

**UAB Rail Baltica statyba
Annual Report 2022**

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ABBREVIATIONS:

LTG – AB Lietuvos geležinkeliai

LTG Group, Group, Company group – AB Lietuvos geležinkeliai and its subsidiaries

RBS, Company – UAB Rail Baltica statyba

Government of RoL – Government of the Republic of Lithuania

EU – the European Union

Annual and interim reports as well as financial statements are available publicly on the Company's website

<https://www.rail-baltica.lt/finansines-ataskaitos/>



DIRECTOR'S FOREWORD

Dear colleagues, clients and partners,

The European rail project Rail Baltica is an infrastructure development project of unquestionable importance not only for us, but also for the European Union as a whole, both in economic and geopolitical terms. The year 2022 is a turning point as this project was considered more as a project to improve connections for passengers and businesses to Western Europe and the Baltic region before the beginning of the war in Ukraine. Changes in geopolitics have strengthened the aspect of military mobility, so the project's role in ensuring security of the Baltic States is indisputable.

Looking back at 2022, a number of events have highlighted Rail Baltica as a priority project for the European Commission. This summer, an additional funding of EUR 422.6 million is planned by a decision of the European Commission, of which the contribution from the Connecting Europe Facility (CEF) will be EUR 353.9 million, or 85%, and the remaining 15% will be funded by the governments of the three Baltic States. Funding of approximately EUR 127 million is attributed for the project activities in Lithuania. It is worth noting that Rail Baltica is one of the three transport infrastructure development projects that have secured the highest share of EU funding in this phase of EU funding.

Catherine Trautmann, TEN-T Corridor Coordinator, who visited Finland and all the Baltic States in September, emphasized her support and ambassadorship at the European Commission level in helping to address the challenges of project implementation. The attention and support given to the project by the coordinator makes it possible to be optimistic about the challenges of implementing the project in the context of current issues.

Finally, the European Council of Transport Ministers has proposed to include this railway project, which is strategically important not only for Lithuania but also for the whole Baltic region, in the network of the EU's international transport corridor *Baltic Sea-Black Sea-Aegean Sea*. So far Rail Baltica has been an integral part of the European Union's international transport corridor *North Sea-Baltic Sea*. Rail Baltica is thus already becoming the axis of European rail development not only in the Baltic States but also throughout Central and Eastern Europe.

In the long term, Rail Baltica will open up new opportunities for business towards Western and Eastern Europe. However, all project partners agree that we don't have to wait for the project to be fully completed to see the value it creates for business, society and countries. In case of Lithuania, the connection of the Kaunas intermodal terminal to the European rail network has shown that even seemingly small achievements in the implementation of this global project can be very significant. In spring 2022, LTG Cargo started transporting intermodal freights to Duisburg in Germany, where customers get rail access to one of the most important industrial hubs in Europe and the largest inland waterway port in the world.

Thus, ambition, clear tactics and focus on priority railway sections and objects of regional importance will lead us all, step by step, to the final result - integration into the European rail network.

ARENIJUS JACKUS
Director
UAB Rail Baltica statyba



KEY INFORMATION ABOUT THE COMPANY

Name	UAB Rail Baltica statyba
Address	Geležinkelio St. 16, LT-02100 Vilnius
Legal form	Private limited liability company
Date and place of registration	23 January 2014
Company code	303227458
Telephone	+370 61418055
E-mail	rbs@litrail.lt
Website	https://www.rail-baltica.lt/apie-uab-rail-baltica-statyba/
Principal activity	Performance of the functions of a shareholder in the Baltic joint venture RB Rail AS, which coordinates the implementation of the Rail Baltica project
Director of the Company	Karolis Sankovski
Shareholder	AB Lietuvos geležinkeliai (holds 100% of the authorised capital)

SUBSIDIARIES AND DOWNSTREAM ENTITIES

Name	RB Rail AS
Address	Satekles iela 2B, Riga, Republic of Latvia, LV-1050
Legal form	Public limited liability company (latv. <i>akciju sabiedrība</i>)
Date and place of registration	12 November 2014, Republic of Latvia
Company code	40103845025
Telephone	+371 6696 7171
E-mail	info@railbaltica.org
Website	www.railbaltica.org
Principal activity	Implementation and coordination of the Rail Baltica project
Shares held by the Company, %	33.33%

COMPANY'S BRANCHES, REPRESENTATIVE OFFICES ABROAD

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

COMPANY'S ACTIVITIES AND BUSINESS MODEL

RBS is a subsidiary of LTG, established to participate in the implementation of the Rail Baltica project and in the management of RB Rail AS established by the Baltic States.

Rail Baltica is the largest and most expensive transport infrastructure project in the Baltic States since the restoration of the independence of the Baltic States. The project involves construction of more than 870 km of European rail from the Lithuanian-Polish border to Tallinn, with a link to Vilnius.

A joint declaration dated 16 September 2013 of the Ministers of Finland, Estonia, Latvia, Lithuania and Poland responsible for the transport sector specifies establishment of a the Baltic joint venture to ensure implementation of the Rail Baltica project. The Government of the Republic of Lithuania has proposed the establishment of a new subsidiary of AB Lietuvos geležinkeliai, which would participate as a shareholder in the joint venture to be established.

On 28 October 2014, a shareholders' agreement on the establishment of RB Rail AS, the Baltic joint venture, was signed. RBS became the founder and shareholder of the company and holds 33.33% of shares.

The implementation of Rail Baltica project is ensured through the execution of the investment projects that make up the project and the management of the shares of RB Rail AS, which performs part of the functions of project implementation.

The object and main functions of RBS are management of the shares in RB Rail AS and exercise of the rights and obligations granted by shares (see corporate governance chart of RB Rail AS in Figure 1). Given the above, the Company's principal activities are the following:

- Involvement in the activities of the bodies of RB Rail AS;
- Involvement in the decision-making by the bodies of RB Rail AS within the scope of its powers;
- Exercise of the non-property rights granted to the bodies of RB Rail AS;
- Coordination of positions on key issues related to the implementation of Rail Baltica project with the entities that perform institutional supervision and control, etc.;
- Participation in cooperation and institutional formats for implementation of Rail Baltica project.

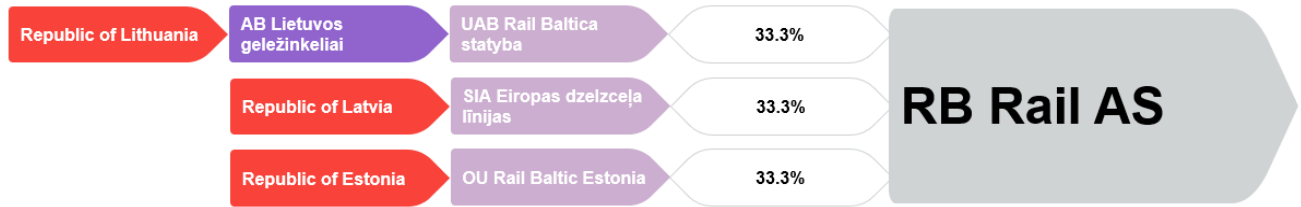


Figure 1. Corporate governance chart of RB Rail AS.

In order to coordinate the implementation processes of Rail Baltica project, which are carried out by AB LTG Infra, subsidiary of AB Lietuvos geležinkeliai, established to perform the functions of the public railway infrastructure manager, and RB Rail AS, the company managed by RBS (see Fig. 2), the Company, therefore, carries out coordination of the project and systematisation of information, and provides, for this purpose, the service of coordination of Rail Baltica project to AB LTG Infra, the subsidiary AB LTG Infra, which has been established for performance of the functions of the manager of the public railway infrastructure. By providing these services, the Company secures the revenue necessary to cover its operating costs.

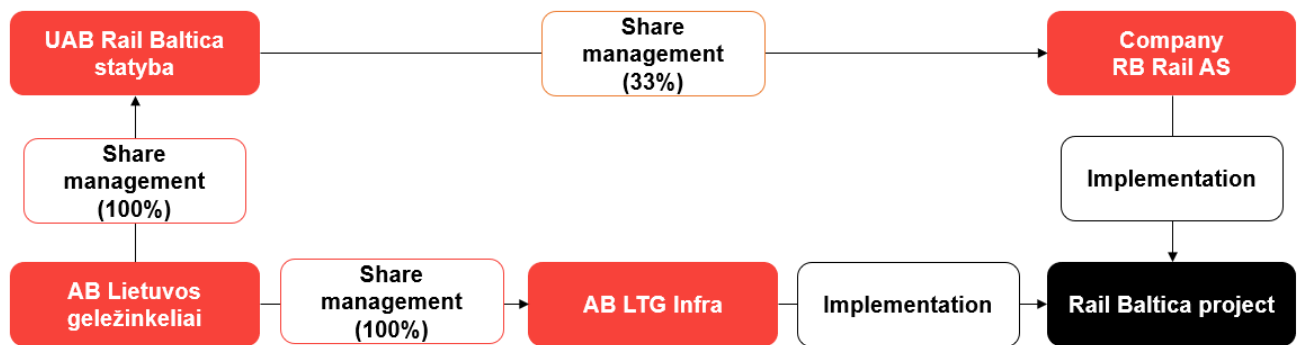


Figure 2. Model for implementation of the Rail Baltica project.

The specific object of RBS's activities means that the Company does not have key activities, i.e. inbound/outbound logistics, marketing and sales, after-sales service, etc., but only provides services of an exclusive nature related to its object. In this context, the Company is not participating in the market and competitive environment, has no infrastructure to manage.

The Company's business model includes the following:

- Independent activities and decisions of the Company (including necessary resources) to implement the object of the Company's activities and to perform related functions.

In this respect, it should be noted that the limited nature of the object of the Company's activities and functions does not require exceptional capabilities, sophisticated business model or a multi-level organisational structure. Therefore, the Company carries out its activities and related functions only on the basis of its internal resources.

- The Company's activities are partly ensured by centrally managed support (corporate) functions within LTG Group and the corresponding operational architecture. Therefore, the Company acts in compliance with the documents of LTG operational architecture (policies, methodologies, process standards, etc.), except where the relevant activities described therein are regulated by separate internal documents of the Company.

In this respect, it should be noted that LTG Group's governance model is based on **LTG Group's consolidated business strategy** and functional leadership. The collegial management body of the parent company considers and approves LTG Group's consolidated strategy/budget, consolidated performance targets, performance measures and targets, makes key management decisions within the Group of companies, and supervises and controls the activities of subsidiaries. LTG Group also applies the **functional leadership** model, which means that added value is created by centralising operational support (corporate) functions, consolidating competencies and introducing functional excellence. The parent company coordinates financial, legal, planning and monitoring, human resources, risk management, auditing, technology, communications and other general areas of the companies of LTG Group, within the framework of common policies, regulations and norms applicable to all companies of LTG Group. Each function or activity has a function or activity owner who is responsible for planning, organising, implementing and controlling the area under their responsibility.

PLANS AND FORECASTS OF THE COMPANY

The International Agreement between the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia of 31 January 2017 stipulates that the earliest date of completion of the Rail Baltica project is 2026; therefore, it is anticipated that the object of the Company's activities and the Company's activities will remain relevant during the entire period of the project implementation.

GOVERNANCE OF THE COMPANY

INFORMATION ABOUT SHARES AS AT 31 DECEMBER 2022

Amount of the authorised capital (EUR)	Number of shares (units)	Nominal value per share (EUR)
4,161,494.08	143,698	28.96

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

All the shares are of the same class, i.e. ordinary registered shares. The shares are non-certified, and they are recorded in personal securities accounts, in accordance with the procedure established by the legislation. During the reporting period, the Company did not purchase any of its own shares or shares of the other companies of LTG Group.

Number of shares owned by the Company and held by other companies as at 31 December 2022:

Company	Amount of the authorised capital (EUR)	Number of shares (units)	Nominal value per share (EUR)
Associated companies			
RB Rail AS	650,005	650,005	1

GOVERNANCE AND ORGANISATIONAL STRUCTURE OF THE COMPANY

The limited nature of RBS's activities and functions does not require a multi-level organisational structure, which consists of the Head of the Company and subordinate employees (see Figure 3).

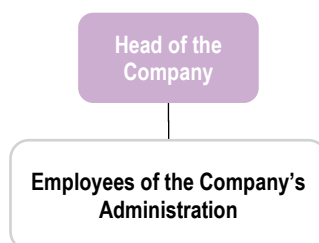


Figure 3. Organisational structure of UAB Rail Baltica statyba.

ARTICLES OF ASSOCIATION OF THE COMPANY

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

During the reporting period, the Company's Articles of Association were not amended. The Company's Articles of Association are available on the Company's [website \(https://www.rail-baltica.lt/apie-uab-rail-baltica-statyba/\)](https://www.rail-baltica.lt/apie-uab-rail-baltica-statyba/).

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

BODIES OF THE COMPANY

The following bodies of the Company are provided in the Company's Articles of Association as at 31 December 2022:

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

The Supervisory Board and the Board shall not be formed in the Company.

The General Meeting of Shareholders – is the supreme governing body of the Company. The powers of the General Meeting of Shareholders are the same as the powers set forth in the Law on Companies of the Republic of Lithuania and other laws.

