Interim Report and Interim Financial Statements (unaudited) for the six-months period ended 30 June 2024

Content

Annual and interim reports and financial statements are made publicly available on the Company's website https://ltglink.lt/ltg-link-veiklos-rezultatai

Overview

Foreword from the CEO

Dear rail riders,

This first half of 2024 was full of events and news for UAB LTG Link, which has laid a strong foundation for achieving our annual goals and creating an even better train travel experience from the planning of the journey, to the purchase of tickets, all the way to the destination. I joined LTG Link on the first of February of this year, and we are continuing with the team projects that were already started, also assuming new challenges which we hope train passengers will be able to assess later this year.

We are intensively preparing to add trains to our fleet. We have signed a financing agreement for the purchase of electric and battery-powered trains with the Nordic Investment Bank (NIB) and the European Investment Bank (EIB). NIB and EIB will provide loans of EUR 100 million each to finance 9 electric and 6 battery-electric trains. We plan to start testing electric trains based on Swiss technology in Lithuania next year and to offer the first new trains to commuters in mid-2026. In preparing for the arrival of new electric and electric-battery trains, LTG Link signed a design contract with a design company for a new electric train maintenance depot, in accordance with which a new depot building will be designed on the site of the existing electric train depot in Naujoji Vilnia.

The start of the half-year was also marked by other important news. On 15 January, we offered passengers the option of yet another combined ticket. LTG Link and Šiauliai public transport operator Busturas introduced a combined train and bus ticket for Šiauliai residents and visitors, which can be purchased by all passengers travelling by train when the station of origin and the final destination of their chosen route is Šiauliai railway station. Such tickets are already successfully operating in Vilnius and Klaipėda.

Since the beginning of the year, our travel attendants and drivers working on our trains and at stations have been greeting passengers in new, modern and stylish outfits that reflect the company‘s identity.

The much-anticipated Vilnius-Riga train route launched at the end of last year is still popular this year. We congratulated the passenger having bought the 10,000th ticket back in February. As from 1 April, additional stops in Jonava and Kėdainiai were added to the Vilnius-Riga route. More than 45,000 tickets were sold on the Vilnius-Riga route in the first 6 months, with more than 31,000 passengers travelling between Lithuania and Latvia, and almost 14,000 passengers travelling between different stations in Lithuania.

Kristina Meidė
Chief Executive Officer of UAB LTG Link

During the first half of this year, the long-planned expansion of ticket sales channels was completed, offering our passengers a wide choice of ticket sales channels. At the beginning of the year, LTG Link signed a partnership agreement with Distribution Technologies GmbH, a company that connects carriers around the world, to extend the availability of train tickets to all those who use the Google Maps travel planning platform. All Perlas terminals started selling tickets in spring. This brings the LTG Link ticketing network to more than 2,000 new sales points across Lithuania. At the beginning of the summer, 33 ticket vending machines were installed at the country's most frequented railway stations, where passengers can buy train tickets on their own. Ticket machines were set up at 23 stations, including 9 additional stations where tickets were previously unavailable. More than a thousand train tickets are purchased daily at ticket machines.

In spring, LTG Link started deploying Starlink satellite internet connectivity on trains. So far, 3 trains have been equipped with satellite connectivity, and 4 more trains will be equipped with it in autumn. Other trains are scheduled to be upgraded to 5G internet connectivity by the end of the year.

On 1 April, we updated our passenger train timetable to offer passengers more stops and more options for travelling by train. In the first half of this year, we arranged around 20 extra train journeys, enabling more people to travel back and forth to the country's major events in a sustainable and comfortable way. We became a partner of the most important event of the year in Lithuania, offering a 50% discount on train travel for participants of the Centenary Song Festival. More than 7,000 participants travelled by train from Kaunas, Klaipėda, Šiauliai and Kretinga to the Song Festival. If 7,000 participants were to travel to the event by car, this would correspond to an average of 6,000 vehicles on the streets and roads. According to estimates, having chosen a sustainable train journey, participants in the Song Festival saved more than 100 tonnes of CO2.

I want to once again thank rail riders for choosing to travel sustainably and safely instead of driving. We invited to celebrate Rail Riders' Day for the first time, and on 30 May, offered a 90% discount on all local tickets to also encourage those, who have only seen a train through a car window so far, to try travelling by train. On the Rail Riders' Day, a record number of 26,000 passengers travelled on Lithuanian trains. Tickets for the most popular routes were sold out in the first days of sales. Around 1,500 passengers signed up for the ticket sales system for the first time and bought four tickets on average.

Dear rail riders, I invite you to not only watch us change, but to also be a part of those changes and, of course, to choose trains that ensure sustainable commuting as often as possible – why drive if you can travel!

Company's activities

General information about the company

Name: UAB LTG Link

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

Legal form: Private limited liability company

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

Company code: 305052228

Phone: 8 700 55 111

Email: info@ltglink.lt

Website: www.ltglink.lt

Core activity: Passenger and luggage transport by rail and related services

CEO of the Company: Gediminas Šečkus held the office till 31 January 2024. Kristina Meidė took up the position on 1 February 2024.

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

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

Company's branches and representative offices abroad

During the reporting period, the Company did not establish any branches or representative offices.

Company's business model

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

Company's activities and provided services

UAB LTG Link is a licensed railway company that carries passengers on domestic and international routes. The Company also provides transit services from the Belarusian border to the Kaliningrad region.

The Company performs special obligations of the state by providing public passenger transport services by rail and/or public combined passenger transport services on domestic transport routes. The performance of the special obligations are financed from the state budget in accordance with the procedure laid down in the legislation of the European Union and the Republic of Lithuania, which contributes significantly to the sustainability of the Company's financial flows.

Services provided by UAB LTG Link:

- passenger carriage on domestic routes;
- international passenger carriage;
- carriage of mail and luggage within Lithuania and abroad;
- carriage of bicycles and animals within Lithuania;
- arrangement of charter trips;
- rolling stock rental and sales;
- advertising services;
- services provided at stations (luggage storage, ticket sales and sales of food and beverages);
- services provided on trains (ticket sales, food and beverage sales).

Market and competitive environment

The main market of operations of LTG Link is passenger transport within the territory of the Republic of Lithuania and abroad. At the end of June 2024, passengers were carried on 19 domestic and 6 international routes.

Lithuanian market

Historically, passenger transport by rail has competed with other modes of transport. The main competition to rail passenger transport comes from cars, with road transport accounting for 98.1% of overall passenger carriage and rail passenger transport – for 1.4% in Q1 2024. Compared to 2023, market of railway transport decrease by 0.1%.

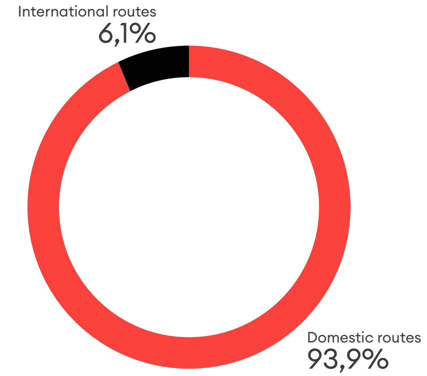
2.4 million passengers were carried domestically in the first half of 2024, which accounts for 91.2% of the total number of passengers carried by rail during the period.

There were 19 routes running at the end of June 2024, made 32,2 thousand domestic and 0,7 thousand international trips. Compared to the first half of 2023, the number of passengers increased by 7.4% and was 1.7% higher than the pre-pandemic domestic flows (there were 2.3 million passengers in the first half of 2019).

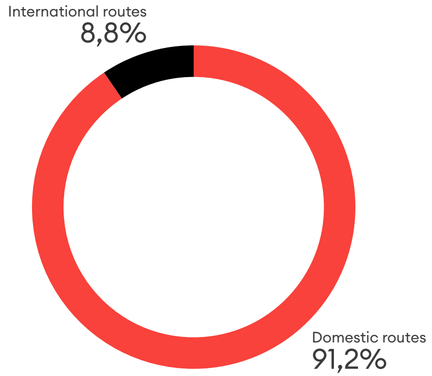
International market

There were 0.2 million passengers carried on international routes in the first half of 2024, i.e. 8.8% of the total number of passengers carried by rail during the period. In the first half of 2024, international carriage included passenger trains to Poland, Riga and transit trains through the territory of the Republic of Lithuania in connection with the Kaliningrad region. In the first half of 2024 drove 970 transit trains.

1 pic. Market segments of passenger rail carriage in Half 1 2023 , %



2 pic. Market segments of passenger rail carriage in Half 1 2024, %



Main customers

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

In order to attract more customers, the Company is expanding the services it offers to different groups of passengers: families, students, business people, and active leisure travellers. In summer, travel to the seaside increases. In 2024, the Seaside Express continues successful operation for the eight time, making it possible to reach Lithuania's seaside resorts (Palanga, Juodkrantė, Pervalka, Preila, Nida) conveniently and safely by combined train and bus services. Evening trips to various cultural and sporting events are also organised. Regular changes to the timetable according to passengers' requests have also led to increased satisfaction with the timetable and growing number of the passengers carried.

A combined ticket service with Vilnius public transport was launched on 1 December 2022, with Klaipėda public transport on 5 October 2023, and with Šiauliai public transport on 15 January 2024. In January-June 2024, an average of 35 combined tickets were sold per day.

In January-June 2024, the number of business customers grew significantly, with 322 companies, institutions and organisations using the Company's services during this period. The 80% increase in B2B sales was achieved thanks to the Company's newly implemented portal for the business customers in the tickets system, which enables the Company to offer solutions tailored to the needs of business.

Participation in associations

UAB LTG Link has been a member of the Lithuanian Passenger Transport Association since 2021.

Strategy

Activities of LTG Group are based on rational strategic planning and management. LTG's long-term strategy (hereinafter – the Strategy) was first adopted in 2018 and covers all LTG Group's activities.

The LTG Group has undergone a number of significant changes over the last few years. Adverse circumstances and the outbreak of war in Ukraine by the Russian Federation in February 2022 have had a significant impact on Kaliningrad's transit flows. The increasing global focus on ecology, efficient use and management of energy and natural resources, and various initiatives to reduce environmental and climate change impacts are driving the search for new solutions and modernisation of operations. Given the significant contribution and impact of LTG's activities at national level, it is necessary to take responsibility for contributing to the country's progress in sustainable development by leading and driving organisational change in this direction.

The LTG Group plans its activities not only in the short term, but also in the long term, in response to geographic and economic changes in the transport market, resulting in changing trade routes and passenger flows. In order to ensure that the strategic directions and objectives set out in the LTG Group's strategy for 2024-2028 are focused as much as possible on the specific activities carried out by LTG Group companies, long-term strategies have been developed for individual LTG business units. One of them, the **LTG Link Strategy 2028**, was updated and approved on 5 December 2023.

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

A culture of sustainable mobility for travellers

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

Operational efficiency

Ensure **financial stability** by improving operational efficiency, i.e. by operating in line with the highest international corporate standards and optimised use of assets.

Business development

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 to accelerate the growth of the company's revenues.

ESG

Use energy and natural resources efficiently, initiate measures to reduce environmental and climate change impacts, raise safety awareness among employees and the general public, develop best corporate governance practices and manage risks in the most effective way. The main objective is to **become a benchmark for greenness and sustainability** in passenger transport in Lithuania and abroad, thus contributing to climate neutrality objectives of the EU and the Republic of Lithuania.

Business resilience

Enhance business resilience ensuring interests of national security. Ensure technology compatibility within the LTG Group and smooth integration into the European railway system, applying the **„safety first“** principle, ensuring a high level of road safety, occupational and business safety.

Strong organisational culture

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

Implementation and progress of strategic projects in half 1 of 2024

Purchase of electric trains

• Financing agreement was signed with two international institutional banks - the Nordic Investment Bank and the European Investment Bank. The agreement provides for EUR 200 million of financing for the purchase of 9 electric and 6 battery-electric trains.

Installation of the ticket sales system

• The ticket vending machines (ticket machines) service was implemented and started on 13 June. Additional planned functionality is being introduced to accommodate people with individual needs (visually impaired or disabled passengers).

Comprehensive adaptation of services for passengers with individual needs

• A project is underway in cooperation with partners in Vilnius to install an elevator to an underpass to ensure that all passengers with special needs can travel independently.

• Preparatory work is underway to install tactile pathways for the blind and partially sighted passengers to help them avoid getting lost at railway stations and platforms, and to update the Braille signs on trains.

• Further cooperation with organisations representing different groups of people with special needs, as well as the search for the most appropriate solutions to adapt rolling stock and infrastructure for comfortable and safe train travel continued in Half 1 of 2024.

Combined ticket

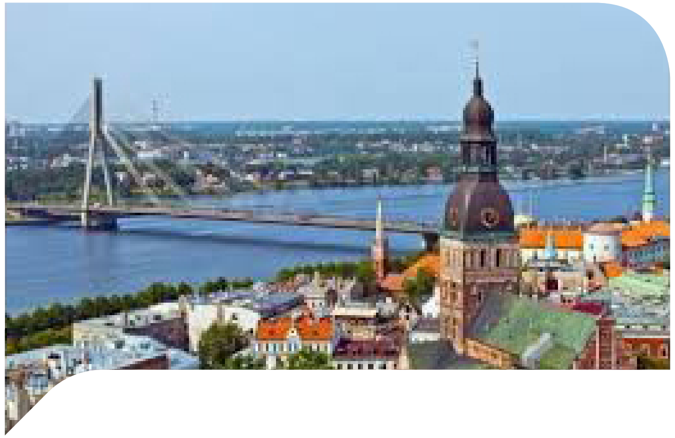
• A Combined Ticket was launched in Vilnius, Klaipėda and Šiauliai.

• The launch of the combined ticket in Kaunas is expected by the end of 2024. A combined ticket in Panevėžys: successful negotiations with the Panevėžys City Passenger Transport Authority and preparatory and implementation work for the launch.

International development

• Latvia, Riga: stops in Kėdainiai and Jonava were added to the Vilnius - Riga route, which was successfully launched on 27 December 2023, taking into account the needs of passengers and the arisen infrastructure opportunities. The aim is to shorten the journey time between the two capital cities and to delay the departure time from Riga to Vilnius (allowing travellers to spend more time staying in Latvia).

• Poland, Warsaw: a catering service in the dedicated wagon was launched on the Vilnius-Warsaw (Krakow) train running in Poland. LTG Link, together with its partner PKP Intercity, continues to work on improving the transport service.



Establishment of a Passenger Carriage Operations Control Centre (OCC)

• In its activities, the Company uses the installed operations management system IVU: the operations and resource planning and management functionality and the mobile app. During the first half of 2024, the integrity of the systems was further developed, business processes were documented, the system was made ready for OCC use and the integration into the company's operations started. 90% of the project has been successfully implemented.

Annual targets for 2024

Modernisation and adaptation of the passenger train depot for new rolling stock

• The design of the repair depot is underway under a design contract signed at the end of 2023.

• In order to manage the risks related to the maintenance of the new trains, the Company is already implementing the necessary modifications to the existing depot structures.

• The Vilnius City Municipality initiated a procedure for the preparation of a detailed plan for the depot site at Pramonės Street 78. This procedure will allow adapting premises necessary for the maintenance of trains and for the future concentration of the repair of passenger rolling stock in one area.

