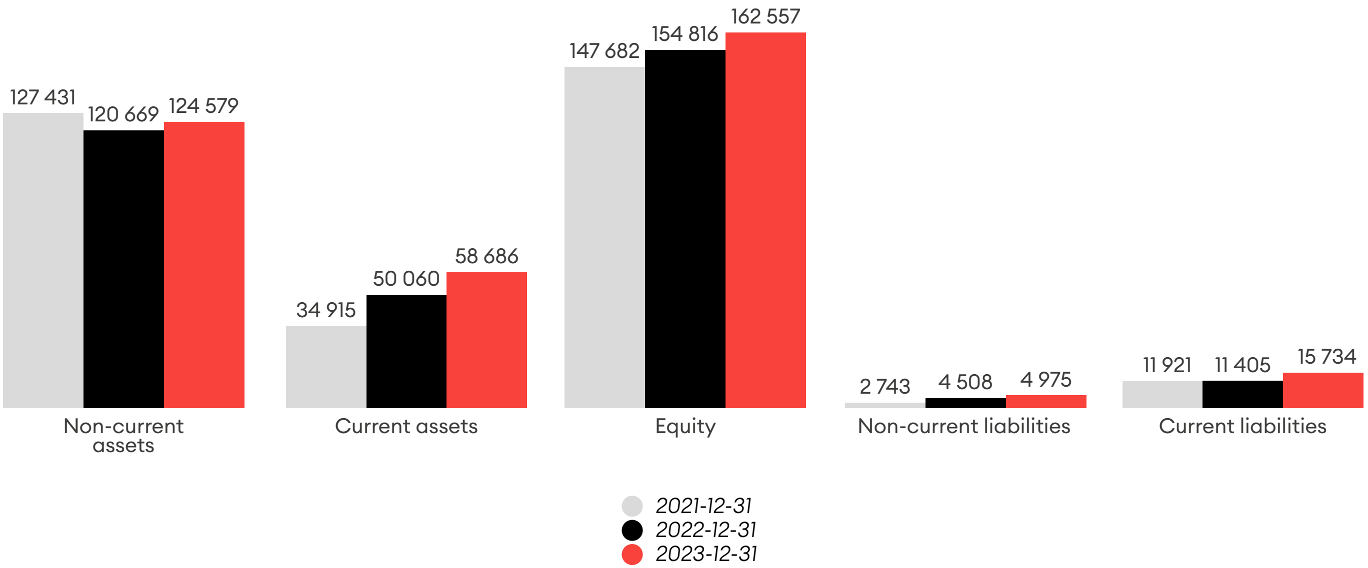
• **The authorised capital** has remained unchanged during the period under analysis and amounted to EUR 143.6 million.

• In 2023, **equity** increased by EUR 7.7 million and amounted to EUR 162.6 million. The main reasons for the change are the increase in the results for the reporting period (EUR 13.1 million) and the payment of dividends to the shareholder from the distributable profit for the year 2022 (EUR 5.2 million).

• As at 31 December 2023, **current liabilities** amounted to EUR 15.7 million (EUR 11.4 million as at 31 December 2022). The main causes for the growth are the increase in payable income tax liabilities, amounts payable to related companies and higher deferred income from ticket purchases.

• As at 31 December 2023, **non-current liabilities** amount to EUR 5.0 million (EUR 4.5 million as at 31 December 2022). The increase in non-current liabilities has been caused by the increased deferred tax liabilities.

15 pic. Changes in the main items of the Statement of Financial Position, EUR thousand



Key financial indicators

	Measuring unit	2021	2022	2023
Sales revenue	EUR thousand	19,531	35,485	47,873
Grant	EUR thousand	37,629	36,229	33,995
Income from other activity	EUR thousand	4	158	9
Total revenue	**EUR thousand**	**57,164**	**71,872**	**81,877**
Costs	**EUR thousand**	**52,632**	**63,599**	**67,198**
EBITDA	EUR thousand	17,398	21,835	28,064
Normalised EBITDA	EUR thousand	17,500	24,930	31,697
EBITDA margin	%	30.4%	30.4%	34.3%
Normalised EBITDA margin	%	30.6%	34.7%	38.7%
EBIT	EUR thousand	4,532	8,273	14,679
EBIT margin	%	7.9%	11.5%	17.9%
Net profit	**EUR thousand**	**3,948**	**7,134**	**13,091**
Net profit margin	%	6.9%	9.9%	16.0%
		31/12/2021	31/12/2022	31/12/2023
Non-current assets	EUR thousand	127,431	120,669	124,579
Current assets	EUR thousand	34,915	50,060	58,686
Total assets	EUR thousand	162,346	170,729	183,265
Equity	EUR thousand	147,682	154,816	162,557
Financial debt	EUR thousand	2,323	3,976	3,868
Net debt	EUR thousand	(26,758)	(38,150)	(48,955)
Return On Equity (ROE)	%	2.7%	4.7%	8.2%
Return On Assets (ROA)	%	2.5%	4.3%	7.4%
Return on Investment (ROI)	%	2.7%	4.6%	8.0%
Financial debt / EBITDA	times	0.1	0.2	0.1
Financial debt / Equity (D/E)	%	1.6%	2.6%	2.4%
Net debt / EBITDA	times	(1.5)	(1.7)	(1.8)
Net debt / normalised EBITDA	times	(1.5)	(1.5)	(1.5)
Equity ratio	%	91.0%	90.7%	88.7%
Asset turnover ratio	times	0.4	0.4	0.4
Quick ratio	times	2.7	4.3	3.7
Current ratio	times	2.9	4.4	3.7

** When calculating the normalised EBITDA indicator for 2022, severance payments and compensations for employees dismissed as a result of implementation of the Operational Optimisation Project were included in the costs of provisions not related to operating activities.*
** for definitions of the indicators, see page 59 of the report.*

Company's funding

As at 31 December 2023, the Company had no debt obligations to credit institutions.

During the reporting period, the Company used the LTG Group's cash pool account to balance its working capital. The Group's cash pool agreement is valid until 31 December 2023. The terms of the agreement are in line with normal market conditions.

Special obligations

Special obligations are the functions that a state-owned enterprise (SOE) would not undertake on a commercial basis (or would do so at a higher price than is fixed) and that are entrusted to it by a state decision.

The current list of special obligations to be fulfilled by SOEs and their subsidiaries is approved by Order of the Minister of Economy and Innovation of the Republic of Lithuania of 16 March 2021 No. 4-193 (link).

The Company carries out a special obligation – **public passenger transport services by rail**. In December 2022, a long-term Outsourcing and Financing of Outsourced Services (PSO) contract was signed with the Government for a period of 10 years (2023-2032). The average annual amount of co-financing for passenger transport will be EUR 40 million. Public passenger transport services are fully funded to cover all losses incurred in this activity.

The purpose of the special obligation – to ensure public passenger transport services by rail and (or) public combined passenger transportation on local routes.

The function is carried out under the contract for use of the state budget funds allocated for implementation of the programme Ensuring Rail Transport, concluded between the Ministry of Transport and Communications and LTG Link on a yearly basis, the subject matter whereof, among other obligations, is fulfilment of the obligation to provide public services. State budget appropriations are allocated for the implementation of the special obligations.

Legislation entrusting SOEs with this special obligation: Article 12 of the Railway Transport Code of the Republic of Lithuania.

Legislation establishing the conditions for the performance of this special obligation: Article 12 of the Railway Transport Code of the Republic of Lithuania, Regulation (EC) No 1370/2007 of the European Parliament and of the Council of 23 October 2007 on public passenger transport services by rail and by road and repealing Council Regulations (EEC) No 1191/69 and 1107/70 with the amendments made by Regulation (EU) 2016/2338 of the European Parliament and of the Council of 14 December 2016 amending Regulation (EC) No. 1370/2007 concerning the opening of the market for domestic passenger transport services by rail, as well as the amendment of the Resolution No. 716 of 7 June 2010 of the Government of the Republic of Lithuania Regarding the "Approval of the Description of the Procedure for Compensation for Losses incurred in the Execution of Public Service Obligations" with the amendments.

Legislation regulating pricing: Article 34 Part 1 of the Railway Transport Code of the Republic of Lithuania.

State budget appropriations for performance of special obligations used in 2023: EUR 38.4million (EUR 4.4 million used for passenger transportation under preferential conditions; EUR 34.0 million used for passenger transportation on unprofitable domestic routes, including therein EUR 33.7 million for the compensation of losses in the carriage of passengers by train on domestic transport routes, EUR 0.3 million of bonus calculated in accordance with the Resolution No 716 of 7 June 2010 of the Government of the Republic of Lithuania "Regarding the Approval of the Description of the Procedure for Compensation for Losses incurred in the Execution of Public Service Obligations and (or) public combined passenger transport services on local transport routes" and the contract No SL-355/2022 of 29 December 2022 on provision of public passenger transport services by rail and (or) combined transportation of passengers on domestic routes).

Indicators of implementation of special obligations harmonised with the manager of appropriations (Ministry of Transport and Communication of the Republic of Lithuania)	Measuring units	2023	To be achieved in 2024
The number of passengers transported on domestic routes	million	4.7	5.1
The number of passengers transported under preferential conditions	million	1.3	1.4

Results of fulfilment of special obligations in 2023 (unaudited)

The Statement of Profit or Loss, EUR thousand	2022	2023
Sales revenue	21,116	24,723
Grant (including an additional grant)	36,229	33,995
Costs	54,591	56,839
Results of financial activity	-24	-30
Profit or loss before tax	2,730	1,849
Income tax	454	372
Net profit (loss)	2,276	1,477
Balance, EUR thousand		
Total assets	160,328	166,114
Equity	122,922	122,324
Liabilities	37,406	43,790
Total equity and liabilities	160,328	166,114

Investments

Investments of LTG Link amounted to EUR 18.0 million in 2023. All investments (100%) have been funded with the Company's own funds. The vast majority (72.5%) has been spent on overhauls of passenger rolling stocks.

Investments, EUR thousand	2021	2022	2023
Acquisition of electric trains	50		10,251
Overhauls of passenger rolling stocks	5,128	6,045	6,392
Other investments	2,787	2,740	1,291
Total	**7,965**	**8,785**	**17,934**

Key investment projects in 2023

Investment in asset renewal

1. The LTG Group is in the process of **acquiring new electric passenger trains** as part of its rail electrification programme. In June 2023, LTG Link signed a contract with Standler Polska, the Polish subsidiary of the Swiss train manufacturing group Stadler Rail, to produce 15 electric trains (including 6 battery-powered electric trains). The new trains will replace a number of LTG Link's end-of-life diesel trains. The new trains will allow ensuring environmentally friendly transportation of passengers on electrified lines, and diesel trains will be replaced by battery-electric trains on individual routes that are not fully electrified. They will be more efficient, adapted to the needs of people with disabilities and will provide a higher level of comfort for passengers. The first advance payment (EUR 10.3 million) for the start of train manufacturing was made in 2023. The first trains are expected to start running in 2026.

2. In order to ensure that the **passenger trains are prepared** for the implementation of the public-service contract concluded with the Ministry of Transport and Communications:

• currently operating passenger trains are being upgraded; the amount of EUR 6.4 million has been spent on overhaul repairs of passenger trains during the year, 43 passenger wagons have been repaired;

• a project to acquire replacement units for 730ML trains is being implemented. In 2023, an advance payment was made to the company Voith Turbo sp. Z.o.o to start production of part of units.

3. Installation project of the **ticketing system** Smart Ticketing: with the introduction of the new ticketing system in 2022, a second phase is currently underway – the installation of ticketing machines at stations. A service contract was concluded in 2022 according to which installation of the ticketing machines will be completed in the first half of 2024.

4. **The Optimisation Project of Passenger Rolling Stock Bases**, related to adaptation of the bases for the new electric trains, improvement of repair efficiency, solution of environmental protection issues, etc. has been initiated by LTG Link. A design contract was concluded i n 2023. The project has a planned completion date of 2026.

5. **Replacement of Locomotive Safety Systems (LSS)** has been initiated. The systems currently in service have to be replaced in 35 passenger trains.

Investment projects / Investment directions planned:

Investments in passenger transport activities are planned in the near future (first of all, in 2024):

1. Projects started in 2023 and not yet completed are being continued, the most important being:

• acquisition of electric trains (it is expected to have the first train manufactured during 2024 and start testing thereof);

• Optimisation Project of Passenger Rolling Stocks (design thereof is expected to be carried out during 2024);

• the project of the ticketing system (Smart Ticketing). completion of the installation of ticketing machines in 2024;

2. implementation of the repair programme of currently operating passenger trains;

3. implementation of new projects to improve the quality and efficiency of small-scale passenger transport services (passenger information system on trains, improvement of the interior of wagons, remote monitoring of train condition, etc.

Dividend policy

The payment of dividends and the amount of profit contributions is regulated by Government Resolution of 6 June 2012 No. 665 "On the Approval of the Description of the Procedure for the Exercise of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises", and the amendments to the Resolution (LINK). The consolidated version has been valid since 5 April 2022.

Allocation and payment of dividends of the Group companies are regulated by the Dividend Policy of LTG group.

Allocation of dividends for the financial year or a shorter period than the financial year is planned taking into consideration the level of return on equity, net profit earned, financial ability to pay dividends, implementation of economic projects of state importance, as well as other circumstances and conditions as set out in the Dividend Policy. The dividend pay-out ratio is calculated on retained earnings and depends on ROE at the end of the reporting period.

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

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

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

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

By the decisions of the Board of UAB LTG Link of 1 June 2023 and the sole shareholder of UAB LTG Link, AB Lietuvos Geležinkeliai of 16 June 2023, UAB LTG Link's financial statements for the year 2022 and the distribution of the profit (loss) for the year 2022 have been approved. Dividends distributed from the distributable profit of LTG Link for the year 2022 amounted to EUR 5.3 million.

UAB LTG Link did not pay dividends in 2022 and previous years.

Governance report

Group structure

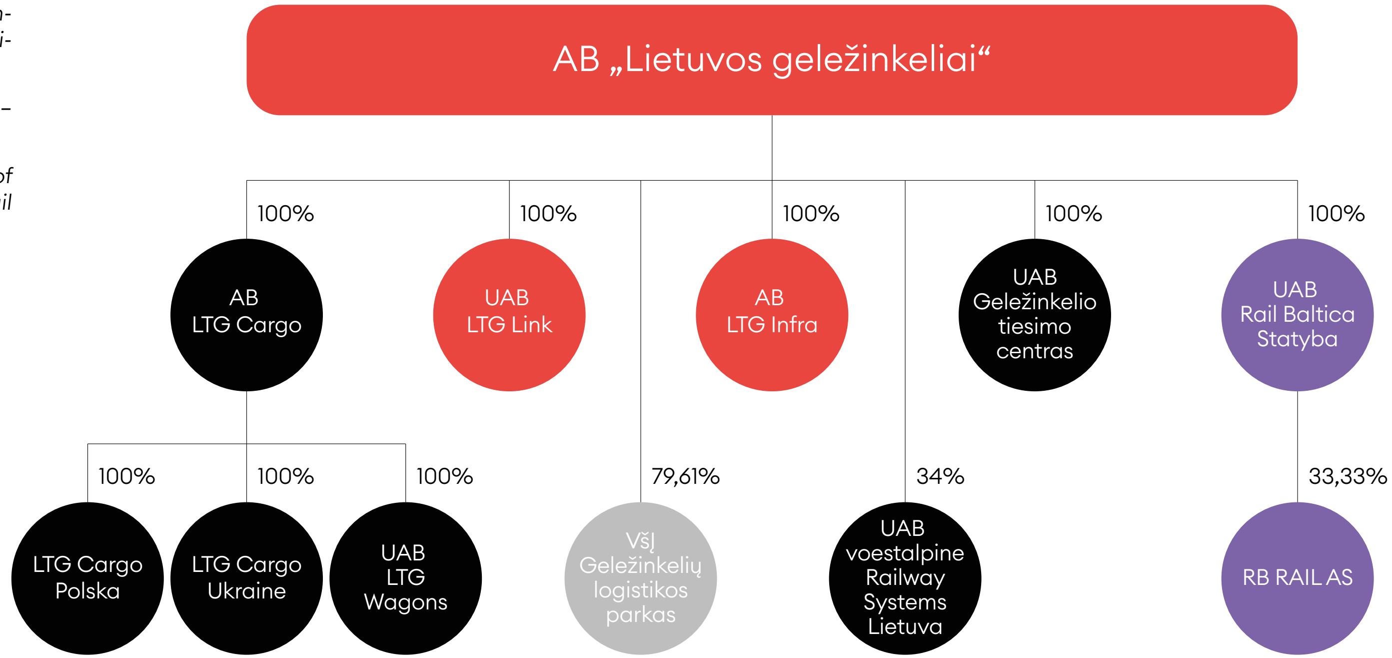
The Company belongs to the LTG group that is the largest in the Baltic States in terms of freight, passenger transport and infrastructure management. 100% of the Company's shares are owned by AB Lietuvos Geležinkeliai. The Company had no subsidiaries in the reporting period.

Subsidiaries and subsequent companies operating in competitive markets at the same conditions as other participants of Lithuanian and foreign markets

Subsidiaries implementing functions imposed by the State – the special obligations

UAB Rail Baltica Statyba is a founder and shareholder of RB RAIL AS coordinating implementation of the project Rail Baltica

Public entity



Governance model

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 id organised according to the following principles:

- openness and transparency of activities;
- 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 governance bodies.

Operating policies applied within the LTG group

During the reporting period the following **operating policies** have been approved within the LTG Group and started to be applied by the Company:

The Corporate Governance Policy aims at setting out common principles for the LTG Group in terms of governance structure, the formation of governing bodies and separation of functions, corporate governance, control and transparency, the optimal governance structure, decision-making and reporting framework and the relationship between the governing bodies of the LTG Group companies.

The Related-Party Transaction Policy aims to protect the interests of the LTG Group in order to properly assess the conflicts of interest related to such transactions, to minimise the potential negative consequences of such transactions and to ensure that information is properly disclosed in the financial statements of LTG and the Group.

The Onboarding Policy for Board Members aims to ensure the effective and efficient onboarding and engagement of elected Board members of LTG Group companies in the performance of their activities as Board members in LTG Group companies.

The Remuneration Policy comprises general principles for remuneration and performance management of the LTG Group.

The Policy on the Prevention and Management of Conflicts of Interest is intended to ensure the functioning of the system for the prevention of conflicts of interest in the LTG Group, to identify potential conflicts of interest, to create an environment resistant to corruption and dishonesty, and to increase confidence in the activities of LTG Group.

The Policy on Sanctions Implementation and Control establishes a unified Sanction Implementation and Control model and principles applicable within the LTG Group in order to ensure compliance with the United Nations Security Council (UN), the European Union (EU) and national sanctions regulations, as well as alignment with the United States of America (USA), and the United Kingdom of Great Britain and Northern Ireland (UK) sanctions regimes.

The Project and Investment Management Policy establishes the general procedures for project and investment management within the LTG Group to ensure the timely implementation of projects and investments within the expected scope, time, and budget.

The Strategic Planning and Management Policy aims to establish a reliable and high-quality strategic planning and management model.

The Anti-Corruption Policy aims to ensure that the LTG Group's activities meet the highest standards of transparency, integrity and credibility.

The Support Management Policy regulates the procedure of awarding and providing support to the beneficiaries of the LTG Group for publicly beneficial purposes.

Governance acknowledgements

In the evaluation of the good governance index of state-owned enterprises (SOEs) for 2022/23, in the category of large enterprises, the LTG Group was recognised as one of the leaders among SOEs and received the highest A+ rating.

In the assessment of Good Governance Index, the Company has also received the **highest A+** rating. In the category of strategic planning, it received A+ rating; whereas, in the category of transparency and collegial bodies, it received the rating of A.

A	A	A+	A+
Transparency	Collegial bodies	Strategic planning and implementation	Good Governance Index

The assessment of the quality of governance in SOEs is based on the evaluation tool SOE Good Governance Index developed by the Public Enterprise Governance Coordination Centre, which aims to assess and measure the implementation of the key good governance practices by state-owned enterprises and by the public authorities that control them. At present, this is the only instrument on the basis of which the governance of all SOEs is monitored, the quality of the governance of all SOEs and their subsidiaries as well as the compliance thereof with the legal provisions are assessed.

Information on the shares as of 31 december 2023

Amount of authorised capital, EUR thousand	Number of shares, units	Nominal value per share, EUR
143,590	156,237	919.05

The Company is part of AB Lietuvos Geležinkeliai Group and its sole shareholder is the parent company AB Lietuvos Geležinkeliai. The shareholder of AB Lietuvos Geležinkeliai is the State of Lithuania which owns 100% of its shares, and the shareholder's rights and duties are carried out by the Ministry of Transport and Communications of the Republic of Lithuania.