According to the Company's Articles of Association, the General Meeting of Shareholders also has the power to approve the decisions adopted by the Head of the Company in accordance with the paragraphs 27 and 39 of the Company's Articles of Association, i.e.:

- Approve operational strategy and long-term goals of the Company;
- Establish performance indicators of the Company;



- Approve investment plan of the Company;
- Approve annual budget and operational plan of the Company;
- Adopt decisions related to investment of the Company's owned property and facilities important to ensuring national security, conclusion of purchase or sale, or any other transfer of ownership, pledge or mortgage transactions;
- Adopt decisions on the investment, disposal or lease of the Company's non-current assets with a carrying amount of more than EUR 300,000 in the Company's group companies or third parties (calculated separately for each type of transaction);
- Adopt decisions on pledges and mortgages of the Company's non-current assets with a carrying amount of more than EUR 300,000 (in the total amount of transactions);
- Adopt decisions on provision of guarantee for other persons' obligations amounting to more than EUR 300,000;
- Adopt decisions to acquire non-current assets for a price of more than EUR 300,000;
- Adopt decisions on conclusion of transactions for the purchase of goods, services, works (excluding transactions related to ordinary or derivative financial instruments), the value of which, excl. value-added tax, amounts to or exceeds EUR 300,000;
- Adopt decisions on approval of the material terms of contracts for provision of services by the Company, if the estimated annual revenue of the contract, or the revenue expected for the entire duration of the contract, is likely to exceed EUR 3,000,000, excl. value-added tax;
- Adopt decisions on establishment of or participation in other legal entities;
- Adopt decisions on commencing activities of new nature or terminating the Company's current activities, if a respective decision was not taken when approving the Company's activity strategy;
- Approve the amount of the incentive to be awarded to the Company's employees for their annual performance;
- Consider information on the Company's key operational risks and approve the Company's plan of operational risk management;
- Consider information and report on the Company's ongoing programmes;
- Approve the list of information which is considered a commercial (industrial) secret and confidential information, the conditions of use and storage of such information;
- Adopt decisions on 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 approval of the regulations of the Company's branches and representative offices.

The rights and obligations of shareholders, the procedure for convening the General Meeting of Shareholders and the procedure for adopting decisions are set forth in the Law on Companies of the Republic of Lithuania, other legal acts, as well as the Company's Articles of Association.

The sole shareholder of the Company is AB Lietuvos geležinkeliai which adopts the main decisions related to implementation of property rights and obligations. The Company has not issued preference shares.

During the reporting period, the shareholder's property and non-property rights were not restricted and there were no special rights for the shareholder.

Key decisions of the General Meeting of Shareholders during the reporting period:

- Approved the set of the Company's financial statements for the year ended 31 December 2021;
- Distributed the Company's distributable profit (loss) for 2021;
- Approved annual budget and operational plan of the Company for 2022;
- Reviewed remuneration of the Head of the Company;
- The head of the Company was elected for a new term of office (see *Head of the Company*).

The Director (Head of Company) is a single-person management body of the Company who organises and manages daily operation of the Company in accordance with his/her powers. The obligations and powers of the Director are defined in the Law on Companies of the Republic of Lithuania and the Company's Articles of Association.

The head of the Company is elected by the Company's General Meeting of Shareholders for a 5-year term office. The Company's General Meeting of Shareholders also approves job description of the head of the Company, which set out the working procedure, rights and obligations of the head of the Company. The same person may be appointed as the head of the Company for no more than 2 consecutive terms of office.

Information on the terms of office of the head of the Company:

First term of office:		Second term of office:	
Election date:	End of the first term of office:	Beginning of the second term of office:	End of the second term of office:
1 June 2017	31 December 2022	1 January 2023	1 January 2028
Beginning of the first term of office:			
1 January 2018 ¹			

¹ According to the Law No. 356 on the addition of Article 37¹ to the Law on Companies No. VIII-1835 of the Republic of Lithuania



Information on the head of the Company:

KAROLIS SANKOVSKI	Education	Main employer, position
	<p>Higher university education</p> <p>Professional experience</p> <p>Prior to joining the group of companies Lietuvos geležinkeliai, Karolis Sankovski held various positions at LitPol Link Sp. z o.o. (Head of Environmental Protection Department), Lietuvos Energija AB (Lawyer) and Litgrid AB (Member of the Board and Director of Strategic Infrastructure Department). In his position at Litgrid, he was responsible for the implementation of the projects of strategic importance in electricity transmission between Lithuania and Poland (LitPol Link) and Lithuania and Sweden (NordBalt). He also held a position in the Supervisory Board of RB Rail AS from 2017 to 2022.</p>	<p>AB LTG Infra</p> <p>Chief Executive Officer; Geležinkelio St. 2, Vilnius, company code 305202934</p>

MANAGEMENT OF THE COMPANY

Given that the Company does not have a multi-level management structure, there are no separate structural units and their heads.

The organisational structure of the Company has remained unchanged during the reporting period and, therefore, there have been no changes in the Company's management.

The head and employees of the Company have submitted their declarations of private interests that are available on the website of the Chief Official Ethics Commission, at <http://www.vtek.lt>. During the reporting period, there were no conflicts of interests among the members of the Board, Director of the Company and employees of the Company.

INFORMATION ON REMUNERATION OF BOARD MEMBERS AND THE HEAD OF THE COMPANY

Salary of the Director of the Company consists of a fixed monthly salary set out in the employment contract. Salary of the Director of the Company has no other components (variable component, annual incentive, etc.).

At the end of the reporting period, salary of the Director of the Company was EUR 800. As at the end of the reporting period, salary of the Director of the Company increased by 18% from EUR 676 to EUR 800 at the end of the reporting period.

Information on salary of the head of the Company:

31/12/2020	31/12/2021	31/12/2022
Salary, EUR	Salary, EUR	Salary, EUR
676	676	800



STRATEGY

The object of the Company's activities is management of shares of RB Rail AS and exercising of the rights and obligations conferred by those shares, and the Company is not engaged in any commercial activity, nor does it participate in the market or in the competitive environment, and, therefore, it does not have a long term business strategy.

The long-term strategy and objectives related to the implementation of the Rail Baltica project and the future operation of the developed railway infrastructure are planned by the manager of the public railway infrastructure - AB LTG Infra, the subsidiary of LTG, which, in accordance with the Railway Transport Code of the Republic of Lithuania, has the function of the development of the public railway infrastructure, which also includes the planning of the financial and investment planning of public railway infrastructure.

MISSION: to represent Lithuania in RB Rail AS and to ensure that the Rail Baltica project is developed and implemented using the funds of the European Union and the states participating in the Rail Baltica project by designing and constructing a European-gauge railway infrastructure in Lithuania, Latvia and Estonia.

VISION: implementation of the Rail Baltica project which creates optimal value for Lithuania.

Taking into account the limited and specific nature of the object of the Company's activities as well as the fact that the Company does not carry out commercial activities and does not directly implement projects, the Company has special goals related to the representation of Lithuania in RB Rail AS:

- To ensure alignment of strategic positions related to the object of the Company's activities;
- To ensure participation of the Company's representatives (i.e. the Lithuanian shareholder) in the activities of bodies of RB Rail AS.

Given that the Company does not develop a long-term business strategy, the goals of the Company's activities have been formulated in the context of the Company's mission, vision and founding purpose.

Information on implementation of the Company's goals in 2022:

Main goals	Indicators of achievement of goals	Measurement unit	Benchmarks for achievement of goals	Indicators of achievement of goals
Coordination of strategic positions in the meetings of the working group of the Rail Baltica project formed by Order No. 3-93 of the Minister of Transport and Communications of the Republic of Lithuania on 15 February 2013	Participation in the meetings of the working group of the Rail Baltica project formed by Order No. 3-93 of the Minister of Transport and Communications of the Republic of Lithuania on 15 February 2013	%	100%	100% ²
Attendance of the representatives of the Company or company in the meetings of the bodies of RB Rail AS	Attended meetings of the bodies of RB Rail AS	%	100%	100% ³

KEY PROJECTS IN 2022 AND PLANNED PROJECTS:

Given the specific nature of the Company's activities, the Company has no direct projects underway and has no plans to undertake them. The Rail Baltica project is implemented by RB Rail AS and the subsidiary company AB LTG Infra, established by AB Lietuvos geležinkeliai to perform the functions of a public railway infrastructure manager. The Company's activities do not involve direct implementation of projects, but rather participation in project-related processes to coordinate their implementation.

PLANS AND FORECASTS OF THE COMPANY:

There are no planned changes to the Company's business plans, direction and scope, or organisational structure. It is expected that the Company will continue to manage the shares in RB Rail AS and exercise the rights and obligations they confer, and will carry out related activities. Therefore, the Company has no plans to change its business model, acquire infrastructure, new customers etc. With no material changes planned for the Company's activities, the Company's financial performance is expected to remain similar to previous periods.

It should be noted that taking into account the date of completion of the Rail Baltica project specified in the international agreement on the development of the Rail Baltica project concluded by the Baltic States on 31 January 2017 and ratified by the Law of the Seimas of the Republic of Lithuania No. XIII-664 of 10 October 2017, the object of the Company's activities is forecasted to remain relevant at least until 2025.

² 1 meeting of the inter-institutional working group of Rail Baltica was held during the reporting period 2022

³ 4 general meetings of shareholders and 27 meetings of the supervisory board of RB Rail AS were held during the reporting period 2022



HIGHLIGHTS 2022

JANUARY

- The General Meeting of Shareholders of RB Rail AS adopted a decision on the long-term object of activities of RB Rail AS - it was decided that RB Rail AS would not carry out activities related to the management of the railway infrastructure of Rail Baltica;
- The Baltic States and RB Rail AS submitted their first applications for funding under the Connecting Europe Facility 2021-2027;
- The Company's business plan and annual budget for 2022 were approved.

FEBRUARY

- The address of the Company's registered office was changed (from Mindaugo St. 12, Vilnius to Geležinkelio St. 16, Vilnius).
- The composition of the Board of RB Rail AS was changed, a new member of the Board of RB Rail AS and Chief Financial Officer Ignas Degutis was elected (<https://www.railbaltica.org/changes-in-the-rb-rail-as-management-board-new-management-board-member-appointed/>)

MARCH

- The Annual Financial Statements of RB Rail AS for the year ending 31 December 2021 were approved by the decision of the ordinary General Meeting of Shareholders.

APRIL

- The Company's set of financial statements for the year ended 31 December 2021 was approved by resolution of the Company's shareholder on 28 April 2022;
- The Company's Annual Report for 2021 was approved by a decision of the head of the Company on 20 April 2022.

MAY

- Selection of a Board Member, Head of Project Management of RB Rail AS was launched (<https://www.railbaltica.org/open-competition-for-the-position-of-the-chief-program-management-officer-in-rb-rail-as/>);
- RB Rail AS launched procurement procedures for the design of the Kaunas-Vilnius section of the Rail Baltica project.

JUNE

- RB Rail AS launched procurement procedures for the design of the Rail Baltica railway line between the Polish/Lithuanian border and Kaunas;
- RB Rail AS launched procurement procedures for the procurement of services and works for the implementation of the energy subsystem of the Rail Baltica project;
- Following the completion of the expert assessment of the first applications submitted under the EU funding programme 2021-2027 and the confirmation of the results, it was decided to allocate more than EUR 350 million of additional EU funding for further implementation of the Rail Baltica project in the Baltic States.

JULY

- The new Supervisory Board of RB Rail AS was elected. Karolis Sankovskis, the representative appointed by the Company, was replaced by Arenijus Jackus

AUGUST

- No major events occurred.

SEPTEMBER

- The Coordinator of TEN-T North-Baltic Sea Corridor visited Lithuania to discuss the progress of the project's implementation and acceleration measures;
- The General Meeting of Shareholders of RB Rail AS elected an independent audit firm SIA Deloitte Audits Latvia to carry out an audit of the set of annual financial statements of RB Rail AS for the period 2022-2024

OCTOBER

- The composition of the Supervisory Board of RB Rail AS was renewed (expanded) by a decision of the Supervisory Board of RB Rail AS (<https://www.railbaltica.org/lt/paskirti-nauji-rail-baltica-bendrosios-baltijos-saliu-imones-valdybos-nariai/>);



- The Baltic States and RB Rail AS signed their first European Union grant agreements for funding under the Connecting Europe Facility 2021-2027;

NOVEMBER

- New Board of RB Rail AS started work and a new Head of RB Rail AS Lithuanian Branch was appointed (<https://www.railbaltica.org/lt/naujai-paskirta-rb-rail-valdyba-pradedada-darba-paskirtas-naujasis-lietuvos-filialo-vadovas/>);
- International Event of the Rail Baltica project *Rail Baltica Industry Days 2023* took place

DECEMBER

- Karolis Sankovski was elected as the head of the Company for the second term of office by decision of the General Meeting of Shareholders of the Company;
- RB Rail AS launched procurement procedures for the acquisition of services and works for the implementation of track control, traffic management and signalling subsystem of the Rail Baltica project

EVENTS AFTER THE REPORTING PERIOD

JANUARY

- The Company's business plan and annual budget for 2023 were approved;
- The new Supervisory Board of RB Rail AS was elected by replacing the representative appointed by the Latvian shareholder;
- The Baltic States and RB Rail AS submitted their second applications for funding under the Connecting Europe Facility 2021-2027;
- New Chairman of the Supervisory Board of RB Rail AS was elected (<https://www.railbaltica.org/ligita-austrupe-appointed-as-chairperson-of-the-rb-rail-as-supervisory-board/>).

FEBRUARY

- New member of the Board, new Chief Programme Management Officer of RB Rail AS started work (<https://www.railbaltica.org/lt/bendrojoje-rail-baltica-baltijos-saliu-imoneje-rb-rail-darba-pradedada-vyriausiasis-programu-valdymo-pareigunas/>);
- Annual progress review meeting of the Rail Baltica project with the representatives of European Climate Infrastructure and Environment Executive Agency was held (<https://www.railbaltica.org/progress-meeting-with-european-climate-infrastructure-and-environment-executive-agency-cinea-and-rail-baltica-management-held-in-riga/>);
- The CEO and Chairman of the Board of RB Rail AS resigned. Interim head was appointed and selection of a new CEO started (<https://www.railbaltica.org/lt/rb-rail-ieskos-naujo-vadovo/>).