In March 2024, the Board of LTG Link approved **annual targets of LTG Link**, the indicators that measure them and the target values linked to the implementation of LTG Strategy 2028. Taking into account the ambition and strategic objectives of LTG Link, annual targets have been developed to help ensure passenger satisfaction, improve operational efficiency, service business development, business resilience, the implementation of LTG Link's purchase of new trains and increased employee engagement. Based on the approved annual targets, personal targets were set for employees. This engages LTG Link employees in a structured and coherent process for the implementation of the LTG Group's strategy, linking the achievement of the objectives to employee career, development and incentive plans.

Strategic direction/objective	Indicators for measuring achievement of the objectives	Unit of measurement	Weighing, %	Milestones for achieving the objectives
A CULTURE OF SUSTAINABLE MOBILITY FOR TRAVELLERS				
Being the sustainable mobility choice for travellers	LTG Link Passenger Recommendation Study NPS	Score	10,0	≥67
OPERATIONAL EFFICIENCY				
Improving operational efficiency	Ratio of operating costs to revenue (excluding subsidy)	Ratio	5,0	≤1,55
	LTG Link Rolling Stock Assurance Programme	Percentage	35,0	≤90%
BUSINESS DEVELOPMENT				
Service business development	Preparation for the RB	Level of implementation	5,0	Achievement level
	LTG Link's passenger turnover	Million passenger km	20,0	≥446
BUSINESS RESILIENCE				
Ensuring work level of safety	Lost Time Injury Frequency Rate (LTIFR)	Accidents at work *1 million / total hours worked	5,0	≤4
ESG				
Electrification programme under way	Purchase of new trains	Level of implementation	10,0	Achievement level
STRONG ORGANISATIONAL CULTURE				
Strengthening organisational culture	Employee engagement	Percentage	10,0	≥50

Key developments in half 1 of 2024

January

LTG Link, which is preparing for the arrival of new electric and electric-battery trains and improving the sustainability of its operations, signed a contract for the design of a new depot for the maintenance of electric trains with the design company UAB Skaitmeninis lapas. The new depot building will be designed on the site of the existing electric train depot in Naujoji Vilnia. The new depot will be adapted to the maintenance of electric passenger trains, both those currently in service and those that are currently being manufactured by the Swiss capital company Stadler Polska. The value of the public tender for the design of the new depot is EUR 845,000.

15 January. LTG Link and Šiauliai public transport operator Busturas introduced a combined train and bus ticket for Šiauliai residents and visitors, which can be purchased by all passengers travelling by train when the station of origin and destination of their chosen route is Šiauliai railway station.

Since the beginning of this year, LTG Link's train and station attendants and drivers have been greeting passengers in new, modern and stylish outfits that reflect the company's identity. The new clothing, with accents of bright, vibrant colours reflects the already recognisable identity of LTG Link, offering a sustainable way of mobility and a memorable experience that turns an ordinary commuting into a journey.

February

On 1 February, following the completion of the recruitment procedures, Kristina Meidė was appointed as the new CEO of LTG Link, the passenger carriage company of LTG Group. The CEO is appointed by the Company's Board for a five-year term of office.

In February, the 10 000th ticket was sold for the Vilnius-Riga international train route. More than 45,000 tickets were sold on the train routes between the capitals of Lithuania and Latvia in the first six months of this year, of which 30,000 tickets were bought by passengers travelling from the station of origin to the destination of the route, either from Vilnius to Riga or from Riga to Vilnius.

March

LTG Link signed a partnership agreement with *Distribution Technologies GmbH*, a company that connects carriers around the world, to extend the availability of train tickets to all users of the *Google Maps* travel planning platform. The technology solution of *Distribution Technologies GmbH* is already used by more than 1,000 carriers, offering public transport travel to millions of passengers every day.

LTG Link's unique digital train travel and environmental promotion programme „Sustainable Travel Club", where points accumulated for kilometres travelled can be exchanged for discounts on other journeys, celebrated its one-year anniversary. During the year, around 45,000 members travelled 53 million kilometres, saved around 3,000 tonnes of CO2 and benefited from a discount of over EUR 40,000.

Since March, tickets have been available at Narvesen outlets and Lietuvos Spauda (Lithuanian Post) kiosks, and all Perlas terminals started selling tickets in April, thus bringing the LTG Link ticketing network to more than 2,000 new outlets across Lithuania.

April

Since 1 April, an updated passenger train timetable has been available, offering more stops and more options for passengers to travel by train. On the Vilnius-Kaunas route, trains stop more often at Kaišiadorys, Vievis, Karčiupis and Palemonas stations. On the Vilnius-Turmantas route, an extra stop is planned at Gerkonys station, and on the Vilnius-Marcinkonys route, trains stop more often at Paneriai station. On the Vilnius-Oro uostas-Jašiūnai-Vilnius route, an extra stop is planned at Parudaminis station from 1 April and additional routes are offered from 1 May.

Since 1 April, trains have also been stopping in Jonava and Kėdainiai on the Vilnius–Riga route. Following the completion of the reconstruction of the Gaižiūnai-Kaišiadorys railway section, trains on the popular Vilnius-Riga can run faster on this section, allowing to make extra stops in Jonava and Kėdainiai with the travel time from Vilnius to Riga remaining unchanged.

On 19 April, the Nordic Investment Bank (NIB), the European Investment Bank (EIB) and LTG Link signed a financing agreement for the purchase of electric and battery-powered trains. The NIB and the EIB will provide loans of EUR 100 million each and finance

9 electric and 6 battery-electric trains, which will replace around one third of the passenger train fleet. Compared to the old diesel trains, the new trains will not only be much more comfortable, but will also reduce journey times. The low-floor vehicles will make it easier for older people, passengers with baby strollers, small children or those with mobility disabilities to board. Testing of the Swiss-built electric trains in Lithuania is scheduled to start next year and the Company's customers will start travelling on the first new trains in mid-2026. Purchasing these trains, LTG Link will also purchase services of maintenance of train parts and technical maintenance for a very long period – until 2037. The new trains will run on the popular Vilnius-Klaipėda, Vilnius-Varėna and Kaunas-Šiauliai routes. As part of the electrification of the railways, battery-powered trains will run on lines that are not electrified.

LTG Link started to install Starlink satellite internet connectivity on trains. 3 trains are already equipped with satellite connectivity and 4 more trains are to be equipped with satellite connectivity in autumn. Trains with satellite internet connectivity will run on the most popular Vilnius-Riga and Vilnius-Klaipėda routes. Other trains will be equipped with 5G internet connectivity by the end of the year.

Events after the reporting period

May

In the seventh LRT Word and Phrase Election 2023-2024, the new phrase of the LTG Link image advertising campaign, „rail riders“ (Lithuanian: traukiniautojai), won the most public sympathy. This word was created to bring together and expand the community of train lovers, and such assessment of the public is a great example of success.

30 May, LTG Link invited everyone to celebrate Rail Riders' Day by offering a 90% discount on all domestic tickets. On Rail Riders' Day, a record number of more than 26,000 passengers travelled on Lithuanian trains. Tickets for the most popular routes were sold out in the first days of sales. Around 1,500 passengers signed up to the ticketing system for the first time and bought an average of four tickets.

On 31 May, the „Pajūrio Ekspresas" was launched for the eighth time, offering combined weekend trips to the country's seaside resorts until 25 August. Around 5,000 passengers use the route each year. If these passengers were to travel by car, this would be equivalent to an average of half a thousand cars on the streets and roads. According to calculations, last year alone people using combined train and bus services for travelling saved around 100 tonnes of CO2.

July

On 1 July, LTG Link implemented a new business management system SAP S/4Hana, which will enable more efficient planning of production capacity, use of resources, management of finances, administration of contracts, will help to optimize and improve processes, and will reduce the risk of errors.

June

LTG Link installed 33 ticket vending machines at the country's busiest railway stations, where passengers can buy train tickets on their own. Ticket machines were installed at 23 stations, including 9 additional stations where tickets were previously unavailable. The installation of ticket machines is part of the expansion of the company's ticket sales channels. More than one thousand train tickets are bought daily at the ticket machines.

LTG Link has become a partner of the most important event of the year, the Lithuanian Song Celebration, offering a 50% discount on train travel for participants of the celebration of the centenary. Over 7,000 participants travelled to the Song Festival by train from Kaunas, Klaipėda, Šiauliai and Kretinga. If 7,000 participants were to travel to the event by car, this would be equivalent to an average of 6,000 vehicles on the streets and roads. According to calculations, having chosen a sustainable train journey, Song Festival participants saved more than 100 tonnes of CO2.

On 25 June, the Seimas of the Republic of Lithuania approved a state guarantee to UAB LTG Link for services provided by the EIB and NIB for the purchase of new trains.

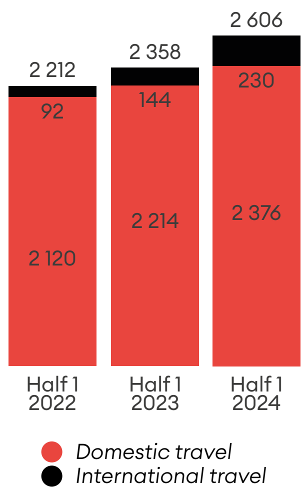
Results

Overview of key performance indicators

Passenger transportation volumes

LTG Link has been engaged in passenger carriage services since 1 September 2019. Total train travelers is steadily increasing. In Half 1 2024, compared to the first half of 2023, the number of passengers carried increased by 10.6% (2,606,000 passengers in total), despite the challenges (traffic interruptions) due to the start of the electrification works on the network. In both the domestic and international transport market, we have seen a significant increase in the number of rail passengers, almost returning to the record level of 2019, when we carried 2,811,000 passengers.

3 pic. Passenger dynamics, thousand passengers



Indicators	Unit of measure	Half 1 2024	Half 1 2023	2024/2023 Δ, %	Half 1 2022
Total passenger carriage	**thousand passengers**	**2 606**	**2 358**	**10,6%**	**2 212**
Domestic carriage	thousand passengers	2 376	2 214	7,4%	2 120
International carriage	thousand passengers	230	144	59,9%	92
Passenger turnover	**million km**	**242,2**	**208,2**	**16,3%**	**195,3**
Domestic carriage	million km	191,2	176,3	8,4%	174,4
International carriage	million km	51,0	31,9	60,1%	20,9
Average distance per passenger	**km**	**92,9**	**88,3**	**5,2%**	**88,3**
Share of tickets sold online	%	55	49	12,0%	42
Punctuality of train arrivals	%	98	96	2,3%	98
Evaluation of passenger carriage services according to the CSAT indicator	%	90	90	0%	88

Passenger transportation by rail on domestic routes

In the first half of 2024, 2,376,000 passengers travelled on domestic routes (compared to 2,214,000 in the respective period of 2023), which is an increase of 7.4% compared to 2023. Ongoing marketing campaigns, the development of ticketing channels and other measures to increase the attractiveness of travelling by rail had a positive impact on the growth in passenger numbers.

The introduction of Smart ticketing and the mobile app in 2022 has led to a steady increase in the number of tickets purchased through digital sales channels. Passengers can not only buy tickets faster, but also store them conveniently, view travel information and receive notifications about important changes to their journey. The number of tickets sold http://www.ltglink.lt via LTG Link's digital sales channels reached 55.1% in January-June 2024 (49.2% in the first half of 2023).

Since March, tickets have been available at Narvesen outlets and Lietuvos Spauda kiosks, and since April, all Perlo terminals have been selling tickets. Since June, passengers can purchase tickets at 33 ticket vending machines on their own.

The "Combined ticket" project has also been implemented successfully. Travellers in Vilnius, Klaipėda and Šiauliai have the opportunity to buy a combined train and bus ticket when the point of origin or destination of their journey is Vilnius, Klaipėda or Šiauliai railway station.

However, intensive electrification works on the Vilnius - Klaipėda section of the railway network limited a higher growth of passenger transport volumes in the domestic transport market. Traffic interruptions to carry out track works led to cancellations or shortening of train routes.

Vilnius - Kaunas remains the most popular route (37.2% of all domestic carriage). It carried 0.9 million passengers in January-June 2024.

Passenger transportation by rail on international routes

International carriage in Half 1 2024 amounted to 230,000 passengers (144,000 passengers in the first half of 2022), travelling by passenger trains to Poland and Latvia and by transit trains through the territory of Lithuania to Kaliningrad and from Kaliningrad to Russia.

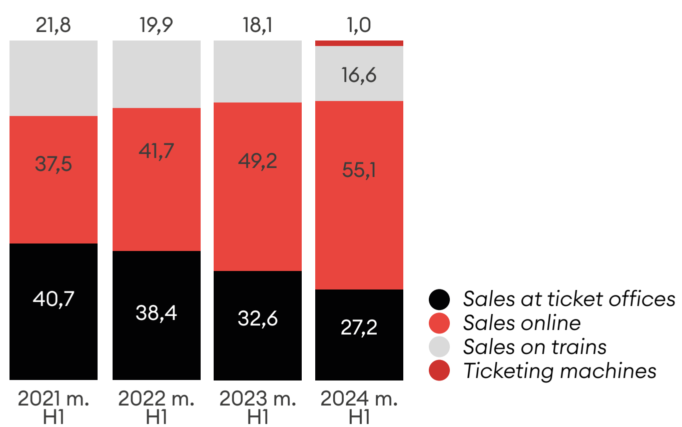
The number of passengers in the international segment increased by 59.9% compared to the first half of 2023. In the first half of 2024, the limitation on the maximum number of passengers with simplified rail transit documents on transit trains, introduced in 2020, was still in force, but by the decision of the MFA of the Republic of Lithuania, as of 1 August 2022, the maximum number of citizens of the Russian Federation with permits to travel on a transit train was increased to 300. From 1st April 2024 disembarkation of the passengers on the territory of Lithuania is prohibited

On 11 December 2022, a daily train of the Polish carrier PKP INTERCITY on the Kraków - Mockava - Kraków route was launched, aligning the timetable of the train of UAB LTG Link on the Vilnius-Mockava-Vilnius route. In January-June 2024, 53,000 passengers travelled on this route, including 18,500 passengers on international routes. The average occupancy rate was 61%.

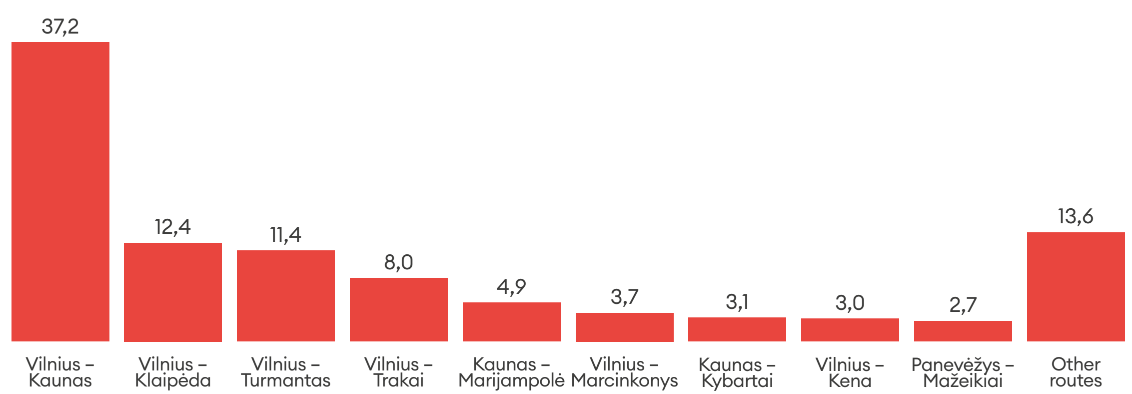
The LTG Link train to Riga was launched on 27 December 2023. In the first half of 2024, 45,200 passengers travelled on this route, including 31,200 passengers on international routes. The average occupancy rate was 54%.