All shares are of a single class; i. e. ordinary registered shares. The shares are non-certified, and they are recorded in personal securities accounts following the procedure established by the legislation.

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

Articles of association of the company

The Articles of Association of the Company are the key document the Company observes in the course of carrying out its business operations.

On 17 January 2023, the Articles of Association of UAB LTG Link were amended to add new powers for the Board and to modify the scope of transactions to be approved by the Board.

The Articles of Association of LTG Link are available on the Company's website https://ltglink.lt/ltg-link-istatai.

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

Governing bodies of the company

The following governing bodies of the Company are set out by Articles of Association:

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

The general meeting of shareholders

is the supreme governing body of the Company. The competence of the general meeting of shareholders, the procedure of its convening as well as resolution-passing is established by the Law on Companies, other legislation as well as in the Articles of Association of the Company.

The sole shareholder of UAB LTG Link 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, the voting right was not restricted.

Pursuant to the Company's Articles of Association additional competence of the General Meeting of Shareholders is to approve the decisions of the LTG Link's Board:

• on the prioritisation of the Company's material risks and the approval of strategies to manage them;

• on the investment of the Company-owned property and facilities of importance to ensuring national security, conclusion of purchase or sale, or any other transfer of ownership, pledge or mortgage transactions;

• on conclusion of the public service contract on passenger transportation and approval of the essential provisions of this contract;

• on participation in or establishment of other legal entities;

• on launch of new business activities or termination of on-going business activities provided that the respective decision has not been adopted at the time of approval of the Company's strategy;

• on the establishment of branches and representative offices of the Company, the termination of their activities, the appointment and dismissal of the managers of the Company's branches and representative offices, and the approval of the regulations of branches and representative offices;

• on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or exceeding EUR 3,000,000 (three million euros) (excluding value added tax) in the Company's group companies or third parties;

• on the pledge and mortgage of the Company's non-current assets with a carrying amount equal to or exceeding EUR 3,000,000 (three million) (excluding value added tax);

• on guaranteeing or indemnification of other persons for the fulfilment of obligations of an amount equal to or exceeding EUR 3,000,000 (three million) (excluding value added tax);

• on the acquisition of non-current assets for a price equal to or exceeding EUR 3,000,000 (three million) (excluding value added tax);

• on the loan or other financing transactions with a value equal to or exceeding EUR 3,000,000 (three million);

• on the conclusion of transactions for the purchase of goods, services, works, the value of which is equal to or exceeds EUR 3,000,000 (three million euros) (excluding value added tax), and the approval of the essential terms of such transactions (before the Company commences the procurement procedures);

• on the approval of the essential terms of service contracts for services provided by the Company to non-group legal entities if the estimated annual revenue of the contract, or the revenue expected to be generated over the entire duration of the contract, may be equal to or more than EUR 3,000,000 (three million euros) (excluding value added tax);

• on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries, as referred to in the Articles of Association of the subsidiaries, concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guaranties for the obligations of other persons, the purchase of goods, services, and works, and the granting of loans or any other financing transactions where the value of the transactions is equal to or exceeds EUR 3,000,000 (three million) (excluding value added tax);

During the reporting period, the property and non-property rights of the shareholder were not restricted, no special rights are intended to be granted to the shareholder.

Key decisions of the general meeting of shareholders in 2023:

• The Company's Articles of Association were amended, the Board of a new composition was elected, monthly remuneration for the Chairman and members of the Board was determined.

• The form of agreement on activities of a member of the Board of LTG Link and the annex to the agreement (non-disclosure agreement) was approved.

• The decision of the Board to enter into a contract for the purchase of repair services of DAKO brake equipment was approved.

• The decision of the Board to conclude a purchase transaction of the self-propelled 1520 mm track gauge passenger trainsets with long-term supply of spare parts (electric trains) was approved.

• The decision of the Board to conclude a purchase transaction of the locomotive safety system in rolling stocks was approved.

• The decision of the Board to approve the Company's key risk management strategies was adopted.

• The Company's financial statements for the year 2022 were approved.

• The Company's distributable profit (loss) for the year 2022 was distributed.

• The decision of the Board to enter into a purchase contract of the access to railway service facilities and services provided therein.

• The decision of the Board to enter into a contract for the purchase of repair services of EJ575 support carts ER-3 was approved.

The board

is a collegial governing body as defined in the Company's Articles of Association, which, during the reporting period, consisted of 5 members, 2 of whom are independent, 1 is a civil servant and 2 are delegated by the shareholder. The members of the Board are elected by the General Meeting of Shareholders for a term of 4 years. The Board elects the chairperson of the Board from among its members. The same person may be elected as a member of the Board no more than for two consecutive offices. The Board reports to the Company's General Meeting of Shareholders.

Independent Board members are elected in accordance with the Procedures for the Nomination of Candidates to the Board of Directors of a State or Municipal Enterprise and Candidates to the Supervisory or Governing Body of a State- or Municipality-owned Enterprise Elected by the General Meeting of Shareholders (hereinafter - Nomination Procedures), approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 (with successive amendments). The composition of the Board is carried out following the provisions of the Nomination Procedures on diversity of the competences of the Board members, the requirements for compliance with the general and specific requirements.

The competence of the Board meets the competences of boards of directors laid down in the Law on Companies and other legislation, whereas additional competences of the Board are set forth in the Articles of Association of the Company.

Additional competences of the Board during the reporting period:

- to approve the Company's business strategy;
- to set Company goals;
- to approve the Company's annual business plan (budget);
- to approve the list of information considered to be the Company's trade (industrial) secrets and confidential information, as well as the conditions for the use and storage of such information;
- to analyse and assess the Company's material risks (prioritised by the Board when assessing such risks) and approve the strategies to manage them;
- to make decisions on the investment, sale and purchase, or any other transfer, pledge or mortgage of the Company's facilities and assets of national security importance;
- to make decisions on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or exceding EUR 1,000,000 (one million euros) (excluding value added tax) in the Company's group companies or third parties;
- to make decisions on pledges and mortgages of the Company's non-current assets with a carrying amount equal to or exceeding EUR 1,000,000 (one million) (excluding value added tax);
- to make decisions on the guaranteeing or indemnifying of other persons in respect of obligations of an amount equal to or exceeding EUR 1,000,000 (one million euros) (excluding value added tax);
- to make decisions to acquire non-current assets for a price equal to or exceeding EUR 1,000,000 (one million) (excluding value added tax);
- to make decisions on loan or other financing transactions with a value equal to or exceeding EUR 1,000,000 (one million);
- to make decisions to enter into transactions for the purchase of goods, services and works with a value equal to or exceeding EUR 1,000,000 (one million euros) (excluding value added tax) and to approve the essential terms and conditions of such transactions (before the Company commences the procurement procedures);
- to make decisions on the approval of the essential terms of service contracts for services provided by the Company to non-group legal entities, if the estimated annual revenue of the contract, or the revenue expected to be generated over the entire duration of the contract, may be equal to or exceed EUR 1,000,000 (one million euros) (excluding value added tax);
- to make decisions on the conclusion of a public service contract for the operation of passenger transport services and approving its essential terms and conditions;
- to make decisions on the Company becoming a founder or participant of other legal entities;
- to make decisions for the Company to commence new activities or to discontinue the Company's existing activities if the relevant decision has not been taken at the time of approval of the Company's business strategy;
- to make decisions to establish branches and representative offices of the Company, to terminate their activities, to appoint and dismiss the heads of the Company's branches and representative offices, and to approve the regulations of branches and representative offices;
- to make decisions on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries, as referred to in the Articles of Association of the subsidiaries, concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guarantees for the obligations of others, the purchase of goods, services, and works, and the granting of a loan or any other financing transactions, where the value of the transaction is equal to or exceeds EUR 1,000,000 (one million euros, excluding value added tax);
- to make decisions on the Company's approval, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries to merge, amalgamate, demerge, subdivide, divide, transfer, or transfer their activities by any other legal means,and to become a founder or a participant in any other legal entity (except for the decisions to become a founder or a participant in associations);
- to approve, promote and sanction the terms and conditions of employment of the Company's Chief Executive Officer;

• to approve the aggregate amount of performance incentives to be granted to the Company's employees, taking into account the performance of the Company;

• to analyse and evaluate other information provided by the Company's Chief Executive Officer on key issues relating to the Company's business;

• to analyse other matters relating to the Company's business which fall within the Board's remit and, if necessary, take decisions on such matters.

The Board performs the following supervisory functions:

• supervises the performance of the Company's Chief Executive Officer and provide the General Meeting of Shareholders with feedback and proposals on the performance of the Company's Chief Executive Officer;

• considers whether the Company's Chief Executive Officer is fit for office if the Company is making a loss;

• proposes to the Company's Chief Executive Officer to revoke his/her decisions that are contrary to laws and other legal acts, the Company's Articles of Association, the decisions of the General Meeting of Shareholders or the Board;

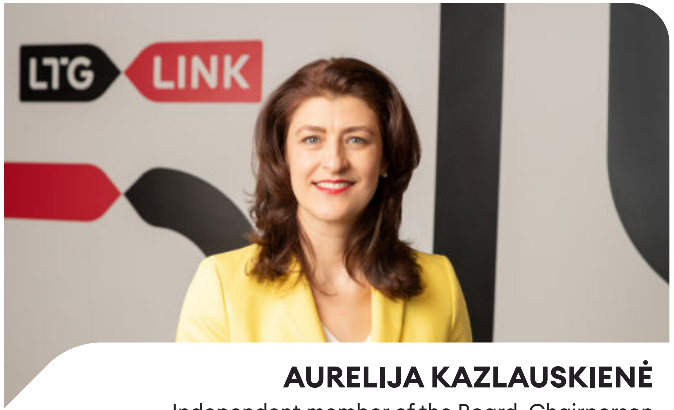
• decides on other matters of supervision of the Company and the activities of the Company's Chief Executive Officer which are within the competence of the Board under the Articles of Association, as well as under the decisions of the General Meeting of Shareholders.

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

None of the members of the Board holds shares in LTG Group companies.

Twenty (20) meetings of the Board were held during the reporting period.

Composition of the company's board



AURELIJA KAZLAUSKIENĖ

Independent member of the Board, Chairperson
Member of the Board from 23 January 2023 and Chairperson of the Board from 2 February 2023.

EDUCATION

- Baltic Management Institute (BMI), EBMA.
- Graduate of the Leadership Development Programme;
- ISM University of Management and Economics, EBMA;
- Vilnius University, Master's degree in Management and Business Administration;
- Vilnius University, Bachelor's degree in Management and Business Administration.

MAIN EMPLOYER, POSITION

- Director of Strategy, Customers and Marketing Department and Member of the Board of AB Lietuvos Draudimas, J. Basanavičiaus str. 10, Vilnius, company code 110051834.

AISTĖ GASIŪNIENĖ

Board member, civil servant
In-office from 23 January 2023

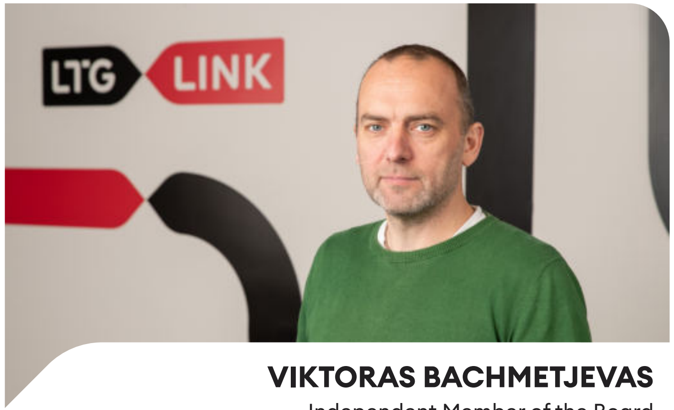
EDUCATION

- Vilnius Gediminas Technical University, Bachelor's degree in Management and Business Administration;
- Vilnius Gediminas Technical University, Master's degree in Management and Business Administration.

MAIN EMPLOYER, POSITION

- Senior Adviser, Future Mobility Policy Group, Ministry of Transport and Communications of the Republic of Lithuania, Gedimino ave. 17, Vilnius, copany code188620589.

Composition of the company's board



VIKTORAS BACHMETJEVAS

Independent Member of the Board
In-office from 23 January 2023

EDUCATION

- Vytautas Magnus University, Doctor's degree in Science (PhD);
- University of Leuven, Research Master (MPhil).

MAIN EMPLOYER, POSITION

- Associate Professor, Department of Philosophy, Vytautas Magnus University, V. Putvinskio str. 23, Kaunas, company code 111950396.

OTHER POSITIONS HELD

- Head of MB Hubris, Švenčionių str. 14-3, Vilnius, company code 304955142.
- Head of MB Kolibrio knygos, Švenčionių str. 14-3, Vilnius, company code 305911565.
- Head of VšĮ Civic Initiatives, Švenčionių str. 14-3, Vilnius, company code 305072960.
- Member of the Council of the VšĮ Open Lithuania Foundation, Didžioji str. 5, Vilnius, company code 210063570

IRMANTAS BERŽAUSKAS

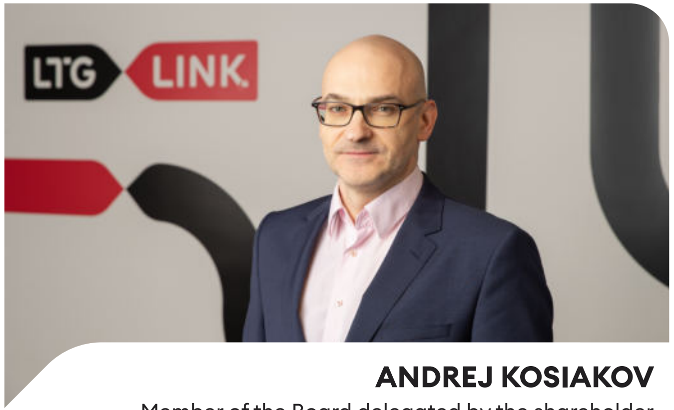
Member of the Board delegated by the shareholder
In-office from 23 January 2023

EDUCATION

- Rīgas Ekonomikas augstskola – Stockholm School of Economics in Riga, EMBA Master.

MAIN EMPLOYER, POSITION

- Director of Law and Governance, AB Lietuvos Geležinkeliai, Geležinkelio str. 16, Vilnius, company code 110053842



ANDREJ KOSIAKOV

Member of the Board delegated by the shareholder
In-office from 23 January 2023

EDUCATION

- Vilnius University, Master's degree in Management and Business Administration.
- Fellow Chartered and Certified Accountant (UK)

MAIN EMPLOYER, POSITION

- Director of Finance, AB Lietuvos Geležinkeliai, Geležinkelio str. 16, Vilnius, company code 110053842.

Changes in the composition of the board during thereporting period

By the decision of LTG, the sole shareholder of LTG Link, the position of the Chairman of the Board of the Company has been held by Mantas Bartuška from 29 November 2019 to 3 January 2022, and by Mantas Dubauskas from 6 January 2022 to 30 December 2022. Daiva Pivoriūnienė has held the position of a Board member from 29 November 2019 to 10 January 2023.

A selection of new members of the Board was carried out in 2023. The selection has been carried out by the Commission consisting of the representatives of the Ministry of Transport and Communications, the Governance Coordination Centre founded by the Government, and the LTG. The experts in searching for executives MasterClass Lietuva has helped to select the most suitable candidates to the positions of independent Board members.

The new Board took office on 23 January 2023.

Since 23 January 2023, the positions of independent Board members have been held by Aurelija Kazlauskienė, currently holding the position of the Director of Strategy, Customers and Marketing and a Board member at the company Lietuvos Draudimas, and Viktoras Bachmetjevas, currently holding the position of a Board member at the municipal enterprise Susisiekimo Paslaugos.

Aistė Gasiūnienė, currently holding the position of the Senior Adviser of Future Mobility Policy Group at the Ministry of Transport and Communications, holds the position of a Board member – public servant at the Company.

Director of Law and Governance of LTG Irmantas Beržauskas and Director of Finance Andrej Kosiakov hold the positions of LTG Link Board members delegated by shareholder.

Competency matrix

The selection of the new members of the Board in 2023 was carried out in accordance with the Nomination Procedures of the companies AB LTG Cargo, AB LTG Infra, UAB LTG Link of the group of companies AB Lietuvos Geležinkeliai for selection of Board members -civil servants and members delegated by the parent company.

Composition of the Board	Competences of a civil servant	Competences of members delegated by the parent company		Competences of independent members of the Board	
Areas of competence	Lithuanian communication development strategy	Strategic management and business development	Financing strategy	Marketing and customer experience management	Innovation and development of sustainable mobility
Specific requirements (applicable by area of competence)					
At least 5 years' executive experience (in a position of the head of a company, a senior manager reporting directly to the CEO, a member of a governing or supervisory collegiate body)					
Management of corporate strategic planning, transformation and changes of the organisation					
Experience in business development in international markets					
Experience in development of an organisation and its culture					
Experience in the application / implementation of digitisation, innovation, and efficiency solutions					
Practical knowledge of marketing, customer experience, brand development					
Experience in project management, assessment and financing					
Knowledge and experience in financing of state-regulated activities					
Knowledge of objectives and regulatory principles of strategic national and regional transport sector					
Good knowledge of the strategy and objectives of AB Lietuvos Geležinkeliai Group					
Experience in infrastructure development planning and development					
At least 5 years' executive experience in finance management, financial advisory, financial services or audit					
At least 5 years' executive experience in road, air, water or rail transport and rail transport and (or) rail infrastructure management in the European Union or North Atlantic Treaty Organisation countries					
At least 3 years' executive experience in logistics					
Experience of working in an international group of companies					
Experience of working in collegiate supervisory and governing bodies					

Mandatory Advantage

The board's activity plan and the most important achievements

During the reporting period, the Board organised its work in accordance with the Board's annual activity plan approved on 2 February 2023, which provided for the consideration of organisational, strategic, planning, risk management, goal-setting and evaluation, self-assessment of its performance, and the reporting of the Company's performance, amongst other matters. The activity plan of the Board for 2024 was approved on 5 December 2023.

Attenfance of the board meetings in 2023

Name, surname of a member	Board meetings
Number of meetings in 2022 (including away meetings, voting in writing in advance)	20
Aurelija Kazlauskienė	20
Aistė Gasiūnienė	20
Viktoras Bachmetjevas	18
Irmantas Beržauskas	20
Andrej Kosiakov	20

The board's decisions in 2023

- Approval of key performance indicators and CEO's objectives for 2023;
- approval of the Company's operating plan (budget) for 2023;
- approval of the Company's strategy 2027;
- approval of the contract for the purchase of repair services of DAKO brake equipment and spare parts;
- approval of the purchase contract of the self-propelled 1520 mm track gauge passenger trainsets with long-term supply of spare parts (electric trains);
- change in the governance structure of the Company;
- approval of the purchase transaction of the locomotive safety system in rolling stocks;
- approval of the risk management system;
- approval of the Company's annual report for the year 2022, approval of the annual financial statements and the draft appropriation of profit (loss);
- approval of the Company's interim report for the year 2023;
- recall of the Company's CEO and appointment of the new CEO;
- approval of the list of confidential information and trade secrets;
- approval of the purchase transaction of diesel and diesel fuelling services for passenger rolling stocks;
- approval of the purchase transaction of access to railway service facilities and the services provided therein;
- approval of the contract for the purchase of repair services of EJ575 support carts ER-3;
- approval of the purchase transaction of general internal administrative services;
- approval of the Company's and the CEO's annual objectives for 2024;
- approval of the Company's business strategy 2028;
- approval of the Company's budget for 2024;
- reflection on the Board's performance and approval of the improvement plan.

Self-assessment and perfomance of the board

On 5 December 2023, an evaluation of the Board's performance for 2023 was carried out and a plan of measures to improve the performance was developed:

Relationship between the Board and the CEO: strengthening of the succession planning, focus on ensuring competitiveness of remuneration, increase of involvement of the management team;

The Company's strategic planning: placing more focus on strategic planning and strategy implementation;

Board meetings and decisions: initiation of improvements in the quality of the material presented to the Board, increase of decision-making efficiency and wording accuracy;

Involvement of the Board in the Company's activity: update of decisions regarding the company's structural change process and related documents, supervision of implementation of the general service performance contract.

Committee

The Nomination and Remuneration Committee and the Audit Committee of AB Lietuvos Geležinkeliai Board were active 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 main objective of the Nomination and Remuneration Committee is to submit conclusions, opinions, recommendations and proposals to the Board of LTG, in respect of such issues as selection of members of governing bodies of the LTG Group and as well as establishment of the LTG remuneration policy.