MARCH

- Karolis Sankovski was recalled from his position as the head of the Company by decision of the General Meeting of Shareholders of the Company;
- Arenijus Jackus was elected as the head of the Company by the decision of the General Meeting of Shareholders of the Company;
- The Annual Financial Statements of RB Rail AS for the year ending 31 December 2022 were approved by the decision of the ordinary General Meeting of Shareholders.

IMPACT OF THE MILITARY ACTIONS OF THE RUSSIAN FEDERATION IN UKRAINE ON THE COMPANY'S OPERATIONS

Russia's military actions in Ukraine from 24 February 2022, and the extensive sanctions imposed on Belarus and Russia by the United States of America and the European Union have had a significant impact on the LTG Group's activities and results during the reporting period. It had no impact on the Company's operations.

Before and especially after 24 February 2022, the USA, the UK and the European Union announced additional sanctions against Russia and Belarus as a Russian military ally, which include punitive measures against the financial, energy and transport sectors of the Russian Federation and Belarus, as well as trade restrictions on dual-use goods, exports and their financing.

Sanctions on Belarusian fertiliser and oil producers, as well as on fertiliser and oil products, have been in force since 2021.

In view of the current situation, the Company's management responsibly assesses the main risks and threats related to the going concern and the impact on the operations of the LTG Group and its companies, and has taken and is taking steps, in conjunction with the management of the LTG Group's companies, to manage the situation:

- During the reporting period, the **Crisis Management Committee** has been operating to coordinate the activities of the seven working groups established and to take decisions on Going Concern and Planning, Cost Control, Sanctions and Inter-Agency Coordination,



Management of National Threats, Governance and Business Risk Assessments, Communications, Staff Support, and Shelter, Accommodation and Logistics for Ukrainians fleeing the war.

Implementation of the **Operational Optimisation Project** has been in progress and it covered three areas: improving operational efficiency, cost reduction, diversification and expansion into new markets, in particular Western Europe. During the reporting period, the necessary decisions were taken on the governance model and optimal staffing of LTG Group, optimisation repairs of assets used in operations.

OVERVIEW OF KEY PERFORMANCE INDICATORS

UAB Rail Baltica Statyba is a company with special-purpose and special-function, which ensures the participation of Lithuania in the Baltic joint venture RB Rail AS for the Rail Baltica project. As the Company is not focused on commercial activities as well as revenue and profit generation, and the Company's business model is designed to ensure that the Company's operating costs are covered in order to avoid operating at a loss.

The main activity is the management of shares of RB Rail AS and the exercise of the rights and obligations they confer.

The specific object of the Company's activities means that the Company does not have principal activities, i.e. input-output logistics, marketing and sales, after-sales service etc. UAB Rail Baltica statyba does not participate in the market and competitive environment.

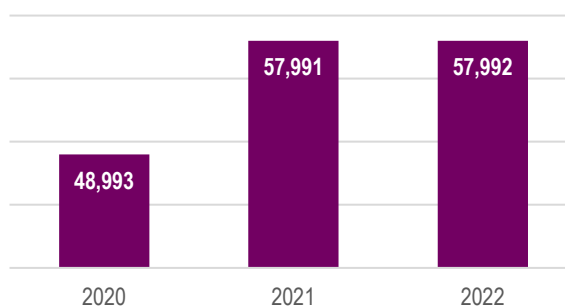
Therefore, the Company's financial performance is presented under *Key Financial Indicators*.

PERFORMANCE

REVENUE

In the reporting period 2022, the revenue was EUR 58 thousand, compared to EUR 58 thousand in 2021 and EUR 49 thousand in 2020. The increase in revenue in 2022-2021 compared to 2020 is related to the value of the contract for coordination services of the Rail Baltica project with AB LTG Infra and the number of working hours of the Company's employees (the pricing of this transaction is based on the cost-plus pricing method, which is based on the Company's target costs as well as on the Company's employees' actual working hours for the current month).

Company's revenue, EUR

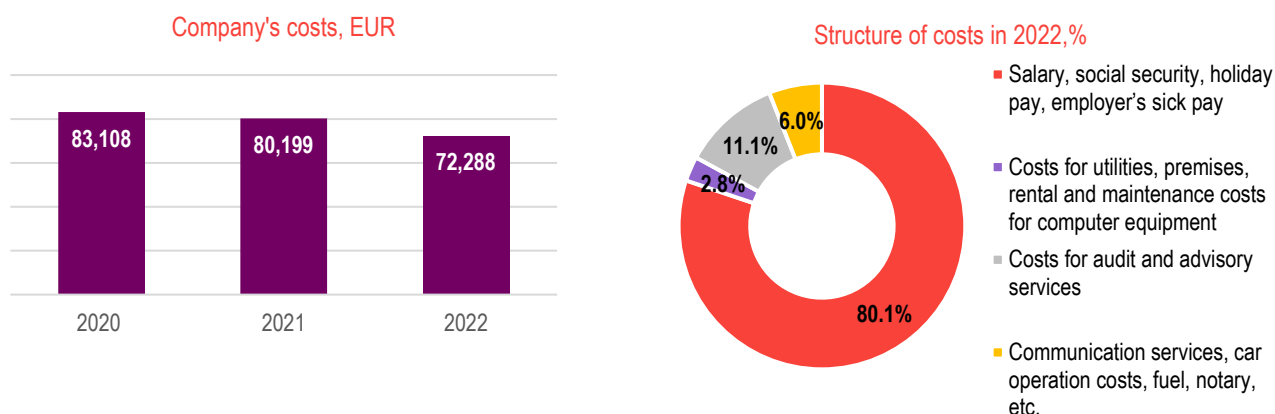


COSTS

In 2022, the Company incurred EUR 72.2 thousand in costs with regard to its principal and other activities. Compared to 2021, the costs decreased by EUR 7.9 million or 9.86%. The decrease in costs was due to: refusal of car rental, decrease in fuel costs, decrease in payroll fund due to employees' unpaid leave, paternity leave and sick leave.

The major part of the costs in 2022 were for salaries and related costs (salary, social security taxes, holiday pay, sick pay): EUR 57.9 thousand (80.1%), other costs (rent, audit services, fuel, communications, etc.), EUR 14.3 thousand (19.9%).

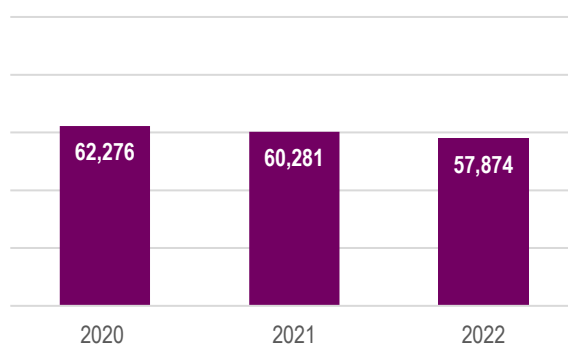
A detailed breakdown of the costs is provided in the notes to the financial statements (paragraph 17).



The major part of the total cost (80.1%) is accounted for by the payroll fund. These costs have changed insignificantly over the three comparative years. This was due to the accumulation of holiday savings in the period of Covid -19. The decrease of the payroll fund by EUR 4.4 (4%) in the 2022 compared to 2021 is due to paternity leave, unpaid leave and sick leave.

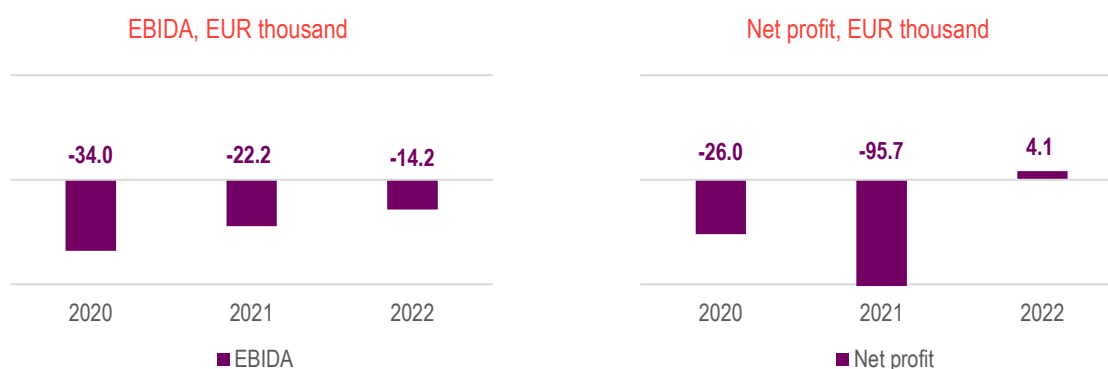
	Measurement unit	2020	2021	2022
Salaries, vacation accruals and social security contributions	EUR	62,276	60,281	57,874

Costs of the Company's payroll fund, EUR



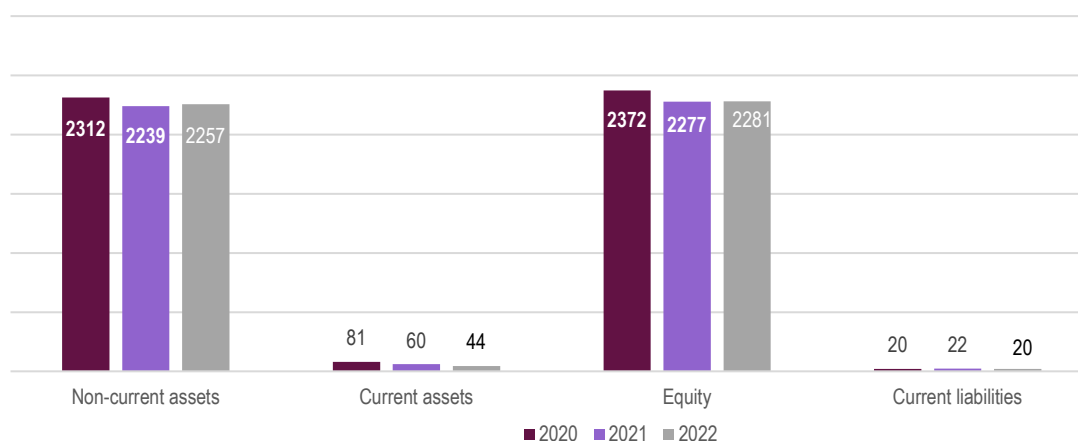
PERFORMANCE

The Company's EBITDA and EBIT in 2022 increased by 36.0% compared to the corresponding period in 2021 and amounted to EUR - (14.2) thousand (excl. the result of financial investment activities). The Company's losses amounted to EUR 14.2 thousand. Compared to 2021, the loss decreased by EUR 8 thousand. Improved results of the Company were due to a decrease in the cost of the payroll fund, car rental and maintenance costs. Revenues remained the same. Net profit is calculated with the results of financial investment activities (investment in RB Rail AS).



CHANGES IN BALANCE SHEET ITEMS

- As at 31 December 2022, the Company's assets amounted to EUR 2,301.0 thousand and increased by 0.8% compared to 31 December 2021. Non-current assets, which accounted for 98.08% of total assets, increased to EUR 2,256.9 thousand following an increase in financial assets of EUR 18.4 thousand (0.8%);
- As at 31 December 2022, current assets amounted to EUR 44 thousand and it decreased by 27% compared to 31 December 2021. The change in current assets was due to a decrease in cash. Receivables remained unchanged;
- Authorised capital remained unchanged during the analysed period and amounted to EUR 4,161.5 thousand. Equity increased by EUR 4.1 thousand (0.18%) and it was EUR 2,280.7 thousand as at 31 December 2022;
- The Company has no financial debts;
- Current liabilities decreased by EUR 1.6 thousand due to a decrease in trade debts, employment-related liabilities, other payables and liabilities compared to 2021.

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

KEY FINANCIAL INDICATORS*

	Measurement unit	2020	2021	2022
Revenue	EUR thousand	49.0	58.0	58.0
Costs	EUR thousand	83.1	80.2	72.2
EBITDA	EUR thousand	(34.0)	(22.2)	(14.2)
EBITDA margin	%	(69.4)	(38.3)	(24.5)
EBIT	EUR thousand	(34.1)	(22.2)	(14.2)
EBIT margin	%	(69.6)	(38.3)	(24.5)
Net profit	EUR thousand	(26.0)	(95.7)	4.1

	Measurement unit	31/12/2020	31/12/2021	31/12/2022
Non-current assets	EUR thousand	2,312.0	2,238.5	2,256.9
Current assets	EUR thousand	80.7	60.0	44.0
Total assets	EUR thousand	2,392.7	2,298.5	2,301.0
Equity	EUR thousand	2,372.4	2,276.6	2,280.7
Financial debts	EUR thousand	-	-	-
Net debt	EUR thousand	(67.0)	(54.0)	(37.8)
Return On Equity (ROE)	%	(1.1)	(4.2)	0.2
Return On Assets (ROA)	%	(1.1)	(4.2)	0.2
Return on Investment (ROI)	%	(1.1)	(4.2)	0.2
Equity ratio	%	99.1	99.0	99.0
Asset turnover ratio	Times	0.02	0.03	0.03
Quick liquidity rate	Times	4.0	3.0	2.2
Total liquidity rate	Times	4.0	3.0	2.2

* For definitions of the indicators, see page 22 of the Annual Report.



FINANCING OF THE COMPANY

The Company has no loans or other debt obligations to credit institutions. The Company's activities are funded using own funds. The Company obtains the funds required for its operations by providing coordination services related to the Rail Baltica project to the manager of the public railway infrastructure - AB LTG Infra, the subsidiary of LTG.

In preparation of the financial statements, the Company has taken into account and appropriately evaluated: subsequent events; going concern; impairment of assets; enforceability of contracts; and potential losses.

Management estimates that the cash flow generated by the Company is likely to be sufficient to service existing commitments to partners. At the moment of reporting, settlements were normal and the Company did not identify any additional liquidity or credit risk issues.