At the end of June 2024, there were 14 international trains, including 10 transit and 4 international trains.

4 pic. Ticket sales by channel, %



5 pic. Structure of domestic carriage in Half 1 2024, %



Financial results

Revenue

• In the first half of 2024, the Company's revenue totalled EUR 46.9 million, which is EUR 11.5 million more than in the respective period in 2023.

• **Revenue from domestic passenger transportation** accounted for 26.4% of the Company's total revenue, amounting to EUR 12.4 million

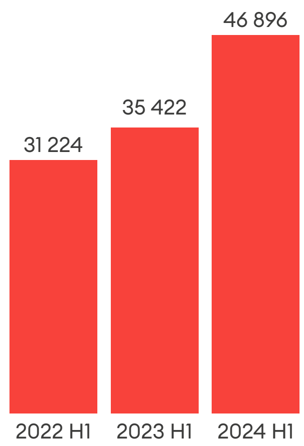
(EUR 11.0 million in the first half of 2023). The increase in revenue by EUR 1.4 million or 12.5% was driven by higher ticket prices, growing passenger numbers and various marketing campaigns to boost sales.

• The Law on Transport Concessions provides for **concessions** to encourage rail travel for disadvantaged groups, who are entitled to 80% and 50% discounted tickets. This activity is subsidised by the state budget, compensating for the loss of income from the carriage of passengers on domestic transport routes under preferential conditions. In January-June 2024, EUR 2.3 million in concessions were granted to passengers, while in January-June 2023, passengers received EUR 2.0 million in concessions.

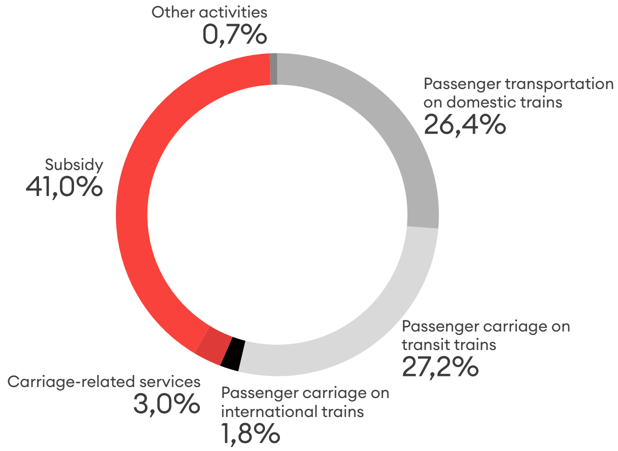
• Revenue from **passenger carriage on transit trains** totalled EUR 12.7 million, i.e. 27.2% of total sales. Compared to Half 1 2023, the revenue from this activity grew by 70,5 % or EUR 5,3 million. The increase in revenue was due to an increase in the number of journeys and the coefficient of passenger carriage on transit trains, as well as an increase in the number of passengers.

• Revenue from **international passenger transportation** amounted to EUR 0.8 million, i.e. 1.8% of total sales revenue. In order to develop the expansion into Western Europe, trains on the Vilnius-Warsaw-Krakow route were launched on 11 December 2022, and on the Vilnius-Riga route – on 27 December 2023. The new international routes have led to a 5-fold increase in revenue in the first half of 2024 compared to the first half of 2023.

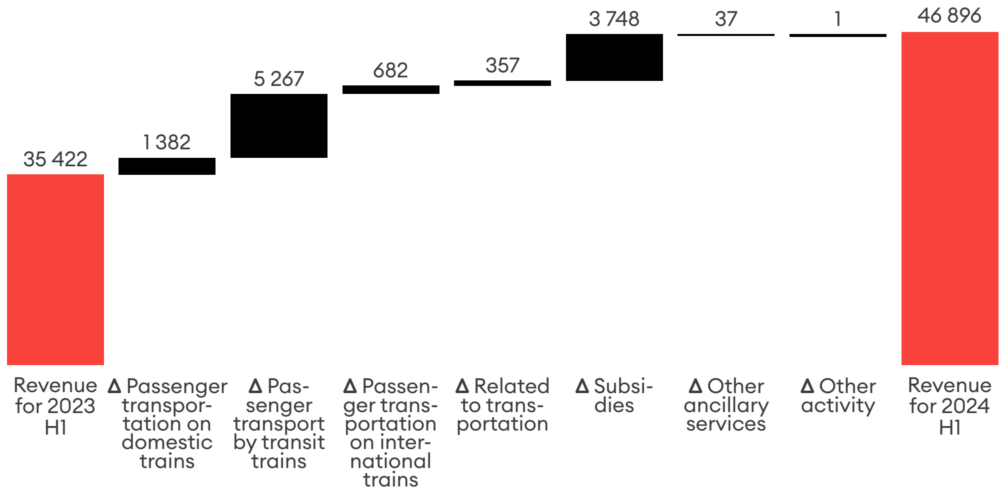
6 pic. Sales revenue in Half 1 2022-2024, thousand EUR



7 pic. Structure of sales revenue in H1 2024, %



8 pic. Change in the Company's revenue in Half 1 2023-2024, thousand EUR



• **Passenger carriage-related revenues** (carriage of mail and luggage, catering on trains) amounted to EUR 1.4 million, an increase of EUR 0.4 million or 34.4% compared to the first half of 2023. The increase in revenue from mail and luggage carriage on transit trains was driven by a 38% increase in price. Higher revenues were generated from food and beverage sales on trains due to a constantly renewed range of goods and an increase in the number of routes on which food was sold.

• The Company also provides **other ancillary services** such as luggage storage, advertising, property rental, and food sales to passengers at stations. The revenue from these services amounted to EUR 0,3 million during the period under review.

• The subsidy amounted to EUR 19.2 million to compensate for losses incurred in the carriage of passengers on local transport routes. The increase in costs compared to the first half of 2023 resulted in an increase in the subsidy of EUR 3.7 million.

Expenses

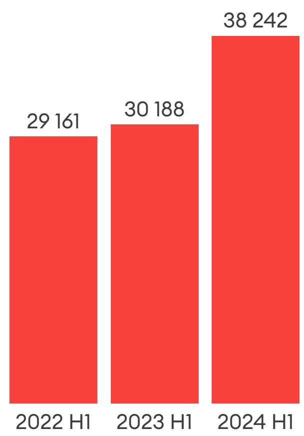
• The Company's operating and other operating expenses amounted to EUR 38.2 million in the first half of 2024 (EUR 30.2 million in the respective period of 2023).

• Employee benefits (22.9%), depreciation and amortisation (16.8%), services to ensure passenger train traffic (13.9%), infrastructure charges (10.8%), management and general administration services (9.5%), energy resources (8.7%), and materials and repair and maintenance services (8.7%) account for the major share of the expenses.

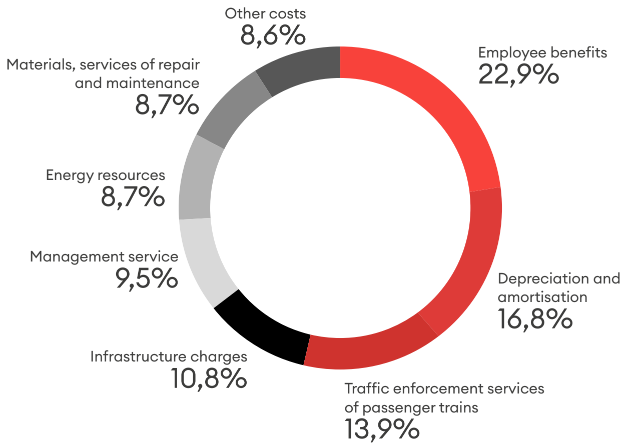
• **Employee benefits** amounted to EUR 8.8 million in the first half of 2024, and increased by EUR 1.1 million compared to the first half of 2023. The annual salary review in April 2024 was the main contributor to the increase. Changes in the average salary are presented in the Chapter Staff of the report.

• **Depreciation and amortisation expenses** amounted to EUR 6.4 million in the first half of 2024, a slight decrease of EUR 0.1 million compared to 2023.

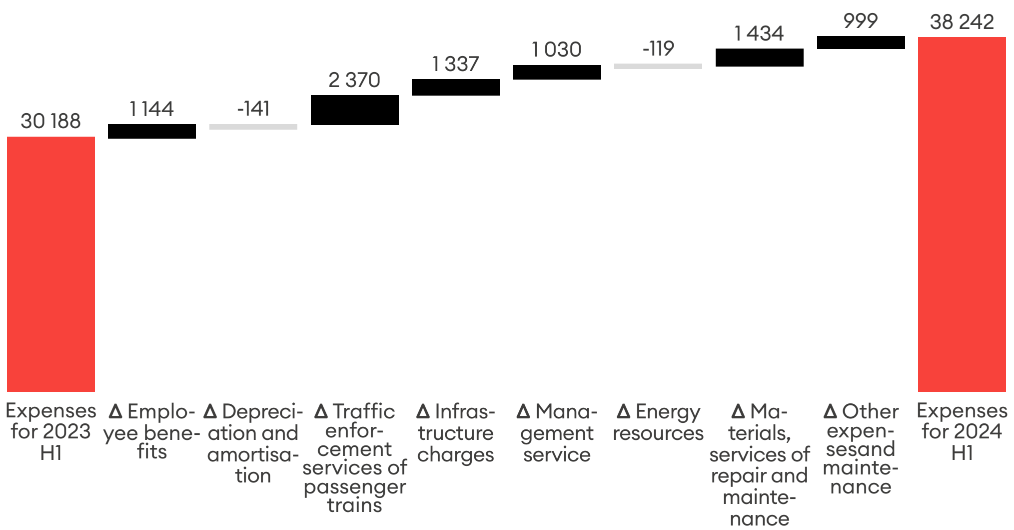
9 pic. Company's expenses, thousand Eur



10 pic. Company's expense structure in Half 1 2024, %



11 pic. Change in the Company's expenses in Half 1 2023-2024, thousand EUR



• **Expenses of ensuring passenger train traffic** amounted to EUR 5.3 million in the first half of 2024, and increased by EUR 2.4 million or 80% compared to 2023, due to purchased the work of locomotives and brigades from LTG Cargo and an 81.1% increase in the scope of work of crews.

• **Expenses of infrastructure charges** in the first half of 2024 amounted to EUR 4.1 million, and increased by EUR 1.3 million or 47.8% compared to the first half of 2023 due to an increase in tariffs for the carriage of passengers and luggage in transit and the use of passenger stations.

• **Energy resource expenses (fuel, electricity)** amounted to EUR 3.3 million in the first half of 2024, a slight decrease of EUR 0.1 million compared to the first half of 2023. Lower electricity and diesel prices (16.5% and 1.7% respectively) and the measures taken to optimise train drivers' rates have led to savings in energy costs despite higher train operation volumes.

• **Material, repair and maintenance** expenses in the first half of 2024 amounted to EUR 3.3 million, an increase of EUR 1.4 million compared to the first half of 2023, due to unscheduled and additional rolling stock repairs.

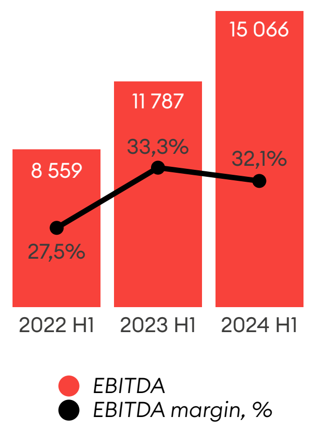
• **Management and general service expenses** amounted to EUR 3.6 million in the first half of 2024, an increase of EUR 1.0 million, or 39.4%, compared to the first half of 2023, due to LTG's change in the service structure and the higher volume of services provided.

• **Other expenses (revaluation of non-current assets and inventories, cleaning, security, insurance and other purchased services)** amounted to EUR 3.3 million in the first half of 2024, an increase of EUR 1.0 million compared to the first half of 2023. The increase in expenses was due to the increase in the cost of rolling stock insurance, cleaning and consultancy services, as well as higher costs for marketing measures.

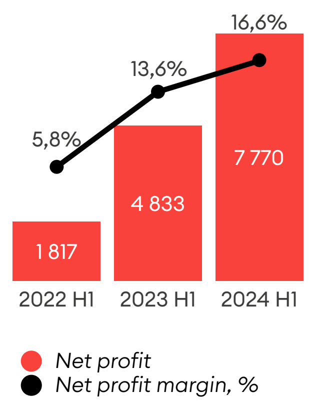
Operating results

• The Company generated a **net profit of** EUR 7.8 million in the first half of 2024, compared to EUR 4.8 million in the respective period of 2023. The improved result is due to an

12 pic. EBITDA of the Company, thousand EUR



13 pic. Net profit, EUR thousand



increase in the number of passengers, higher ticket prices and the development of carriage-related services. In the first half of 2024, passenger carriage revenue totalled EUR 7.3 million and was 39.3% higher compared to the same period of 2023.

• **The net profit margin** was 16.6% in the first half of 2024 (13.6% in the first half of 2023).

• The Company's **EBITDA** amounted to EUR 15.1 million in the first half of 2024 (EUR 11.8 million in the first half of 2023), and the **EBITDA margin** was 32.1 per cent respectively (33.3 per cent in 2023).

Changes in the balance sheet

• The residual value of **non-current assets** at 30 June 2024 was EUR 124.6 million, and remained unchanged compared to 31 December 2023.

• **Current assets** at 30 June 2024 amounted to EUR 62.8 million, and increased by EUR 4.2 million or 7.1% compared to the period of 31 December 2023. The increase in current assets was mainly due to an increase in receivable budget arreass of EUR 18.7 million.

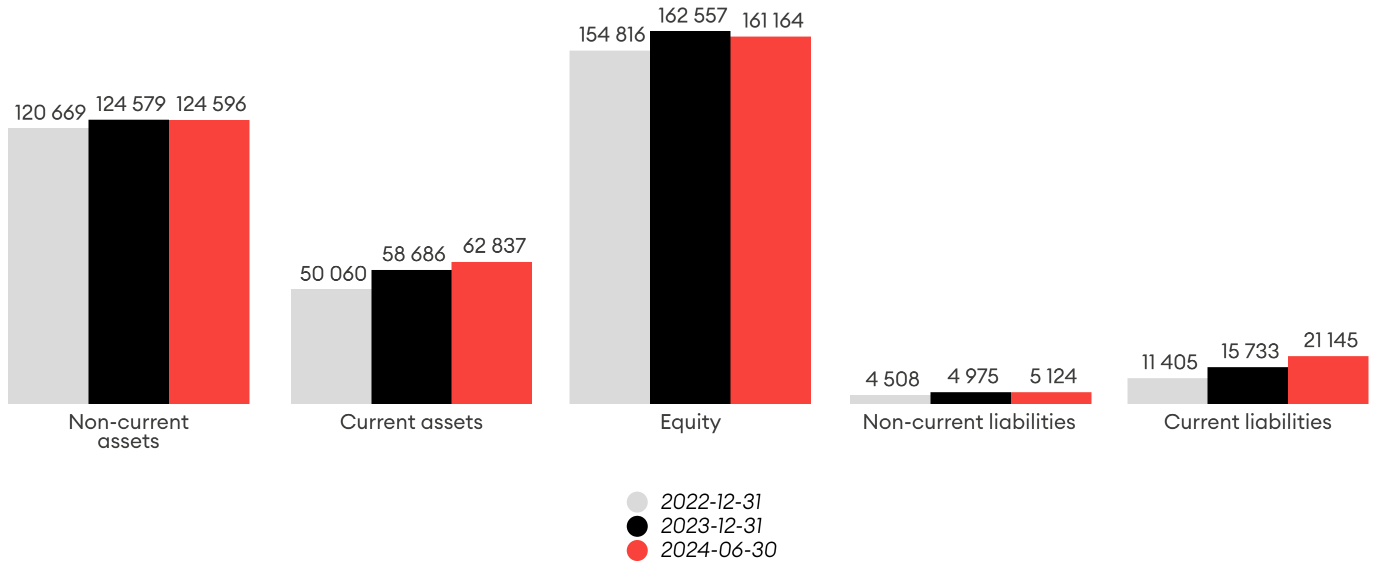
• **Authorised capital** remained unchanged during the period under review at EUR 143.6 million.