Chief executive officer (head of the company)

is the Company's sole governing body, who, in accordance with his/her powers, organises the day-to-day activities of the Company. The duties and competences of the CEO are defined in the Law on Companies, and the Articles of Association of the Company. The CEO is elected by the Company's Board for a 5-year term office and is accountable to the Board. The same person may be appointed as the CEO for no more than 2 consecutive terms of office.

The first five-year term of office of LTG Link's CEO has started from 28 February 2019. The term of office of the current CEO Kristina Meidė has started from 1 February 2024.

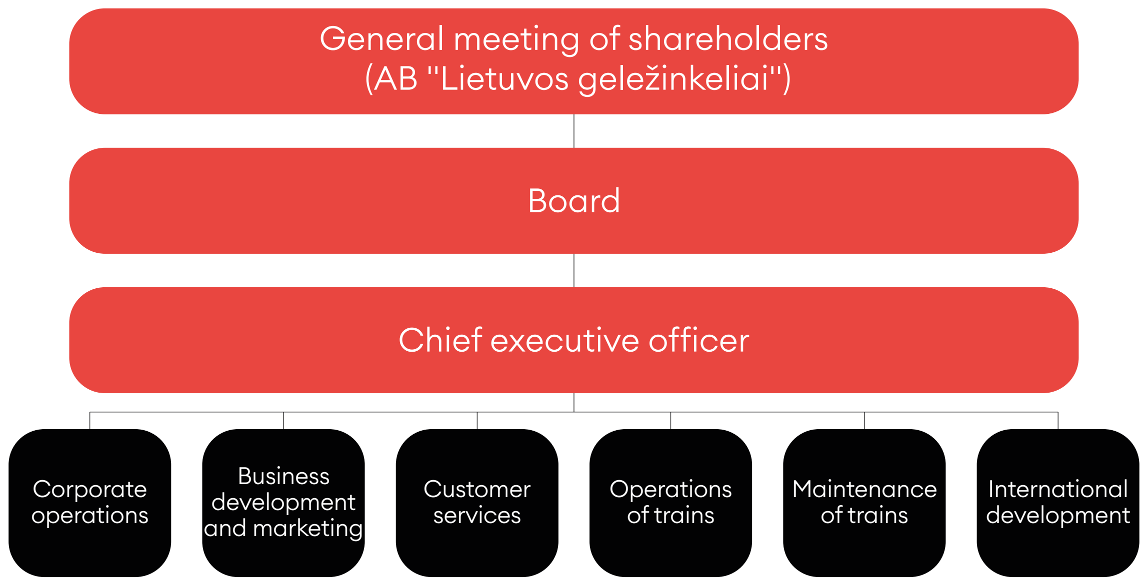
Managment structure of the company

Aiming at the long-term growth of the value of the LTG Group, as well as the rational and effective use of the assets, funds and other resources, meeting the expectations and representing the interests of the shareholder, the LTG Group's business model is focused on streamlining and concentrating core activities in subsidiaries. LTG Link, as part of the LTG Group, is responsible for the implementation of the principal activities and the achievement of the set goals. In order to achieve the set goals and ensure proper management, LTG Link operates independently in its activities, makes the necessary decisions and ensures accountability and responsibility for the performance.

The Company operates in observance of the Law on Companies, the Articles of Association of the Company, decisions of the Company bodies, as well as other legislative acts of the Republic of Lithuania regulating the activities of companies, including state-owned enterprises.

A the end of the reporting period, the Board of the Company approved a new management structure of the Company which came into force on 1 January 2024 with the establishment of the Finance function and the position of the Head of Finance reporting directly to the Company's CEO.

On 4 May 2023, the Board of the Company approved a new management structure of the Company:



Managment of the company

KRISTINA MEIDĖ
Chief Executive Officer
In-office from 1 February 2024

GEDIMINAS ŠEČKUS
Chief Executive Officer. In-office (temporary)
from 1 October 2023 until 31 January 2024

LINAS BAUŽYS
Chief Executive Officer
In-office until 30 September 2023

GEDIMINAS ŠEČKUS
Head of Corporate Operations
In-office until 12 March 2023

INDRĖ KISIELIENĖ
Head of Corporate Operations
In-office from 31 May 2023

DOVILĖ ALEKSANDRAVIČIENĖ
Head of Business Development and Marketing
In-office until 26 January 2024

DOMANTAS GRIGAS
Head of Train Operations
In-office from 1 October 2022

DARIUS SEBECKIS
Head of Train Maintenance
In-office until 15 September 2003

ITA BRAŽINSKIENĖ
Head of Passenger Service
In-office from 1 December 2021

VOITECH MAKOVSKIJ
Head of International Development
In-office from 1 June 2023

Prior to taking the CEO position at the Company, **Linas Baužys** had been the Head of AB Lietuvos Geležinkeliai Passenger Transportation Directorate since 2017. Linas Baužys also holds the following additional executive positions:

• Member of the Board of the municipal enterprise Susisiekimo Paslaugos (Žolyno str. 15, Vilnius, company code 124644360) (since 10 January 2022);

• Member of the Board of the private limited liability company Busturas (Šarūno str 2, Šiauliai, company code 144127993) (from 15 November 2021 to 10 November 2022).

Information on the educational background of the Company's Chief Executive Officer:

• Bachelor's degree in Business Management, Šiauliai University;

• Master's degree in Transport Engineering, Klaipėda University;

• Board Member and Chairperson of the Board Studies, Baltic Institute of Corporate Governance;

• Master's degree in Business Management, ISM University of Management and Economics.

Gediminas Šečkus has temporarily held the position of Interim Chief Executive Officer from 1 October 2023 to 31 January.

Prior to taking the CEO position at the Company, Gediminas Šečkus had been the Head of Corporate Operations of LTG Link since 2019. Gediminas Šečkus also holds the following additional executive positions:

• Manager of the FREE Rail Programme at AB Lietuvos Geležinkeliai, Geležinkelio str. 16, Vilnius, company code 110053842.

Information on the educational background of the Company's Chief Executive Officer:

• Master's degree in Law, Vilnius University.

Kristina Meidė has taken the position of the Chief Executive Officer from 1 February 2024.

Prior to taking the CEO position at the Company, Kristina Meidė had been the Head of the Lithuanian Red Cross Society since 2020.

Information on the educational background of the Company's Chief Executive Officer:

• Vilnius University, Kaunas Faculty of Humanities, Bachelor's degree in Small Business and Trade Organisation and Management.

Managment of interests

At the end of the reporting period, members of the Board, the Chief Executive Officer and the Company's managers have submitted their declarations of private interests that are available on the website http://www.vtek.lt of the Chief Official Ethics Commission.

Internal audit

The LTG Group has established a centralised Internal Audit function which acts as a third line and covers all LTG Group companies, including LTG Link. The purpose of Internal Audit is to provide independent, objective assurance and advisory services in order to contribute to the achievement of the LTG Group's strategic objectives and to preserve and enhance value. The activity of the division is organised on the basis of the guiding principles set out in the International Standards for the Professional Practice of Internal Auditing. Audit provides risk-based assurance services, advice (consultation) and insight, and carries out necessary investigations as required. It also regularly monitors the implementation of recommendations made and the correction of other internal control weaknesses identified by external auditors and supervisory authorities.

The division reports directly to the LTG Board, thus ensuring the independence and objectivity of internal audit and enabling it to identify weaknesses and areas for improvement in operational efficiency. The internal audit division periodically notified the Board of LTG Link about the operational weaknesses identified during the audits and about the progress of the implementation of recommendations.

Information of the company's CEO remuneration

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

1. Basic monthly salary. The temporarily appointed Chief Executive Officer of the Company was employed part-time (0.8 FTE) in 2023, and the basic monthly salary fixed in the employment contract with the Company's CEO for the part-time position amounted to EUR 5,400 at the end of the reporting period.

2. Annual incentives. The annual variable remuneration (annual incentive) might be paid to the Company's Chief Executive Officer in addition to the basic monthly salary. The incentive scheme shall be approved by the LTG Board. According to this scheme, 60% of the annual incentive payment is influenced by the level of achievements of the LTG Group's annual goals, 30% is influenced by the the level of achievements of the Company's annual goals, and 10% is influenced by the achievement of team management and personal goals. Each year, the Board of the Company approves the structure of annual goals of the Company, threshold values for their achievement and benchmarks, and after the end of year the Board of the Company approves the results of achievement of these goals and the possibility of paying out the annual incentives.

The maximum amount of annual incentive pay cannot exceed 30% of the fixed annual base salary.

The maximum amount of monthly incentive, i.e. 1/12 of the annual incentive pay for 2022, taking into account the basic salary of the Company's CEO in force at the time, could not exceed EUR 2,664.

In 2023, **a monthly portion (1/12) of the annual incentive** paid out to the Company's CEO for achievement of the goals of the year 2023 amounted to EUR 1,661.

The company's objectives for 2022

Main objectives	Indicators for measuring achievement of objectives	Measuring unit	Planned for 2022	Achieved in 2022
Implementation of the optimisation plan of LTG link	Reduction of OPEX related to maintenance, repair, etc. of non-current assets of LTG Link EUR million		2.0-3.0	3.0
Operating profitability ensuring financial sustainability of LTG Link	EBITDA	EUR million	16.5-20.0	21.8
Long-term funding of LTG Link	PSO contract	Yes / No	Concluded this year	Concluded this year
Implementation of investments	Ensuring implementation of the key investment projects of LTG Link (according to the attached list)	percent	60-100	23*
Comprehensive safety	Lost Time Injury Rate	Work accidents * 1 million / total working hours	9.68-5.81	5.06

** Failure to implement investments related to acquisition of electric trains has resulted from delays in public procurement procedures. The tender has been postponed to 2023.*

Information on remuneration of board members

Remuneration of the members of the Board is set out in the agreements on activities of a member of the Board concluded with the members.

Remuneration of an independent member of a company's collegiate body and of a member of the collegiate body has been determined pursuant to the amendments to Resolution of the Government of the Republic of Lithuania No. 1092 "On the Approval of the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises and the Civil Liability Insurance of Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises" adopted on 3 August 2022 which stipulate that the monthly remuneration of an independent member of a company's collegiate body and of a member of the collegiate body who is another person chosen by the entity initiating the selection should be at least 1/4 of the average monthly salary of the company's CEO and no more than the average monthly salary of the company's CEO. For a civil servant holding a position as a member of a collegiate body of a state-owned company or a municipally-owned company, the remuneration should be at least 1/8 and not more than 1/4 of the average monthly salary of the company's CEO. It is recommended that the remuneration of the chairman of a collegiate body of a state-owned company should be at least 1/3 of the average monthly salary of the company's manager.

Implementing the provisions of the aforementioned Resolution, the Order of the Minister of Transport and Communications of the Republic of Lithuania of 2 December 2022 approved the updated regulation of the remuneration of the members of the Board of AB Lietuvos Geležinkeliai, which mutatis mutandis applies to the members of the collegial bodies of the subsidiaries.

The remuneration of the members of the Board of the Company was determined by a decision of the Company's sole shareholder, with the monthly remuneration of the Chairperson of the Board of the Company being EUR 3,360, the monthly remuneration of the independent member of the Board of the Company being EUR 2,520, the monthly remuneration of the member of the Board of the Company who is a civil servant and the monthly remuneration of the member of the Board who is a delegate of the parent Company being EUR 1,260. At the same time, the rule is that if individual members of the Board are elected, they shall be remunerated at the same level as the members of the existing Board.

Remuneration paid to members of the Board in 2023

Name, surname of a member	Remuneration for activity of a member of the Board in 2023, EUR
Irmantas Beržauskas	14,490
Andrej Kosiakov	14,490
Viktoras Bachmetjevas	28,980
Aistė Gasiūnienė	14,490
Aurelija Kazlauskienė	38,176

** the stated remuneration is inclusive of all taxes and contributions payable.*

Employees

Changes in organisational culture, implemented through consistent reinforcement of values, reinforcement of feedback, promotion of internal career progression, ensuring equal opportunities and diversity, prevention of violence and harassment, social partnership and other initiatives, remain the cornerstone of fostering the well-being of employees and the successful implementation of the Company's strategy. Enhancing employee engagement, which has a direct positive impact on the Company's performance, productivity, job satisfaction, well-being and proactive behaviour, as well as strengthening organisational loyalty and ambassadorship remain a priority.

Initiatives and key events in 2023

• New technology implementation and digitalisation initiatives are continued, new innovative solutions are being introduced.

• At the beginning of the year, new values of the LTG Group were introduced to employees: **Responsibility, Customer, Cooperation, Development**. Events to share and promote the values have been organised in all regions and consistent communication of the values has been carried out.

• As part of the ongoing initiatives to develop organisational culture, the extended survey Employees' Voice on organisational culture has been carried out for the fourth consecutive year. In order to assess progress, employee loyalty indicator (eNPS - Net Promoter Score) and its determinants have again been measured in autumn in the course of an additional survey on employees' views. Based on the results of both surveys on culture, short-term and long-term actions to target the areas for improvement have been identified.

• In order to foster the culture of continuous feedback, employees have been offered a feedback tool allowing them to exchange feedback in real time by giving or asking for feedback on themselves and their work. Training on how to use the tool and lectures to improve feedback skills have been organised on a regular basis.

• Development of leadership and management skills has been continued. A continuous training programme on authentic leadership and teamwork was offered to middle-level managers in 2023. Peer-to-peer and e-learning approaches are supported on topics related to feedback, employee motivation and work organisation. A substantially updated **LTG Leadership Standard Training Programme** for new managers on the key principles and standards for teamwork in an organisation and creation of best employee experience has been launched.

• The Company is creating an open and inclusive working environment, promoting diversity and equal opportunities in the workplace through various initiatives: the European Diversity Month, International Day against Homophobia, Transphobia and Biphobia, World Mental Health Day, Human Rights Day; as part of these events, lectures and communication have been organised to all employees. To measure the progress in fostering a work environment open to diversity and to identify areas for improvement, the Equal Opportunities Ruler survey - a situational assessment tool developed by the Office of the Equal Opportunities Ombudsperson - was organised at the year-end.

• In 2023, the organisation continued to focus on emotional well-being, psychological resilience and personal effectiveness by organising lectures to all employees.

Number of the company's employees and average salary

Function groups	31/12/2021		31/12/2022		31/12/2023**					
	Number of employees as of the end of the period	Average salary, EUR	Number of employees as of the end of the period	Average salary, EUR	Number of employees as of the end of the period			Average salary, EUR		
					Total	Women	Men	Total	Women	Men
CEO*	1	8,300	1	8,880	1	-	1	5,400	-	-
Top-level managers*	5	5,339	5	5,894	6	4	2	6,387	-	-
Senior executives and specialists in exceptional fields	7	3,834	8	4,223	9	4	5	4,476	-	4,382
Middle-level managers and individual experts	32	2,627	33	2,763	40	19	21	3,124	3,066	3,180
Team leaders and experienced specialists	101	1,857	120	1,907	128	61	67	2,076	1,920	2,209
Specialists and experienced operational/service staff	368	1,638	368	1,753	388	161	227	1,956	1,583	2,226
Operational/service staff, qualified workers	81	1,149	32	1,176	21	2	19	1,500	1,250	1,545
Total	595	1,726	567	1,851	593	251	342	2,125	1,866	2,315

As at 31 December 2023, the number of employees in the Company was 593 and additional 12 employees were on long-term leave (on paternity leave, maternity leave, in military service, etc.). Compared to 31 December 2022, the number of employees of the Company has increased by 26 employees or by 4.6%.

The average monthly salary has changed from EUR 1,851 to EUR 2,125 compared to 2022. The most significant impact on salary increases has been made by the remuneration review implemented across the LTG Group in April 2023.

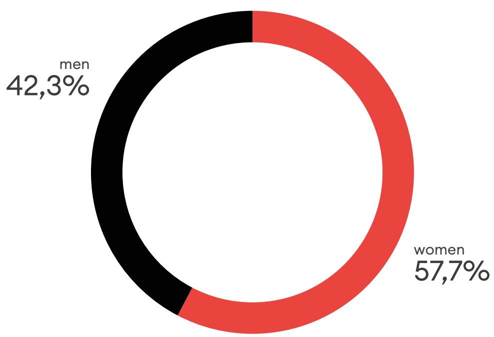
The total payroll fund (excluding compensations for unused vacation, severance payments, accruals, capitalised salaries) amounted to EUR 14.6 million and increased by EUR 1.7 million compare to 2022 (from EUR 12.9 million to EUR 14.6 million). In addition, in June 2023, in line with other LTG Group companies, an annual incentive of EUR 0.5 million was paid to the Company's employees in recognition of their work performance.

** a fixed remuneration as of the end of the period is provided; The components of the remuneration of the Company's Chief Executive Officer are described in the Corporate Governance section under the information on the remuneration of the members of the Board and the Chief Executive Officer of the Company. The average monthly salary of top-level managers as established in their employment contracts as of 31 December 2023 amounted to EUR 6,387, and the average actual salary of this function group, taking into account the annual performance incentives, amounted to EUR 6,982.*

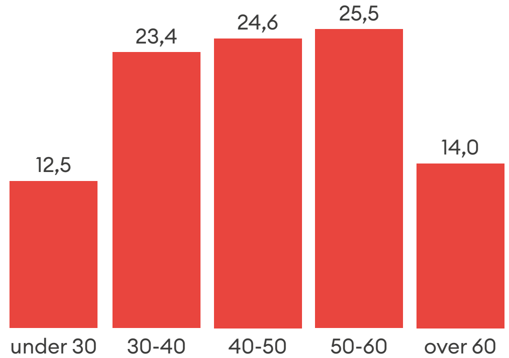
*** from 2021, the Company has started publishing remuneration data by gender. For reasons of confidentiality, the average salary information and the difference in the average salary are not disclosed if there are fewer than 5 employees of the same gender in a function group.*

Distribtion of the company's employees by age, gender, length of service and education, 31/12/2023

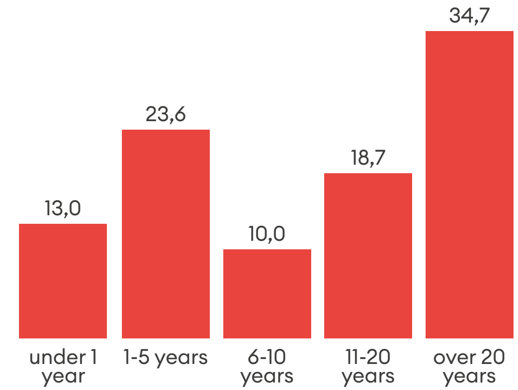
1 pic. Employee distribution by gender, %



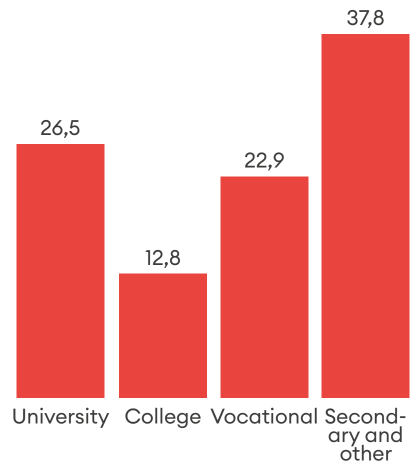
2 pic. Employee distribution by age groups, %



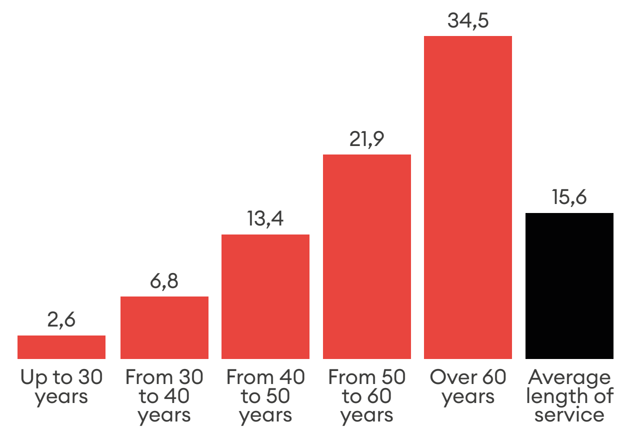
4 pic. Employee distribution by length of service, %



3 pic. Employee distribution by education, %



5 pic. Distribution of the Company's employees by age and average length of service



Remuneration and performance managment

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

• competitive remuneration packages to attract and retain employees with relevant competence;

• equal opportunities and non-discrimination in summarising and rewarding employees' performance;

• the principle of internal equity in rewarding for similar work;

• Increasing of engagement;

• encouragement of employees to develop and improve their competences;

• fostering of the principles of transparency and good governance;

• effective management of personnel costs and creation of shareholder value.