In the opinion of the Company's management, the geopolitical situation, the war in Ukraine and the sanctions against Russia are not expected to affect going concern of the Company and do not change the long-term business plans of the Company.

The financial statements are not restated because post-statement events do not affect the financial position or performance of the company as at the last day of the reporting period.

There have been no other events subsequent between the end of the financial year and the date of approval of these financial statements that could have a material impact on the financial statements or require additional disclosure.

DIVIDEND POLICY

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

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

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

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

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

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

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

Given that the Company's activities are not profit-oriented, the Company did not pay dividends for 2021 in 2022. The Company did not pay dividends in previous years.

SPECIAL OBLIGATIONS

Given the specific nature of the Company's activities, the Company does not have any special obligations.

INVESTMENTS

Given the specific nature of the Company's activities and functions, the Company has no investment projects underway and has no plans to undertake them.

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

EMPLOYEES

The Company follows HR principles based on good HR practices in order to successfully implement its strategy, efficiently execute day-to-day operations, create competitive advantage and adapt to changing business needs. Focusing on employees is a strategic direction, which is primarily implemented through the development of organisational culture.

Across the LTG Group, a high-performance culture based on LTG values is pursued:



NUMBER OF EMPLOYEES AND AVERAGE SALARY

As at 31 December 2022, the number of employees was 4. The number of employees of the Company remained stable compared to 31 December 2021.

NUMBER OF EMPLOYEES AND AVERAGE SALARY

Function groups	31/12/2020		31/12/2021		31/12/2021	
	Actual number of employees as of the end of the period	Average salary, EUR	Actual number of employees as of the end of the period	Average salary, EUR	Actual number of employees as of the end of the period	Average salary, EUR
Head of the Company	1	672	1	671	1	768
Senior executives and specialists in exceptional fields	3	3,336	3	3,482	3	3,655
Total	4	2,932	4	3,057	4	3,148

The total payroll fund amounted to EUR 57.9 thousand in 2022. No annual incentives were paid to the Company's employees in 2022.

The Company does not publicly disclose salary data by gender because for reasons of confidentiality, information on and difference in average salary is not disclosed if there are less than 5 employees of the same gender in the function group.

The average monthly salary, compared to 2021, increased from EUR 3,057 in 2021 to EUR 3,148 in 2022. As every year, the most significant contributor to the increase in remuneration was the LTG Group's pay review implemented in April.

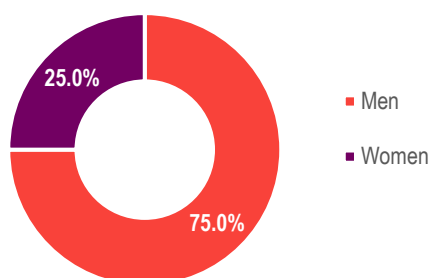
Salary of the Director of the Company consists of a fixed monthly salary set out in the employment contract. Salary of the Director of the Company has no other components (variable component, annual incentive, etc.).

At the end of the reporting period, salary of the Director of the Company (according to the employment contract) was EUR 800. Salary of the Director of the Company changed in 2022 in compliance with the minimum salary set by the Republic of Lithuania.

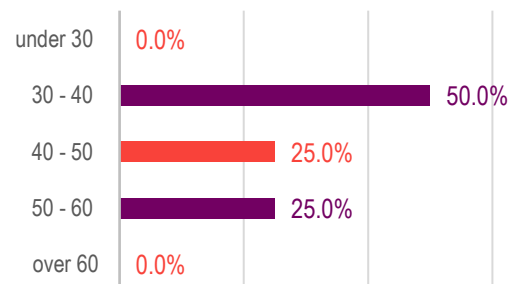
The average salary of senior managers at the end of the reporting period was EUR 3,655.

The graphs below present the distribution of employees by age, gender, length of service and education as at 31 December 2022.

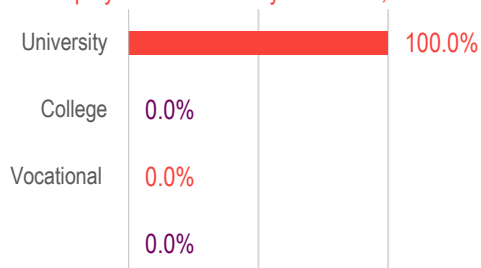
Employee distribution by gender, %



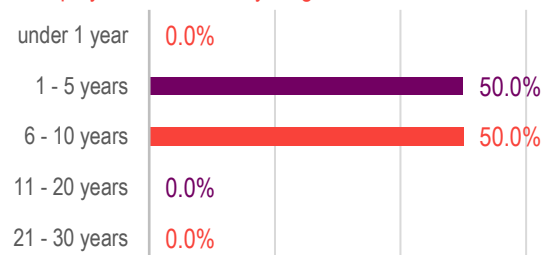
Employee distribution by age groups, %



Employee distribution by education, %



Employee distribution by length of service, %



REMUNERATION AND PERFORMANCE MANAGEMENT

In LTG Group, including the Company, the general principles for formation of remuneration focus on:

- attracting, motivating and retaining highly qualified and competent employees;
- encouraging employees to improve;
- ensuring internal justice in remuneration for work and employees' efforts;
- motivating employees through a package of added benefits;
- effective personnel cost management.

Classic elements are used to achieve the identified tasks:

- methodological appraisal of positions;
- periodic comparison of internal remuneration data with the market and implementation of salary review;
- the direct link between the possibilities of the change in remuneration and the employee's performance efficiency - the results of achieving the annual goals, extra effort and value-based behaviour.

A local scale of corporate levels is used to publish the results of **methodological job evaluation** in the organization. Each employee is given the opportunity to see the corporate levels of their position and other positions in the organization. At the same time, information on the remuneration levels of each corporate level is available to each employee. In this way, the principles of transparency are established in the organization and preconditions for self-assessment and planning of internal career opportunities are created.

Every year, a **periodic review of remuneration** is conducted, which is linked to clear and objective criteria – the comparison of the existing remuneration of employees with the market, the Company's financial results and the budget allocated for the review, as well as the assessment of the annual performance of each employee. The periodic review of remuneration generally takes effect on 1 April of each year.

The **package of additional benefits** includes lump-sum benefits for the birth of an employee's child or death of a close family member, support in the event of a natural disaster, loyalty benefits for employees leaving the organization at the retirement age, additional leave and other benefits provided for by the Sectoral Collective Agreement and the Remuneration Methodology of LTG Group. Employees are also provided with accident insurance and additional voluntary health insurance, which compensates employees for outpatient and inpatient treatment and diagnostics, preventive health check-ups and vaccinations, prescription drugs and medical aids. In addition, staff can choose between dental, rehabilitation or optician services. Each year, about 80% of employees choose to take out supplementary voluntary health insurance. During the negotiations with the social partners on the new sectoral collective agreement, it was agreed to increase the lump-sum payment in the event of the birth of a child or the death of a close family member by 50% from EUR 200 to EUR 300 after tax, starting in 2023.

Remuneration principles and additional benefits are defined in the Sectoral Collective Agreement, Personnel Policy, Remuneration Methodology of LTG Group. The principles of formation of the remuneration of the top management are defined in the Remuneration Policy for Top Level Employees approved by the Board of the Company. The details of how these principles are implemented are set out in internal process standards and methodologies, as well as published on the LTG Group's internal intranet - the employee knowledge base and newsletters.

The process of managing and evaluating the performance of employees remains focused on establishing a culture of high performance, personal responsibility and continuous feedback, and the principle of "the best are rewarded the most".

RISKS AND THEIR MANAGEMENT

LTG Group and the Company implements and continuously improves the **unified risk management system of LTG Group**. It is defined in LTG Group's risk management policy, methodology and procedure standards, which are based on the international standards ISO 31000 and COSO ERM (Committee on Sponsoring Organizations of the Treadway Commission, Enterprise Risk Management) and best practices.

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

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

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

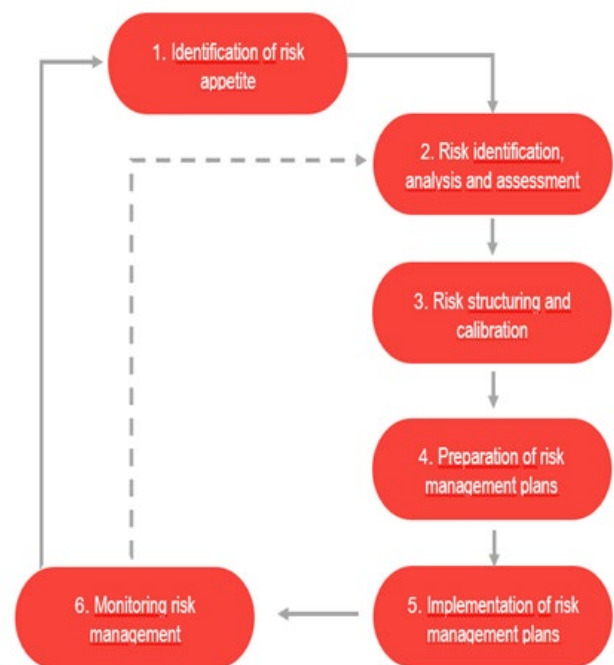
In LTG Group, risk management responsibilities are divided according to the **Model of Three Lines of Defence**. According to it:

- 1st line risk management activities are performed by LTG Group companies and LTG corporate functions, which identify, assess and manage risks;
- 2nd line risk management activities are performed by LTG Risk Management, which develops and improves the overall system and performs coordination and control activities;
- 3rd line risk management is performed by the Internal Audit Division of LTG, which carries out an independent assessment of the effectiveness of risk management levels 1 and 2, and provides comments and recommendations.

It is important to emphasise that both managers at various levels and collegial bodies are actively involved in risk management practices. The Group of companies has the **Risk Management Committee**, which calibrates risks and identifies risks that are relevant across the Group

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

Taking into account the Company's history, specifics and current operating context, the main risks to the Company's activities in 2022 are identified and presented below:



Name of risk	Level of risk	Sources of risk	Potential impact	Basic risk management measures
Risk of asset failure	Low	<ul style="list-style-type: none"> Limited assets of the Company (only current assets - cash); Unplanned or unforeseen expenses may lead to failure of the Company's assets / insolvency of the Company 	<ul style="list-style-type: none"> Failure to ensure financial stability Failure to ensure going concern 	<ul style="list-style-type: none"> Securing funding for the Company's operating costs; Timely and adequate provision of information to the Company's shareholder on the changes in the Company's finances and capital and on the occurrence of capital deficiencies; Application of the Company's authorised capital management measures
Risk of external regulation and exposure	Low	<ul style="list-style-type: none"> Decisions taken by external entities and institutions; Differences and incompatibilities between the positions of Rail Baltica's partners 	<ul style="list-style-type: none"> Untimely decision-making Activity interruptions 	<ul style="list-style-type: none"> Developing and representing the Company's position in decision-making institutions, working groups, etc. related to the Rail Baltica project; Regular and proactive provision of information to decision-making institutions, working groups related to the project Rail Baltica; Establishing a dispute escalation procedure.

It should be noted that the risks related to the implementation of the Rail Baltica project are managed by AB LTG Infra, subsidiary of AB Lietuvos geležinkeliai, established to perform the functions of the public railway infrastructure manager, and, therefore, this Annual Report covers only the risks related to the direct activities of the Company.

EXTERNAL AUDIT INFORMATION

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

The public procurement contract for the audit of the consolidated Company's financial statements, prepared in accordance with International Financial Reporting Standards, adopted by the EU, for the year 2020–2022, was awarded to KPMG Baltics, UAB. The candidacy of auditors was confirmed by the Audit Committee of LTG, it was approved by the Board of LTG and the confirmation of the shareholder was obtained. The contract for audit services was signed on 23 June 2020.

The fee set for the audit firm for the audit of the financial statements for 2022 amounts to EUR 8 thousand (VAT excluded).

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

SUSTAINABILITY REPORT (UNAUDITED)

The information in the Sustainability Report of AB Lietuvos geležinkeliai covers both the parent company and all subsidiaries. The main topics of the Sustainability Report cover all LTG Group companies and detailed sustainability information for each LTG Group company is not prepared.

The sustainability performance and results of the LTG Group as a whole, including LTG Rail Baltica statyba, are reviewed in the consolidated annual report of LTG Group for 2022, and the LTG Group Sustainability Report forms part of the mentioned annual report. This report, the LTG Group's sustainability policy and the priorities for sustainability activities are also available on the "Sustainability" section of the website www.ltg.lt.

INFORMATION ON THE COMPLIANCE WITH THE GUIDELINES ON TRANSPARENCY

The Company follows the requirements of the Description of the Guidelines for Ensuring Transparency of State-Owned Enterprises (herein after - the Description) approved by Resolution No 1052 of the Government of the Republic of Lithuania of 14 July 2010 when disclosing the required information in annual and interim reports and ensuring the disclosure of information on its website <http://rail-baltica.lt/apie-bendrove-2/>.