• **Shareholders' equity** decreased by EUR 1.4 million to EUR 161.2 million in the first half of 2024. The changes were due to the payment of dividends to shareholders out of the 2023 distributable profit (EUR 9.2 million) and the creation of statutory and other reserves (EUR 3.9 million).

• **Current liabilities** amounted to EUR 21.1 million at 30 June 2024 (EUR 15.7 million at 31 December 2023). The main reasons for the increase are EUR 7.8 million higher deferred income from ticket purchases.

• As at 30 June 2024, **non-current liabilities** amounted to EUR 5.1 million, with a slight change of EUR 0.1 million compared to 31 December 2023. The increase in non-current liabilities was due to an increase in lease liabilities.

14 pic. Changes in main balance sheet items, EUR thousand



Key financial indicators

	Unit of measurement	Half 1 2024	Half 1 2023	Half 1 2022
Sales revenue	EUR thousand	27 686	19 961	13 851
Subsidy	EUR thousand	19 208	15 460	17 259
Other operating income	EUR thousand	2	1	114
Total revenue	**EUR thousand**	**46 896**	**35 422**	**31 224**
Expenses	**EUR thousand**	**38 242**	**30 188**	**29 161**
EBITDA	EUR thousand	15 066	11 787	8 559
Normalised EBITDA	EUR thousand	15 062	11 966	8 689
EBITDA margin	%	32,1%	33,3%	27,5%
Normalised EBITDA margin	%	32,1%	33,8%	27,8%
EBIT	EUR thousand	8 654	5 234	2 064
EBIT margin	%	18,5%	14,8%	6,6%
Net profit	**EUR thousand**	**7 770**	**4 833**	**1 817**
Net profit margin	%	16,6%	13,6%	5,8%
		2024 06 30	2023 12 31	2022 13 31
Non-current assets	EUR thousand	124 596	124 579	120 669
Current assets	EUR thousand	62 837	58 686	50 060
Total assets	EUR thousand	187 433	183 265	170 729
Shareholders' equity	EUR thousand	161 164	162 557	154 816
Financial debt	EUR thousand	4 082	3 868	3 976
Net debt	EUR thousand	(24 178)	(48 955)	(38 149)
Return on equity (ROE)	%	10,2%	8,2%	4,7%
Return on Assets (ROA)	%	8,8%	7,4%	4,3%
Return on Investment (ROI)	%	9,9%	8,0%	4,6%
Financial debt / EBITDA	times	0,1	0,1	0,2
Financial debt / Equity (D/E)	%	2,5%	2,4%	2,6%
Net debt / EBITDA	times	(0,8)	(1,7)	(1,7)
Net debt / Normalised EBITDA	times	(1,6)	(1,5)	(1,5)
Equity ratio	%	86,0%	88,7%	90,7%
Asset turnover ratio	times	0,5	0,4	0,4
Immediate liquidity ratio	times	3,0	3,7	4,3
Total liquidity ratio	times	3,0	3,7	4,4

** for definitions of the indicators, see page 51 of the report.*

Financing of the company

As at 30 June 2024, the Company did not have any debt liabilities to credit institutions.

To balance its working capital, the Company used LTG Group‘s cash pool during the reporting period. The Group’s cash pool agreement is valid till 31 December 2024. The agreement conditions are in line with standard market conditions.

Special obligations

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

The current list of special obligations to be carried out by SOEs and their subsidiaries was adopted on 16 March 2021 by Order No 4-193 of the Minister of Economy and Innovation of the Republic of Lithuania (link).

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

More detailed information on the Company's specific obligations is available on the Company's website and in Annual Report 2023.

Investment

In Half 1 2024, LTG LINK's investment amounted to EUR 4.6 million. All investments (100%) were financed from the Company's own funds. The majority (82.5%) was spent on major repairs of passenger rolling stock.

Investments, EUR thousand	Half 1 2024	Half 1 2023	Half 1 2022
Overhauls of passenger rolling stock	3 773	2 736	2 041
Other investments	799	1 039	2 271
Total	**4 572**	**3 775**	**4 312**

Key investment projects implemented in half 1 of 2024

Key projects/ groups of projects	Works carried out in the first half of 2024
1. Passenger rolling stock repairs	To ensure the availability of passenger trains, it is necessary to perform the public service contract concluded with the Ministry of Transport and Communications: • renewing existing passenger trains. In the performance of capitalized routine repairs of trains, works for EUR 3.8 million were performed and 37 passenger wagons were repaired during the half of the year; • a project for the acquisition of replacement units of 730ML trains is underway. The availability of replacement units will significantly reduce the downtime of trains for major repairs.
2. Acquisition of electric passenger trains	In the implementation of the Railway Electrification Programme at LTG Group, a project to purchase new Electric Passenger Trains is being implemented. In June 2023, LTG Link signed an agreement with *Standler Polska*, the Polish subsidiary of the Swiss train manufacturing group *Stadler Rail*, for the purchase of 15 electric trains (including 6 battery-electric trains). These trains will replace some of the diesel trains on LTG Link which are reaching the end of their service life. The new trains will allow for environmentally friendly passenger transport on electrified lines, while battery trains will replace diesel trains on individual routes that are not fully electrified. They will be more efficient, adapted to the needs of the disabled and provide a higher level of comfort for passengers. In the first half of 2024, the design of the trains was being prepared and coordinated. The new trains are expected to start running in 2026.
3. Other projects	• Project for the installation of *Smart Ticketing* system: following the introduction of the new ticketing system in 2022, a second phase was carried out in the first half of 2024, with the installation of ticket vending machines in stations. The ticket vending machines will optimise the ticketing process, reduce costs and improve the quality of service for passengers. • The *project for the optimisation of passenger rolling stock repair depot* is underway to adapt the depots to new electric trains, improve the efficiency of repairs, address environmental issues, etc. Design works started under a design contract concluded at the end of 2023. The reconstruction of the existing depot in N.Vilnia is expected to free up areas and buildings in Vilnius city (next to Vilnius railway station) for passenger train repairs. • A project to replace locomotive *safety systems* (LSS) is being implemented. The unsafe KLUB-U systems manufactured in Russia currently in service on 35 passenger trains are to be replaced. New systems are being designed in 2024 and replacement works on passenger trains will be carried out as from 2025.

Planned investment projects/ investment directions:

Investments in passenger transport activities planned in the near future (in 2024):

1. Projects that were conducted in 2023 and were not completed are continued in 2024. The most important of these are:

• acquisition of electric trains (the first train is planned to be built and its testing is to start in 2024);

• project for the optimisation of passenger rolling stock repair depot (design planned in 2024);

• Smart Ticketing project, completing the installation of ticket vending machines in 2024.

2. A programme for the repair of passenger trains currently in service is being implemented.

3. New small-scale projects to improve the quality and efficiency of passenger services (on-board passenger information system, improvement of carriage interiors, remote monitoring of train conditions, etc.).

Dividend policy

Resolution No 665 of the Government of the LR "On the Approval of the Description of the Procedure for the Exercise of the State's Property and Non-Property Rights in State-Owned Enterprises" and amendments thereto (LINK) governs the payment of dividends and the rate of corporate contributions by state-owned enterprises. The consolidated version is valid from 5 April 2022.

The granting and payment of dividends by Group companies is governed by the LTG Group's Dividend Policy, which was updated during the reporting period. The Dividend Policy is publicly available on the website (link).

Dividends for a financial year or a period shorter than a financial year are planned taking into account the level of return on equity, the net profit earned, the financial capacity to pay dividends, the implementation of economic projects of national importance and other conditions and circumstances as set out in the Dividend Policy. The dividend payout ratio is calculated on retained profit and depends on the ROE at the end of the reporting period.

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

The Board of the Company may propose to the shareholder to determine a lower or a higher proportion of the profit to be paid as dividends, or to refrain from paying dividends, taking into account the conditions and circumstances set out in the Dividend Policy.

The financial statements of LTG Link for 2023 and the distribution of profit (loss) for 2023 were approved by decisions of the Board of LTG Link of 25 March 2024 and of the sole shareholder of AB Lietuvos Geležinkeliai of 16 April 2024. Dividends distributed from the 2023 distributable profit of LTG Link amounted to EUR 9.2 million.

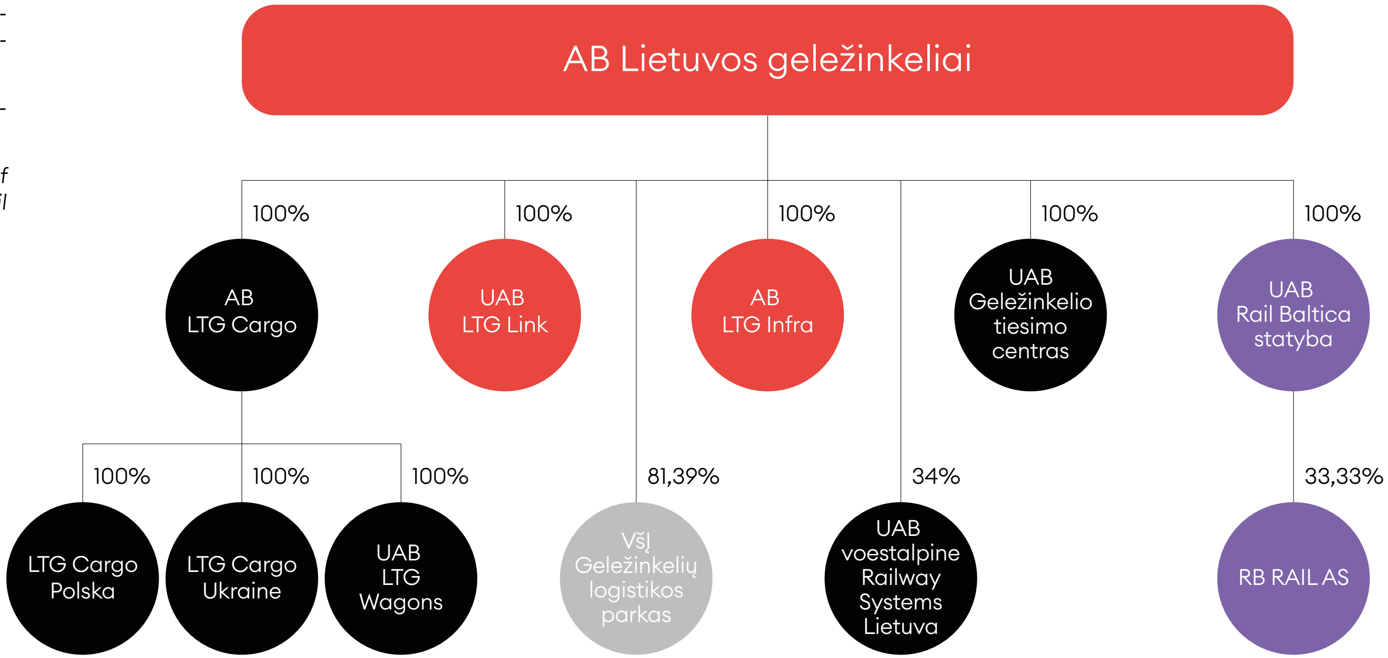
UAB LTG Link paid EUR 5.3 million in dividends in 2023 out of distributable profit for 2022.

Governance report

Group structure

UAB LTG Link is a member of LTG Group, the largest freight, passenger and infrastructure management company in the Baltic States. The Company is 100% owned by AB Lietuvos Geležinkeliai. During the reporting period, the Company had no subsidiaries.

- *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 LTG Group's corporate governance is organised in such a way as to strike an effective and results-oriented balance between the LTG Group's management and control measures. The governance model of the LTG Group is centralised, i.e. the governing bodies of the parent LTG consider and approve the consolidated LTG Group's business strategy, the consolidated performance targets, the indicators and targets against which they are measured, the consolidated budget and the business plan. The LTG shall establish rules and procedures for the coordination, supervision and control of the performance plans of all LTG group companies.

The LTG Group applies a **functional leadership model**, which means that added value is created by centralising the management of operational support and corporate functions and the functions themselves, consolidating competencies and introducing functional excellence. The Parent Company coordinates the LTG Group companies' finance, legal, planning and monitoring, human resources, risk management, audit, technology, communication and other general areas through common policies, regulations and norms that apply to all LTG Group companies.

Corporate governance of the ltg group is organised according to the following principles:

• Operational openness and transparency;
• Compliance of corporate governance with legal regulation and its effectiveness;
• Meeting shareholders' expectations;
• Role of stakeholder cooperation;
• Effective and efficient risk management and internal control systems;
• Defining objectives and sustainability;
• Responsibilities and accountability of the management bodies.

Operational policy

Pursuant to the Corporate Governance Policy of LTG, the LTG establishes the policies and rules that apply to the LTG Group as a whole. Accordingly, the policies approved by the LTG Board are also applicable to other LTG Group companies, including the Company.

During the reporting period, the LTG Board approved and started implementing the following operational policies in LTG Group:

• **Risk Management Policy** has been updated, establishing a unified risk management model, principles and responsibilities of LTG Group.

• **Dividend Policy**, the purpose of which is to set out the dividend policy applicable to the LTG Group as a whole, to be followed by the governing bodies of the companies in the LTG Group when deciding on the distribution of dividends to those companies.

• **People and Culture Policy**, which aims to link business strategy with the management of human resources in the organisation.

• **Transport Management Policy**, which sets out the procedures and conditions for the allocation, use and control of official vehicles, shared vehicles and personal vehicles for LTG Group staff.

• **Compliance Management Policy** has been updated with the aim of establishing a unified compliance management model, principles and responsibilities for LTG Group.

• **Sustainability Policy** has been updated setting out the principles and priorities for the LTG Group's sustainability activities, defining the key sustainability-related activities and the governance model.

Information about shares as at 30 June 2024

Authorised capital amount, EUR thousand	Number of shares, pcs.	Nominal share value, EUR
143 590	156 237	919,05

The Company is a part of AB Lietuvos Geležinkeliai Group, the sole shareholder of which is the parent company AB Lietuvos Geležinkeliai. The shareholder of AB Lietuvos Geležinkeliai is the State of Lithuania, which owns 100 % of the shares, and the Ministry of Transport and Communications of the Republic of Lithuania exercises the shareholder's rights and obligations.

All shares are of one class - ordinary registered shares. Shares are dematerialised and are recorded in personal securities accounts in accordance with the procedure prescribed by laws.

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

Articles of association of the company

The Company's Articles of Association are the main document which the Company follows in its activities.

On 17 January 2023, the Articles of Association of UAB LTG Link were amended to add new powers for the Board and to change the limits of transactions that the Board can approve.

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

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

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 for convening it and making decisions are determined by the Law on Companies, other legal acts, as well as the Company's Articles of Association.