The core elements for the determination and review of remuneration are:

- **methodological appraisal of positions**;

- periodic **comparison of internal remuneration data with the market**;

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

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

Every year, a periodic review of the basic salary is conducted, which is linked to clear and objective criteria – the comparison of the existing remuneration of employees with the market, the Company's financial results and the budget allocated for the review, as well as the assessment of the annual performance of each employee. The periodic review generally takes effect on 1 April of each year. The implementation of the review for 2023 has resulted in an increase in the Company's monthly payroll fund by EUR 87 thousand, and 93% of employees have received a pay rise on the basis of uniform review criteria.

After the end of the financial year and after an assessment of the Company's performance, an annual performance incentive fund is established by a decision of the Company's Board. Such fund is an incentive for employees at the initiative of the employer for good performance and positive operating results of the Company, as specified in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, and which is allocated pursuant to Article 142(1)(2) of the Labour Code of the Republic of Lithuania. This incentive is also forward-looking as an incentive for employees, and individual opportunities of such incentive are linked to the corporate levels of positions and to the summary of each employee's annual performance. In June 2023, the incentive fund distributed to the Company's employees for performance results for 2022 amounted EUR 0.5 million.

The process of managing and summarising employees' performance remains focused on cascading the LTG Group's and the Company's annual objectives, achieving high performance, embedding a culture of personal accountability and continuous feedback, and the principle of "the best is rewarded the most".

The package of additional benefits in the Company includes lump-sum benefits for the birth of an employee's child or death of a close family member, support in the event of a natural disaster, loyalty benefits for employees leaving the organisation at the retirement age, additional leave and other benefits provided for by the Sectoral Collective Agreement and the Remuneration Methodology of the LTG Group. Employees are also provided with insurance against accidents and additional voluntary health insurance, which compensates employees for outpatient and inpatient treatment and diagnostics, preventive health check-ups and vaccinations, medicines and medical supplies. In addition, employees can choose between dental, rehabilitation or optician services. Each year, about 80% of employees choose to take out supplementary voluntary health insurance.

From 2023, lump-sum payments for the birth of an employee's child or the death of a close family member have been increased by 50% from EUR 200 to EUR 300 after tax. In autumn 2023, the package of additional benefits for employees was extended with a discount programme for a range of services and goods. The updated terms and conditions of the insurance against accidents include an increased amount of injury cover. The terms and conditions of the supplementary voluntary health insurance renewed since 2024 have also been improved by increasing the limits and reimbursement amounts for covered services.

At the end of 2023, the LTG Board approved the Remuneration Policy applicable to all subsidiaries, which came into force on 1 January 2024 and is publicly available on the Company's website in the REMUNERATION SECTION. The implementation of this policy is described in the Remuneration Methodology, and internal process standards are used to define the detailed principles of practical implementation. All relevant documents are published on the LTG Group's intranet in the knowledge base and the news for employees.

Data on the average remuneration of the Company's employees by general function groups are publicly available on the Company's website in the REMUNERATION SECTION and is updated after the end of each calendar quarter. At the same time, a comparison of the average remuneration of women and men is published. The Company's remuneration management principles are objective, unified and ensure equal opportunities; however, the actual differences between the average salaries of women and men by general function group remain. These differences are caused by the overall distribution of women and men, with more men than women working not only in the railway industry as a whole, but also in a number of function groups, in particular in operational positions. Women predominate in support/administrative functions with relatively lower market remuneration. Men are concentrated in positions where the scope of the activity leads to more competitive market remuneration or where the nature of the work is of a particular nature – physical exertion, outdoor or other special conditions – where the market remuneration is higher. At the same time, the opposite situation is also observed in certain function groups, where women, although not predominant, occupy positions for which the market shortage leads to relatively higher remuneration, in which case remuneration of women outperforms men's remuneration.

Ratio of average salaries of women and men in the company

Function group	2023	2022	2021
ALL EMPLOYEES	1: 1.24	1: 1.25	1: 1.29
Middle-level managers and individual experts	1: 1.04	1: 0.95	1: 0.94
Team leaders and experienced specialists	1: 1.15	1: 1.13	1: 1.02
Specialists and experienced operational/service staff	1: 1.40	1: 1.36	1: 1.36
Operational/service staff, qualified workers	1: 1.23	1: 1.14	1: 1.21

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

Risks and risk managment report

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 policy, methodologies and process standards developed in accordance with the International Organisation of Standardisation (ISO 31000) and the Committee of Sponsoring Organisations of the Treadway Commission Enterprise Risk Management (COSO ERM).

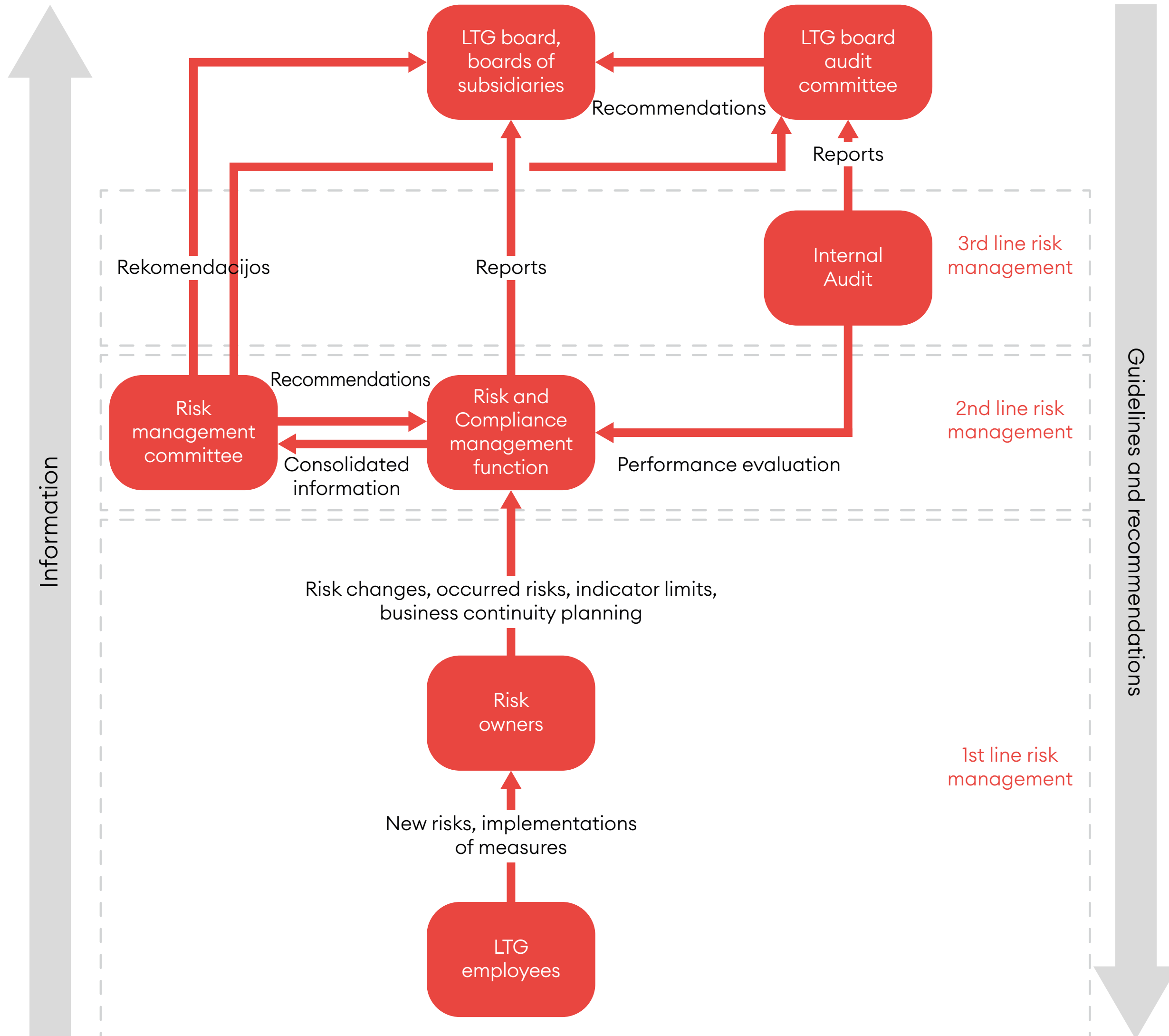
The LTG Group allocates risk management responsibilities according to the **Three Lines Model**. According to it:

• 1st Line risk management activities are carried out by LTG Group companies and LTG corporate functions that identify, assess and manage risks, and ensure the development of business continuity plans.

• 2nd Line, risk management is carried out by LTG's Risk and Compliance Management function, which develops and refines the overall framework and carries out coordination and control activities, provides consultancy and education on methodological and expert risk management issues to the companies and business units operating in the 1st Line of risk management, and prepares reports on risk management to top-level managers. The Risk and Compliance Management function is supported by the LTG Risk Management Committee to ensure an effective risk management framework.

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



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

1. Identification of risk appetite.
2. Risk identification and assessment.
3. Risk structuring and calibration.
4. Preparation of risk management plans.
5. Implementation of risk management plans.
6. Monitoring risk management.

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

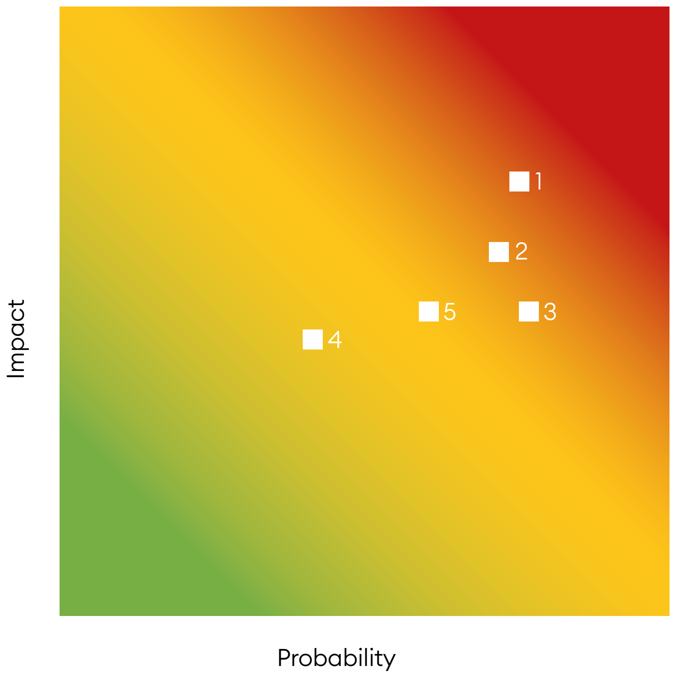
The periodic and timely dissemination of risk-related information is ensured by a well-established reporting system. On a quarterly basis, the risk management status of each of the companies is reviewed in reports to the boards of the companies and the LTG Group. The Board of the LTG Group is informed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

In the LTG Group, strategic decisions are made taking into account the experience gained, the identified and managed risks and resilience of the activities carried out, as well as the context of the external environment and related global factors. Below are the main risks that were relevant in 2023 in accordance with the nature of the Company's activities.

Main risks and their managment measures

1. Supply chain disruptions
2. Risk of misalignment of stakeholder expectations
3. Lack of human resources with specific expertise
4. Insufficient financial resources to implement investment plans
5. Risk of safety incidents

Risk map



Risk	Main sources of risk	Potential impact	Main risks and their management measures
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 • Decline in customer satisfaction	• Supplier checks due to sanctions • Advance planning • Search for alternative suppliers of spare parts • Rolling stock repair programmes • Reallocation of resources to more intense segments • Strengthening of employees' competences
Risk of misalignment of stakeholder expectations	• Infrastructure and rolling stock not fully adapted for persons with special needs	• Non-compliance with legal regulations on the rights of disabled persons and persons with reduced mobility • Decline in customer satisfaction • Reputational damage	• Monitoring of legislation • Open, accurate, timely and proactive communication • Adaptation of existing trains and infrastructure for persons with special needs • Acquisition of new train
Lack of human resources with specific expertise	• Labour market trends within the country • Long training time for specialists • Lack of occupational prestige of certain professions	•Possible impact on the continuity of critical activities due to a shortage of human resources	• Improvement of working conditions • Increasing occupational prestige of the position • Automation of activities • Employer branding
Insufficient financial resources to implement investment plans	• Possible change in funding priorities	• Financial impact • Reputational damage	• PSO contract for long-term funding (conclusion of the PSO contract has significantly reduced the level of risk) • Provision of new services • Finding alternative sources of funding
Risk of safety incidents	• Failure to comply with work safety instructions • Unsafe behaviour of passengers *Inherent risk of the activity carried out. High focus is placed on management of this risk, continuous and systematic measures are applied*	• Financial losses due to damage to rolling stock or infrastructure • Damage to reputation due to failure to ensure traffic/worker safety • Disruption of operations due to traffic accidents	• Periodic training and coaching • Mobile app to help keep workers safe • Safety system inspections • Periodic monitoring of physical and technical security • Quality control inspections

Additional information

Information on external audit

Audit of the financial statements of LTG Link is conducted in accordance with International Standards on Auditing.

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

The fee set to the audit firm for the audit of the financial statements for the year 2023 and other non-audit services (translation services, limited assurance engagement on accounting separation report (an accounting separation system to separate the accounting of income, expenses, assets and (or) liabilities by certain business units) in accordance with International Standard on Assurance Engagements (ISAE) 3000 amount to EUR 48.6 thousand and EUR 17.4 thousand (VAT excluded), respectively.

Information on sustainability report

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

More information on issues related to environmental protection, personnel, anti-corruption and anti-bribery is disclosed in the LTG Group's Consolidated Annual Report for 2023, where the Sustainability Report forms part thereof, covering information on sustainability related matters both of the parent company and the subsidiaries.

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

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

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

Information on sustainability activities and projects of the LTG Group is also available on the website of the parent company at www.ltg.lt.

Information on the compliance with the guidelines on transparency

The Company follows the requirements of the Description of the Guidelines for Ensuring Transparency of State-Owned Enterprises approved by Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010 (hereinafter – Description) when disclosing the required information in annual and interim reports and ensuring the disclosure of information on its website https://ltglink.lt/ltg-link-veiklos-rezultatai.

Structured information on the colpliance with the guidelines on transparency

Clause of the Description	Provision of the description / Disclosure of the Company's information	Yes/No
5.	The following data and information must be announced in the internet website of a state-owned enterprise:	
5.1.	Name;	Yes
5.2.	Code and register, where data about the company is filed and stored;	Yes
5.3	Registered office (address):	Yes
5.4.	Legal status, if a state-owned enterprise is under reformation, reorganization (indicate the way of reorganization), liquidation, is becoming or has become bankrupt;	Legal status is not registered
5.5.	The name of the institution representing the State and a link to its website;	-
5.6.	Operating goals, vision and mission;	Yes
5.7.	Structure;	Yes
5.8.	Data about the head of the enterprise;	Yes
5.9.	Data about the chairman and members of the Board, if formed according to the Articles of Association;	Yes
5.10.	Data about the chairman and members of the Supervisory Council, if formed according to the Articles of Association;	Supervisory Council is not formed
5.11.	Names of committees, if formed; data about their chairmen and members;	Disclosed in the website of the parent LTG
5.12.	The sum of the nominal values of the state-owned shares (in euro to the nearest euro cent) and the share (in percentage) in the authorized capital of the state-owned enterprise;	Yes, information on discounts is disclose in respect to the parent LTG
5.13.	The performed special obligations that are determined as to recommendations approved by the Minister of Economics and Innovations of the Republic of Lithuania: the purpose of the special obligations, state budget appropriations allocated their implementation in the current calendar year and the legal acts entrusting the state-owned enterprise with the performance of the special obligation, the conditions for fulfilment of the special obligations and (or) regulatory pricing;	Yes
5.14.	Information on social responsibility initiatives and measures, important ongoing or planned investment projects.	Yes
6.	In order to ensure publicity regarding the professionalism of the management and supervisory bodies as well as the members of the committees, formed in a state-owned enterprise, the following data of the persons referred to in sub-points 5.8 – 5.11 of the Description shall be published: name, surname, commencement date of current duties, other current managerial positions in other legal entities, education, qualification, professional experience. If the person stated in sub-points 5.9 – 5.11 of the Description has been elected or appointed as an independent member, this information should be additionally disclosed under his data.	Yes
7.	The following documents shall be announced in the website of a state-owned enterprise:	-
7.1.	Articles of Association;	Yes
7.2.	Statement from an institution representing the State regarding the establishment of the goals and expectations of the State in a state-owned enterprise;	Yes
7.3.	The business strategy or a summary thereof in cases where the business strategy contains confidential information or information which is considered a commercial (industrial) secret;	Yes
7.4.	Document establishing the remuneration policy, setting out the remuneration of the head of a state-owned enterprise and the remuneration of members of collegial bodies and committees formed in a state-owned enterprise, as detailed in the Code of Corporate Governance;	Yes
7.5.	Annual and interim reports of a state-owned enterprise, annual and interim activity reports of a state-owned enterprise for a period of at least five years;	Yes
7.6.	Annual and interim financial statements and auditor's reports on annual financial statements for a period of at least five years;	Yes
8.	When a state-owned enterprise is a parent company, the structure of the group of companies is to be published on its website as well as the information of its subsidiaries and further subsidiaries as specified in Clauses 5.1–5.3 of the Description, the website addresses, the share (percentage) of the share capital owned by the parent company in their authorized capital, also consolidated financial statements and consolidated annual reports.	No because LTG Link does not have subsidiaries. Structure of the LTG Group of companies
9.	When a state-owned enterprise is a participant of legal entities other than those specified in Clause 8, the details of these legal entities specified in Clauses 5.1–5.3 of the Description as well as their website addresses must be published on its website.	-

Clause of the Description	Provision of the description / Disclosure of the Company's information	Yes/No
9[1].	When a company is a subsidiary or a subsequent subsidiary of a state-owned enterprise, the details of its parent company specified in Clauses 5.1–5.3 of the Description as well as the link to the parent company's website must be published on its website.	Yes
10.	If details specified in Clause 5, 6, 7.1–7.4, 8, 9 and 91 of the Description change or are found to be false, information and documents must also be immediately corrected on the website.	Yes
11.	A set of annual financial statements of a state-owned enterprise, an annual report of a state-owned enterprise, an auditor's report on the annual financial statements of a state-owned enterprise must be posted on the website of the state-owned enterprise within 10 business days after their approval.	Yes
12.	Sets of interim financial statements of a state-owned enterprise, interim reports of a state-owned enterprise must be posted on the website of the state-owned enterprise within 2 months after the end of the reporting period.	Yes
13.	Documents specified in Clause 7 of the Description must be posted in the PDF format with the option of printing.	Yes
	Preparation of sets of financial statements and reports	
14.	State-owned enterprises maintain their accounts in a manner that ensures the preparation of financial statements in accordance with international accounting standards.	Yes
15.	In addition to a set of annual financial statements, a state-owned enterprise must prepare a set of interim financial statements for periods of 6 months.	Yes
16.	A state-owned enterprise, considered to be a public interest company in accordance with the Law on the Audit of Financial Statements of the Republic of Lithuania, apart from the annual report must additionally prepare a 6-month interim report.	Yes
17.	The following additional details must be provided in an annual report of a state-owned enterprise or an annual activity report of a state enterprise:	-
17.1.	A short description of the operating model of the state-owned enterprise;	Yes
17.2.	Information about major events, which had occurred during a fiscal year and later (prior to the preparation of the annual report or the annual activity report) and which were of primary importance to the activities of the state-owned enterprise;	Yes
17.3.	The results of implementation of the targets specified in the established business strategy of the state-owned enterprise;	Yes
17.4.	The profitability, liquidity, assets negotiability, and debt indicators;	Yes
17.5.	The fulfilment of the specific obligations;	Yes
17.6.	The implementation of the investment policy, planned investment projects and investments as well as those under implementation during the reporting year;	Yes
17.7.	The implementation of the risk management policy applicable at the state-owned enterprise;	Yes
17.8.	The implementation of the dividend policy at state-owned enterprises;	Yes
17.9.	The implementation of the remuneration policy;	Yes
17.10.	The total annual payroll fund, the average monthly salaries according to the positions held and (or) divisions;	Yes
17.11.	Information on the compliance with the provisions of Chapters II and II of the Description, including the information on how they are being implemented, what provisions have not been complied with and why.	Yes
18.	State-owned enterprises, which are not imposed a duty to prepare a social responsibility report, are recommended to respectively provide information in their annual reports on the issues of environmental protection, social and personnel-related issues, the protection of human rights, anti-corruption and anti-bribery measures.	Yes
19.	If the information specified in Clause 17 of the Description is considered a commercial (industrial) secret or confidential information of a state-owned enterprise, the state-owned enterprise is entitled not to disclose such information; however, it must specify in its annual report or the annual activity report that this information is not being disclosed and specify reasons for nondisclosure.	Yes
20.	Other information not specified in the Description may be provided in an annual report of a state-owned enterprise.	Yes
21.	A state-owned enterprise, which is a parent company, must provide the structure of the group of companies, the details of each subsidiary specified in Clauses 5.1–5.3 of the Description, the equity interest in the subsidiary (the percentage share), the financial and non-financial performance results of a fiscal year in its consolidated annual report, and if it is not obliged to prepare a consolidated annual report, in its annual report. If a state-owned enterprise, which is a parent company, prepares a consolidated annual report, the requirements of Clause 17 of the Description apply to it mutatis mutandis.	No because LTG Link is not a participant of other legal entities
22.	An interim report of a state-owned enterprise or an interim activity report of a state enterprise must contain a short description of the operating model of the state-owned enterprise, the analysis of financial performance for a reporting period, information on major event, which had occurred during the reporting period, and also profitability, liquidity, assets negotiability, debt indicators and their changes in comparison with the respective period of the previous year.	Yes