STRUCTURED INFORMATION OF THE COMPLIANCE WITH THE GUIDELINES ON TRANSPARENCY

Clause of the Description	Provision of the description Disclosure of the Company's information	Yes/No
5.	The following data and information must be announced in the internet website of a state-owned enterprise:	
5.1.	Name;	Yes
5.2.	Code and register, where data about the company is filed and stored;	Yes
5.3.	Headquarters (address);	Yes
5.4.	Legal status, if a state-owned enterprise is under reformation, reorganization (indicate the way of reorganization), liquidation, is becoming or has become bankrupt;	Yes
5.5.	The name of the institution representing the State and a link to its website;	-
5.5.	Operating goals, vision and mission;	Yes
5.7.	Structure;	Yes
5.8.	Data about the head of the enterprise;	Yes
5.9.	Data about the chairman and members of the Board, if formed according to the Articles of Association;	Yes
5.10.	Data about the chairman and members of the Supervisory Council, if formed according to the Articles of Association;	-
5.11.	Names of committees, if formed; data about their chairmen and members;	-
5.12.	The sum of the nominal values of the state-owned shares (in euro to the nearest euro cent) and the share (in percentage) in the authorized capital of the state-owned enterprise;	Yes
5.13.	The performed special obligations that are determined as to recommendations approved by the Minister of Economics and Innovations of the Republic of Lithuania: the purpose of the special obligations, state budget appropriations allocated their implementation in the current calendar year and the legal acts entrusting the state-owned enterprise with the performance of the special obligation, the conditions for fulfilment of the special obligations and (or) regulatory pricing;	Yes
5.14.	Information on social responsibility initiatives and measures, important ongoing or planned investment projects.	Yes
6.	In order to ensure publicity regarding the professionalism of the management and supervisory bodies as well as the members of the committees, formed in a state-owned enterprise, the following data of the persons referred to in sub-points 5.8 – 5.11 of the Description shall be published: name, surname, commencement date of current duties, other current managerial positions in other legal entities, education, qualification, professional experience. If the person stated in sub-points 5.9 – 5.11 of the Description has been elected or appointed as an independent member, this information should be additionally disclosed under his data.	Yes
7.	The following documents shall be announced in the website of a state-owned enterprise:	
7.1.	Articles of Association;	Yes
7.2.	Statement from an institution representing the State regarding the establishment of the goals and expectations of the State in a state-owned enterprise;	Yes
7.3.	The business strategy or a summary thereof in cases where the business strategy contains confidential information or information which is considered a commercial (industrial) secret;	Yes
7.4.	Document establishing the remuneration policy, setting out the remuneration of the head of a state-owned enterprise and the remuneration of members of collegial bodies and committees formed in a state-owned enterprise, as detailed in the Code of Corporate Governance;	Yes
7.5.	Annual and interim reports of a state-owned enterprise, annual and interim activity reports of a state-owned enterprise for a period of at least five years;	Yes
7.6.	Annual and interim financial statements and auditor's reports on annual financial statements for a period of at least five years;	Yes
8.	When a state-owned enterprise is a parent company, the structure of the group of companies is to be published on its website as well as the information of its subsidiaries and further subsidiaries as specified in Clauses 5.1–5.3 of the Description, the website addresses, the share (percentage) of the share capital owned by the parent company in their authorized capital, also consolidated financial statements and consolidated annual reports.	-
9.	When a state-owned enterprise is a participant of legal entities other than those specified in Clause 8, the details of these legal entities specified in Clauses 5.1–5.3 of the Description as well as their website addresses must be published on its website.	Yes
10.	If details specified in Clause 5, 6, 7.1–7.4, 8, and 9 of the Description change or are found to be false, information and documents must also be immediately corrected on the website.	Yes

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

**DEFINITIONS**

Revenue	Sales revenue + Other operating income excluding income from other activities
Revenue	Revenue, excluding other and financial income
Costs	Costs, excluding the corporate tax and income from financial activities
Net debt	Interest-bearing financial debt, including finance leases, less cash, and cash equivalent investments
Return On Equity (ROE)	Net profit/loss for the period of the last 12 months / average equity as at the beginning and the end of the reporting period
Return On Assets (ROA)	Net profit/loss for the period of the last 12 months / average assets as at the beginning and the end of the reporting period
Return On Investment (ROI)	Net profit/loss for the period of the last 12 months / average assets as at the beginning and the end of the reporting period - average short-term liabilities as at the beginning and the end of the reporting period
EBIT	Profit (loss) before the corporate tax – the result of financial investment activities
EBITDA	Profit (loss) before the corporate tax – the result of financial investment activity + depreciation and amortization
EBIT margin	EBIT/sales revenue
EBITDA margin	EBITDA/sales revenue
Equity ratio	Equity at the end of the period / total assets at the end of the period
Asset turnover ratio	Sales revenue for the period of the last 12 months / total assets at the end of the period
Quick liquidity rate	(Current assets at end of period - inventories) / current liabilities at end of period
Total liquidity rate	Current assets at the end of the period / current liabilities at the end of the period
Average salary	Average gross salary per employee

The electronic signature of Arenijus Jackus, the Director of UAB Rail Baltica Statyba, applies only to the Annual Report 2022 of UAB Rail Baltica Statyba on pages 3-22 of this document.



2022

UAB Rail Baltica statyba
Financial Statements prepared in accordance with International
Financial Reporting Standards as adopted by the European Union
for the year ended 31 December 2022
(audited)

Independent auditor's report

To the Shareholders of UAB Rail Baltica statyba

■ Opinion

We have audited the financial statements of UAB Rail Baltica statyba ("the Company"). The Company's financial statements comprise:

- the statement of financial position as at 31 December 2022,
- the statement of profit or loss and other comprehensive income for the year then ended,
- the statement of changes in equity for the year then ended,
- the statement of cash flows for the year then ended, and
- the notes to the financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

■ Basis for Opinion

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

■ Other Information

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

On behalf of KPMG Baltics, UAB

Rūta Kupinienė
Certified Auditor

Vilnius, the Republic of Lithuania
15 May 2023

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 24 to 26 of this document.

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2022	31/12/2021
Non-current assets			
Property, plant and equipment	7	1	1
Other equipment, fittings and tools	7	1	1
Financial assets	9	2,256,889	2,238,502
Total non-current assets		2,256,890	2,238,503
Current assets			
Inventories	10	-	15
Receivables from related parties	11	6,282	6,042
Cash and cash equivalents	12	37,796	53,963
Total current assets		44,078	60,020
TOTAL ASSETS		2,300,968	2,298,523

EQUITY AND LIABILITIES	Notes	31/12/2022	31/12/2021
Equity			
Share capital	13	4,161,494	4,161,494
Share premium		86	86
Retained profit (loss)		(1,880,864)	(1,884,955)
Total equity		2,280,716	2,276,625
Current liabilities:			
Trade creditors	15	155	620
Employment-related liabilities	14	9,092	9,619
Other payables	15	11,005	11,659
Total current liabilities		20,252	21,898
Total liabilities		20,252	21,898
Total equity and liabilities		2,300,968	2,298,523

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

The electronic signature of Arenijus Jackus, Director of UAB Rail Baltica Statyba, and Daiva Prevelienė, Chief Financial Officer, applies only to the Financial Statements and Explanatory Notes on pages 27-48 of this document.

FOR THE YEAR ENDED 31 DECEMBER 2022
(all amounts are in EUR unless otherwise stated)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ITEMS	Notes	31/12/2022	31/12/2021
Income from operating activities	16	57,992	57,991
Total income		57,992	57,991
Salaries and related costs	17	(57,874)	(60,281)
Fuel, materials	17	(669)	(1,538)
Rent and utilities	17	(2,014)	(2,955)
Other costs	17	(11,656)	(15,348)
Operating profit (loss)		(14,221)	(22,131)
Finance costs (commission)	18	(75)	(77)
Share of results of associates	18	18,387	(73,519)
Profit (loss) before taxation		4,091	(95,727)
Income tax	19,20	-	-
Net profit (loss)		4,091	(95,727)
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		4,091	(95,727)

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

STATEMENT OF CHANGES IN EQUITY

INDICATORS	Notes					Retained profit (loss)	Total
		Share capital	Share premium	Legal reserve	Other reserves		
Balance as at 31 December 2020		4,161,494	86	-	-	(1,789,228)	2,372,352
Net profit (loss)		-	-	-	-	(95,727)	(95,727)
Other comprehensive income, after tax		-	-	-	-	-	-
<i>Total comprehensive income (expenses)</i>		-	-	-	-	(95,727)	(95,727)
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	-	-
Increase in share capital by shareholder contribution		-	-	-	-	-	-
Reduction of authorised capital		-	-	-	-	-	-
Reserves established		-	-	-	-	-	-
Reserves used		-	-	-	-	-	-
Balance as at 31 December 2021		4,161,494	86	0	0	(1,884,955)	2,276,625
Net profit (loss)		-	-	-	-	4,091	4,091
Other comprehensive income, after tax		-	-	-	-	-	-
<i>Total comprehensive income (expenses)</i>		-	-	-	-	4,091	4,091
Profit (loss) not recognised in the statement of profit or loss and other comprehensive income		-	-	-	-	-	-
Increase in share capital by shareholder contribution		-	-	-	-	-	-
Reduction of authorised capital		-	-	-	-	-	-
Reserves established		-	-	-	-	-	-
Reserves used		-	-	-	-	-	-
Balance as at 31 December 2022		4,161,494	86	0	0	(1,880,864)	2,280,716

STATEMENT OF CASH FLOWS

	31/12/2022	31/12/2021
Cash flows from operating activities		
Net profit (loss)	4,091	(95,727)
Adjustment to non-cash items:		
Depreciation and amortization	-	-
(Profit) loss from disposal / write-off of non-current assets (except for financial assets)	-	-
Impairment (reversal) of non-current tangible and financial assets	(18,387)	73,519
Impairment (reversal) of trade receivables and prepayments	-	-
Decrease (reversal) in realisable value of inventories	-	-
Decrease (increase) in accumulated income	-	-
Decrease (increase) in accumulated costs	-	-
Interest (income)	-	-
Interest costs	-	-
Lease liability interest	-	-
Increase (decrease) in provisions	-	-
Income tax expenses (income)	-	-
	(14,296)	(22,208)
Changes in working capital		
Decrease (increase) in inventories	15	36
Decrease (increase) in trade and other receivables and prepayments	(240)	7,590
Increase (decrease) in current and non-current trade payables and received prepayments	(465)	(340)
Increase (decrease) in employment related liabilities	(527)	(747)
Increase (decrease) in other non-current and current payables	(654)	2,629
Income tax (paid)	-	-
Net cash from operating activities	(16,167)	(13,040)
Cash flow from investing activities	-	-
Financial assets (acquisition)	-	-
Interest received	-	-
Net cash from investing activities	-	-
Cash flows from financing activities	-	-
Loans received	-	-
Loans (repaid)	-	-
Grants received (repaid)	-	-
Cash flows related to owners of the company (share capital increase)	-	-
Net cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	(16,167)	(13,040)
Cash and cash equivalents at the beginning of the period	53,963	67,003
Cash and cash equivalents at the end of the period	37,796	53,963

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

EXPLANATORY NOTES

1. General information

The private limited liability company Rail Baltica Statyba (hereinafter - the Company) was registered on 23 January 2014 in the Register of Legal Entities of the Republic of Lithuania. The main goal of the Company is to ensure that the Rail Baltica project is developed and implemented using the funds of the European Union and the states participating in the Rail Baltica project by designing and constructing a European-gauge railway infrastructure in Lithuania, Latvia and Estonia.

The registered office is located at Geležinkelio str. 16, Vilnius, LT-02100, registration code 303227458.

The Company became a VAT payer on 20 July 2017, VAT number LT100011033413.

The Company belongs to the group of companies. The parent company of the Company is AB Lietuvos geležinkeliai, registration code 10053842, registered office at Mindaugo str. 12/14, Vilnius.

As at 31 December 2022, as well as during the reporting period, the sole shareholder of the Company was AB Lietuvos geležinkeliai.

As at 31 December 2022, the authorised capital of UAB Rail Baltica Statyba consisted of 143,698 ordinary shares with a nominal value of EUR 28.96 each. The amount of the authorised capital in the terms of value was EUR 4,161,494. The amount of EUR 86 was transferred to share premium.

Rail Baltica Statyba has an investment in an associated Baltic joint venture RB Rail AS (hereinafter - RB Rail AS). RB Rail AS was established on 28 October 2014 and the Company became the founder and shareholder of RB Rail AS holding 1/3 of shares. The main object of the Company's activities is the management of shares of RB Rail AS and the exercise of the rights and obligations they confer.

The main object of the Company's activities is the management of shares of RB Rail AS and the exercise of the rights and obligations they confer. This means that the Company does not have principal activities, i.e. input-output logistics, marketing and sales, after-sales service etc. The Company's additional activities consist of human resource management and the company's infrastructure (planning and reporting, quality assurance and risk management, accounting and financial resource management, and other processes).

Information on the shareholders of RB Rail AS:

	Share held, %	Authorised capital, EUR	Share premium, EUR
UAB Rail Baltica Statyba	33.33	650,005	3,249,995
Eiropas dzelzceļa līnijas SIA	33.33	650,005	3,249,995
Rail Baltic Estonia OU	33.33	650,005	3,249,995
	100.00	1,950,015	9,749,985

As at 31 December 2022, the average number of employees of the Company was 4 (4 as at 31 December 2021).

2. Significant accounting policies

Basis of preparation. The Company's financial statements have been prepared in accordance with the International Accounting Standards (hereinafter referred to as the IAS) and the International Financial Reporting Standards (hereinafter referred to as the IFRS) as adopted within the European Union. The main accounting policies applied during preparation of these financial statements of the Company are presented below. The said accounting policies are applied for all reporting periods presented in the financial statements unless stated otherwise.

The financial statements are prepared on the historical cost basis.

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

Use of estimates and judgements. The preparation of the financial statements in conformity with the IFRS requires the use of certain significant accounting estimates and assumptions, which affect application of accounting principles, and amounts related to assets, liabilities, income and expenses. Estimates and assumptions related to them have been based on historical experience and other factors, which conform to existing conditions, and based on their results a conclusion is made about carrying amounts of assets and liabilities, decisions on which cannot be made based on other sources. The estimates and related assumptions are continually revised and rely upon historical experience and other factors, including expectations on future events based on existing circumstances.

Going concern. These financial statements of the year ended 31 December 2022 have been prepared in accordance with an assumption made by the Company's management that the Company would continue as a going concern.