The sole shareholder of UAB LTG Link is AB Lietuvos Geležinkeliai, which takes the main decisions related to the implementation of ownership rights and obligations.

The Company has not issued any preference shares. There were no restrictions on voting rights during the reporting period.

In accordance with the Company's Articles of Association, an additional competence of the General Meeting of Shareholders during the reporting period is to approve the decisions of the Board of UAB LTG Link:

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

• on investing in, buying, selling or otherwise transferring, pledging or mortgaging the Company's facilities and assets of national security importance;

• on the conclusion of a public service contract for passenger transport activities and approval of its essential terms;

• on the Company becoming a founder or participant in other legal entities;

• on the commencement of a new activity of the Company or the discontinuation of an existing activity of the Company, if the relevant decision has not been taken at the time of the approval of the Company's strategy;

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

• on the investment, disposal or lease of the Company's fixed assets with a carrying amount equal to or greater than EUR 3 000 000 (three million) (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 greater than EUR 3 000 000 (three million) (excluding value added tax);

• on guaranteeing or suretising the performance of obligations of other persons in an amount equal to or greater than EUR 3 000 000 (three million euros) (excluding value added tax);

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

• loan or other financing transactions with a value equal to or greater than 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 more than EUR 3 000 000 (three million) (excluding value added tax) and the approval of the essential terms of these transactions (before the Company commences the procurement procedures);

• on the approval of the material terms of service contracts for services provided by the Company to non-group legal entities, if the planned annual revenue of the contract, or the revenue expected to be generated over the entire term of the contract, is equal to or more than EUR 3,000,000 (three million euros) (exclusive of 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, and provision of guarantees and sureties for the obligations of other persons, the purchase of goods, services and works, loans or other financing transactions, where the value of the transaction is equal to or exceeds EUR 3,000,000 (three million euros) (excluding value added tax).

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

The Board

is the collegial management body established by the Company's Articles of Association, which consisted of 5 members during the reporting period, 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 Chairman of the Board from among its members. The same person may not be elected as a member of the Board for more than two consecutive terms. The Board shall be accountable to the General Meeting of Shareholders of the Company.

Independent members of the Board are elected in accordance with the Description of the Selection of Candidates for the Board of a State-owned Enterprise or a Municipal Enterprise and Candidates for the Collegial Supervisory or Management Body Elected by the General Meeting of Shareholders of a State-owned Enterprise or a Municipal Enterprise (hereinafter – the Selection Description), approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 (as subsequently amended). The provisions of the Selection Criteria concerning the diversity of competences of members of the Board and the requirements regarding the eligibility to general and specific requirements are followed when bringing together the Board.

The competence of the Board is in line with the board competence as laid down in the Law on Companies and other legal acts, while additional competences of the Board are provided for in the Articles of Association of the Company.

Additional competences of the Board during the reporting period:

- approve the Company's business strategy;
- set the Company's objectives;
- approve the Company's annual operating plan (budget);
- approve the list of information considered to be the Company's trade (industrial) secret and confidential information, the conditions for the use and storage of such information;
- analyse and assess the Company's material risks (when assessing these risks, the Board shall prioritize them by importance) and approve strategies to manage them;
- make decisions on the investment, sale and purchase or any other transfer, pledge or mortgage of the Company's national security facilities and assets;
- make decisions on the investment, transfer or lease of the Company's non-current assets with a carrying amount equal to or greater than EUR 1 000 000 (one million) (excluding value added tax) in the Company's group companies or third parties;
- make decisions on pledging and mortgaging the Company's fixed assets with a carrying amount equal to or greater than EUR 1 000 000 (one million) (excluding value added tax);
- make decisions on the surety or guaranteeing of the fulfilment of the obligations of other persons for an amount equal to or greater than EUR 1 000 000 (one million euros) (excluding value added tax);
- make decisions to acquire non-current assets for a price equal to or greater than EUR 1 000 000 (one million) (excluding value added tax);
- make decisions on loan or other financing transactions with a value equal to or greater than EUR 1 000 000 (one million);
- make decisions to enter into transactions for the purchase of goods, services and works with a value equal to or greater than EUR 1 000 000 (one million euros) (excluding value added tax) and approve the material terms of such transactions (before the Company commences the procurement procedures);
- make decisions on the approval of the material terms of service contracts for services provided by the Company to non-group legal entities, if the planned annual revenue of the contract, or the revenue expected to be generated over the entire term of the contract, may be equal to or greater than EUR 1 000 000 (one million) (exclusive of value-added tax);
- make decisions on the conclusion of a public service contract for passenger transport operations and approval of its essential terms;
- make decisions on the Company becoming a founder or participant of other legal entities;
- 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;
- make decisions on the establishment of branches and representative offices of the Company, termination of their activities, appointment and dismissal of the heads of the Company's branches and representative offices, and approve the regulations of branches and representative offices;

• 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, pledge, mortgage, and provision of guarantees and sureties for obligations of other persons, the purchase of goods, services, and works, loans, or any other financing transactions, where the value of the transaction is equal to or exceeds EUR 1,000,000 (one million euros, exclusive of value-added tax);

• make decisions on the approval of the Company, as a shareholder of subsidiaries, of the decisions of the governing bodies of the subsidiaries on the merger, amalgamation, division, subdivision, assignment or transfer of activities by any other legal means, becoming a founder or participant of other legal entities (except for decisions on becoming a founder or participant of associations);

• approve, promote and sanction the terms and conditions of employment of the Company's Chief Executive Officer;

• approve the total amount of incentives to be allocated for the Company's employees for their performance, taking into account the performance of the Company;

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

• 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 provides feedback and proposals on the performance of the Company's Chief Executive Officer to the General Meeting of Shareholders;

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

• proposes to the Company's CEO to revoke his decisions that are contrary to laws and regulations, these Articles of Association, decisions of the General Meeting of Shareholders or the Board;

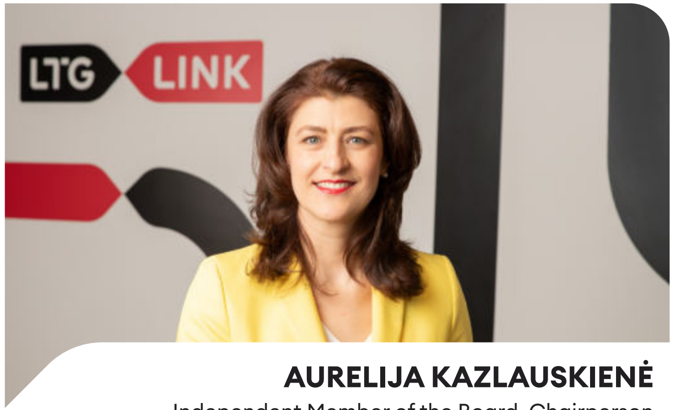
• decides on other matters of supervision of the Company and the Company's manager's activities that are within the competence of the Board under the Articles of Association, as well as under the decisions of the General Meeting of Shareholders.

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

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

Eleven (11) Board meetings were held during the reporting period.

Composition of the Board of the company



AURELIJA KAZLAUSKIENĖ

Independent Member of the Board, Chairperson
Has held the position of a Member of the Board since 23 January 2023 and the Chairperson of the Board since 2 February 2023.

EDUCATION

- Baltic Management Institute (BMI), EMBA
- Graduate of Baltic Institute of Corporate Governance.
- Graduate of the Leadership Development Programme;
- ISM University of Management and Economics, EMBA.
- Vilnius University, Master of Management and Business Administration;
- Vilnius University, Bachelor of Management and Business Administration.

MAIN PLACE OF EMPLOYMENT, POSITION

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

AISTĖ GASIŪNIENĖ

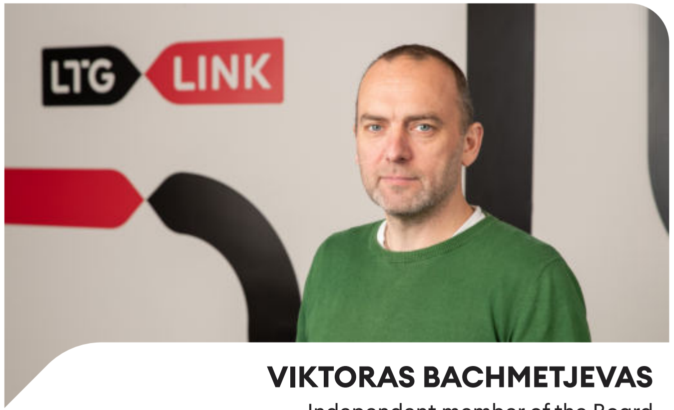
Member of the Board, civil servant
Has held the position since 23 January 2023.

EDUCATION

- Vilnius Gediminas Technical University, Bachelor of Management and Business Administration;
- Vilnius Gediminas Technical University, Master of Management and Business Administration.

MAIN PLACE OF EMPLOYMENT, POSITION

- Senior Adviser, Future Connectivity Policy Group, Ministry of Transport and Communications of the Republic of Lithuania, Gedimino pr. 17, Vilnius, company code 188620589



VIKTORAS BACHMETJEVAS

Independent member of the Board
Has held the position since 23 January 2023.

EDUCATION

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

MAIN PLACE OF EMPLOYMENT, POSITION

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

OTHER POSITIONS HELD

- Director of MB Hubris, Švenčionių g. 14-3, Vilnius, company code 304955142.
- Director of MB Kolibrio Knygos, Švenčionių g. 14-3, Vilnius, company code 305911565.
- Head of Public Institution Civic Initiatives, Švenčionių g. 14-3, Vilnius, company code 305072960.
- Member of the Board of Public Institution Open Lithuania Foundation, Didžioji g. 5, Vilnius, company code 210063570.

Composition of the Board of the company

IRMANTAS BERŽAUSKAS
Member of the Board delegated by a shareholder
Has held the position since 23 January 2023.

EDUCATION

- Riga School of Economics - Stockholm School of Economics in Riga, Master in EMBA.

MAIN PLACE OF EMPLOYMENT, POSITION

- Director of Legal and Governance, Lietuvos geležinkeliai AB, Geležinkelio g. 16, Vilnius, company code 110053842.

ANDREJ KOSIAKOV
Member of the Board delegated by a shareholder
Has held the position since 23 January 2023.

EDUCATION

- Vilnius University, Master of Management and Business Administration.
- Fellow Chartered and Certified Accountant (UK

MAIN PLACE OF EMPLOYMENT, POSITION

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

Changes in the composition of the board during the reporting period

The composition of the Board remained unchanged during the reporting period.

Competence matrix

Members of the Board are subject to the general and special requirements set out in the Description of the Selection of Members of the Board – civil servants and delegated members of the parent company – of AB Lietuvos Geležinkeliai Group Companies AB LTG Cargo, AB LTG Infra and UAB LTG Link.

Mandatory *Advantage*

Composition of members of the Board	Competences of a civil servant	Competences of the members delegated by the parent company		Competences of independent Board members	
Areas of competence	Lithuania's transport development strategy	Strategic management and business development	Financing strategy	Marketing and customer experience management	Innovation and development for sustainable mobility
Special requirements (applicable by area of competence)					
At least 5 years' experience in a senior management position (as the Head of the Company, a senior manager reporting directly to the Head of the Company or a member of a management or supervisory collegiate body)					
Managing corporate strategic planning, organisational transformation and change					
Experience in business development in international markets					
Experience of developing an organisation and its culture					
Experience in applying/implementing digitisation, innovation, efficiency solutions					
Working knowledge of marketing, customer experience, brand development					
Experience in project management, evaluation and financing					
Knowledge of and experience in the financing of state-regulated activities					
Knowledge of strategic national and regional transport sector objectives and regulatory principles					
Good knowledge of the strategy and objectives of Lietuvos Geležinkeliai Group					
Experience in planning and developing infrastructure development;					
At least 5 years' experience in a senior management role in financial management, financial advisory, financial services or audit					
At least 5 years' experience in a senior management role in road, air, waterborne or rail transport and/or rail infrastructure management in the European Union or North Atlantic Treaty Organisation countries					
At least 3 years' experience in a managerial role in logistics					
Work experience in an international group of companies					
Experience of working in collegiate supervisory and management bodies					

Board's action plan and the most important works carried out

During the reporting period, the Board organised its work in accordance with the Board's Annual Work Plan 2024 approved on 5 December 2023, which provided for the consideration of organisational, strategic, planning, risk management, objective setting and evaluation, self-assessment, reporting on the Company's performance and other matters.

Attendance of board meetings in half 1 2024

Member's name, surname	Board meetings
Number of meetings in Half 1 2024 (including outgoing meetings, advance voting in writing)	11
Aurelija Kazlauskienė	11
Aistė Gasiūnienė	10
Viktoras Bakhmetievas	10
Irmantas Beržauskas	11
Andrej Kosiakov	11

Committee

The Board, Nomination and Remuneration, and Audit Committees of AB Lietuvos Geležinkeliai operated at LTG Group level.

The Audit Committee's main task is to provide opinions and proposals to the LTG Board on the functioning of the internal and external audit, risk management and control systems of LTG and its subsidiaries.

The purpose of the Nomination and Remuneration Committee is to provide findings, opinions, recommendations and proposals to the LTG Board on matters relating to the selection of the LTG Group's governing bodies and the LTG Group's remuneration policy.

Chief executive officer (CEO) –

is the Company's sole governing body, who, within the scope of his authority, organises the day-to-day activities of the Company. The duties and powers of the Chief Executive Officer are defined in the Law on Companies and the Company's Articles of Association. The Chief Executive Officer is elected for a term of office of 5 years by the Board of the Company, to which he is accountable. The same person may not be appointed as Chief Executive Officer for more than 2 consecutive terms.

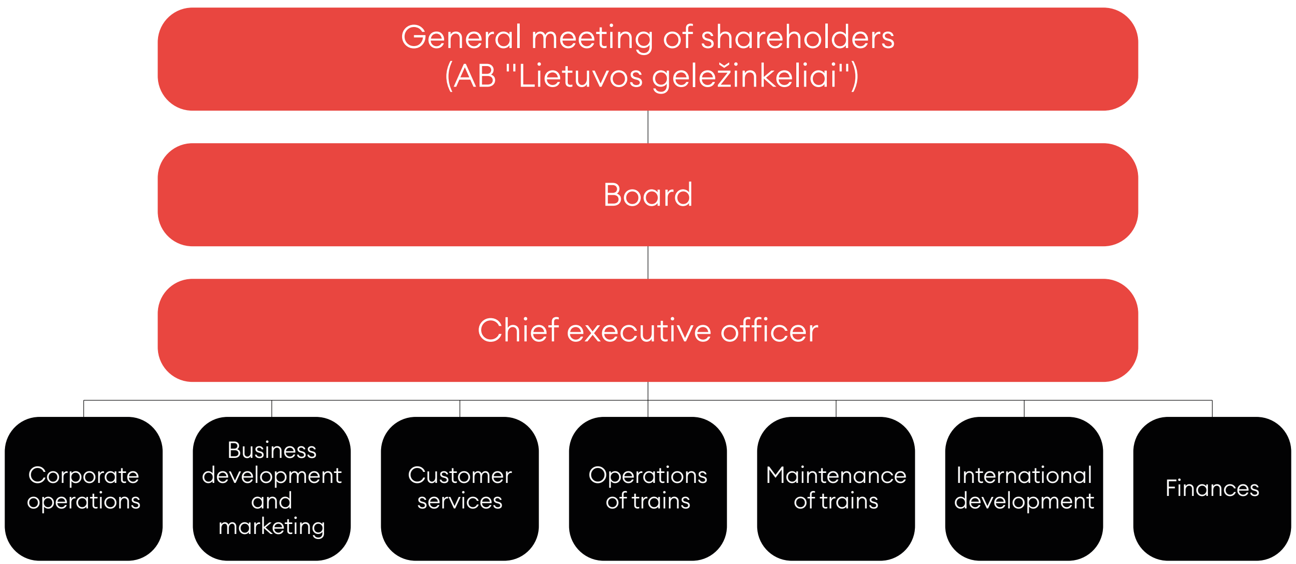
The first five-year term of office of LTG Link's CEO started on 1 February 2024.