Definitions and abbreviations

Revenue	Sales revenue + Grant + Income from other activity, excluding Finance income
Sales revenue	Revenue, excluding Grant, Income from other activity and Finance income
Grant	State budget funds to finance special obligations carried out
Costs	Costs, excluding Corporate income tax and Finance costs
Financial debt	Interest-bearing financial debt, including leases
Net debt	Interest-bearing financial debt, including leases, less Cash and Cash equivalent investments
Return On Equity (ROE)	Net profit (loss) for the period of the last 12 months / average equity as at the beginning and the end of the reporting period
Return On Assets (ROA)	Net profit (loss) for the period of the last 12 months / average assets as at the beginning and the end of the reporting period
Return On Investment (ROI)	Net profit (loss) for the period of the last 12 months / (average assets as at the beginning and the end of the reporting period - average current iabilities as at the beginning and the end of the reporting period)
EBIT	Profit (loss) before the corporate income tax – Financial activity results
EBITDA	Profit (loss) before the corporate income tax – Financial activity results + Depreciation and amortisation
Normalised EBITDA	Profit (loss) before the corporate income 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	EBIT / sales revenue
EBITDA margin	EBITDA / sales revenue
Normalised EBITDA margin	Adjusted EBITDA / sales revenue
Net profit margin	Net profit (loss) / sales revenue
Equity ratio	Equity at the end of the reporting period / Assets at the end of the reporting period
Financial debt / EBITDA	Financial debt / EBITDA of the last 12-month period
Net debt / EBITDA	Net debt / EBITDA of the last 12-month period
Asset turnover ratio	Sales revenue for the period of the last 12 months / Assets at the end of the reporting period
Quick ratio	(Current assets at the end of the reporting period) – Inventories at the end of the reporting period / Current liabilities at the end of the reporting period
Current ratio	Current assets at the end of the reporting period / Current liabilities at the end of the reporting period
Passenger turnover (passenger kilometres)	Passenger transport indicator, calculated by multiplying the trip of each transported passenger by the distance travelled
Number of employees	The number of listed active employees as of the end of the period (excluding the employees on parental leave, military service, long-term incapacity)
Average salary	Average gross salary per employee

** when calculating LTG Link's financial indicators (profitability, asset turnover), Sales revenue is increased by the amount of Grant.*

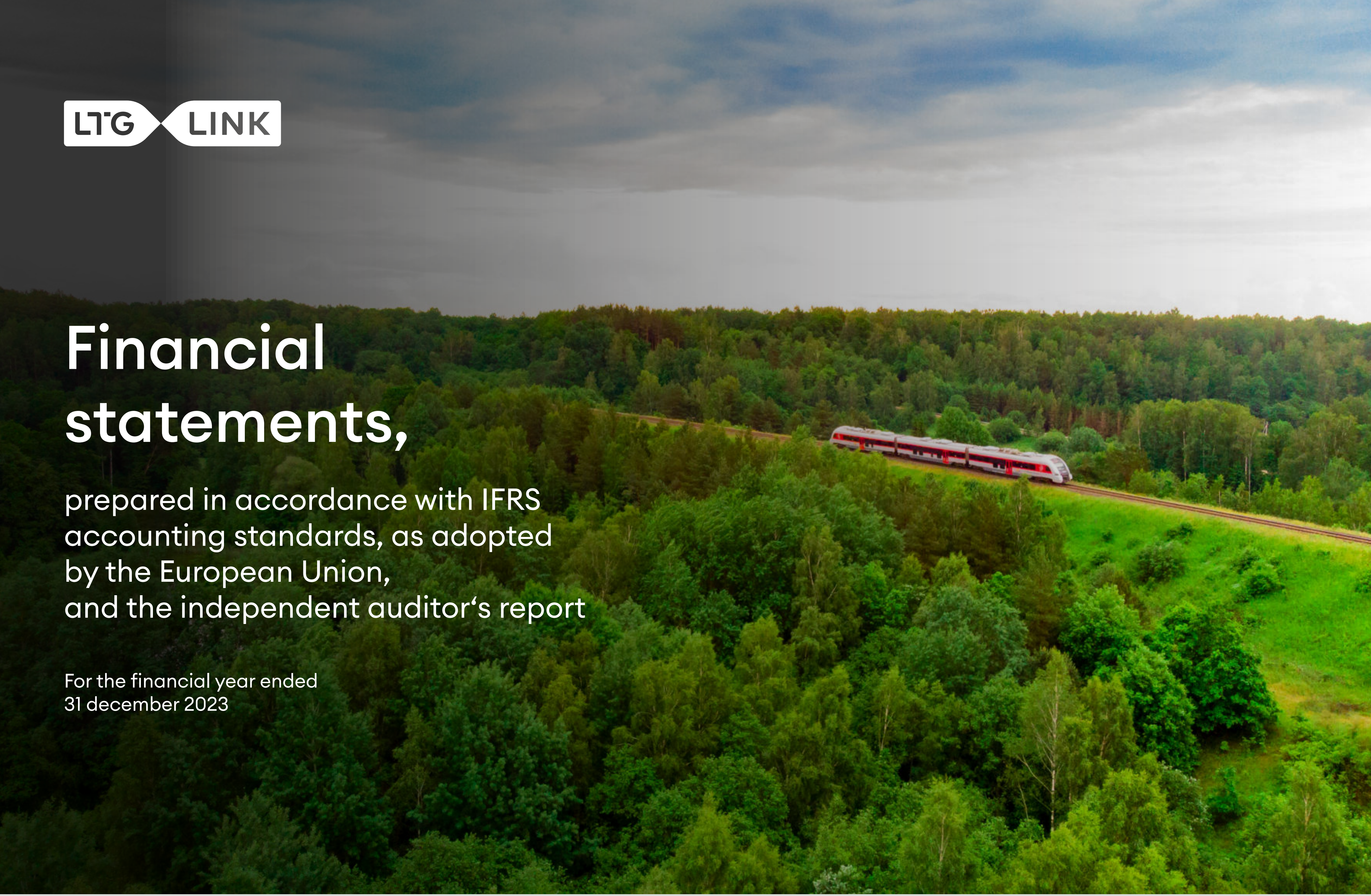
Abbreviations

LTG	AB Lietuvos Geležinkeliai
LTG grupė	AB Lietuvos Geležinkeliai and its subsidiaries
LTG Cargo	AB LTG Cargo
LTG Infra	AB LTG Infra
LTG Link, Company	UAB LTG Link
GOV	the Government of the Republic of Lithuania
EU	the European Union

Financial statements,

prepared in accordance with IFRS accounting standards, as adopted by the European Union, and the independent auditor‘s report

For the financial year ended
31 december 2023



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Independent Auditor's Report

To the Shareholders of UAB LTG Link

Opinion

We have audited the financial statements of UAB LTG Link (“the Company”). The Company’s financial statements comprise:

- the statement of financial position as at 31 December 2023,
- the statement of profit or loss and other comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the European Union.

Basis for Opinion

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

Other Information

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

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

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

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Company code: 111494971
VAT code: LT114949716

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

On behalf of KPMG Baltics, UAB

RŪTA KUPINIENĖ

Digitally signed by RŪTA KUPINIENĖ
Date: 2024.03.15 16:28:49 +02'00'

Rūta Kupinienė
Certified Auditor

Vilnius, the Republic of Lithuania
15 March 2024

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 61-63 of this document.

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Statement of financial position

	Notes	2023	2022
NON-CURRENT ASSETS			
Property, plant and equipment	**7**	**119,785**	**115,469**
Buildings and structures		1,875	2,235
Machinery and equipment		238	244
Vehicles		101,850	109,797
Other equipment, fittings and tools		376	312
Construction in progress and prepayments		15,446	2,881
Right-of-use assets	**8**	**3,839**	**3,962**
Intangible assets	**9**	**502**	**591**
Software		433	542
Prepayments and ongoing projects related to intangible assets		69	49
Other non-current assets	**10**	**453**	**647**
Total non-current assets		**124,579**	**120,669**
CURRENT ASSETS			
Inventories	11	586	1,319
Trade and other receivables	12	4,419	4,670
Loans to related entities	27	-	1,171
Prepayments	13	361	347
Cash and cash equivalents	14	52,823	42,125
Non-current assets held for sale	15	497	428
Total current assets		**58,686**	**50,060**
TOTAL ASSETS		**183,265**	**170,729**

	Notes	2023	2022
EQUITY			
Share capital	16	143,590	143,590
Legal reserve	17	554	197
Other reserves	17	5,322	3,895
Retained profit (loss)		13,091	7,134
Total equity		**162,557**	**154,816**
LIABILITIES			
Non-current liabilities			
Lease liabilities	18	3,627	3,731
Employee benefits	19, 24	567	355
Deferred tax liabilities	26	781	422
Total non-current liabilities		**4,975**	**4,508**
Current liabilities			
Lease liabilities	18	241	245
Income tax liabilities	26	2,447	703
Employee benefits	19, 24	2,536	2,156
Trade and other payables	21	10,462	7,860
Prepayments received	20	47	441
Total current liabilities		**15,733**	**11,405**
Total liabilities		**20,708**	**15,913**
TOTAL EQUITY AND LIABILITIES		**183,265**	**170,729**

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

The financial statements and the explanatory notes on pages 64-89 were approved and signed by:
(on 15th of March, 2024)

Kristina Meidė
Chief Executive Officer

Raimonda Duobuvienė
AB Lietuvos Geležinkeliai
AB Lietuvos Geležinkeliai Finance Controller for Accounting, Financial Reporting and Control Acting under Power of Attorney No ĮG(LINK)-35/2023 of 30/10/2023

Statement of profit or loss and other comprehensive income

	Notes	2023	2022
Sales revenue	22	47,873	35,485
Grant	23	33,995	36,229
Income from other activity		9	158
Total revenue		**81,877**	**71,872**
Expenses related to employee benefits	19, 24	(15,669)	(13,157)
Depreciation and amortisation	7, 8, 9	(13,385)	(13,562)
Management service		(5,533)	(6,089)
Infrastructure services		(6,052)	(6,183)
Traffic enforcement services of passenger trains		(6,987)	(6,271)
Fuel		(5,166)	(5,295)
Supplies		(1,523)	(1,014)
Services rendered by other foreign railway companies		(579)	(441)
Electricity		(1,698)	(3,417)
Repairs and maintenance		(2,558)	(1,355)
Write-down of inventories to net realisable value (reversal)		(1,034)	(117)
Write-down of non-current assets held for sale to net realisable value		(212)	(2,547)
Increase (decrease) in the value of non-current assets		(1,933)	-
Increase (decrease) in receivables		(1)	-
Other costs		(4,868)	(4,151)
Operating profit (loss)		**14,679**	**8,273**
Finance income	25	1,297	310
Finance costs	25	(18)	(26)
Profit (loss) before taxation		**15,958**	**8,557**
Income tax	26	(2,867)	(1,423)
Net profit (loss)		**13,091**	**7,134**
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		**13,091**	**7,134**

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

Statement of changes in equity

	Notes	Authorised capital	Share premium	Legal reserve	Other Reserves	Retained profit (loss)	Total
Balance as of 31 December 2021		**143,590**	**-**	**-**	**144**	**3,948**	**147,682**
Net profit (loss)		-	-	-	-	7,134	7,134
Total comprehensive income (expenses)		**-**	**-**	**-**	-	**7,134**	**7,134**
Formation of reserves		-	-	197	3,751	(3,948)	-
Total transactions with company owners		**-**	**-**	**197**	3,751	**(3,948)**	**-**
Balance as of 31 December 2022		**143,590**	**-**	**197**	**3,895**	**7,134**	**154,816**
Net profit (loss)		-	-	-	-	13,091	13,091
Total comprehensive income (expenses)		**-**	**-**	**-**	-	**13,091**	**13,091**
Formation of reserves	17	-	-	357	1,427	(1,784)	-
Dividends	17	-	-			(5,350)	(5,350)
Total transactions with company owners		**-**	**-**	**357**	**1,427**	**(7,134)**	**(5,350)**
Balance as of 31 December 2023		**143,590**	**-**	**554**	**5,322**	**13,091**	**162,557**

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

Statement of cash flows

	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss)		13,091	7,134
ADJUSTMENTS			
Depreciation and amortization	7, 8, 9	13,385	13,562
(Gain) loss from disposal / write-off of non-current assets		169	(60)
Write-down of inventories to net realisable value (reversal)		1,034	117
Write-down of non-current assets held for sale to net realisable value		212	2,547
Increase (decrease) in the value of non-current assets		1,933	-
Increase (decrease) in receivables		1	-
Change in accrued income/expenses		(452)	(2,958)
Interest (income) expenses		(856)	(47)
Interest on lease liability		30	24
Effect of currency exchange fluctuations		216	99
Income tax expenses (income)	26	2,867	1,423
Cash flows from operating activities after adjustments		**31,630**	**21,841**
CHANGES IN WORKING CAPITAL			
Decrease (increase) in inventories		(2,686)	2,296
Decrease (increase) in trade and other receivables and prepayments*		(36,617)	(42,209)
Increase (decrease) in current and non-current trade payables and received prepayments		692	701
Increase (decrease) in employment related liabilities		592	44
Increase (decrease) in other non-current and current payables		1,594	317
Income tax (paid)		(382)	-
Net cash from operating activities		**(5,177)**	**(17,010)**

	Notes	2023	2022
CASH FLOW FROM INVESTING ACTIVITIES			
(Acquisition) of non-current assets		(17,656)	(9,291)
Disposal of non-current assets		4	345
Interest received		857	-
Loans repaid (granted)	14	1,171	(1,171)
Net cash from investing activities		**(15,624)**	**(10,117)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received		37,256	40,513
Payment of lease liabilities	18	(377)	(318)
Interest on lease liability	18	(30)	(24)
Dividends (paid)	17	(5,350)	-
Net cash flows from financing activities		**31,499**	**40,171**
Net increase (decrease) in cash and cash equivalents		**10,698**	**13,044**
Cash and cash equivalents at the beginning of the period		**42,125**	**29,081**
Cash and cash equivalents at the end of the period		**52,823**	**42,125**

**Including therein EUR 37,256 thousand of grants received during 2023 (EUR 40,513 thousand during 2022).*

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

Explanatory notes

1. General information

UAB LTG Link, (hereinafter referred to as the Company) was registered in the Register of Legal Entities of the Republic of Lithuania on 28 February 2019. In its activities the Company follows the Constitution of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Railway Transport Code of the Republic of Lithuania, and other valid regulations of the Republic of Lithuania.

The Company is a private legal entity of limited civil liability, independently organising economic, financial, organizational, and legal activities. UAB LTG Link is the company of AB Lietuvos Geležinkeliai Group (hereinafter referred to as the Group). AB Lietuvos Geležinkeliai is its sole shareholder. The Company's code: 305052228, VAT code: LT100012462811, legal (registration) address: Geležinkelio str. 16, LT-03603 Vilnius

The main activities of the Company are passenger and luggage transportation by rail and provision of related services.

As of 31 December 2023 and 31 December 2022, the parent company AB Lietuvos Geležinkeliai was the sole shareholder of the Company. The Ministry of Transport and Communications of the Republic of Lithuania holds 100% of AB Lietuvos Geležinkeliai.

As at 31 December 2023 and 31 December 2022, the Company's authorised capital amounted to EUR 143,590 thousand. It consists of 156,237ordinary registered shares with the nominal value of EUR 919.05 each. All the shares are fully paid.

The Company has no branches and representative offices.

As of 31 December 2023, the listed number of active employees of the Company as at the end of the period (excluding the employees on parental leave, military service, long-term incapacity) was 593 (as at 31 December 2022: 567).

The Company's management authorised these financial statements on 15 March 2024. The Company's shareholders have a statutory right to either approve or not to approve these financial statements and to require the management to prepare a new set of financial statements.

2. Summary of significant accounting policies

Basis of preparation

The Company's financial statements for the financial year ended 31 December 2023 prepared in accordance with the hereinafter - IFRS Accounting Standards as adopted by the EU, have been prepared on the going concern and historical cost basis if not stated otherwise. These financial statements include comparative information for the previous reporting period.

- **Changes in accounting policies**. Except for new standards that have come into effect during the year 2023, the accounting policies applied in preparing these financial statements coincide with the accounting principles applied in preparation of the Company's financial statements for the year ended 31 December 2022.

- **Functional and presentation currency**. The functional currency of the Company is euro. In these financial statements, all amounts have been expressed in thousands of euros unless stated otherwise; figures between tables may not coincide as a result of rounding. Such inconsistencies are considered insignificant in the financial statements.

- **Foreign currency**. Transactions in foreign currency are measured in functional currency applying the currency exchange rate applicable at the time of the transactions. Currency gains and losses arising on the settlement of such transactions and on translation of monetary assets and liabilities denominated in foreign currencies at the exchange rates prevailing at the end of the reporting period, are recognised in the Statement of Profit or Loss.

- **Property, plant and equipment**. The initial value of non-current tangible assets comprises their acquisition cost, including unrecoverable taxes of acquisition, capitalised borrowing costs and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the tangible non-current assets have been put into operation are normally accounted for as profit or loss in the period the costs are incurred.

The acquisition cost of an item of property, plant and equipment includes the costs of replacing parts of property, plant and equipment as incurred, provided that these costs meet the criteria for recognition. The carrying amount of the replaced part of the asset is written off. Repair costs are added to the carrying amount of the asset, if it is probable that future economic benefits will flow to the Company from the expenditure and if they can be measured reliably. All other repair and maintenance costs are recognised in the Statement of Profit or Loss.

Property, plant and equipment include spare parts, standby equipment and servicing equipment when they meet the definition of property, plant and equipment. Residual values and periods of useful life of the assets are reviewed at least once a year and, if necessary, adjusted.

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

- **Construction in progress**. Construction in progress is accounted for at the cost of acquisition (production) less impairment losses. This includes the cost of construction, structures and equipment, and other directly attributable costs. Construction in progress is not depreciated until con-

Groups of property, plant and equipment	Useful life
Buildings and structures	8-80
Machinery and equipment	5-19
Road vehicles	4-5
Rolling stock (including wagons)	8-20
Computers and hardware	4-7
Other equipment, fittings and tools	4-7

struction is completed and assets are ready for service. Inventories intended for repair of non-current tangible assets and complying with provisions of IAS 16 shall be reclassified from inventories to construction in progress. Prepayments for non-current assets are classified as non-current assets due to their usage in long-term operations, and are shown under construction in progress in the Statement of Financial Position. The item of construction in progress includes property, plant and equipment under construction. The acquisition cost of such assets includes direct costs. Construction in progress is reclassified to the appropriate property, plant and equipment group right after it is completed and the constructed asset is ready for its intended use.

• **Intangible assets**. Intangible assets that the Company expects to derive future economic benefits from have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. The Company's intangible assets have definite useful lives. Intangible assets include capitalised computer software, licenses. The acquired computer software, licences, patents are capitalised on the basis of the costs incurred in acquiring and bringing them to use.

Amortisation of intangible assets is calculated on a straight-line basis over their estimated useful lives or specific maturity time, if determined. The useful life is reviewed on an annual basis.

Intangible assets are written off when they are no longer expected to generate economic benefits from their use or disposal. Gains and losses arising on derecognition of intangible assets are measured as the difference between the net realisable value and the carrying amount of the asset and are recognised in the Statement of Profit or Loss.

Software is initially measured at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The useful life is reviewed on an annual basis.

Assets held for sale

Assets (or groups of assets) held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Assets held for sale are reclassified if they meet the criteria for such assets under IFRS 5.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit or Loss and Other Comprehensive Income.