2. Significant accounting policies (continued)

Functional and presentation currency. All amounts in these financial statements have been expressed in euros, unless otherwise stated. The functional currency of the Company is euro. In these financial statements all amounts have been expressed in euros, and rounded down to the nearest zero. Because of rounding figures between tables may not coincide. Such inconsistencies are considered insignificant in the financial statements.

Foreign currency. Transactions in foreign currency are measured in functional currency applying the currency exchange rate applicable at the time of the transactions. Monetary assets and monetary liabilities in foreign currency are revaluated in functional currency on the date of preparation of the financial statements applying reference exchange rates set and published by the European Central Bank. Currency exchange gains or losses are stated as profit or loss in the statement of profit or loss and other comprehensive income. Non-monetary assets and liabilities, denominated in foreign currency and measured at fair value, are revaluated in functional currency at exchange rates valid on the date of determination of the fair value. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are revaluated in functional currency at exchange rates valid on the date of recognition of assets and liabilities in the statement of financial position. Currency exchange gains or losses are stated as profit or loss in the statement of profit or loss and other comprehensive income.

Property, plant and equipment. Property, plant and equipment are non-current tangible assets which: a) are kept for purposes of production of goods or provision of services, or for administrative purposes; and b) are intended to be used for a period longer than one reporting period. The cost of property, plant and equipment shall only be recognised as assets when and only when: a) it is probable that the future economic benefits embodied in the asset will eventuate; and b) the asset possesses a cost or other value that can be measured reliably.

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

Where separate parts of items of property, plant and equipment have different useful lives, they are accounted for as separate items (components) of property, plant and equipment. Costs of replacement of the part of an item of property, plant and equipment are capitalised only if it is probable that economic benefits will be derived from that part, and the cost of a new constituent part can be measured reliably. The carrying amount of the old constituent part is written off. The costs of the day-to-day servicing of property, plant and equipment are accounted for in the statement of profit or loss as profit or loss as they are incurred.

Property, plant and equipment are carried at cost less any accumulated depreciation and any impairment losses after they are recognised as assets.

Repair costs are added to the carrying amount of property, plant and equipment if it is probable that future economic benefits will flow to the Company from the expenditure and they can be measured reliably. The carrying amount of the replaced part is written off. All other repair and maintenance expenses are recognised as costs when incurred.

A gain or a loss on the sale of property, plant and equipment is determined by the comparison of the proceeds from asset sale with its carrying amount and is recognised in the statement of profit or loss and other comprehensive income.

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

Groups of property, plant and equipment	Useful life
Other equipment, fittings and tools	3-5

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

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Lease. A contract is, or includes, a lease if, in return for consideration, it gives the right to control the use of a specified asset for a specified period.

2. Significant accounting policies (continued)

Leases, where the Company is a lessee.

The Company shall assess each contract for possible lease items. If the contract is a lease contract or includes a lease, the Company shall account for each lease component of the contract as a lease separately from the non-lease (service) components of the contract. The Company shall not apply the lease recognition provisions to short-term leases (leases of up to one year) and leases with low value property (computers, telephones, printers, furniture, etc.). In deciding whether the value of an asset is low, the Company shall assess each asset separately. In deciding whether the value of an asset is low, lease fees over the entire lease period are not assessed. Assets with a value of up to EUR 4 thousand are considered low value assets. Payments related to short-term lease or lease of low-value property are directly recognised as costs in the statement of profit or loss and other comprehensive income. The Company shall not apply the lease recognition provisions to all intangible assets. The Company shall apply the provisions of IAS 38 "Intangible Assets" to such assets. The Company shall recognise the right-of-use assets and the lease liability in the statement of financial position at the commencement of the lease. On the commencement date the Company shall measure the right-of-use assets at cost. Subsequent to initial recognition, right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses and adjusted due to any revaluation of the liability. On the commencement date the Company shall measure a lease liability at the present value of the lease payments outstanding at that date. Lease fees are discounted using the interest rate provided for in the lease contract, if that rate can be readily determined. If that rate cannot be readily determined, the Company shall use the borrowing rate charged by the lessee. The borrowing rate to be charged by the lessee shall be recorded by the Company at the beginning of each year and used for all new contracts signed in that year and for contracts the terms of which (not all but only for which the lease liability must be reassessed) have changed during that year. A reassessment of a lease liability occurs when the cash flows change from the original conditions of the lease, for example, when changes in the lease term or lease payments change based on an index or interest rate. Changes that were not part of the original lease contract are considered to be lease changes.

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

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

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

Leases where the Company is a lessor

The Company does not have any contracts where the Company is the lessor.

Financial instruments

Financial assets. The Company's financial assets include cash, trade receivables and other receivables.

Trade receivables are recognised initially upon occurrence. During initial recognition all other financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets (other than trade receivables without significant funding component), if not measured at fair value through profit or loss, are initially measured at fair value plus transaction costs directly attributable to acquisition or disposal. The trade receivables without a significant financing component are initially recognised at the transaction price.

The financial assets are divided into three groups depending on the method of their measurement:

- a) financial assets that are measured at amortised cost in subsequent periods;
- b) financial assets that are subsequently measured at fair value through other comprehensive income;
- c) financial assets that are subsequently measured at fair value through profit or loss.

2. Significant accounting policies (continued)

Classification of the financial assets depends on the business model for managing the financial assets (it is assessed how the company manages the financial assets in order to generate cash flows) and their contractual cash flow characteristics of the financial assets (whether contractual cash flows include the principal amounts of the loan and interest payments only).

The Company has no financial assets, which are subsequently measured at fair value through other comprehensive income, and financial assets, which are subsequently measured at fair value through profit or loss.

A financial asset is measured at amortized cost if both of the following criteria are met: a) the financial asset is held according to a business model, an objective of which is to hold the financial asset to collect its contractual cash flows; and b) due to contractual conditions of the financial asset cash flows may occur on set dates, which represent solely payments of principal and interest.

The financial asset which does not include cash flows that are solely payments of principal and interest on the principal amount outstanding is measured at fair value through profit or loss in the statement of profit or loss and other comprehensive income.

The financial asset, which is subsequently measured at amortized cost, is measured by using the effective interest method. The amortized cost is reduced due to impairment loss. Interest income, foreign exchange profit and loss are accounted for through profit (loss). Any gain or loss on derecognition is accounted for through profit or loss.

The effective interest method is the method used to calculate the amortized cost of a financial asset or liability and distribute interest income or expense during the respective period. The effective interest rate is the rate that allows discounting future cash payments accurately during the specified period of validity of financial liability or during shorter period, where appropriate.

At initial recognition the financial assets, which are measured at fair value through profit or loss in the statement of profit or loss and other comprehensive income, are accounted for at fair value. Subsequently, profit and losses from the change in fair value, including all interest and dividends, are recognised as profit and losses in the statement of profit or loss and other comprehensive income.

Derecognition of financial assets. Financial assets (or, where appropriate, part of financial assets or part of the group of similar financial assets) are derecognised when:

- a) the rights to receive cash flows from the asset have expired;
- b) the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement;
- c) the Company transfers its right to receive the cash flows and/or:
 - transfers substantially all risks and rewards of the asset,
 - neither transfers nor retains substantially all the risks and rewards of the asset, but transfers control of the asset.

When the Company transfers the rights to receive cash flows from an asset and neither transfers nor retains risks and benefit related to ownership to the financial asset, but transfers control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. The Company's assets that take the form of a guarantee over the transferred asset are measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company directly reduces the gross carrying amount of the financial asset if it cannot reasonably expect to recover all or part of the financial asset.

Writing-off is an event of derecognition.

Derecognition of financial liabilities. A financial liability is derecognised by the Company when its contractual obligations have been fulfilled or cancelled or the liability expires. The Company also ceases recognition of a financial liability when its terms are changed and the cash flows of the amended liability are materially different. In this case the new financial liability is recognised at fair value in accordance with the amended contractual terms.

In the event of derecognition of a financial liability the difference between the carrying amount written off and the consideration paid (including any transferred non-cash assets or liabilities assumed) is recognised as profit or loss in the statement of profit or loss and other comprehensive income.

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

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

2. Significant accounting policies (continued)

At the end of each reporting period, the Company recalculates and records the provision for expected credit losses in accordance with past events, current market conditions and future prospects. The Company applies a simplified method to calculate the lifetime expected credit losses over the period of validity and uses a provisioning matrix for all trade and other receivables. For calculation of the expected credit losses using the provisioning matrix, trade and other receivables are categorized into separate groups according to credit risk characteristics. The amounts for each group shall be analysed according to the number of days past due.

At the end of each reporting period, the Company assesses whether financial assets carried at amortised cost are impaired. A financial asset is impaired upon occurrence of one or more events that have a negative effect on the estimated future cash flows of the financial asset. The following criteria are used by the Company to determine whether there is objective evidence that an impairment loss has been incurred: (a) where financial information provided to the Company by the other party discloses financial difficulties; (b) where there is a breach of contract; (c) where the other party is considering bankruptcy procedures or is preparing to undertake financial reorganisation measures; (d) where there has been an adverse change in the other party's solvency status as a result of a change in the national or local economic conditions affecting the other party; (e) where the value of the collateral, if any, is significantly reduced as a result of a deterioration of the market conditions.

Losses on financial assets measured at amortised cost are recognised as provisions affecting the net carrying amount of such assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering all or part of the asset. Uncollectible assets are written off against the related impairment loss allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account within the statement of profit or loss and other comprehensive income.

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

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering all or part of the asset. Uncollectible assets are written off against the related impairment loss allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined.

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

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

Cash and cash equivalents. Cash comprises cash at bank accounts. Cash equivalents represent short-term highly liquid investments easily convertible to a known amount of cash. The term of such investments does not exceed three months and the risk of changes in value is insignificant.

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

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

Borrowings. Borrowings are recognised at fair value less transaction costs at initial assessment and at amortised cost using the imputed interest method in subsequent periods.

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

Income taxes. Income taxes have been provided for in the financial statements in accordance with legislation enacted on the closing date of the reporting period. The income tax charge comprises current tax and deferred income tax and is recognised in the statement of profit or loss and other comprehensive income, unless those taxes are recognised in other comprehensive income or directly in equity as they are related to transactions that are also recognised in other comprehensive income or directly in equity in the same or a different period.

The income tax rate applicable for the companies of the Republic of Lithuania in 2022 and 2021 was 15%.

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

2. Significant accounting policies (continued)

For financial reporting purposes deferred taxes are provided using the balance sheet liability method for tax loss carry forwards and temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. In accordance with the initial recognition exemption, deferred taxes are not recorded for temporary differences on initial recognition of an asset or a liability in a transaction other than a business combination if the transaction, when initially recorded, affects neither accounting nor taxable profit. Deferred tax balances are measured at tax rates enacted at the end of the reporting period, which are expected to apply to the period when the temporary differences will reverse or the tax loss carry forwards will be utilised. Deferred tax assets for deductible temporary differences are recorded only to the extent that it is probable that the temporary difference will reverse in the future and there is sufficient future taxable profit available against which the deductions can be utilised.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred income tax assets and deferred tax liabilities may be offset separately at each company.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets have been recognised in the statement of financial position to the extent the management believes they will be realised in the foreseeable future based on taxable profit forecasts. When it is probable that a portion of deferred tax will not be utilised, this portion of deferred tax is not recognised in the financial statements.

Taxable losses can be carried forward for an unlimited time, except for the losses that have originated due to disposal of securities and (or) derivative financial instruments. Operating losses carry forward is disrupted if the Company ceases its activities which caused the losses, unless the Company ceases activities due to reasons beyond its control. The losses from disposal of securities and/or derivative financial instruments can be carried forward for 5 consecutive years and only be used to reduce the taxable income earned from the transactions of the same nature.

From 2014 tax losses carried forward can cover no more than 70 percent of taxable profit of a taxable period according to applicable Lithuanian laws.

Investments in associates. Associates are entities over which the Company has the ability to exercise significant influence (directly or indirectly), but does not have the right to control them. It is commonly assumed that it is possible to have significant influence if you have from 20% to 50% of votes. Investments in associates are accounted for using the equity method. Under the equity method, it is recognised initially at cost, which includes transaction costs. Subsequently, the financial statements include a share of profit or loss and other comprehensive income of equity investors. Profit or loss recorded directly in retained earnings of an associate is recognised in the statement of profit or loss in the Company's financial statements.

Inventories. Inventories are measured at acquisition or production cost, and subsequently are accounted for at the lower of the cost or the net realisable value. The net realisable value is a sale price under normal business conditions less expenses of completion and possible costs to sell. The cost is calculated under the FIFO method. The cost of inventories is net of volume discounts and rebates, received from suppliers during the reporting period, but it applies to the inventories still held in stock. The inventories that may not be realised are fully written off.

Dividends. Dividends are recognised as a liability and deducted from equity assets in the period in which it is declared and approved. Dividends are accounted for in the financial statements in the period when they are approved by the annual General Meeting of Shareholders. If dividends are declared subsequent to reporting period, but antecedent the approval of financial statements by the management, they are disclosed in the explanatory notes.

Equity. Equity and equity related reserves are presented in the accounting by type in accordance with legal regulations and the Company's Articles of Association.

The Company's equity is the assets value less value of all liabilities. The Company's equity includes: a) authorised capital - authorised capital is equity paid in by shareholders and is stated at nominal value in accordance with the Company's Articles of Association and the entry in the Centre of Registers; b) share premium - share premium is created by the surplus of the issuance value in excess of the nominal value of shares decreased by issuance costs; c) legal reserve - according to Lithuanian legislation an annual transfer of 5 percent of net profit to the legal reserve is compulsory until the reserve reaches 10 percent of the share capital. The legal reserve cannot be distributed as dividends and is formed to cover future losses; d) other reserves - other reserves are formed according to the purpose specified by the shareholder; e) retained earnings (loss).