Corporate governance and organisational structure of the company

In order to grow the long-term value of LTG Group companies, to use funds, assets and other resources rationally and efficiently, and to meet shareholders' expectations and interests, the LTG Group's operating model focuses on refining and concentrating core activities in subsidiaries. As part of LTG Group, LTG Link is responsible for the performance of its core business and the achievement of its objectives. In order to achieve its objectives and to ensure good governance, LTG Link operates independently, takes the necessary decisions, and ensures accountability and responsibility for its operating results.

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

Corporate governance structure of the Company from 1 January 2024.



Company's management

KRISTINA MEIDĖ
Chief Executive Officer
Holding the position from 1 February 2024

GEDIMINAS ŠEČKUS
Chief Executive Officer
Held the position of Acting CEO till 31 January 2024

KRISTINA NAVICKIENĖ
Chief Financial Officer
Holding the position from 7 May 2024

DOMANTAS GRIGAS
Head of Train Operations
Holding the position from 1 October 2022

ITA BRAŽINSKIENĖ
Head of Passenger Service
Holding the position from 1 December 2021

INDRĖ GLANIAUSKIENĖ
Head of Train Maintenance
Holding the position from 2 October 2023

MODESTA GUSAROVIENĖ
Head of Business Development and Marketing
Holding the position from 5 April 2024

DOVILĖ ALEKSANDRAVIČIENĖ
Head of Business Development and Marketing
Held the position till 26 January 2024

VIOLETA ŠIMELIONIENĖ
Head of International Development
Holding the position from 13 May 2024

INDRĖ KISIELIENĖ
Head of Corporate Operations
Held the position till 30 April 2024

VOITECH MAKOVSKIJ
Head of International Development
Held the position till 12 March 2024

Kristina Meidė, CEO as from 1 February 2024.

Before taking the position of the Company's CEO, **Kristina Meidė** was the head of the Lithuanian Red Cross Society since 2020.

Information on the educational background of the Company's CEO:

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

Gediminas Šečkus, Acting CEO till 31 January 2024.

Prior to assuming this position, the Company's CEO Gediminas Šečkus was the Head of Corporate Operations at UAB LTG Link since 2019.

Information on the educational background of the Company's CEO:

• Vilnius University, Master of Law.

Managing interests

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

Internal audit

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 to contribute to the achievement of the LTG Group's strategic objectives and to preserve and enhance value.

Activities of the Department are 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 carry out necessary investigations. It also regularly monitors the implementation of recommendations made and other internal control weaknesses identified by external auditors and supervisory authorities.

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

Information on the remuneration of the company's chief executive officer

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

1. Basic monthly salary. The basic monthly salary of the Chief Executive Officer of the Company, who took office on 1 February 2024 set out in the employment contract, was EUR 10 500 at the end of the reporting period. At the end of 2023, the Company was headed by an interim CEO whose salary totalled EUR 5 400 for a 32-hour work week (0,8 FTE).

2. Annual performance incentives. In addition to the base salary, the Chief Executive Officer of the Company may be paid a variable annual salary component (annual performance incentive). The Board of LTG approves the incentive scheme. According to the performance incentive scheme applied for results of 2023, the level of achievement of the LTG Group's annual targets had a 60% impact on the payment of initiatives, the level of achievement of the Company's annual targets had a 30% impact and the level of achievement of the management team had a 10% impact. From 2024 onwards, the level of achievement of the LTG Group's annual targets has a 60% impact on the payment of initiatives and the level of achievement of the Company's annual targets has a 40% impact. The Board of the Company approves the structure of the Company's annual targets, the threshold values and the weightings of their achievement, and approves the results of the achievement of these targets and the opportunity for the payment of the incentive for the annual performance at the end of the year.

• The maximum annual performance incentive may not exceed 30% of the annual base salary.

• No incentive was paid to the Company's CEO for the results of 2023 – when assessing the implemented Company's targets at the end of the calendar year, the former CEO left the Company in October 2023, while a new CEO was not appointed until February 2024.

Information on remuneration of board members

The remuneration of the members of the Board is set out in the contracts concluded with them to serve on the Board of the Company.

The remuneration of the independent members of the Board and of the civil servants holding the position of a member of the collegial body has been set in accordance with the Resolution No. 1092 of the Government of the Republic of Lithuania "On the Approval of the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises and Civil Liability Insurance for Members of Collegial Bodies of State-Owned Enterprises and Municipal-Owned Enterprises", the provisions of which stipulate that the monthly remuneration of an independent member of a Company's collegial body and of a member of a collegial body who is another person selected by the entity initiating the selection should be at least 1/4 of the average monthly salary of the Company's CEO and not 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 CEO.

In the implementation of 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 remuneration of members of the Board and members of the Committees of AB Lietuvos Geležinkeliai, which applies mutatis mutandis to members of collegial bodies of the subsidiaries.

The remuneration of the members of the Board of the Company has been determined by a decision of the Company's sole shareholder, providing that the monthly remuneration of the Chairman of the Board of the Company shall be EUR 3,360, the monthly remuneration of the independent member of the Board of the Company shall be EUR 2,520, the monthly remuneration of a member of the Board of the Company, who is a civil servant and a member of the Board of the parent company, who has been seconded by the parent company shall be EUR 1,260. There also is an enshrined rule that having elected individual members of the Board, they shall receive the same remuneration as members of the existing Board.

During the first half of 2024, remuneration was paid to Board members:

Member's name, surname	Remuneration for serving as a Board member in first Half 2024, EUR
Aurelija Kazlauskienė	20 160
Viktoras Bachmetjevas	15 120
Aistė Gasiūnienė	7 560
Irmantas Beržauskas	7 560
Andrej Kosiakov	7 560

** the remuneration is inclusive of all taxes and contributions due.*

Employees

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

Initiatives and events in half 1 of 2024

• Consistently reinforcing LTG Group values (Customer, Responsibility, Cooperation, Improvement), quarterly elections of Employees having the Strongest Values were held, information on the colleagues with strongest values was widely communicated, also introducing a unique team activity - LTG Gene, which is based on real LTG Group situations and aimed at reinforcing the employees' value behaviour in their daily work.

• Various forms of learning have been used to ensure continuous improvement – in the first half of the year, employees actively took advantage of the opportunity to participate in 18 distance lectures on mental health, sustainability, personal effectiveness and other topics.

• In May, we celebrated Diversity by presenting the results of the Equal Opportunities Line to our employees, joining the SOPA initiative DUOday, inviting people with disabilities to try out professions; e-learning on Equality at Work was organised for all employees, also enhancing knowledge on neurodiversity and integration of people with disabilities at work.

• Particular attention has been paid to cooperation with educational institutions through the sharing of knowledge and experience in lectures, panel discussions and working groups. We developed a shadowing programme for schoolchildren in cooperation with Junior Achievement, we were actively involved in the Vilnius is a School project, with schoolchildren participating in various staff-led educational activities, the Growing Leaders internship programme attracted twice as many young talents as last year, and we signed a co-operation agreement with the Šiauliai State University of Applied Arts.

• The annual review of basic salaries was implemented as of 1 April 2024, with a monthly increase in the basic salary fund of EUR 78,000 or 6.9%, and a pay rise based on the uniform review criteria implemented for 90% of employees.

• In April 2024, the Company's Board decided to pay an incentive for the results of 2023, distributing EUR 0.7 million to employees.

• In order to plan for more efficient organisational solutions and a better customer experience, changes to the organisational structure have been implemented since the beginning of April.

Managing remuneration and operational efficiency

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

• a competitive remuneration package to attract and retain the right expertise;

• equal opportunities and non-discrimination in the evaluation of staff performance and remuneration;

• the principle of internal fairness in the remuneration of comparable work;

• boosting engagement;

• an incentive for employees to develop their skills and competences;

• promoting transparency and responsible governance;

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

The core elements of setting and reviewing remuneration are:

• methodological assessment of positions;

• periodic benchmarking of internal remuneration data against the market;

• direct link between opportunities for remuneration change and employee performance – summarising evaluation of the achievement of annual targets, extra effort and value behaviour.

A local scale of corporate levels of positions is used to publicise the results of the methodological assessment of positions within the organisation. Information on the corporate levels of the position and other positions in the organisation, as well as on the basic salary scale for each corporate level, is made available to each employee, providing a systematic means of embedding transparency and assessing internal career opportunities.

The periodic review of base salaries is implemented annually and the principles of the review are linked to clear and objective criteria – a comparison of current employee remuneration with the market, the Company's financial performance and the budget allocated for the review, and a summary of each employee's annual performance.

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

In addition to the base salary, direct remuneration elements include other work and rest-related allowances, payments for working other than normal working hours, additional incentives or variable remuneration component, and annual performance incentives.

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

Measures to create additional employer value include a fringe benefits package and reimbursement of vehicle costs for managers of a certain level.

The Company's fringe benefits package includes one-time payments for the birth of an employee's child or the death of a close family member, support in the event of natural disasters, loyalty payments for employees who leave the organisation at retirement age, additional leave and other benefits as provided for in the LTG Group's branch collective bargaining agreement and in the Remuneration Methodology. Employees are also provided with accident insurance and supplementary voluntary health insurance, under the terms of which they are reimbursed for outpatient and inpatient treatment and diagnostics, preventive health check-ups and vaccinations, medicines and medical supplies. In addition, employees can opt for dental, rehabilitation or optical services. Around 80% of employees declare their choice of supplementary voluntary health insurance each year.

The general principles of remuneration are published in a publicly available remuneration policy 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 more detailed practical implementation principles. All relevant documents are published on the LTG Group's intranet in the employee knowledge base and in the news.

Data on the average remuneration of the Company's employees by general job group is Published on the Company's website, in the Remuneration section, and is updated after the end of each calendar quarter, also publishing a comparison of the average remuneration of women and men. Though applying objective and unified principles of equal opportunities remuneration management, actual differences between the average salaries of women and men, when monitored by general job group, still remain. These differences are due to 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 job groups and in operational positions in particular. Women predominate in positions in support/administrative roles, which are relatively lower remunerated in the market, while men are concentrated in positions where the area of operations is subject to a more competitive market remuneration or where the work is of a special nature, namely, physical exertion, working outdoors or under other special conditions where the market remuneration is higher.

Number of employees and average salary of the company

Position group	30 06 2024**						31 12 2023		31 12 2022	
	Number of employees			AS, EUR			Number of employees	AS, EUR	Number of employees	AS, EUR
	Total	Women'	Men	Total	Women'	Men				
CEO*	1	1	-	10500	-	-	1	5400	1	8880
Senior level managers*	5	4	1	7120	-	-	6	6387	5	5894
Senior managers and specialists in exceptional fields	7	1	6	4716	-	-	9	4476	8	4223
Mid-level managers and specialists in individual fields	48	22	26	3332	3276	3385	40	3124	33	2763
Team leaders and experienced professionals	143	68	75	2249	2068	2414	128	2076	120	1907
Specialists and experienced operational/ service staff	403	169	234	2065	1683	2334	388	1956	368	1753
Operational/service staff, skilled workers	26	4	22	1544	1339	1564	21	1500	32	1176
Total	633	269	364	2264	2046	2424	593	2125	567	1851

There were 633 employees as at 30 June 2024, with another 10 employees on long-term absence (parental leave, maternity leave, military service, etc.). Compared to 31 December 2023, the number of employees of the Company increased by 40 employees or 6.7%.

The average monthly salary changed from EUR 2,125 to EUR 2,264 compared to 2023, which was mainly due the annual salary review.

The total salary fund amounted to EUR 8.0 million, and additionally, as in other LTG Group companies, the Company's employees were paid an incentive of EUR 0.7 million for annual performance in April 2024.

** fixed remuneration amount as at the end of the period. The components of the remuneration of the Company's CEO are described in the Corporate Governance section. The average monthly remuneration of senior executives set in their employment contracts as at 30 June 2024, was EUR 7,120 and the average actual remuneration of this group of employees, taking into account the annual performance incentive, was EUR 7,484;*

*** for reasons of confidentiality, AS information and the AS difference shall not be disclosed if there are fewer than 5 employees of the same sex in the job group.*

Report on risks and their management

The **LTG Group's unified risk management system** is being implemented at the Company and is improved continuously in operation. The system is defined in the LTG Group's risk management policy, methodology and process standards, which have been developed taking into account the standards of International Organization of Standardization (ISO 31000) and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO ERM) Enterprise Risk Management (ERM) as well as best practices.

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

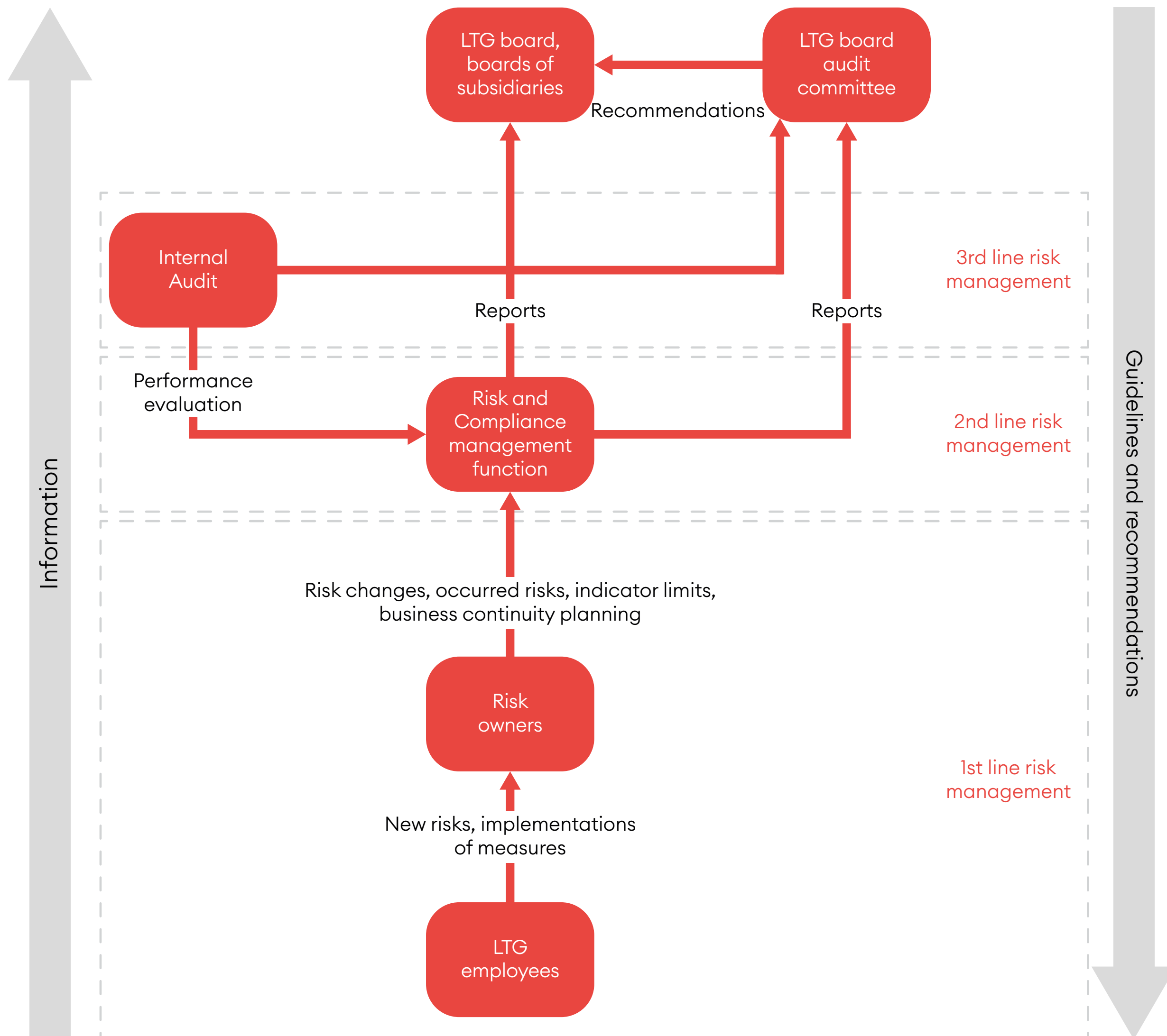
According to it:

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

• In Line 2, risk management activities are carried out by LTG's Risk and Compliance Management function, which develops and refines the overall framework, carries out co-ordination and control activities, provides advice and education on methodological and expert risk management issues to the companies and units operating at the 1st level of risk management, and prepares reports on risk management to the top management.