Financial instruments

• **Financial assets**. The Company's financial assets include cash, trade receivables and other receivables, loans. The Company recognises financial assets in the Statement of Financial Position only when it becomes a party to a contractual provision of a financial instrument, acquisition or disposal of the financial asset is recognised or derecognised, applying the trade date accounting. Financial assets (other than trade receivables without a significant funding component) are initially measured at fair value. Financial assets, if not measured at fair value through profit or loss, are initially measured at fair value, including the fair value of an instrument and transaction costs directly attributable to the acquisition of the financial asset.

The financial asset, which is subsequently measured at amortised cost, is measured by using the effective interest method. The amortised cost is reduced due to impairment loss. Interest income, foreign exchange profit and loss are accounted for through profit (loss). Any derecognition profit or loss are accounted for in the Statement of Profit or Loss and Other Comprehensive Income.

• **Credit-impaired financial assets**. Impairment losses due to credit risk on financial assets measured at amortised cost are measured based on the expected credit loss (ECL) model.

The Company measures trade receivables using a provision matrix of expected credit losses or an individual assessment, whereby each debtor's financial position and credit risk are assessed individually by analysing the debtor's financial statements, settlement discipline and other publicly available information about the debtor that may affect the debtor's credit risk assessment.

The primary objective of the Group's Treasury management is to ensure the security of funds and, consistent with this objective, to maximise the return on investment.

The maximum credit risk is equal to the carrying amount of the financial assets.

Credit losses are measured as the present value of all cash losses (the difference between the cash flows that the Company holds under the contract and the cash flows the Company expects to receive). ECLs are discounted by applying an effective interest rate. The ECL for cash and cash equivalents is calculated by considering the credit ratings of the financial institutions where the cash is held and other relevant criteria (such as liquidity, capital adequacy maintenance). The Management has assessed that the ECL of cash and cash equivalents is usually not material.

The expected credit losses on loans receivable and trade receivables throughout the period are recognised in the Statement of Profit or Loss.

Losses on financial assets measured at amortised cost are recognised as provisions having impact on the gross carrying amount of such assets.

• **Write-off of and derecognition of financial assets.** Impairment for financial assets is formed in consideration of provisions of IFRS 9, the Company's accounting policies and by carrying out the assessment of possible risks according to the possibility of their occurrence, taking into consideration the likely internal and external factors which include significant financial difficulties of customers, liabilities more than 120 days overdue and the likely case of bankruptcy of the customer.

The gross carrying amount of financial assets is written off when the Company does not have reasonable expectations to recover all assets or a part thereof. Irrecoverable assets are written off according to the recognised impairment if all necessary actions were taken to recover the assets and the amount of losses has been determined.

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

Subsequent recoveries of amounts previously written off are credited to the impairment loss item in the Statement of Profit or Loss and Other Comprehensive Income.

• **Financial liabilities**. The Company's financial liabilities comprise loans and other financial debts, contract liabilities, trade and other payables. Financial liabilities are initially carried at fair value less transaction costs. Subsequently, financial liabilities are carried at amortised cost using the effective interest method. Interest expense is recognised using the effective interest method.

Financial liabilities are classified as non-current if a financing agreement concluded before the date of the Statement of Financial Position provides evidence that the liability was non-current in nature as at the date of the Statement of Financial Position.

Trade payables are the obligation to pay for goods and services purchased from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they are due for payment within one year. Otherwise, they are shown as non-current liabilities.

• **Derecognition of financial liabilities**. The Company derecognises a financial liability when the contractual obligations are discharged, cancelled, expire, the terms are modified and the cash flows of the modified liability are materially different. In the event of derecognition of a financial liability the difference between the carrying amount written off and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognised as profit or loss in the Statement of Profit or Loss and Other Comprehensive Income.

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

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

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

• **Cash and cash equivalents**. They include cash the value of which approximates the fair value. Cash comprise cash at bank accounts and on hand. Cash equivalents represent short-term highly liquid investments easily convertible to a known amount of cash. The term of such investments does not exceed three months and the risk of changes in value is insignificant.

Cash and cash equivalents reported in the statement of cash flows comprise cash at bank and on hand, deposits with current accounts and other short-term highly liquid investments.

Right-of-use assets

• **Lease**. Lease means a contract or part of a contract that gives the right to use the asset (leased property) for a certain period of time for consideration.

The Company as a lessee

Right-of-use assets are assets that represent the Company's right to use leased assets during the lease period. The Company recognises right-of-use assets for all types of leases, including the lease of right-of-use assets in the case of sublease, except for leases of intangible assets, short-term leases and leases of low-value assets.

The Company has concluded lease contracts for premises, production buildings, and other non-current assets. Lease contracts for premises and production buildings are concluded for 6-10 years, other tangible assets - for 2-3 years.

• **Initial assessment of right-of-use assets**. The cost of an asset managed under a right-of-use comprises of: the amount of the initial measurement of the lease liability, any lease payments at or before the inception date, less any lease incentives received; any initial direct costs incurred by the Company; and an estimate of the costs that the Company will incur in dismantling and disposing of the leased asset, maintaining its location or restoring the leased asset to the condition required by the lease conditions, unless those costs are incurred in producing the stocks. The Company shall assume a liability relating to these costs on the start commencement date or after using the leased assets for a specific period. The Company shall recognise these costs as part of the cost of the right-of-use assets when a liability is incurred for these costs.

• **Subsequent assessment of right-of-use assets**. Subsequent to the commencement date, the Company measures right-of-use assets at cost: net of any accumulated depreciation and any accumulated impairment losses; and adjusted for reassessment of the lease liability. In calculating the depreciation of rights-of-use assets, the Company shall apply the depreciation requirements of IAS 16 “Property, Plant and

Equipment". In the Statement of Financial Position, the right-of-use assets are presented separately from property, plant and equipment.

The Company as a lessor

The Company shall recognise the lease fees related to operating lease as income on a straight-line basis over the lease period. Costs (including depreciation) incurred in earning lease related income are recognised by the Company as costs. The initial direct costs incurred in obtaining the operating lease shall be included by the Company in the carrying amount of the leased assets and shall be recognised as an expenditure during the lease period on the same basis as the lease income. The Company shall account for the change in the operating lease as a new lease from the date of the change's entry into force and shall treat the lease fees paid or accrued in advance in relation to the original lease as part of the new lease.

• **Income taxes**. The income tax rate applicable for the companies of the Republic of Lithuania in 2023 and 2022 was 15%.

Taxes for the reporting period are the amount expected to be paid to or recovered from the taxation authorities, considering a taxable profit or losses for the reporting and prior periods. The taxable profit or losses are based on estimates if financial statements are approved prior to filing relevant tax returns. Taxes other than income tax are recorded in operating expenses.

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

The carrying amount of deferred tax assets is reviewed every time a set of financial statements is prepared, and it is reduced if it is not probable that sufficient taxable profits will be generated in the future to realise the asset or part of it. The amount of deferred tax assets is reduced to an amount that is likely to reduce taxable profit in the future. Deferred tax is calculated using the tax rates that are expected to be applied when the related deferred tax asset is realised or the deferred tax liability is settled.

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

• **Employee benefits**. The Company does not have any adopted defined contribution and benefit plans and has no share-based payment schemes. Post-employment obligations to employees retired on pension are borne by the State. Short-term payments to employees are recognised as current costs in the period the services are rendered by employees. The payments include salaries, social insurance contributions, bonuses, paid leave, etc.

• **Provisions for retirement benefits**. Following the legislative requirements of the Republic of Lithuania, each employee at the age of retirement is entitled to a one-off payment in the amount of 2-month salary. The historical cost is recognised as expenses in the Statement of Profit or Loss and Other Comprehensive Income immediately after the assessment of such liability. Any profit or losses which have appeared as a result of a change in benefit conditions are recognised immediately. The above-mentioned employment benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. The obligation is recorded in the Statement of financial position and reflects the present value of these benefits on the preparation date of the Statement of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government bonds of the same currency and similar maturity as the employment benefits. Actuarial profit and losses are recognised in other comprehensive income. Therefore, provisions are formed for the possible benefits. Actuarial estimates are carried out in order to assess the liability of such retirement payments. The liability is recorded at the present value discounted at the market interest rate.

• **Plans of bonuses**. The Company recognises the liability and expenses of bonuses when a contractual liability is present or a practice which created a constructive liability was applied in the past.

• **Revenue recognition**. Revenue of the Company is recognised in accordance with provisions of IFRS 15; i. e. the Company recognises revenue to depict transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Applying this standard, the Company takes into account the terms of the contract and all relevant facts and circumstances.

Operating revenue generated by the Company includes the following:

- Revenue from passenger transportation and related services;

- Other revenue from operating activity.

The following are other operating revenue generated by the Company:

• Revenue from asset lease services;

• Revenue from services of passenger locomotives and their crews abroad;

• Revenue from other services.

<table>
<tr><th>Type of services</th><th>Nature, timing and payment conditions of operating liabilities</th><th>Revenue recognition under IFRS 15</th></tr>
<tr><td>Revenue from passenger transportation and related services</td><td>Passenger and luggage carriage services are provided on the basis of train tickets sold. Most train ticket sales coincide with the date of carriage.

Most of the revenue is paid immediately upon purchase of the ticket.

Invoices for the carriage of passengers and related ancillary services are issued at the intervals agreed with the buyer in the contract, formed from the documents of the primary carriage of passengers and ancillary services after the provision of the service.

The term for payment of invoices is usually 15 calendar days, for individual customers – 30 calendar days.</td><td>Revenue from the carriage of passengers, luggage and mail is recognised when the control of the service is transferred to the customer. A customer acquires control over the service when he / she receives all benefit related to the carriage service.

Revenue is recognised immediately upon provision of services, on arrival at the place agreed in the transport document or at the end of the period of validity of the transport document.

Revenue from passenger transportation on domestic routes is recognised immediately upon provision of services.

Revenue from passenger transportation on international routes is recognised immediately upon provision of services.

Revenue from services related to passenger carriage is recognised immediately upon provision of services.

Loyalty programme points, as an additional future discount, are accumulated, the sales revenue is reduced by the amount of loyalty points credited.

Revenue is recognised after a customer uses his / her loyalty points awarded, and the liability to provide goods or services has been implemented.

Advance ticket sales represent a small portion of total ticket sales revenue, and the date of ticket usage usually coincides with the date the service is provided.

Revenue is recognised over a continuous period when the services are rendered.

Revenue from passenger carriage on local routes when a passenger purchases a fixed-term ticket is recognised over the period in which the service is provided.</td></tr>
<tr><td>Other ancillary revenue</td><td>Invoices for ancillary services provided are issued immediately after the services are provided. A common term for payment of invoices is 30 days.</td><td>Revenue from lease of assets is recognised in proportion of the time a customer uses the service and receives benefit.

Revenue from services of passenger locomotives and their crews abroad is recognised at a certain moment, when the services have been provided, on arrival at the place agreed in the transport document or at the end of the period of validity of the transport document, as a customer acquires control over goods and services.</td></tr>
</table>

- **Recognition of expenses**. Expenses are recognised in the Statement of Profit or Loss on an accrual basis when incurred.
- **Finance income and expenses**. Finance income comprises interest income. Interest income is recognised on an accrual basis using the effective interest method. Finance expenses comprise interest expense. Borrowing expenses that is not directly attributable to the acquisition or production of a qualifying asset is recognised in the Statement of Profit or Loss and Other Comprehensive Income statement, based on the effective interest method. The positive or negative effect of exchange rate changes is presented in the income statement on a net basis.
- **Contingent assets and liabilities**. Contingent liabilities are not recognised in the financial statements, except for contingent liabilities related to business combinations. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when it is probable that future economic benefits or service potential will flow to the entity.
- **Provisions and contingent liabilities**. Provisions are accounted for only when the Company has a legal or irrevocable obligation resulting from an event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that part or the total amount of the

provisions will be reimbursed, the reimbursement receivable shall be recognised as a separate asset, but only when it is virtually certain that reimbursement will be received. The provision-related expenses are recognised in the Statement of Profit or Loss net of any reimbursement receivable. If the time value of money is significant, provisions are discounted using the effective periodic rate (before tax), if appropriate, taking into account the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses.

Provisions are recognised at an amount that reflects the management's best estimate of the expenditure that would be required to restore the asset.

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements, except in cases where the use of resources for their settlement is not probable.

Contingent assets are not recognised in the financial statements but are disclosed when it is probable that future economic benefits or service potential will flow to the entity.

• **Grants and subsidies**. State grants are state aid that is made in the form of a transfer of resources to an entity, provided that the entity has complied or will comply with certain conditions relating to the entity's principal activities. A state grant is not recognised until there is reasonable assurance that the entity will comply with the relevant conditions and that the grant will be received. A state grant may take a variety of forms, which may vary both in the nature of the grant and in the conditions normally attached to the grant.

• **Grants related to income and expenses**. Grants received to offset current or prior period expenses or unearned income, as well as all other grants, except for grants related to assets, are treated as grants related to income. Grants related to income are recognised as used parts to the extent that the expenses are incurred during the reporting period or the estimated loss of income for which the grant is intended to compensate. Grants intended to offset specific expenses are recognised in the income statement by deducting the amount of the grant from the related amount of the related expenses.

• **Subsequent events**. These are events that provide additional information about the Company's position at the date of the Statement of Financial Position. Adjusting events are reflected in the financial statements. Non-adjusting subsequent events are described in the notes, when material.

• **Related parties**. Related parties are defined as shareholders, employees, members of the Board, their close relatives and companies that directly or indirectly through one or more intermediaries, control the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

3. Significant accounting judgements

In preparation of the financial statements, the Management of the Company has to make estimates and judgements on assumptions which affect application of accounting policies and the amounts related to assets and liabilities, income and expenses. The estimates and related assumptions are continually revised and rely upon historical experience and other factors, including expectations on future events based on existing circumstances.

• **Duration of the lease period**. In determining the lease term, management considers all the facts and circumstances that give rise to the economic incentive to exercise the option to extend the contract or not to exercise the option to terminate it. The possibility of extending the contract (or the periods after the possibility of terminating the contract) is provided for in the leases only if it can be reasonably expected that the lease will be extended (or not terminated).

4. Significant accounting estimates

Significant estimates and assumptions

During 2023, no adjustments have been made to useful lives and residual values of assets because there was no reason for that.

• **Impairment losses on property, plant and equipment**. The Company reviews the carrying amounts of intangible assets and property, plant and equipment at the date of each Statement of Financial Position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For the purpose of impairment testing, assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units) are grouped at the lowest levels for which there are currently no cash flows. The recoverable amount of an asset that does not generate cash inflows is determined by reference to the recoverable amount of the cash-generating unit to which the asset belongs. The key assumptions applied to calculation of the recoverable amount are described in Note 7.

• **Write down of inventories to net realizable value**. The Company reviews its inventory list at least annually to determine the net realisable value of inventories. Inventories acquired earlier than a year ago are reviewed to determine whether they can be realised in the future. In the case of slow-moving spare parts and other materials, impairment is recognised taking into account detailed operational plans according to each unit of inventories, their potential realisation period and preliminary realisation cost.

During the assessment, the Company's management analysed whether there have been any significant changes; in addition, the reassessed assumptions applied in the assessment of the recoverable amount have had an insignificant effect on the change in the carrying amount. After the impairment test, an additional impairment shall be applied to: A 75% impairment allowance is applied to the Company's examined stationary spare parts acquired more than two years ago, and spare parts that meet the asset recognition criteria under IAS 16 are reclassified to non-current assets, construction in progress.

The inventories that may not be realised are fully written off. The change in the write-down of the Company's inventories to net realisable value is reflected under the item of expenses of write-down to the net realisable value in the Statement of Profit or Loss and Other Comprehensive Income.

Climate change management measures and impact on the Company's activities.

In fulfilment of the strategic goals and priorities of management of sustainability presented in the LTG Sustainable Growth Strategy 2040 of the LTG Group, the Company is especially committed to environmental protection. One of the main strategic activity areas of the LTG Group and its individual companies is the Green Deal.

In 2021, the LTG Group approved the Environmental Strategy 2030+, which identifies the LTG Group's environmental priorities and the areas on which the LTG Group companies, through their activities have or could potentially have an impact on, and sets out specific targets to reduce this impact. The strategy takes into account national legislation and international agreements (Paris Agreement on climate change, European Green Deal) on environmental issues, including climate change.

One of the objectives identified in the Environmental Strategy, of particular importance to the Company, is climate change mitigation and adaptation - the LTG Group commits to ensure sustainable development, reduction of CO2 emissions and adaptation to climate change.

Currently the Company has not identified any assets used in its operations that may be affected by events or factors related to climate change. The Environmental Strategy 2030+ also sets the objective of assessing measures to adapt to climate change and its impacts.

During the reporting period, the Company did not have any financial commitments related to ESG (Environmental, Social and Governance) indicators. It has also not been exposed to any legal proceedings or complaints related to climate change events and has not incurred any additional costs that have had a material impact on the financial statements.

More details on climate change management measures and impact on the Company's activities is provided in the LTG Group's Sustainability Report forming part of the Annual Report.

5. Standards and interpretations of standards not yet effective

The new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2024 and have not been applied in the preparation of these financial statements are set out below:

Non-current liabilities with bank-specific indicators (amendments to IAS 1)

The amendments to IAS 1 Presentation of Financial Statements for 2020 and 2022 clarify the requirements for classifying liabilities as current or non-current depending on the rights held at the end of the reporting period. The amendments were due to apply from 1 January 2022, but the date of entry into force was later postponed to 1 January 2023 and then to 1 January 2024. The International Accounting Standards Board issued additional amendments clarifying the distinction between non-current and current liabilities.

The new amendments clarify that bank-specific indicators for loan contracts will not affect the classification of liabilities at the end of the reporting period if the entity is required to comply with the bank-specific indicators after the end of the reporting period. However, if an entity is required to comply with these indicators at or before the reporting date, this will affect classification even if compliance with the bank-specific indicators is tested only after the end of the reporting period.

The amendments require disclosures if an entity has classified a liability as a non-current liability and the liability is subject to bank-specific indicators that must be met within 12 months from the end of the reporting period. The disclosures include:

- the carrying amount of the liability;
- information about bank-specific indicators;
- facts and circumstances, if any, indicating that an entity may have difficulty in meeting bank-specific indicators.

The amendments shall be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Based on the currently available information, according to the assessment of the Company's Management, the new amendments, after initial application, will not have a significant impact on the Company's financial statements.

Lease Liability in a Sale and Leaseback (amendments to IFRS 16).

In September 2022, the International Accounting Standards Board finalised narrowly scoped amendments to the sale and leaseback requirements in IFRS 16 Leases that clarify how an entity accounts for sales and leasebacks after the transaction date.

The amendments clarify that, in measuring a lease liability after a sale and leaseback, a seller-lessee determines 'lease payments' and 'adjusted lease payments' in such a way that the seller-lessee does not recognise any gain or loss on the right-of-use asset.

These amendments may particularly affect sale and lease-back transactions when the lease payments include variable charges that are not index or rate based.

The amendments apply to annual reporting periods beginning on 1 January 2024.

Based on the currently available information, according to the assessment of the Company's Management, the new amendments, after initial application, will not have a significant impact on the Company's financial statements.

Supplier Finance Arrangements (amendments to IAS 7 and IFRS 7).

In May 2023, the International Accounting Standards Board issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and to require additional disclosures about such arrangements.

The disclosure requirements set forth in the amendments are designed to help users of financial statements understand the impact of supplier finance arrangements on an entity's liabilities, cash flows and liquidity risk.

The amendments apply to annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted but shall be disclosed.

Based on the currently available information, according to the assessment of the Company's Management, the new amendments, after initial application, will not have a significant impact on the Company's financial statements.

Lack of Exchangeability (amendments to IAS 21).

In August 2023, the International Accounting Standards Board issued amendments to Lack of Exchangeability (IAS 21 The Effects of Changes in Foreign Exchange Rates), which clarify how an entity should assess whether a currency is convertible and how the exchange rate should be determined when it is not officially published or when there is insufficient information available to determine it. It also requires additional disclosures that enable users of financial statements to assess how an entity's decisions to convert such currency transactions will affect the entity's financial performance, financial position and cash flows.

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

Based on the currently available information, according to the assessment of the Company's Management, the new amendments, after initial application, will not have a significant impact on the Company's financial statements.

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

6. Financial instruments and risk management

Financial instruments. Fair value

The Company's main financial instruments not carried at fair value are trade and other receivables, trade and other payables, cash and long-term and short-term borrowings. According to the management of the Company, the residual values of these financial instruments are close to their fair values because the borrowing costs are linked to the interbank borrowing rate EURIBOR, while other financial assets and liabilities are short-term and therefore their fair value fluctuation is not significant.