Provisions. Provisions are accounted for only when the Company has a legal or irrevocable obligation resulting from the past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The Company re-evaluates provisions at each reporting date and adjusts them in order to present the most reasonable current estimate. If the effect of the time value of money is material, the amount of provision is equal to the present value of the expenses which are expected to be incurred to settle the liability.

2. Significant accounting policies (continued)

Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expenses.

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

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

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

Revenue recognition. The Company recognises revenue to depict transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company takes into account the terms of the contract and all relevant facts and circumstances. For that purpose, the Company's revenue is recognised using the 5-step model:

Step 1 - Identify the contracts with a customer.

Agreement between two and/or more parties (depending on the conditions of purchase or sale), which creates enforceable rights and liabilities, is recognised as a contract. A contract is only recognised if the following criteria are satisfied:

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

Contracts with the customer may be aggregated or disaggregated into separate contracts, while retaining the criteria of the former contracts. Such aggregation or disaggregation is considered modification of a contract.

Step 2 - Identify the performance obligations in the contract.

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

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

Step 3 - Determine the transaction price.

The transaction price may be fixed, variable or both.

The transaction price is the amount to which the Company expects to be entitled in exchange for the transfer of goods and services. The Company's transactions are subject to fixed prices for both services of a continuous nature and services performed at a certain moment. Transaction price might comprise a fixed amount of consideration paid by the customer; however, sometimes it may also comprise variable consideration. The transaction price is also adjusted considering the time value of money, if the contract includes a significant financing component, and considering any consideration payable to the customer. The Company applies the following sales price calculation methods: adjusted market assessment approach, expected cost plus margin approach and residual approach. Similar transactions are measured equally.

Step 4 - Allocate the transaction price to each performance obligation.

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

2. Significant accounting policies (continued)

Step 5 - Recognise revenue when (or as) the Company satisfies performance obligations.

Revenue is recognized when the Company fulfils the performance obligation - the Company recognizes revenue when it fulfils the performance obligation by transferring the committed goods or services to the buyer (i. e. when the buyer acquires control of said goods or services).

The recognised amount of revenue is equal to the amount of the satisfied performance obligation. Performance obligation may be satisfied at a point of time or over time.

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

The Company's revenue consists of revenue from project management services.

Revenue from project management services

Revenue from project management services is recognised based on invoices issued to customers for services rendered. The invoices are issued based on work completion certificates. At the end of the period revenue, for which invoices have not been issued, but the services have been provided, is accrued based on the accrual principle.

The Company recognises revenue by nature:

- at a point of time after rendering of services;
- for a continuous period. The Company recognises revenue by recognising revenue from services on a calendar quarterly basis, or when the services are transferred to the customer (by signing a deed of acceptance and delivery of the work performed).

The following table provides information on the nature and timing of performance obligations in contracts with customers, as well as payment terms and revenue recognition policies:

Type of services	Nature, timing of satisfaction of performance obligations and payment conditions	Revenue recognition under IFRS 15
Revenue from project management services	Invoices are issued after the service has been rendered and the deed of acceptance and delivery of work has been signed. A common term for payment of invoices is 30-45 days.	Revenue is recognised over time when the services are rendered. Services are deemed to have been rendered when the deed of acceptance and delivery of work is signed.

Recognition of costs. Costs are recognised on an accrual and comparative basis in the period in which the related revenue is earned, irrespective of when the cash is spent. When costs incurred during the reporting period cannot be directly attributed to the generation of specific revenue and are not expected to generate revenue in future periods, such costs are recognised as costs in the period in which they are incurred. In financial reporting costs are recognised in the event of decrease in assets or increase in liabilities which cause a decrease in equity, except for decreases related to allocations to the owners of the shares.

The amount of costs is usually measured by the amount of money paid or payable, excluding VAT. In cases where there is a long settlement period and no interest is earned, the costs are estimated by discounting the settlement amount at the market interest rate.

Financial income and costs. Finance income comprises interest income. Interest income is recognised on an accrual basis, using the effective interest rate method. Finance expenses comprise interest expense. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statements of profit or loss using the effective interest rate method. Currency exchange gain or loss in the statements of profit or loss is presented at a net value.

Contingent assets and liabilities. Contingent liabilities are not recognised in the financial statements, except for contingent liabilities related to business combinations. They are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised in the financial statements but are disclosed when it is probable that future economic benefits or service potential will flow to the entity.

Grants related to income and expenses. Grants received as a compensation for the expenses or unearned income of the current or previous reporting period, also, all the grants, which are not grants related to assets, are considered as grants related to income. The income-related grants are recognised as used in parts to the extent of the expenses incurred during the reporting period or unearned income to be compensated by that grant.

2. Significant accounting policies (continued)

Grants intended for compensation for non-received income are recognised in the statement of profit or loss and other comprehensive income, under other income. Grants intended for compensation for specific expenses are carried in the statement of profit or loss and other comprehensive income, by reducing the amount of related expenses by the amount of grant.

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

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

3. Significant accounting estimates and judgements

Significant judgements, estimates and assumptions

In applying the Company's accounting policies, the management must make estimates, judgements and assumptions about the carrying amounts of assets and liabilities that are not easily determinable using other measures. The estimates and related assumptions are based on past experience and other directly relevant factors. Actual results may differ from the estimates provided.

Estimates and underlying assumptions are subject to continuous review. The results of a review of accounting estimates are recognised in the period in which the review is performed and the results of the review affect the period, or in the period of the review and future periods if the review affects both the current period and a future period.

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred tax. Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the liability. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. The values of deferred tax assets shall be reviewed at the date of each statement of financial position and reduced if the associated tax benefit is not likely to be used.

Climate change management measures and impact on the Company's activities. In fulfilment of the strategic goals and priorities of management of sustainability presented in the LTG Sustainable Growth Strategy 2040, the Group of companies AB Lietuvos geležinkeliai is especially committed to environmental protection. One of the main strategic activity areas of the Group and its individual companies is the Green Deal. In 2021, the Group approved the Environmental Strategy 2030+, which identifies the Group's environmental priorities and the areas on which the Group companies, through their activities have or could potentially have an impact on, and sets out specific targets to reduce this impact. The strategy takes into account national legislation and international agreements (Paris Agreement on climate change, European Green Deal) on environmental issues, including climate change.

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

4. New standards, amendments and interpretations not yet adopted

The new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2023 and have not been applied in the preparation of these financial statements are set out below:

IFRS 17 Insurance Contracts

Effective for annual periods beginning on 1 January 2023 with regard to the principle of comparability. Early application is permitted if an entity also applied IFRS 9 and IFRS 15 as at the date of IFRS 17 application or earlier. IFRS 17 replaces IFRS 4, which has allowed entities to continue using current practice for accounting for of insurance contracts. This made it difficult for investors to compare the financial performance of similar insurance companies. IFRS 17 is a general principles-based standard setting accounting requirements for all types of insurance contracts, including reinsurance contracts held by an insurer. The standard requires groups of insurance contracts to recognise and measure: (i) future cash flows (cash flows arising from the performance of the contract) at risk-adjusted present value, which includes all available information about the cash flows arising from the performance of the contract consistent with observable market data; by adding (if this value is a liability) or subtracting (if this value is an asset) (ii) an amount representing the unearned profit from the group of contracts (the contractual service margin). The profits generated by a group of insurance contracts will be recognised by insurers during the period when the insurance cover is granted and at the time of the risk exemption. If a group of contracts is or becomes unprofitable, the entity recognises the loss immediately.

4. New standards, amendments and interpretations not yet adopted (continued)

These amendments to the standard will not affect the Company's financial statements as it does not carry out insurance activities.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 1 January 2020, the International Accounting Standards Board published amendments to Articles 69 and 76 of IAS 1 Presentation of Financial Statements by specifying the requirements for classification of liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right;

that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual periods beginning on or after 1 January 2023 and must be applied retrospectively.

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

Definition of Accounting Estimates (Amendments to IAS 8)

In February 2021, the International Accounting Standards Board published amendments to IAS 8, which introduced the definition of accounting estimates. The amendments help to distinguish changes in accounting estimates from changes in accounting policies and correction of errors. Furthermore, they also explain how economic operators use measurement methods and a contribution to preparation of the accounting estimates.

The amendments shall apply to reporting periods from 1 January 2023 and changes of the accounting estimates, accounting policies, which are present as at the date of the beginning of this period or later. Earlier application is permitted only provided that it was disclosed in the financial statements.

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

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

In February 2021, the International Accounting Standards Board published amendments to IAS 1 and IFRS Practice Statement 2 'Making Materiality Judgements' with guidance and examples to help economic operators to apply materiality judgments to accounting policy disclosures. The purpose of the amendments is to help economic operators to prepare accounting policy disclosures which would be more useful as an entity is now required to disclose its 'material' accounting policy information instead of its 'significant' accounting policies, by adding guidance on how economic operators should apply the concept of materiality when adopting a decision on accounting policy disclosures.

The amendments are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted.

As guidance on application of the concept of materiality for information of accounting policy, presented in amendments to IFRS Practice Statement 2, are not compulsory, the date when they come into effect is not compulsory.

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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

In May 2021, the International Accounting Standards Board issued amendments to IAS 12 that narrow the scope of the initial recognition exemption so that it no longer applies to transactions that create equal taxable and deductible temporary differences.

The amendments should be applied to transactions that occur at the beginning of the earliest comparative period. In addition, at the beginning of the earliest comparative period, a deferred tax asset (if sufficient taxable profit is available) and a deferred tax liability shall be recognised for all taxable and deductible temporary differences that relate to leases and decommissioning obligations.

The amendments are effective for annual periods beginning on or after 1 January 2023. Earlier application is permitted. The Company are currently assessing the impact of the amendments.

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

5. Significant changes in the accounting policy

Standards and amendments which became effective as of 1 January 2022 did not have a significant impact on the annual financial statements for 2022.

6. Financial instruments and risk management

The Company's main financial instruments not carried at fair value are trade and other receivables, trade and other payables, cash and long-term and short-term borrowings. According to the management of the Company, the carrying amounts of these financial instruments approximate their fair values, therefore their fair value fluctuation is not significant. The fair value of financial instruments is the value at which, at the valuation date, an asset or liability would be sold under current market conditions under a proper transaction on the underlying (or most advantageous) market, regardless of whether this price is directly monitored or determined by the valuation methodology.

The Company's financial instruments according to their types:

Financial assets	31/12/2022	31/12/2021
Receivables from related parties	6,282	6,042
Cash and cash equivalents	37,796	53,963
Total	44,078	60,005

Financial liabilities	31/12/2022	31/12/2021
Trade debts	155	620
Amounts payable to related parties	-	-
Other amounts payable and liabilities	11,005	11,659
Total	11,160	12,279

Fair value is defined as the price at which an asset would be sold or a liability transferred at the estimation date in a proper transaction between market participants, whether that price is directly observable or is determined using a valuation method.

In determining the fair value of financial instruments, the Company uses the following methods and assumptions and identifies three levels of fair value hierarchy. The fair value is allocated according to the hierarchy which reflects the materiality of inputs used.

The fair value hierarchy consists of the following levels:

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

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

Level 3 – original inputs for the asset or liability that are not based on observable market data (unobservable original inputs).

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

	Total carrying amount	Level 1	Fair value Level 2	Level 3
Financial assets				
Receivables from related parties	6,282	-	-	6,282
Cash and cash equivalents	37,796	37,796	-	-
Total	44,078	37,796	-	6,282
Financial liabilities				
Trade debts	155	-	-	155
Amounts payable to related parties	-	-	-	-
Other long-term and short-term payables and liabilities	11,005	-	-	11,005
Total	11,160	-	-	11,160

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

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

Risk management

The Company faces uncertainty about external and internal factors, identifies operational risks, anticipates their impact and likelihood, and seeks to mitigate them at least in part.

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

The Company is exposed to the following financial risks: credit, liquidity, market, currency exchange and capital risks and dependence on the main customer. This note provides information on the impact of these risks on the Company, objectives, policies and processes related to the assessment and management of these risks.

6. Financial instruments and risk management (continued)

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

The Company manages the credit risk through policy and procedures. In accordance with the Company's credit risk policy, standardised payments and terms are offered only after assessment of creditworthiness of each new customer. Customers who do not meet the creditworthiness threshold may only enter into purchase transactions with the Company after payment in advance.

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

Impairment accounted for by the Company before 1 January 2018 reflects estimated losses caused by doubtful receivables from customers. The main component of such impairment is individually assessed loss on significant trade receivables that are doubtful of recovery. The impairment assessment methods are constantly reviewed to minimise the differences between estimated losses and actual losses.

As of 1 January 2018, the Company assesses probability of default during the initial recognition of financial assets and on each reporting date, considering whether the credit risk has not grown substantially since initial recognition. In order to assess whether there has been a significant increase in credit risk, the Company compares the risk of default related to the asset at the reporting date with the risk of default at the time of initial recognition.

Based on the Company's overdue debt recovery statistics, the management believes that the credit risk has not significantly increased since the initial recognition, even if contractual payments are delayed for more than 30 days.

The Company applies a simplified method to calculate the lifetime expected credit losses over the period of validity and uses a provisioning matrix for all trade and other receivables.

For calculation of the expected credit losses using the provisioning matrix, trade and other receivables are categorized into separate groups according to credit risk characteristics. The amounts for each group shall be analysed according to the number of days past due. The following table provides information on expected credit losses calculated for the Company for each group of overdue amounts. As trade receivables and other receivables do not normally include collateral or other credit protection, the expected loss ratio is consistent with the probability of default.

Expected lifetime credit losses for trade receivables and other receivables are calculated using the requirements of IFRS 9.