• Line 3 risk management activities are carried out by LTG Internal Audit, which provides an independent assessment of the effectiveness of Level 1 and Level 2 risk management, and independently comments and makes recommendations for improving the risk management system.

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



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

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

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

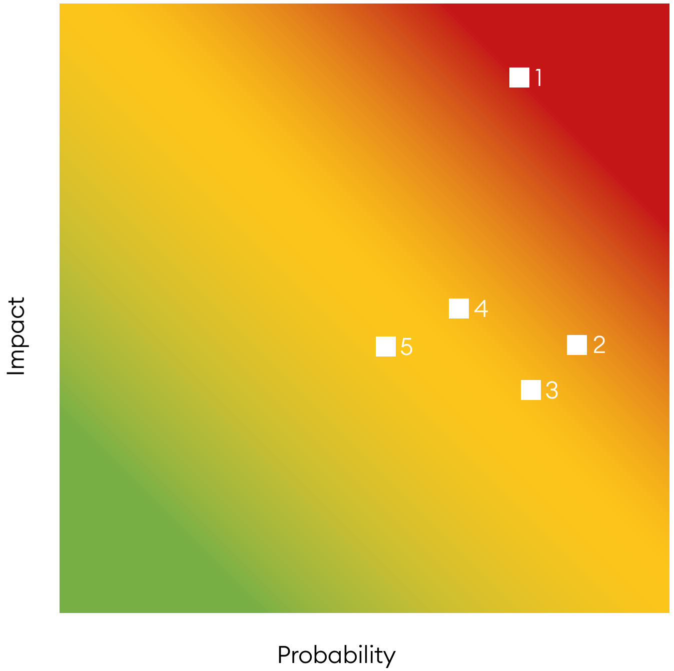
A well-established and established reporting system ensures the periodic and timely dissemination of risk-related information. On a quarterly basis, the state of risk management of each of the companies is reviewed in reports submitted to the Boards of the companies and the LTG Group. The LTG Group Board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

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

Main risks and their management measures

1. Supply and technological dependence on „third parties“.
2. Risk of misalignment of stakeholder expectations.
3. Lack of human resources with specific competences.
4. Service disruptions due to external unforeseen factors.
5. Risk of safety incidents.

Risk map



Risk	Main sources of risk	Possible impact	Key risk management measures
Supply and technological dependence on "third parties"	• Increase in prices of materials and raw materials • Longer delivery times • Possible sanctions for suppliers	• Disruptions to operations due to the technical condition of trains • Reduced customer satisfaction	• Sanction checks on suppliers • Advance planning • Finding alternative suppliers of spare parts • Rolling stock repair programmes • Reallocation of resources to busier sections • Developing staff competences
Risk of misalignment of stakeholder expectations	• Infrastructure is not fully accessible for people with special needs	• Non-compliance with the legal framework on the rights of persons with disabilities and reduced mobility • Decline in customer satisfaction • Damage to reputatio	• Open, accurate, timely and proactive communication • Adapting existing trains and infrastructure to special needs • Purchase of new trains
Lack of human resources with specific competences	• National labour market trends • Long lead times for professionals • Lack of prestige for certain professions	• Potential impact on continuity of critical activities due to lack of human resources	• Improving working conditions • Enhancing the prestige of the position • Operational automation • Employer branding
Service disruptions due to external unforeseen factors	• External factors • Circumstances beyond the control of operations	• Impact on quality of service • Damage to reputation • Financial damage	• Implementation of failure management and communication plans • Periodic theoretical and practical training of crews • Timely response • Addressing non-compliance with standards
Risk of safety incidents	• Failure to comply with work safety instructions • Unsafe behaviour of road users *Risks inherent in the activity. These risks are managed with a strong focus on continuous and systemic measures*	• Financial losses due to damage to rolling stock or infrastructure • Reputational damage due to traffic/worker safety failures • Disruption of operations due to traffic accidents	• Periodic training and coaching • Mobile app to help keep workers safe • Safety system checks • Periodic monitoring of physical and technical security • Quality control inspections

Additional information

Information on external audits

The financial statements of UAB LTG Link are audited in accordance with International Standards on Auditing.

UAB KPMG Baltics was the successful tenderer in the public tender for audit services of the consolidated financial statements of the Company and its subsidiaries for 2023-2025, prepared in accordance with International Financial Reporting Standards as adopted by the EU. The appointment of the auditors was approved by the LTG Audit Committee, LTG Board and the shareholder. The contract on audit services was signed on 27 July 2023.

Detailed information on the audit fees for the audit conducted in 2023 is disclosed in the Company's Annual Report for 2023, which is available on the Company's website.

Information on compliance with the transparency guidelines

The Company complies with the requirements of the Description of the Guidelines for Ensuring Business Transparency of State-Owned Enterprises (hereinafter – the Description) approved by Resolution No 1052 in disclosing the required information in its annual and interim reports and on its website HTTPS://LTGLINK.LT/LTG-LINK-VEIKLOS-REZULTATAI.

Structured information on compliance with the Transparency Guidelines is provided in the Company's 2023 Annual Report.

Definitions

Revenue	Sales revenue + Subsidy + Other operating revenue, excluding Financial operating revenue
Sales revenue	Revenue excluding Subsidy, Other operating revenue and Financial operating revenue
Subsidy	State budget resources for the financing of specific obligations
Costs	Costs excluding Income tax and Financial operating expenses
Financial debt	Financial debt subject to interest, including rent
Net schooling	Financial debt subject to interest, including leases, net of cash and cash equivalent investments
Return on equity (ROE)	Net profit (loss) for the last 12-month period / Average of equity at the beginning and end of the reporting period
Return on Assets (ROA)	Net profit (loss) for the last 12-month period / Average of assets at the beginning and at the end of the reporting period
Return on investment (ROI)	Net profit (loss) for the last 12 months / (Average of assets at the beginning and end of the reporting period - Average of current liabilities at the beginning and end of the reporting period)
EBIT	Profit (loss) before income tax - Result from financing activities
EBITDA	Profit (loss) before income tax - Result from financing activities + Depreciation and amortisation
Normalised EBITDA	Profit (loss) before income tax + Interest expense - Interest income + Depreciation and amortisation + Increase (decrease) in the value of fixed assets, inventories and investments + Increase (decrease) in the value of receivables and contract assets + Increase (decrease) in the value of provisions other than for ordinary activities
EBIT margin	EBIT / Sales revenue
EBITDA margin	EBITDA / Sales revenue
Normalised EBITDA margin	Normalised 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 for the last 12 months
Net debt / EBITDA	Net debt / EBITDA for the last 12 months
Asset turnover ratio	Sales revenue / Assets at the end of the period for the last 12 months
Immediate Liquidity Ratio	(Current assets at the end of the reporting period - Inventories at the end of the reporting period) / Current liabilities at the end of the reporting period
Total liquidity ratio	Current assets at the end of the reporting period / Current liabilities at the end of the reporting period
Passenger turnover (passenger kilometres)	Passenger transport performance calculated by multiplying the journey of each passenger carried by the distance travelled
Number of employees	List of active staff at the end of the period (excluding staff on parental leave, military service, long-term sick leave)
Average salary	Estimated gross earnings per notional worker

** The Subsidy is added to the Sales Revenue to calculate LTG Link's financial indicators (profitability, asset turnover).*

Abbreviations

ES	European Union
LR	Republic of Lithuania
LRG	Government of the Republic of Lithuania
FAM	Ministry of Foreign Affairs of the Republic of Lithuania
LTG Holding / LTG	Parent company AB Lietuvos Geležinkeliai
LTG Cargo	AB LTG Cargo
LTG Group, Group	AB Lietuvos Geležinkeliai and its subsidiaries
LTG Link/Company	UAB LTG Link
ESG	Environmental, Social and Corporate Governance (ESG)
IFRS	International Financial Reporting Standards
AS	Average salary
VKC/ GCC	VšĮ Valdymo koordinavimo centras/ Public Institution Governance Coordination Centre
SOE	State-owned enterprise
PSO	Contract on the provision of services ofpassenger carriage by rail and/or public combined passenger carriage on domestic routes (Public Service Obligation)
NIB	Nordic Investment Bank
EIB	European Investment Bank
B2B	A business model where one company sells its products or services to other businesses (Business to business)
OMC	Operations Management Centre
OMS	Operational Management System

Interim financial statements

(unaudited), prepared in accordance with the IFRS accounting standards, As adopted by the European Union

For the six-months period ended
30 June 2024

Statement of financial position

	Notes	30/06/2024	31/12/2023
NON-CURRENT ASSETS			
Property, plant and equipment	5	119,746	119,785
Right-of-use assets	6	4,044	3,839
Intangible assets	7	450	502
Other non-current assets		356	453
Total non-current assets		**124,596**	**124,579**
CURRENT ASSETS			
Inventories	8	416	586
Trade and other receivables	9	32,880	4,419
Prepayments	10	843	361
Cash and cash equivalents	11	28,260	52,823
Non-current assets held for sale	8	438	497
Total current assets		**62,837**	**58,686**
TOTAL ASSETS		**187,433**	**183,265**

	Notes	30/06/2024	31/12/2023
EQUITY			
Share capital	12	143,590	143,590
Legal reserve	14	1,209	554
Other reserves	14	8,595	5,322
Retained profit (losses)		7,770	13,091
Total equity		**161,164**	**162,557**
LIABILITIES			
Non-current liabilities			
Lease liabilities		3,863	3,627
Employee benefits	15	493	567
Deferred tax liabilities		768	781
Total non-current liabilities		**5,124**	**4,975**
Current liabilities			
Lease liabilities		219	241
Income tax liabilities		1,450	2,447
Employee benefits	15	2,570	2,536
Trade and other payables	16	16,832	10,462
Prepayments received	16	74	47
Total current liabilities		**21,145**	**15,733**
Total liabilities		**26,269**	**20,708**
TOTAL EQUITY AND LIABILITIES		**187,433**	**183,265**

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

Financial statements and explanatory notes on pages from 52 to 62 were approved and signed:

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 JG(LINK)-35/2023 of 30 October 2023

Statement of profit or loss and other comprehensive income

	Notes	06/2024	06/2023
Sales revenue	17	27,686	19,961
Subsidies	18	19,208	15,460
Income from other activities		2	1
Total revenue		**46,896**	**35,422**
Expenses related to employee benefits		(8,772)	(7,628)
Depreciation and amortisation	5,6,7	(6,412)	(6,553)
Management and general administration services		(3,645)	(2,615)
Infrastructure services		(4,133)	(2,796)
Traffic enforcement services of passenger trains		(5,327)	(2,957)
Fuel		(2,459)	(2,611)
Materials		(1,636)	(742)
Services rendered by other foreign railway companies		(391)	(274)
Electricity		(874)	(841)
Repairs and maintenance		(1,677)	(1,137)
Other expenses		(2,916)	(2,034)
Total expenses		**(38,242)**	**(30,188)**
Operating profit (loss)		**8,654**	**5,234**
Finance income		826	442
Finance expense		(228)	10
Financing activity result	**19**	**598**	**452**
Profit (loss) before tax		**9,252**	**5,686**
Income tax		(1,482)	(853)
Net profit (loss)		**7,770**	**4,833**
Other comprehensive income (expense)		-	-
Total comprehensive income (expense)		**7,770**	**4,833**

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

Statement of changes in equity

		Share capital	Legal reserve	Other reserves	Retained profit (losses)	Total
Balance as at 31 December 2022		**143,590**	**197**	**3,895**	**7,134**	**154,816**
Net profit (loss)		-	-	-	4,833	4,833
Total comprehensive income (expense)		**-**	**-**	**-**	**4,833**	**4,833**
Reserves formed		-	357	1,427	(1,784)	-
Dividends		-	-	-	(5,350)	(5,350)
Total transactions with owners of the company		**-**	**357**	**1,427**	**(7,134)**	**(5,350)**
Balance as at 30 June 2023		**143,590**	**554**	**5,322**	**4,833**	**154,299**
Balance as at 31 December 2023		**143,590**	**554**	**5,322**	**13,091**	**162,557**
Net profit (loss)		-	-	-	7,770	7,770
Total comprehensive income (expense)		**-**	**-**	**-**	**7,770**	**7,770**
Reserves formed	14	-	655	3,273	(3,928)	-
Dividends	13	-	-	-	(9,163)	(9,163)
Total transactions with owners of the company		**-**	**655**	**3,273**	**(13,091)**	**(9,163)**
Balance as at 30 June 2024		**143,590**	**1,209**	**8,595**	**7,770**	**161,164**

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

Statement of cash flows

	Notes	06/2024	06/2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit (loss)		7,770	4,833
ADJUSTMENTS			
Depreciation and amortisation	5,6,7	6,412	6,553
(Profit) loss from disposal / write-off of non-current assets		43	-
Write-down of non-current assets held for sale to net realisable value (reversal)		(101)	-
Increase (decrease) in value of receivables		9	-
Change in accrued income/expenses		(1,200)	(1,874)
Interest (income) expense and other charges related to loans		(517)	(277)
Interest on lease liability		7	5
Effect of currency exchange fluctuations		(101)	106
Income tax expenses (income)		1,482	853
Cash flows from operating activities after adjustments		**13,804**	**10,199**
CHANGE IN WORKING CAPITAL			
Decrease (increase) in inventories		(1,109)	(523)
Decrease (increase) in trade and other receivables and prepayments		(28,214)	(19,028)
Increase (decrease) in current and non-current trade payables and received prepayments		(5,825)	(875)
Increase (decrease) in employment related liabilities		(40)	334
Increase (decrease) in other non-current and current payables		9,703	4,025
Income tax (paid)		(2,364)	-
Net cash flows from operating activities		**(14,045)**	**(5,868)**

	Notes	06/2024	06/2023
CASH FLOWS FROM INVESTING ACTIVITIES			
(Acquisition) of non-current assets		(4,821)	(2,799)
Disposal of non-current assets		117	-
Change in prepayments for non-current assets		3	(880)
Interest received		637	-
Loans (granted) repaid		-	1,171
Net cash flows from investing activities		**(4,064)**	**(2,508)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Grants received		3,057	15,130
Interest (paid)		(1)	-
Payments of lease liabilities		(221)	(186)
Interest on lease liabilities		(7)	(5)
Dividends (paid)		(9,163)	-
Other cash flows from financing activities		(119)	-
Net cash flows from financing activities		**(6,454)**	**14,939**
Net increase (decrease) in cash flows		**(24,563)**	**6,563**
Cash and cash equivalents at the beginning of period	**11**	**52,823**	**42,125**
Cash and cash equivalents at the end of the period	**11**	**28,260**	**48,688**

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

Explanatory notes

1. Background information

UAB LTG Link (the Company) was registered in the Register of Legal Entities of the Republic of Lithuania on 28 February 2019.