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

The Company's financial instruments by their types comprised the following:

	2023	2022
FINANCIAL ASSETS		
Trade and other receivables	1,892	2,480
Loans to related entities	-	1,171
Cash and cash equivalents	52,823	42,125
Total	**54,715**	**45,776**
FINANCIAL LIABILITIES		
Lease liabilities	3,868	3,976
Trade and other payables	7,801	6,611
Total	**11,669**	**10,587**

Fair value is classified according to a hierarchy that reveals the significance of the initial valuation data used. The fair value hierarchy includes the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – original inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

Level 3 – inputs for assets and liabilities that are not based on observable market data (unobservable inputs).

The following is a comparison of the values of financial instruments:

	Net carrying amount 2023	Fair value 2023			Net carrying amount 2022	Fair value 2022		
FINANCIAL ASSETS ARE ACCOUNTED FOR AT AMORTISED COST	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Trade and other receivables	1,892	-	-	-	2,480	-	-	-
Loans to related entities	-	-	-	-	1,171	-	-	-
Cash and cash equivalents	52,823	-	-	-	42,125	-	-	-
Total	54,715	-	-	-	45,776	-	-	-
FINANCIAL LIABILITIES ARE ACCOUNTED FOR AT AMORTISED COST								
Lease liabilities	3,868	-	-	-	3,976	-	-	-
Trade and other payables	7,801	-	-	-	6,611	-	-	-
Total	11,669	-	-	-	10,587	-	-	-

Classification and assessment of the Company's financial instruments as at 31 December 2023 is disclosed in the table below:

	Evaluation method
FINANCIAL ASSETS	
Trade and other receivables	At amortised cost
Loans to related entities	At amortised cost
Cash and cash equivalents	At amortised cost
FINANCIAL LIABILITIES	
Lease liabilities	At amortised cost
Trade and other payables	At amortised cost

The Company did not have any financial assets evaluated at fair value.

• **Cash and cash equivalents**. They include cash the value of which approximates the fair value.

• **Loans and other financial debts**. The fair value of long-term loans shall be determined on the basis of the market price or interest rate applicable to debt of the same or similar maturity at the time. The fair value of the loans is classified as level 2 in the fair value model. The fair value of the loans received approximates the carrying amount.

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

• **Loans granted**. The Company's loan consists of a loan to a Group company through a mutual lending platform, the cash pool account. The fair value of the loans is classified as level 2 in the fair value model. The fair value of the loans received approximates the carrying amount.

Risk management

The Company is exposed to uncertainty about external and internal factors, identifies operational risks (strategic, financial, operating and compliance), anticipates their impact and likelihood, and seeks to mitigate them at least in part. The management of operational risks of the Company is regulated by the Description of Management Process of Activity Risks approved by the legal acts of the Company. Pursuant to provisions of the Description, risk managers are appointed and regularly trained, regular risk evaluation is carried out using the implemented Risk Management Information System. The results of the evaluation are presented to the Management of the Company. Management plans are approved for unacceptable risks, implementation of the plans is monitored. The risk management policies and frameworks are reviewed on a regular basis to make sure they comply with the market terms and changes in the Company's activities. The Company seeks to establish a disciplined and constructive risk management environment where all employees know their roles and obligations.

In accordance with the Company's strategic goals, the following groups of operational risks are summarised as the most significant risks that have the potential to have a significant impact on the achievement of the Company's operational goals. The Company assesses the potential financial, legal and reputational impact of operational risks.

The Company is exposed to the following financial risks: credit, liquidity, exchange rates, interest rates and equity. This note provides information on the impact of these risks on the Company, objectives, policies and processes related to the assessment and management of these risks.

Credit risk. Credit risk arises from the credit risk incurred by money banks and trade receivables.

Credit risk is the risk that the Company will incur a financial loss if a buyer or another party fails to meet its contractual obligations. This risk is mostly related to receivables from the Company's customers.

The Company manages the credit risk through procedures. The basis of credit risk management of trade receivables is the assessment of customer reliability. The Company constantly assesses the creditworthiness of both potential and existing buyers/suppliers of services. If the buyer of the services is assessed as risky or the customer is new and does not have a history of cooperation with the Company, the terms of advance payment apply. When payments with customers are deferred, legal credit risk mitigation measures are used, such as credit insurance or pledging. Various credit risk management and mitigation measures are provided for in bilateral agreements between the Company and service buyers/suppliers: restrictions, guarantees for the fulfilment of contractual obligations and other measures protecting the Company's interests. Credit risk is monitored on an ongoing basis.

Credit risk is measured as the maximum credit exposure for each group of financial instruments and is equal to their carrying amount. The highest credit risk arises from the carrying amount of each asset group.

The Company distinguishes each level of credit risk in accordance with the information on the basis of which the risk of impairment can be reliably identified (including, but not limited to, external credit rating, audited financial statements, management accounting, cash flow forecasts, press information available to customers) and by applying the opinion on creditworthiness. Credit risk levels are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions. In assessing the risk of external trade receivables, conversion to the oldest customer debt is applied thus making the assessment of the risk of potential losses more conservative. For each of the credit risk level, the rate of expected credit loss is determined, which is calculated based on the experience of actual impairment.

The majority of the Company's trade and other receivables amounting to EUR 445 thousand are receivables from related parties; whereas, receivables from external customers amount to EUR 65 thousand (2022: EUR 1,662 thousand and EUR 31 thousand, respectively).

The Company's receivables from related party were not past due and were not impaired.

The Company's trade and other receivables subject to credit risk and expected credit loss by individual external customers as at 31 December 2023 amounted to:

	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	1,708	0.00%	-	1,708
Fair risk	39	0.00%	-	39
Increased risk	146	0.00%	(1)	145
High risk	-	0.00%	-	-
Total	**1,893**		**(1)**	**1,892**

The Company's trade and other receivables subject to credit risk and expected credit loss by individual external customers as at 31 December 2022 amounted to:

	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	2,479	0.00%	-	2,479
Fair risk	1	0.00%	-	1
Increased risk	-	0.00%	-	-
High risk	-	0.00%	-	-
Total	**2,480**		**-**	**2,480**

Low risk – the buyer does not have any past due invoices;

Fair risk – the buyer has at least one past due invoice of up to 30 days;

Increased risk – the buyer has at least one past due invoice up to 120 days;

High risk – the buyer has at least one past due invoice over 120 days.

The Company uses a simplified method to calculate expected life credit losses over its life and uses a provision matrix for all trade and other receivables. In order to calculate expected credit losses, trade and other receivables are divided into separate groups according to the general characteristics of credit risk using a provision matrix. The amounts for each group shall be analysed by the number of days past due. As trade receivables and other receivables do not normally include collateral or other credit protection, the expected loss ratio is consistent with the probability of default.

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

The Company's information on credit risk applicable to trade and other receivables and expected credit loss as at 31 December 2023 included:

	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.00%	1,708	-	1,708
1-30 days past due	0.00%	39	-	39
31-60 days past due	0.00%	132	-	132
61-120 days past due	0.00%	14	(1)	13
More than 120 days past due	0.00%	-	-	-
Total		**1,893**	**(1)**	**1,892**

The Company's information on credit risk applicable to trade and other receivables and expected credit loss as at 31 December 2022 included:

	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.00%	2,479	-	2,479
1-30 days past due	0.00%	1	-	1
31-60 days past due	0.00%	-	-	-
61-120 days past due	0.00%	-	-	-
More than 120 days past due	0.00%	-	-	-
Total		**2,480**	**-**	**2,480**

The impairment recorded by the Company reflects the estimated losses on trade receivables the recovery of which is doubtful. The main component of such impairment is the individually assessed loss on significant trade receivables that are doubtful of recovery. The impairment assessment methods are reviewed on an ongoing basis to minimise the differences between estimated losses and actual losses.

The movement of impairment of the Company's doubtful trade receivables was:

	2023	2022
Balance at the beginning of the period	-	-
Change in impairment of trade receivables	(1)	-
Balance at the end of the period	**(1)**	**-**

In the Company, the change in impairment of receivables as at 31 December 2023 is reflected in the Statement of Profit or Loss and Other Comprehensive Income under increase (decrease) in the value of receivables. The Company's amounts written off are considered as amounts with no possibility or right of recovery. Although economic circumstances may affect the recoverability of debts, in the opinion of the Company's Management, the Company is not exposed to a significant risk of incurring losses that would exceed the impairment that has already been recognised.

Cash and cash equivalents consist of cash and cash in bank, so the credit risk associated with them is minimal. The Company's cash resources are subject to the principle of diversification, the funds are held in banks with an international credit rating of not less than Aa2-Baa2.

	2023	2022
Aa2; AA	-	-
Aa3; AA-	19,265	16,295
Baa1; BBB+	33,023	25,118
Baa2; BBB	526	705
Cash on hand	9	7
Total	**52,823**	**42,125**

The carrying amount of cash and cash equivalents approximates their fair value. Expected credit losses are not accounted for due to insignificance of the expected risk of change in their value.

If the rating requirement is not met, net amount of cash trusted to the entity cannot exceed the maximal limit of deposit hedged by the state, i.e., EUR 100 thousand.

Liquidity risk. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. Risk management ensures that the Company always has sufficient liquid assets and is able to meet liabilities in a timely manner. Liquidity and solvency risk management involves the planning and control of cash flows and the forecasting of unforeseen events that may adversely affect cash flows and pose a threat to solvency and liquidity. Liquidity and solvency risk is assessed by monitoring and analysing the relative liquidity and solvency ratios, which assess the condition of both current and non-current liabilities and the effectiveness of cash flow management. The Company's shortage of working capital is balanced using credit facilities, if necessary. In addition, according to the Company's standard policy, the payment period for suppliers is 45 days.

The Company's liquidity is ensured through cash pool. The grant provided to the Company from the state funds for compensation of losses on the carriage of passengers on local transport routes amounted to EUR 33,995 thousand in 2023 (EUR 36,229 thousand in 2022); the grant comprised compensation of losses on the carriage of passengers by train on domestic routes, including therein EUR 303 thousand of bonuses (penalties - EUR 301 thousand and bonuses EUR - 604 thousand), calculated in accordance with the Resolution No 716 of 7 June 2010 of the Government of the Republic of Lithuania "Regarding the Approval of the Description of the Procedure for Compensation for Losses incurred in the Execution of Public Service Obligations and (or) public combined passenger transport services on local transport routes" and the contract No SL-355/2022 of 29 December 2022 on provision of public passenger transport services by rail and (or) combined transportation of passengers on domestic routes. The final bonus receivable or penalty payable will be calculated in June 2024 which, in the opinion of the Management, will not differ from the preliminary estimate.

In order to ensure liquidity risk management, AB Lietuvos Geležinkeliai concluded a short-term credit line agreement with one of the acquiring banks of the group companies for the amount of EUR 30.0 million in 2022. The Company did not use the credit line.

As at the date of the financial statements, the Company did not face liquidity problems.

The table below provides for the information on contractual maturity dates of non-derivative financial liabilities of the Company. This information has been prepared on the basis of undiscounted flows of financial liabilities taking into account the earliest dates on which the Company shall settle those liabilities. The balances of liabilities with a maturity of up to 12 months approximate their carrying values.

Maturities of the Company's financial liabilities according to the undiscounted flow method are as follows:

Financial liabilities	Trade and other payables		Lease liabilities	
	2023	2022	2023	2022
Within one year	7,801	6,611	419	393
From one to five years	-	-	1,078	1,378
After five years	-	-	2,835	2,686
Total	7,801	6,611	4,332	4,457

Currency risk. Currency exchange risk is the risk that changes in market prices due to fluctuations in foreign currency exchange rates will affect the Company's results or the value of financial instruments held.

During 2023 and 2022, the Company has not entered into derivative financial transactions with acquiring banks to manage currency exchange risk. Most transactions are made in euros, the impact of exchange rate changes is minimal.

The main sources of foreign currency exchange risk for the Company are various transactions denominated in foreign currencies (CHF, USD, RUB, BYN, PLN), the carrying out of which poses a risk of incurring losses due to fluctuations of foreign currency exchange rates against the euro: sale/purchase of goods and services, repayment of loans obtained in foreign currency, payment of interest etc. This risk is minimal as the major part of the Company's settlements are denominated in euro. Foreign currency exchange risk was managed by using internal means, i.e., by balancing funds received and spent in foreign currencies.

The main currency of the Company's ticket sales is euro. The Company is not exposed to the risk of incurring losses due to foreign exchange rate fluctuations against the euro.

During 2023 and 2022, the Company has not entered into derivative financial transactions with acquiring banks to manage currency exchange risk.

Interest rate risk. The Company's loans granted and received and other financial liabilities are subject to variable interest rates related to EURIBOR.

Risk management measures are used only if there are clear indications that the interest rate may significantly change. The Company did not have derivative financial instruments intended for managing of the interest rate fluctuation risk.

During 2023 and 2022, the Company did not apply derivative financial instruments intended for managing of the interest rate fluctuation risk. The Company has a provision that 30% and more of the total amount of the Company's financial resources shall be invested in highly liquid financial instruments: funds in current accounts in commercial banks, call deposits and term deposits the maturity of which is less than 12 months. The Company holds cash in large banks of Lithuania that have credit ratings of Baa2 and higher as assigned by international rating agencies.

The Company is not exposed to significant interest rate risk, currency exchange or price index fluctuation risks related to banking products.

Capital management. Capital includes equity attributable to shareholders. The capital management is mainly aimed at ensuring that the Company meets its external capital requirements. The management of the Company's capital is aimed at ensuring the Company's going concern in order to generate profit for shareholders and to maintain an optimal capital structure by reducing the cost of capital. In order to maintain or change the capital structure, the Company may pay out the capital to shareholders or issue new shares.

According to the Republic of Lithuania Law on Companies, the share capital of a joint-stock company must be at least EUR 40 thousand (private limited liability companies – at least EUR 2.5 thousand), and equity at least 50% of the Company's share capital.

The Company's Management controls compliance with the provisions of the Republic of Lithuania Law on Companies stating that if the Company's equity becomes less than 1/2 of the share capital specified in the Articles of Association, the Board must convene the General Meeting of Shareholders not later than within 3 months from the day on which it became aware or should have become aware of the situation, which must consider the issues referred to in Article 59 (10) (2) and (11) of this Law. The situation in the Company must be rectified no later than within 6 months from the date on which the Board became aware or should have become aware of the situation.

The purpose of capital management policy is to maintain a sufficient share of equity to justify the confidence of investors, creditors and the market and to expand the business in the future. The Company's management and the Board monitor the return on capital and, taking into account the Company's financial results and strategic plans, make proposals for the payment of dividends.

During 2023 and 2022, the Company complied with the requirements of the abovementioned provisions of the Law on Companies of the Republic of Lithuania.

In addition, the Company, by managing capital risk in the long-term, aims to maintain an optimum capital structure which would ensure a harmonised implementation of objectives for capital costs and risk minimisation. The Company forms the capital structure by evaluating the companies' internal factors of regular operations, investments and expansions planned and, by taking into account operational strategies of the Company, external current and anticipated factors of markets regulation and country environment which are significant for the operations.

7. Property, plant and equipment

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

	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
ACQUISITION COST						
31 December 2021	**3,755**	**531**	**148,079**	**504**	**170**	**153,039**
- acquisitions	1	43	6,046	4	282	6,376
- reclassification from (to) current assets	-	(9)	(8,252)	-	2,429	(5,832)
- assets sold, written off, disposed	-	(3)	(175)	(13)	-	(191)
31 December 2022	**3,756**	**562**	**145,698**	**495**	**2,881**	**153,392**
- acquisitions	-	42	6,392	105	11,097	17,636
- reclassification from (to) current assets*	-	-	(574)	-	2,131	1,557
- assets sold, written off, disposed	-	(3)	(231)	(2)	-	(236)
31 December 2023	**3,756**	**601**	**151,285**	**598**	**16,109**	**172,349**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2021	**(1,066)**	**(255)**	**(27,175)**	**(147)**	**-**	**(28,643)**
- depreciation	(455)	(71)	(12,776)	(49)	-	(13,351)
- transferred to current assets	-	5	4,020	-	-	4,025
- assets sold, written off, disposed	-	3	30	13	-	46
31 December 2022	**(1,521)**	**(318)**	**(35,901)**	**(183)**	**-**	**(37,923)**
- depreciation	(360)	(48)	(12,596)	(41)	-	(13,045)
- reclassification from (to) current assets	-	-	274	-	-	274
- impairment	-	-	(1,270)	-	(663)	(1,933)
- assets sold, written off, disposed	-	3	58	2	-	63
31 December 2023	**(1,881)**	**(363)**	**(49,435)**	**(222)**	**(663)**	**(52,564)**
CARRYING AMOUNT						
31 December 2021	**2,689**	**276**	**120,904**	**357**	**170**	**124,396**
31 December 2022	**2,235**	**244**	**109,797**	**312**	**2,881**	**115,469**
31 December 2023	**1,875**	**238**	**101,850**	**376**	**15,446**	**119,785**

** a portion for sale, a portion for spare parts and repair of other trains*

The total amount of the depreciation and amortisation costs included in the Statement of Profit or Loss and Other Comprehensive Income was EUR 13,385 thousand (EUR 13,562 thousand as at 31 December 2022). This amount included depreciation costs of property, plant and equipment amounting to EUR 13,045 thousand (EUR 13,351 thousand as at 31 December 2022), which were reduced by capitalised depreciation costs amounting to EUR 130 thousand (EUR 116 thousand as at 31 December 2022), depreciation costs of right-of-use assets amounting to EUR 362 thousand (EUR 327 thousand as at 31 December 2022) and amortisation costs of intangible assets amounting to EUR 108 thousand (EUR 0 thousand as at 31 December 2022).

The cost of the Company's fully depreciated property, plant and equipment still in use amounted to EUR 1,072 thousand (EUR 266 thousand as at 31 December 2022). Machinery and equipment comprised for the majority of fully depreciated property, plant and equipment.

Impairment of EUR 1,933 thousand was accounted for in the Company as at 31 December 2023; the major portion thereof (EUR 1,256 thousand) of impairment was formed for two trains which had been used as donors for the repair of other trains of the same type, spare parts had been removed and used in unscheduled repairs, and EUR 677 thousand of impairment is related to stationary spare parts.

On 29 December 2022, the Company entered into a contract on provision of public passenger transport services by rail and (or) combined transportation of passengers on domestic routes (hereinafter – "Contract") on the basis of which it committed to provide local passenger transport services for the period of 10 years, i. e. until the year 2032 inclusive. By this contract, the customer (the Ministry of Transport and Communications) undertakes to oblige another public service operator with whom a new public service provision contract is concluded to purchase the new trains at their residual value as at the expiry date of the contract in case a new local passenger transport service provision contract is not concluded with the Company.

In calculation of the recoverable amount, the estimated future cash flows were discounted, and two options were estimated on which the probability-weighted scenario was based:

• in the first option, it is estimated that local passenger transport activities are carried out until 2032, a new contract is not concluded and the asset is sold to the customer for the estimated selling price;

• in the second option, it is estimated that local passenger transport activities are carried out until 2042; i. e. a new equivalent contract on local passenger transport services is concluded for another period of 10 years, and the asset is sold to the customer for the estimated selling price at the expiry date of the second contract.

Having taken into account the opportunities of passenger transport market participants, the management estimated that the second option is significantly more probable than the first one; therefore, the recoverable amount of the asset is calculated in accordance with the probability-weighted scenario which is based on the significantly higher probability of the second option.

Other assumptions:

• data from the approved strategy of the Company was used in the estimation of the first option according to which the number of passengers would increase up to 10.5 million (2032), the EBITDA margin – up to 45%;

• the Contract provides for EUR 40 million of the average annual compensation for losses (excluding bonuses);

• long-term growth rate of 2% was applied to the calculation of the recoverable amount;

• weighted cost of capital (hereinafter - "WACC") was calculated on the basis WACC model and was 6.71%. In calculation of the value of property, plant and equipment, the pre-tax weighted cost of capital of 7.89% was applied;

• the largest investments are foreseen in 2024, 2026 and 2027;

• in the estimation of the second option for the period from 2032 to 2042, cash flows are forecast by applying a growth rate of 2%.

The sensitivity analysis shows that:

• if WACC increased by 1%, the recoverable amount would decrease by 20%;

• if WACC decreased by 1%, the recoverable amount would increase by 29%;

• if growth rate increased by 1%, the recoverable amount would increase by 19%;

• if growth rate decreased by 1%, the recoverable amount would decrease by 13%.

Calculations of the recoverable amount of the asset did not indicate that it would be necessary to perform an impairment test of the asset. Neither did the sensitivity analysis disclose that impairment test of the asset had to be carried out.