Impairment losses recognised in profit or loss on financial assets were as follows:

Impairment losses of financial assets	31/12/2022	31/12/2021
Impairment losses on trade receivables and contract assets	-	-
Total	-	-

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

The Company's review includes external ratings (if any), financial statements, information from credit agency, industry information and, in some cases, bank references.

The table below provides information on the expected credit risk of trade receivables as at 31 December 2022:

Payment period	Average amount of loss, %	31/12/2022 Before impairment	Impairment accounted for
Not past due	0%	6,282	-
Past due	100%	-	-
Total		6,282	-

Concentration of credit risk arising from trade receivables:

	2022	2021
Customer A	6,282	6,042
Others	-	-
Impairment	-	-
Total	6,282	6,042

As at 31 December 2022 and 31 December 2021, the majority of receivables are due from related parties.

Although economic circumstances may affect the recovery of debts, in the opinion of the management, the Company is not exposed to a significant risk of incurring losses that would exceed the already recognised impairment. Impairment of doubtful receivables is measured on the basis of expected credit losses.

Cash and cash equivalents consist of cash in bank accounts. The Company is exposed to the risk of holding funds in bank accounts. The level of risk incurred depends on the credibility of the bank chosen, but the credit risk associated with them is minimal.

6. Financial instruments and risk management (continued)

Liquidity risk. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company manages liquidity risk to ensure, as far as possible, sufficient liquidity to meet its obligations under both normal and stressed conditions without incurring unacceptable losses and without any risk to the Company's reputation. The Company normally secures sufficient cash to cover planned operating costs, including the repayment of financial debts. This security does not cover the impact of possible Force Majeure (e.g. natural disasters).

COMPANY	31/12/2022	31/12/2021
Debt ratio, %	0.88	0.95
Critical liquidity rate, times	2.18	2.74
Total liquidity rate, times	2.18	2.74

The Company's maturities of financial liabilities using the undiscounted flow method:

	Total carrying amount	Within one year	From one to five years	After five years
Financial liabilities				
Trade debts	155	155	-	-
Amounts payable to related parties	-	-	-	-
Other long-term and short-term payables and liabilities	11,005	11,005	-	-
Total	11,160	11,160	-	-

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

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

According to the actual foreign currency transactions, currency risk is minimal and not material to the financial statements. During 2022 and 2021, the Company did not enter into derivative financial transactions to manage the risk of exchange rate fluctuations with servicing banks.

Interest rate risk. Variable interest, related to EURIBOR, is charged on all loans granted to the Company. Given the situation in the inter-bank interest rate market, the Company has not entered into any financial instrument transactions during the period 2022 and 2021 to manage the risk of interest rate fluctuations.

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

According to the Law on Companies of the Republic of Lithuania, the authorised capital of a private limited liability company must be at least EUR 2.5 thousand and equity must be at least 50 percent of the Company's authorised capital.

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

7. Property, plant and equipment

	Other equipment, fittings and tools	Total
Acquisition cost		
31 December 2020	1,326	1,326
- acquisitions	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2021	1,326	1,326
- acquisitions	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2022	1,326	1,326
Accumulated amortization and impairment losses		
31 December 2020	1,196	1,196
- amortization	129	129
- impairment during the year	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2021	1,325	1,325
- amortization	-	-
- impairment during the year	-	-
- sales, disposals, write-offs	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2022	1,325	1,325
Carrying amount		
31 December 2020	1	1
31 December 2021	1	1
31 December 2022	1	1

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

	31/12/2022	31/12/2021
Other equipment, fittings and tools	1,326	1,326
Total	1,326	1,326

8. Right-of-use assets

As at the date of the financial statements, the Company has entered into lease agreements for lease of immovable property (premises), computer equipment and vehicles.

The Company has not recognised any additional lease obligations under the lease agreements as at 1 January 2022 and 31 December 2022 and has not recognised any additional right to use the assets as the lease agreements concluded by the Company qualify for the practical application exemption.

9. Investments in associates and other companies

UAB Rail Baltica Statyba owns 33.33 % of the shares in RB Rail AS. The table presents 1/3 owned by the Company.

	Acquisition cost	Investments (equity method)
Balance as at 31 December 2020	3,900,000	2,312,021
Increase (+)	-	-
Decrease (-)	-	(73,519)
Balance as at 31 December 2021	3,900,000	2,238,502
Increase (+)	-	18,387
Decrease (-)	-	-
Balance as at 31 December 2022	3,900,000	2,256,889

In 2022, the Company did not invest in RB Rail AS. The increase (2021: decrease) of the investment in the Associate includes the Company's share of the current loss of EUR 41,569 and the share of the profit recognised directly in retained earnings amounting to EUR 50,956. Accordingly, in 2021: loss of EUR 81,270 and a profit of EUR 7,751 accounted for directly in retained earnings.

10. Inventories

	31/12/2022	31/12/2021
Fuel	-	15
Total	-	15

As at 31 December 2022 (the same as at 31 December 2021), the Company did not have any inventories held with third parties.

11. Trade receivables

Receivables from related companies:

	31/12/2022	31/12/2021
Receivables from related parties	6,282	6,042
Total trade receivables:	6,282	6,042

Receivables from related companies are interest-free and usually have a maturity of 45 days.

Analysis of trade and other receivables as at 31 December 2022:

	31/12/2022	31/12/2021
Not past due	6,282	6,042
Total	6,282	6,042

12. Cash and cash equivalents

Cash and cash equivalents consisted of:

	31/12/2022	31/12/2021
Cash in bank	37,796	53,963
Total	37,796	53,963

As at 31 December 2022 and 31 December 2021, the Company had no term deposits.

13. Capital

The nominal value of one share in the Company is EUR 28.96. All issued shares were paid up.

As at 31 December 2022, the registered authorised capital consisted of 143,698 ordinary shares with a nominal value of EUR 28.96 each. The amount of the authorised capital in the terms of value was EUR 4,161,494.

The change in authorised capital is presented in the table below:

	Share capital	Number of shares (units)
Subscribed share capital		
Number of shares as at 31/12/2021	4,161,494	143,698
Increase	-	-
Number of shares as at 31/12/2022	4,161,494	143,698
2. Capital structure		
2.1. By share type	-	-
2.10. Ordinary shares	4,161,494	143,698
2.11. Preference shares	-	-
2.2. State capital	-	-
B. Unclaimed and claimed but unpaid amounts, including:	-	-
Shareholders (debtors)	-	-
Total	4,161,494	143,698

14. Employment-related liabilities

As at 31 December 2022, employment-related liabilities consisted of:

	31/12/2022	31/12/2021
Vacation accruals	3,897	4,505
Wages and salaries payable	3,176	3,005
Personal income tax payable	986	1,039
Social security contributions payable	1,033	1,070
Total	9,092	9,619

15. Trade and other payables

As at 31 December 2022, trade and other payables consisted of:

	31/12/2022	31/12/2021
Trade payables	155	620
Amounts payable to related parties	-	-
Accrued costs of audit services	8,000	8,000
Amounts payable to accountable persons	-	-
Other amounts payable (VAT)	3,005	3,659
Total	11,160	12,279

16. Revenue

As at 31 December 2022 and 2021, revenue consisted of:

	2022	2021
Management services of the Rail Baltica project	57,992	57,991
Total	57,992	57,991

These services are aimed at managing, administering and coordinating the implementation of the Rail Baltica project in order to ensure that the activities of the Rail Baltica project implemented in the territory of the Republic of Lithuania are carried out in a timely manner, to a high quality and in compliance with the planned budget.

The pricing of the management services for the Rail Baltica project provided by the Company was based on a cost-plus pricing approach, which is based on the company's target costs and actual working hours of the company's staff in the current month. The hourly rate is calculated by dividing the direct costs planned for 2023 by the hours planned to be worked, plus a margin of 7.99%. The revenue generated by the Company for the management services of the Rail Baltica project ensures that the Company's operating costs are covered in the current month, and provides a supplementary source of funding, thus avoiding the need for the Company to use its authorised capital to cover the costs, which would lead to a shortfall of the Company's authorised capital in the longer term.

17. Costs

	2022	2021
Salary and social insurance contributions	58,482	61,198
Vacation reserve	(608)	(917)
Fuel (for cars)	669	1,538
Car operating lease, maintenance costs, insurance	1,711	5,132
Rent of premises and utilities, rental and maintenance of computer equipment	2,014	2,955
Depreciation and amortisation	-	-
Mobile services, fixed services	1,132	1,229
Non-deductible value added tax	8	26
Audit and legal services	8,000	8,000
Other expenses	805	961
Total	72,213	80,122

18. Results from financing activity

Income and costs from financing activities for the year ended 31 December consisted of:

	2022	2021
Total finance income	18,387	(73,519)
Share of gross revenue of an associate under the equity method	18,387	(73,519)
Total finance costs	(75)	(77)
Bank commission	(75)	(77)
Share of total costs of an associate under the equity method	-	-
Results from financing activity	18,312	(73,596)

19. Income tax

The Company had no profit and paid no income tax for the year ended 31 December 2022 and 31 December 2021.

During the year ended 31 December, the income tax expense (benefit) was:

	2022	2021
Profit (loss) before tax	4,091	(95,727)
Income tax at the statutory tax rate	614	(14,359)
Non-deductible expenses	-	11,028
Non-taxable income	(2,758)	-
Deferred income tax not recognised	2,144	3,331
Total income tax expenses (income) recognised in profit or loss	-	-
Effective rate	0%	0%

During the reporting period 2022, the Tax Administration has not carried out any full-scale tax audits of the Company. The tax authorities may, at any time, inspect the accounting, transactional and other documents, records and tax returns for the current and the previous 3 calendar years, and in certain cases for the current and the previous 5 or 10 calendar years, and may impose additional taxes and penalties. Management is not aware of any circumstances that could result in a potential material liability for unpaid taxes.

20. Deferred tax assets

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

	31/12/2022	31/12/2021
Net profit before income tax	4,091	(95,727)
Changes in temporary differences	(28)	(62)
Permanent differences	(18,387)	73,519
Taxable profit for the year	(14,324)	(22,270)
Reduction in taxable profit for the year due to ongoing investment projects	-	-
Reduction in taxable profit for the year due to deduction of operating losses	-	-
Income tax (costs) for the reporting year	-	-
Change in deferred income tax due to change in temporary differences	-	-
Income tax (costs) charged to the statement of profit or loss	-	-
Temporary differences	880,741	866,417
The components of deferred income tax are presented below:	-	-
Deferred corporate income tax assets:	-	-
Vacation accruals	10	14
Accumulated tax losses	132,101	129,949
Deferred tax assets before realisation	132,111	129,963
Unrecognised deferred tax assets	(132,111)	(129,963)
Realisation	-	-
Deferred income tax assets after realisation	-	-
Deferred income tax liability	-	-
Deferred income tax assets, net	-	-

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

Deferred income tax as at 31 December 2022 and 31 December 2021 was calculated at a rate of 15%.

21. Related party transactions

Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Company's related parties and transactions with them in 2022 and 2021 were as follows:

31/12/2022	Purchases	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	3,850	-	-	-
AB LTG Infra	-	57,992	6,282	-
	3,850	57,992	6,282	-

31/12/2021	Purchases	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	7,794	-	-	-
AB LTG Infra	293	57,991	6,042	-
	8,087	57,991	6,042	-

Management remuneration and other benefits

As at 31 December 2022, the Company's organisational structure consisted of a Director, a Deputy Director, a Chief Financial Officer and a Chief Project Manager.

There were no loans, guarantees, other disbursements, accruals or transfers of assets to the Company's management staff during 2022.

	31/12/2022	31/12/2021
Employment-related charges, excluding employers' social security contributions	30,088	33,296
Charges to other related parties	-	-
Number of management staff (Director, Chief Financial Officer)	2	2

22. Off-balance sheet commitments, contingent liabilities and contingent assets

The Company had no off-balance sheet commitments, contingent liabilities and contingent assets.

23. Non-cash transactions

During 2022 and 2021, the Company did not enter into any non-cash transactions that are not reflected in the cash flow statement.

24. Going concern

On 31 January 2017, the Governments of the Republic of Lithuania, the Republic of Latvia and the Republic of Estonia concluded an international agreement on the development of the Rail Baltica project, which was ratified by the Law of the Seimas of the Republic of Lithuania No XIII-664 of 10 October 2017. It was agreed in the international agreement to complete the Rail Baltica project by the end of 2025, and the Baltic joint venture RB Rail AS was appointed as the project coordinator. Taking into account that UAB Rail Baltica Statyba is the Lithuanian shareholder of RB Rail AS, the Baltic joint venture, the going concern of UAB Rail Baltica Statyba is currently planned for the period not shorter than the completion of the Rail Baltica project.

On 8 March 2023, the contract on management services of the Rail Baltica project No. SUT(RBS)-02 was signed with AB LTG Infra and it ensures the receipt of revenue in 2023 and the going concern of the Company.

The Strategic Action Plan 2023-2025 in the areas managed by the Minister of Transport and Communications of the Republic of Lithuania provides for funding (EUR 2.9 million in 2023, EUR 3.3 million in 2024 and EUR 2.7 million in 2025) to ensure the operation of RB Rail AS, the joint venture of Lithuania, Latvia and Estonia, during the implementation of the multilateral Rail Baltica project.

The going concern and financing of RB Rail AS, the Baltic joint venture, is ensured through the use of targeted funding from the European Union and the Member States, through the conclusion of short-term or long-term financing agreements for this purpose.

These financial statements are prepared on a going concern basis and do not include any adjustments that might be required if the going concern basis were not applied.

25. Subsequent events

Karolis Sankovskis has been removed from his position as the head of the Company by decision of the General Meeting of Shareholders of the Company;

Arenijus Jackus has been elected as the head of the Company by the decision of the General Meeting of Shareholders of the Company;

There have been no other subsequent events after the end of the financial year and until the date of approval of these financial statements that could have a material impact on the financial statements or require additional disclosure.