The Company is a private legal person with limited liability, which organises its economic, financial, organisational and legal activities independently. UAB LTG Link is a company of AB Lietuvos Geležinkeliai Group (hereinafter – the Group). The Company‘s registration code is 305052228, VAT registration code is LT100012462811, legal (registration) address is Geležinkelio g. 16, LT-03603 Vilnius.

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

As at 31 December 2023 and 30 June 2024, the parent company AB Lietuvos Geležinkeliai was the sole shareholder of the Company. 100 per cent of the shares of AB Lietuvos Geležinkeliai are owned by the State of Lithuania, represented by the Ministry of Transport and Communications of the Republic of Lithuania.

As at 31 December 2023 and 30 June 2024, the Company‘s share capital was EUR 143,590 thousand and consisted of 156,237 ordinary registered shares with a nominal value of EUR 919,05 per share. All shares were fully paid up.

The Company has no branches or representative offices.

The Company‘s actual number of employees as at 30 June 2024 was 633 (593 at 31 December 2023).

2. Basis of preparation

These condensed interim financial statements of the Company (hereinafter – interim financial statements) for the six-month period ended 30 June 2024 have been prepared in accordance with International Accounting Standard (hereinafter – the IAS) 34 “Interim Financial Reporting”.

The interim financial statements do not contain all the information required for annual financial statements and should therefore be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards (hereinafter – IFRS) approved by the International Accounting Standards Board (hereinafter – the IASB) and as adopted for use in the EU.

These interim financial statements of the Company have been prepared using the historical cost method.

The currency of the submission is the euro. These financial statements are presented in thousands of Euros, unless stated otherwise.

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

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

3. Material accounting policies

The accounting policy, changes in the accounting policy and disclosures applied in the preparation of these interim financial statements are consistent with the accounting principles that were followed in the preparation of the Company’s annual financial statements for the year ended 31 December 2023, except for the new standards that became effective from 1 January 2024. In preparing these interim financial statements, the Company has not applied the new standards, amendments and interpretations that have been adopted but not yet effective. Some of the adopted amendments are being applied for the first time in 2024 but do not have a material impact on the Company’s financial statements.

4. Significant judgements and estimates

The significant decisions of the management on application of the accounting policy and the identification of the key accounting uncertainties in the preparation of these interim financial statements were the same as those applied in the preparation of the financial statements for the year ended 31 December 2023.

5. Property, plant and equipment

The Company's tangible assets consisted of:

	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittins and tools	Construction in progress and repayments	Total
ACQUISITION COST						
31 December 2022	**3,756**	**562**	**145,698**	**495**	**2,881**	**153,392**
- acquisitions	-	42	6,392	105	11,097	17,636
- assets sold, written off, disposed	-	(3)	(231)	(2)	-	(236)
- reclassification from (to) current assets	-	-	(574)	-	2,131	1,557
31 December 2023	**3,756**	**601**	**151,285**	**598**	**16,109**	**172,349**
- acquisitions	-	175	3,284	15	1,391	4,865
- assets sold, written off, disposed	-	(2)	-	(4)	-	(6)
- reclassification from (to) current assets	-	-	-	-	1,279	1,279
- reclassifications	-	-	(730)	-	730	-
30 June 2024	**3,756**	**774**	**153,839**	**609**	**19,509**	**178,487**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES						
31 December 2022	**(1,521)**	**(318)**	**(35,901)**	**(183)**	**-**	**(37,923)**
- depreciation	(360)	(48)	(12,596)	(41)	-	(13,045)
- impairment	-	-	(1,270)	-	(663)	(1,933)
- assets sold, written off, disposed	-	3	58	2	-	63
- reclassification from (to) current assets	-	-	274	-	-	274
31 December 2023	**(1,881)**	**(363)**	**(49,435)**	**(222)**	**(663)**	**(52,564)**
- depreciation	(180)	(42)	(5,930)	(31)	-	(6,183)
- assets sold, written off, disposed	-	2	-	4	-	6
30 June 2024	**(2,061)**	**(403)**	**(55,365)**	**(249)**	**(663)**	**(58,741)**
CARRYING AMOUNT						
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**
30 June 2024	**1,695**	**371**	**98,474**	**360**	**18,846**	**119,746**

The amount of depreciation expense of property, plant and equipment of the Company shown in the statement of profit or loss and other comprehensive income amounted to EUR 6,134 thousand (30 June 2023: EUR 6,553 thousand). This amount includes depreciation of EUR 6, 183 thousand (30 June 2023: EUR 6,409 thousand) reduced by capitalised depreciation expense of EUR 49 thousand (30 June 2023: EUR 94 thousand).

The cost of the Company's fully depreciated property, plant and equipment still in use amounted to EUR 1,018 thousand (31 December 2023: EUR 1,072 thousand). Machinery, equipment and wagons comprised for the majority of fully depreciated property, plant and equipment.

6. Right-of-use assets

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

	Land	Buildings and structures	Vehicles	Total
ACQUISITION COST				
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**
- acquisitions	-	537	43	580
- assets disposed	(5)	(510)	(19)	(534)
30 June 2024	**290**	**3,869**	**118**	**4,277**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES				
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)**
- depreciation	(2)	(205)	(17)	(224)
- depreciation reversal of disposed assets	5	363	15	383
30 June 2024	**(17)**	**(186)**	**(30)**	**(233)**
CARRYING AMOUNT				
31 December 2022	**278**	**3,663**	**21**	**3,962**
31 December 2023	**275**	**3,498**	**66**	**3,839**
30 June 2024	**273**	**3,683**	**88**	**4,044**

7. Intangible assets

The Company's intangible assets consist of:

	Software	Prepayments and ongoing projects related to intangible assets	Total
ACQUISITION COST			
31 December 2022	**700**	**49**	**749**
- acquisitions	-	20	20
- assets sold, written off, disposed	(157)	-	(157)
31 December 2023	**543**	**69**	**612**
- acquisitions	-	2	2
30 June 2024	**543**	**71**	**614**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES			
31 December 2022	**(158)**	**-**	**(158)**
- amortisation	(108)	-	(108)
- assets sold, written off, disposed	156	-	156
31 December 2023	**(110)**	**-**	**(110)**
- amortisation	(54)	-	(54)
30 June 2024	**(164)**	**-**	**(164)**
RESIDUAL VALUE			
31 December 2022	**542**	**49**	**591**
31 December 2023	**433**	**69**	**502**
30 June 2024	**379**	**71**	**450**

The Company's intangible non-current assets (software) which have been fully amortised but continue to be used amounted to EUR 1 thousand (31 December 2023: EUR 1 thousand).

8. Inventories and non-current assets held-for-sale

The Company's inventories consist of:

	30/06/2024	31/12/2023
Fuel and fuels	50	61
Materials	273	276
Other	65	225
Total raw materials, supplies and components	**388**	**562**
Purchased goods for resale	28	24
Total	**416**	**586**

On 30 June 2024, the carrying amount of the Company's inventories of EUR 1,637 thousand was reduced by EUR 1,221 thousand to net realisable value (31 December 2023: EUR 1,806 thousand was reduced by EUR 1,220 thousand to net realisable value).

The Company's non-current assets held for sale consisted of a locomotive, diesel locomotives and passenger cars.

	30/06/2024	31/12/2023
Non-current assets held-for-sale	438	497
Total non-current assets held for sale	**438**	**497**

On 30 June 2024, the carrying amount of the Company's non-current assets held for sale of EUR 3,136 thousand was reduced by EUR 2,698 thousand to net realisable value (31 December 2023: EUR 3,296 thousand reduced by EUR 2,799 thousand).

9. Trade and other receivables

The Company's trade and other receivables consisted of:

	30/06/2024	31/12/2023
External trade receivables, gross	197	66
Impairment (-)	(10)	(1)
Total external trade receivables	**187**	**65**
Receivables from related parties	6,421	445
Total receivables from related parties	**6,421**	**445**
VAT receivable	-	154
Other receivables from the budget	21,074	2,373
Accrued income from related parties	115	71
Accrued income	5,082	1,304
Other receivables	1	7
Total other receivables	**26,272**	**3,909**
Total	**32,880**	**4,419**

Other receivables from the budget increased because a compensation for the carriage of passengers by train on domestic transport routes was not received.

The Company's information on the credit risk and expected credit loss for trade and other receivables:

	30/06/2024				31/12/2023			
	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying
On time	0.00%	11,490	-	11,490	0.00%	1,708	-	1,708
1-30 days overdue	0.00%	24	-	24	0.00%	39	-	39
31-60 days overdue	0.00%	114	-	114	0.00%	132	-	132
61-120 days overdue	0.00%	136	-	136	0.00%	14	(1)	13
More than 120 days overdue	0.00%	52	(10)	42	0.00%	-	-	-
Total		**11,816**	**(10)**	**11,806**		**1,893**	**(1)**	**1,892**

10. Prepayments

The Company's prepayments consisted of:

	30/06/2024	31/12/2023
Prepayments to external suppliers	100	41
Prepayments to related parties	272	2
Guarantees paid to suppliers	4	-
Guarantees paid to related parties	60	55
Deferred expenses	407	263
Total	**843**	**361**

11. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	30/06/2024	31/12/2023
Cash in bank	28 248	52 814
Cash on hand	12	9
Total	**28 260**	**52 823**

On 30 June 2024, the Company did not have any fixed-term deposits and its money was not pledged.

12. Authorised capital

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

13. Dividends

Pursuant to Decision of 16 April 2024 of AB Lietuvos Geležinkeliai, the sole shareholder of LTG LINK, on the approval of the financial statements and profit distribution for 2023, a decision was made to allocate EUR 9,163 thousand to dividends.

14. Reserves

Statutory reserve. The statutory reserve is required in accordance with legislation of the Republic of Lithuania. At least 5% of net profits must be transferred to it annually until the reserve reaches 10% of the share capital. The statutory reserve cannot be distributed as dividends but can be used to cover future losses. As at 30 June 2024, the Company's statutory reserve amounted to EUR 1,209 thousand.

Other reserves. Pursuant to Decision of 16 April 2024 of AB Lietuvos Geležinkeliai, the sole shareholder of LTG LINK, on the approval of the financial statements and profit distribution for 2023, a decision was made to allocate EUR 3,273 thousand to other reserves – investments.

15. Employee benefits

Employee benefits and liabilities by type:

	30/06/2024	31/12/2023
NON-CURRENT LIABILITIES		
Provisions for pensions and similar liabilities	493	567
Total non-current liabilities:	**493**	**567**
CURRENT LIABILITIES		
Vacation accruals	771	599
Salary payable	778	721
Social security contributions payable	360	323
Personal income tax payable	272	224
Other employment-related liabilities	389	669
Total current liabilities:	**2,570**	**2,536**
Total	**3,063**	**3,103**

16. Trade and other payables

The Company's trade and other payables consisted of:

	30/06/2024	31/12/2023
Trade payables	145	1,841
Trade payables to related parties	989	5,146
Prepayments received	74	47
Cash guarantees received	6	26
Cash guarantees received from related parties	5	5
VAT payable	1,011	-
Other taxes payable to the budget	60	120
Accrued costs	1,417	227
Accrued expenses from related parties	2,897	587
Deferred income	10,236	2,465
Other payables and liabilities	66	45
Total	**16,906**	**10,509**

Trade payables decreased and accrued expenses increased due to preparations for data migration to the new software.

Deferred revenue (consisting of prepaid passenger tickets) increased due to higher local and transit fares and increased passenger traffic.

17. Sales revenue

The Company's sales revenue consisted of:

	06/2024	06/2023
Revenue from passenger transportation:	**27,374**	**19,686**
Revenue from domestic passenger transportation	12,395	11,013
Revenue from international passenger transportation	13,582	7,634
Revenue from services related to passenger transportation	1,397	1,039
Revenue from other ancillary services:	**312**	**275**
Leased assets	152	122
Other income	160	153
Total	**27,686**	**19,961**

The Company's passenger carriage revenue in the first half of 2024 includes EUR 2,295 thousand (EUR 2,010 thousand in the first half of 2023) of revenue compensation for the provision of passenger carriage services to socially disadvantaged groups of the population identified by the State, applying discounts of 80% and 50%.

International passenger revenue increased in the first half of 2024 compared to the first half of 2023 due to an increase in ticket prices and passenger traffic (due to the additional approved routes).

18. Subsidy

The subsidy for the compensation of losses for the carriage of passengers by train on domestic transport routes amounted to EUR 19,208 thousand in the first half of 2024 (EUR 15,460 thousand in the first half of 2023).

19. Financing activity result

The Company's financial result consisted of:

	06/2024	06/2023
Total finance income	**826**	**442**
Currency exchange gain	-	106
Penalties and default interest	189	59
Interest	637	277
Total finance costs	**(228)**	**10**
Currency exchange loss	(101)	-
Interest and other loan-related fees	(127)	(5)
Penalties and default interest	-	15
Total	**598**	**452**

20. Related party transactions

The Company's related party transactions and balances for the six-month period ended 30 June 2024 were as follows:

	Sales	Purchases	Receivables	Payables
AB Lietuvos Geležinkeliai	146	6,418	6,723	1,692
AB LTG Cargo	184	6,117	34	1,253
AB LTG Infra	326	4,077	110	946
UAB Geležinkelio Tiesimo Centras	4	-	1	-
Total	**660**	**16,612**	**6,868**	**3,891**

The Company's transactions with related party for the six-month period 2023 and balances for the year ended 31 December 2023 were as follows:

	Sales	Purchases	Receivables	Payables
AB Lietuvos Geležinkeliai	32	5,457	368	2,370
AB LTG Cargo	184	3,587	30	2,049
AB LTG Infra	200	3,212	174	1,319
UAB Geležinkelio Tiesimo Centras	71	-	1	-
Total	**487**	**12,256**	**573**	**5,738**

Management remuneration and other benefits

As at 30 June 2024, the Company's management consisted of the CEO and the heads of the following departments: Finance, Business Development and Marketing, Customer Service, Train Operations, Train Maintenance, and International Development.

	06/2024	06/2023
Management's remuneration	393	307
Incentive*	62	56
Accrued long-term benefits**	1	1
Number of managers	7	7
Allowances for members of the Board	58	53
Number of Board members	5	5

**Incentive payments are performance bonuses and one-time bonuses;*
***Accrued long-term benefits are provisions for pensions and similar obligations accrued at the end of the reporting period.*

During the first half of 2024, there were no loan guarantees granted to the management of the Company, no other disbursements or accruals made and no disposals of assets other than as described above.

21. Events after the reporting period

There were no material events after the end of the reporting period that should be recognised or disclosed in the financial statements.