8. Right-of-use assets

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

	Land	Buildings and structures	Vehicles	Total
ACQUISITION COST				
31 December 2021	**245**	**2,112**	**87**	**2,444**
- acquisitions	47	2,182	19	2,248
- assets disposed	-	(390)	(77)	(467)
31 December 2022	**292**	**3,904**	**29**	**4,225**
- acquisitions	3	174	65	242
- assets disposed	-	(236)	-	(236)
31 December 2023	**295**	**3,842**	**94**	**4,231**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
31 December 2021	**(8)**	**(44)**	**(74)**	**(126)**
- depreciation	(6)	(310)	(11)	(327)
- depreciation reversal of disposed assets	-	113	77	190
31 December 2022	**(14)**	**(241)**	**(8)**	**(263)**
- depreciation	(6)	(336)	(20)	(362)
- depreciation reversal of disposed assets	-	233	-	233
31 December 2023	**(20)**	**(344)**	**(28)**	**(392)**
CARRYING AMOUNT				
31 December 2021	**237**	**2,068**	**13**	**2,318**
31 December 2022	**278**	**3,663**	**21**	**3,962**
31 December 2023	**275**	**3,498**	**66**	**3,839**

9. Intangible assets

The Company's intangible assets consisted of:

	Software	Prepayments and ongoing projects related to intangible assets	Total
ACQUISITION COST			
31 December 2021	**158**	**104**	**262**
- acquisitions	542	(55)	487
31 December 2022	**700**	**49**	**749**
- acquisitions	-	20	20
- assets sold, written off, disposed	(157)	-	(157)
31 December 2023	**543**	**69**	**612**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES			
31 December 2021	**(158)**	**-**	**(158)**
- amortisation	-	-	-
31 December 2022	**(158)**	**-**	**(158)**
- amortisation	(108)	-	(108)
- sales, disposals, write-offs	156	-	156
31 December 2023	**(110)**	**-**	**(110)**
CARRYING AMOUNT			
31 December 2021	**-**	**104**	**104**
31 December 2022	**542**	**49**	**591**
31 December 2023	**433**	**69**	**502**

The Company's fully amortised intangible assets (software) still in use amounted to EUR 1 thousand (2022: EUR 158 thousand).

10. Other non-current assets

Other non-current assets of the Company consist of the ticketing system acquired for EUR 453 thousand which will enable purchasing tickets on ticketing machines located at railway stations (31 December 2022: EUR 647 thousand). The costs for the use of the system shall be written off over the 5-year period during which access to the system has been provided, starting in May 2022.

11. Inventories

The Company's inventories consisted of:

	2023	2022
Fuel	61	75
Supplies	276	173
Spare parts	-	993
Other	225	49
Total raw materials, supplies and components	**562**	**1,290**
Goods purchased for resale	24	29
Total goods purchased for resale	**24**	**29**
Total	**586**	**1,319**

As at 31 December 2023, the carrying amount of the Company's inventories equal to EUR 1,806 thousand was reduced by EUR 1,220 thousand to net realisable value (as at 31 December 2022, the amount of EUR 1,505 thousand was reduced by EUR 186 thousand).

The change in the write-down of the Company's inventories to net realisable value is reflected under the item of expenses of write-down to the net realisable value in the Statement of Profit or Loss and Other Comprehensive Income.

During 2023, inventories of EUR 6,656 thousand were written off at cost of sales (2022: EUR 6,288 thousand).

12. Trade and other receivables

The Company's trade and other receivables included:

	2023	2022
External trade receivables, gross value	66	31
Impairment (-)	(1)	-
Total external trade receivables	**65**	**31**
Receivables from related parties	445	1,662
Impairment (-)	-	-
Total receivables from related parties	**445**	**1,662**
VAT receivable	154	1,452
Other receivables from the budget	2,373	738
Accrued income from related parties	71	11
Accrued income	1,304	772
Other receivables	7	4
Impairment (-)	-	-
Total other receivables	**3,909**	**2,977**
Total	**4,419**	**4,670**

EUR 1,628 thousand of other amounts receivable from the budget (2022: EUR 448 thousand) comprised mainly the grant receivable from the state budget for the carriage of passengers on preferential terms.

The change in impairment is disclosed in Note 6.

13. Prepayments

The Company's prepayments consisted of:

	2023	2022
Prepayments to external suppliers	41	2
Prepayments to related parties	2	-
Guarantees paid to related parties	55	53
Deferred expenses	263	292
Total	**361**	**347**

14. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	2023	2022
Cash in bank	52,814	42,118
Cash on hand	9	7
Total	**52,823**	**42,125**

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

In order to ensure more efficient fund management and the liquidity of the Group companies, the Group's cash-pool agreement was signed with AB Swedbank on 21 December 2018. On 27 December 2022, UAB LTG Link signed a mutual loan agreement to join the Group's cash pool account. Under this agreement, the members of the Group may borrow and lend funds to the members of the Group on a mutual lending platform for a maximum period of one year under market conditions. As at 31 December 2023, the Company had no receivables or liabilities under this agreement (2022: EUR 1,171 thousand). Interest income calculated during the year 2023 amounted to EUR 66 thousand (2022: EUR 38 thousand).

15. Non-current assets held for sale

	2023	2022
Non-current assets held for sale	497	428
Total assets held for sale	**497**	**428**

The carrying amount of the Company's assets held for sale equal to EUR 3,296 thousand as at 31 December 2023 was reduced by EUR 2,799 thousand to the net realisable value (as at 31 December 2022, the amount of EUR 3,015 thousand was reduced by EUR 2,587 thousand). The change in the write-down of the Company's assets held for sale to net realisable value is reflected under the item of expenses of write-down to the net realisable value in the Statement of Profit or Loss and Other Comprehensive Income.

The Company's non-current assets held for sale mainly comprised a locomotive, diesel locomotives and passenger wagons. Most of sales are carried out by public auction.

16. Share capital

On 23 January 2023, new Articles of Association of the Company were registered: changes were made to competences of the Board of Directors, transaction authorisation limits, and the number members of the Board of Directors, while the requirement of independence of the Board of Directors, and the Company's object and goals were included therein.

17. Reserves and dividends

Legal reserve. Legal reserve is compulsory in accordance with the Lithuanian legislation. An annual transfer of 5% of net profit to the legal reserve is compulsory until the reserve reaches 10% of the share capital. The legal reserve cannot be used for payment of dividends but it can be used to cover future losses. As at 31 December 2023, the legal reserve of the Company amounted to EUR 554 thousand.

Other reserves. Following the decision regarding approval of the financial statements for the year 2022 and distribution of profit adopted by AB Lietuvos Geležinkeliai - the sole shareholder of UAB LTG Link - on 16 June 2023, the amount of EUR 1,427 thousand has been allocated to other reserves for investments.

Dividends. Allocation and payment of dividends of the Group companies are regulated by the Dividend Policy of LTG Group (described in the interim report section). Following the decision regarding approval of the financial statements for the year 2022 and distribution of profit adopted by AB Lietuvos Geležinkeliai - the sole shareholder of UAB LTG Link - on 16 June 2023, the amount of EUR 5,350 thousand has been allocated to dividends. It amounted to EUR 34.29 of dividends per share.

18. Lease liabilities

The lease contracts consist of vehicle, premises and land lease agreements. Vehicle contracts are concluded for a period of 3 years without the possibility of contract extension. Leases of buildings are concluded for a period of 3-10 years with the possibility of extending the lease for the period of 20 years. When determining the lease period, the Company's management evaluates all facts and circumstances, which give rise to economic incentives to avail themselves of the possibility to extend or terminate the contract. Short-term leases of 12 months or less and lease payments for low-value assets are recognised directly as expenses in the Statement of Profit or Loss and Other Comprehensive Income. A discount rate applied to lease contracts in 2023 comprises 6-month EURIBOR and a market margin determined on the basis of a market research according to effective market conditions.

The Company's lease commitments and their movements:

	2023	2022
Carrying amount at the beginning of the period	**3,976**	**2,323**
Lease contracts concluded	241	2,248
Lease contracts terminated	(2)	(277)
Interest calculated	30	24
Lease payments (principal amount and interest)	(377)	(342)
Carrying amount at the end of the period	**3,868**	**3,976**
Non-current lease liabilities	3,627	3,731
Current lease liabilities	241	245
Total	**3,868**	**3,976**

Future lease payments under non-cancellable lease contracts:

	2023	2022
Within one year	241	245
From one to five years	1,085	1,294
After five years	2,542	2,437
Total	**3,868**	**3,976**

If the discount rate applicable at the Company increased or decreased by 1%, the amount of lease liabilities as of 31 December 2023 would accordingly make up EUR 3,596 thousand or EUR 4,200 thousand (2022: EUR 3,680 thousand or EUR 4,331 thousand).

The Company has amounts payable for short-term lease, low-value lease and other amounts of lease payments recognised in the Statement of Profit and Loss and Other Comprehensive Income, the total amount of which was equal to EUR 648 thousand in 2023 (2022: EUR 668 thousand).

19. Employee benefits

According to the laws of the Republic of Lithuania, employees of the Company, who retire at retirement age, are entitled to a benefit in the amount of 2-month salary. In addition, under the sectoral collective agreement approved in May 2023, a one-time premium payment of up to 1-month average remuneration is paid to employees as a thank-you for longstanding and excellent work (taking into account work performance, work discipline) who have at least 25-years of work experience within the Group of companies, who have reached the retirement age and thus terminate employment relations with the Company.

The key assumptions used in estimating the Company's non-current employee benefits liabilities are set out below:

	2023	2022
Discount rate	3.37%	3.54%
Employee turnover rate	11.16%	19.60%
Salary growth rate	5.0%	5.0%

Change in employee benefits during 2023 by type:

	Balance as of 31 December 2022	Calculated to the Statement of Profit or Loss and Other Comprehensive Income	Capitalised costs	Paid	Balance as of 31 December 2023
NON-CURRENT LIABILITIES					
Provisions for pensions and similar liabilities	355	410	-	(198)	567
Total non-current liabilities:	**355**	**410**	**-**	**(198)**	**567**
CURRENT LIABILITIES:					
Vacation accruals	576	1,598	-	(1,575)	599
Wages and salaries payable	572	6,913	457	(7,221)	721
Social security contributions payable	272	3,011	8	(2,968)	323
Personal income tax payable	171	2,911	-	(2,858)	224
Other employment-related liabilities	565	826	-	(722)	669
Total current liabilities:	**2,156**	**15,259**	**465**	**(15,344)**	**2,536**
Total	**2,511**	**15,669**	**465**	**(15,542)**	**3,103**

20. Prepayments received

The prepayments received by the Company consisted of:

	2023	2022
Prepayments received	47	439
Prepayments received from related parties	-	2
Total	**47**	**441**

The largest part of the prepayments received consisted of state-budget funds amounting to EUR 24 thousand (31 December 2022 - EUR 417 thousand) for the compensation of losses arising from the carriage of passengers by train on local transportation routes.

21. Trade and other payables

The Company's trade and other payables consisted of:

	2023	2022
Trade payables	1,841	1,995
Trade accounts payable to related parties	5,146	3,906
Cash guarantees received	26	67
Cash guarantees received from related parties	5	13
Other taxes payable to the budget	120	115
Accrued costs	227	95
Accrued expenses from related parties	587	615
Deferred income	2,465	1,014
Other amounts payable and liabilities	45	40
Total	**10,462**	**7,860**

The Company recorded a liability of EUR 66 thousand (2022: EUR 31 thousand) for audit and other non-audit services under accrued expenses.

Trade payables to related parties consists of the management fee amounting to EUR 1,094 thousand (31 December 2022 – EUR 1,067 thousand) calculated in accordance with provisions of the management services agreement concluded with AB Lietuvos Geležinkeliai on 20 July 2019.

Accrued expenses from related parties consist of accruals to related parties for management and infrastructure services that have not been invoiced.

Deferred income consist of prepaid passenger tickets.

22. Sales revenue

The Company's sales revenue consisted of:

	2023	2022
Revenue from passenger transportation:	**47,291**	**34,993**
Revenue from domestic passenger transportation	24,724	21,116
Revenue from international passenger transportation	20,244	12,099
Revenue from services related to passenger transportation	2,324	1,778
Revenue from other ancillary services:	**582**	**492**
Leased assets	248	241
Other income	334	251
Total	**47,873**	**35,485**

The grant amounting to EUR 4,382 thousand (2022: EUR 3,706 thousand) for the carriage of passengers on preferential terms was recorded under the Company's revenue from domestic passenger transportation.

The Company's revenue according to the moment of revenue recognition consisted of:

	2023	2022
Recognised immediately	46,569	34,331
Recognised over an ongoing period	1,304	1,154
Total	**47,873**	**35,485**

23. Grant

The grant of EUR 33,995 thousand (EUR 36,229 thousand in 2022) provided in 2023 comprised compensation of losses on the carriage of passengers by train on domestic routes, including therein EUR 303 thousand of bonuses (penalties - EUR 301 thousand and bonuses EUR - 604 thousand) (EUR 0 in 2022), calculated in accordance with the Resolution No 716 of 7 June 2010 of the Government of the Republic of Lithuania "Regarding the Approval of the Description of the Procedure for Compensation for Losses incurred in the Execution of Public Service Obligations and (or) public combined passenger transport services on local transport routes" and the contract No SL-355/2022 of 29 December 2022 on provision of public passenger transport services by rail and (or) combined transportation of passengers on domestic routes. The final bonus receivable or penalty payable will be calculated in June 2024 which, in the opinion of the Management, will not differ from the preliminary estimate.

24. Expenses related to employee benefits

Expenses related to employee benefits by type:

	2023	2022
Wages and salaries	(15,627)	(13,115)
Social security contributions	(277)	(229)
Accrued vacation reserve	23	55
Pensions and similar liabilities	212	132
Total	**(15,669)**	**(13,157)**

25. Results of financial activity

The Company's results of financial activity comprised the following:

	2023	2022
Total finance income	**1,297**	**310**
Currency exchange gain	216	99
Penalties and default interest for overdue trade receivables	224	162
Interest	857	49
Total finance costs	**(18)**	**(26)**
Interest	(1)	(2)
Penalties and interest for delays in passenger trains	13	-
Other costs	(30)	(24)
Total	**1,279**	**284**

26. Income tax and deferred tax

Income tax was calculated at a rate of 15%.

	2023	2022
Income tax for the reporting year	2,485	703
Income tax adjustment of the previous year	23	15
Deferred tax expenses (benefit)	359	705
Total income tax expenses (income) recognised in profit or loss	**2,867**	**1,423**

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

	2023	2022
Profit or loss before tax	15,958	8,557
Income tax	2,394	1,284
Non-deductible (+) / additionally deductible (-) expenses	479	143
Non-taxable income (-)	(29)	(19)
Income tax of the previous year	23	15
Total income tax expense (benefit)	**2 867**	**1 423**
Effective rate,%	18.0%	16.6%

Below is the calculation of the Company's deferred income tax:

	2023	2022
Deferred tax asset:		
Write-down of inventories and non-current assets held for sale to net realisable value	632	450
Accrued vacation reserve and bonuses	190	171
Liabilities of long-term employee benefits	85	53
Accrued income	(123)	-
Accrued costs	122	-
Deferred tax asset	**906**	**674**
Deferred tax liability:		
Difference in the value of non-current assets with tax value	(1,687)	(1,096)
Deferred tax liability	**(1,687)**	**(1,096)**
Deferred tax asset (liability), net	**(781)**	**(422)**

Deferred tax assets and deferred income tax liabilities are offset to the extent that the deferred income tax liability is realised at the same time as the deferred income tax assets. In addition, they are affiliated with the same tax administration authority.

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.

As defined in IAS 24 „Related party disclosures", an entity is related to a reporting entity if at least one of the following conditions is met:

- The Government of the Republic of Lithuania acts as the owner of all shares of UAB LTG Link;
- Companies or institutions are managed by the Government of the Republic of Lithuania;
- Parent company AB Lietuvos Geležinkeliai;
- Subsidiaries of the parent company AB Lietuvos Geležinkeliai;
- AB Lietuvos Geležinkeliai related, non-consolidated associated and joint ventures;
- Board members and their close relatives and companies under their control;
- All key management and companies under their control;
- Persons who are family members of the key management of the reporting entity.

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

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

Due to the abovementioned reasons, the Company does not disclose transactions with the Government of the Republic of Lithuania and other economic entities controlled by the Government of the Republic of Lithuania.

Related party transactions of the Company:

	2023		2023	
	Purchases	Sales	Receivables	Payables
AB LIETUVOS GELEŽINKELIAI*	11,197	82	368	2,370
AB LTG CARGO**	8,283	336	30	2,049
AB LTG Infra***	6,700	440	174	1,319
UAB Geležinkelio Tiesimo Centras	-	76	1	-
Total	**26,180**	**934**	**573**	**5,738**

The major portion of acquisitions for 2023 consists of the following:
** management services – EUR 5,533 thousand, fuel - EUR 5,166 thousand;*
*** traffic enforcement services for passenger trains – EUR 6,987 thousand, repair and maintenance – EUR 1,435 thousand;*
**** infrastructure services – EUR 6,052 thousand.*

	2022		2022	
	Purchases	Sales	Receivables	Payables
AB LIETUVOS GELEŽINKELIAI*	11,820	94	1,620	2,005
AB LTG CARGO**	7,250	382	27	1,369
AB LTG Infra***	6,694	380	71	1,159
UAB Geležinkelio Tiesimo Centras	-	45	1,179	3
Total	**25,764**	**901**	**2,897**	**4,536**

The major portion of acquisitions for 2022 consists of the following:
** management services – EUR 6,089 thousand, fuel - EUR 5,295 thousand;*
*** traffic enforcement services for passenger trains – EUR 6,271 thousand, repair and maintenance – EUR 608 thousand;*
**** infrastructure services – EUR 6,183 thousand.*

In the Company's mutual sale transactions with AB Lietuvos Geležinkeliai, resale of international services amounting to EUR 22,586 thousand (during 2022: EUR 13,568 thousand) have not been evaluated.

According to the methodology of the AB Lietuvos Geležinkeliai Group, all transactions with related parties are carried out under market conditions and comply with the arm's length principle.

The Company's loans granted to related entities amounted to:

	2023	2022
Cash-pool	-	1,171
Total	**-**	**1,171**

As described in Note 14, under the mutual loan agreement, the Company had no receivables or liabilities as at 31 December 2023 (2022: EUR 1,171 thousand).

Management remuneration and other benefits

As at 31 December 2023, the Management consisted of the Chief Executive Officer and the heads of the following departments: Corporate Activities, Business Development and Marketing, Passenger Service, Train Operations, Train Maintenance, International Development.

	2023	2022
Management remuneration	644	590
Incentives*	48	57
Accrued long-term benefits**	2	-
Number of executives	7	6
Allowances for members of the Board	111	-
Number of Board members	5	2

**Incentives are performance bonuses and lump sums.*
***Accrued long-term benefits are provisions for pensions and other similar liabilities, accrued as at the end of the year of the reporting period.*

In 2023 and 2022, no loans, guarantees, or other paid or accrued benefits or disposals of assets were made to the Company's Management other than as set forth above.

28. Contingent assets and liabilities

The Tax Administration has not carried out any full-scale tax audits of the Company. The tax authorities may, at any time, inspect the accounting, transactional and other documents, records and tax returns for the current and the previous 3 calendar years, and in certain cases for the current and the previous 5 or 10 calendar years, and may impose additional taxes and penalties. Management is not aware of any circumstances that could result in a potential material liability for unpaid taxes.

Pursuant to the train purchase contract concluded with Stadler Polska, a company of the Swiss-owned Stadler Group, on 21 June 2023, the Company will acquire new electric and battery-electric trains on order. The Supplier has undertaken to build 15 ultra-comfortable trains, provide technical support for their maintenance and supply spare parts until 2037. The value of the contract amounts to EUR 226.5 million.

Pursuant to the supply contract concluded with the Polish company Voith turbo sp.z.o.o on 6 March 2023, the Company will purchase power plant units. The value of the contract is EUR 1.76 million.

29. Subsequent events

From 8 January 2024, a new stage of electrification of Lithuania's main railway artery Vilnius-Klaipėda (the Radviliškis (Šauliai) – Klaipėda section) has been started. Part of the train services on the Vilnius-Klaipėda and Radviliškis-Šiauliai-Klaipėda routes organised by LTG Link have been temporarily shortened or cancelled.

From 15 January 2024, Šiauliai has become a third city in Lithuania where the Door to Door project allowing passengers to purchase a combined train and bus ticket has been implemented.

From 1 February 2024, Kristina Meidė has been appointed as the new Chief Executive Officer of LTG Link, the passenger transport company of the LTG Group.

In March 2024, LTG Link will offer passengers the opportunity to purchase train tickets at the terminals of the trade and services network Perlas. A wider ticketing network for passengers is due to open in the spring of next year - in this way, the ticketing network of LTG Link will be expanded by more than 1,500 new tickets sales points.

There were no other significant events after the end of the reporting period, which have to be recognised or disclosed in the financial statements for 2023.