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UAB Rail Baltica statyba

ANNUAL REPORT, FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR 2023

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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,
Rail Baltica, the largest railway infrastructure project in the history of the Baltic States, is not just a project of Lithuania or the Baltic States. It is a pan-European project, whose value creation is discussed both in official meetings and in the public domain.

Catherine Trautmann, Coordinator for the North Sea-Baltic TEN-T Corridor, who visits Lithuania from time to time, underlines the exceptional scale and importance of the project for the Corridor and its long-term benefits for the economy, the citizens, the environment and European security.

The importance of the project is underpinned by substantial financial support from the European Commission. In June 2023, exclusive news was received from the European Commission regarding the implementation of the European gauge railway project Rail Baltica in the Baltic States. The European Commission approved full-scale financing and allocated almost EUR 1 billion (EUR 928 million), with Lithuania's share being a substantial amount of EUR 394 million. This is the largest financing Lithuania has ever received from the Connecting Europe Facility (CEF).

One of the main reasons behind the favourable decision of the European Commission to finance the project in Lithuania is that the construction of Rail Baltica railway in our country is well advanced, demonstrating a high level of project maturity.

Not only is there political support for the project, but there is also significant public backing. According to the annual public survey conducted in Lithuania, support for the Rail Baltica project in Lithuania is almost 80%.

The project is given special attention at LTG Group level as well. In order to enhance the coordination of the Rail Baltica implementation and ensure the coordination between the different Group companies, the functions of Rail Baltica statyba and its manager have been extended. LTG Group has also developed a comprehensive Rail Baltica project management model to ensure not only the construction of the infrastructure, but also the full preparation of passenger and freight transport once construction is complete.

The construction of the European gauge railway infrastructure by project partners will create a missing corridor, which will significantly contribute to the transport policy of the EU and Lithuania and to the achievement of Green Deal objectives, as well as to the smooth integration of the railway sector of Lithuania and the Baltic States into the EU railway market. An essential prerequisite for enabling passengers, business and society to maximise the benefits of the new infrastructure is comprehensive project implementation. Cooperation, coordination and continuous dialogue between the implementing partners and the organisations directly involved in the project are therefore the key factors for success.

ARENIJUS JACKUS
UAB Rail Baltica statyba

(all amounts are in EUR thousand unless otherwise stated)

KEY INFORMATION ABOUT THE COMPANY

Name	UAB Rail Baltica statyba
Address	Geležinkelio g. 16, LT-02100 Vilnius
Legal form	Private limited liability company
Date and place of registration	23 January 2014
Company code	303227458
Telephone	+370 611 25263
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	Arenijus Jackus
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. *akciju sabiedrība*)
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 special purpose subsidiary of LTG, established to participate in the implementation of the Rail Baltica project and in the management of the company 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:

- 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.

(all amounts are in EUR thousand unless otherwise stated)

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 generates the revenue necessary to cover its operating costs.

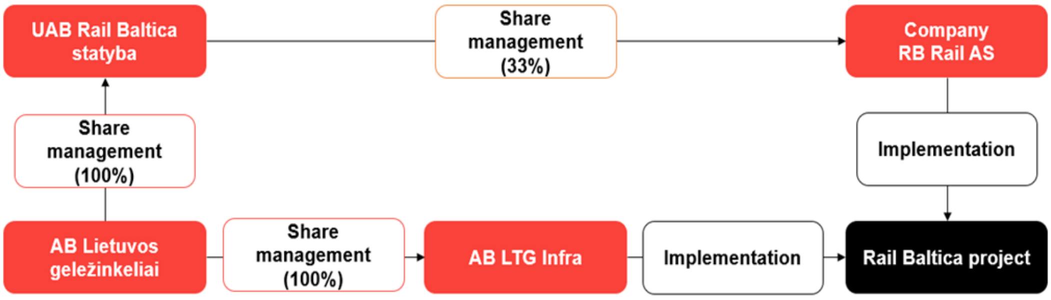


Figure 2. Model for implementation of the Rail Baltica project.

In view of the specific purpose of the Company, the Company does not carry out and does not intend to carry out any other activities or functions, and has a limited and clearly defined scope of operations.

GOVERNANCE OF THE COMPANY

INFORMATION ABOUT SHARES AS AT 31 DECEMBER 2023

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 2023:

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).

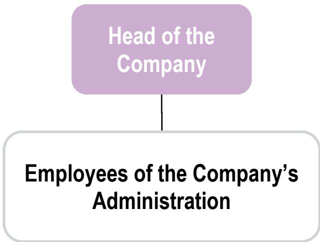


Figure 3. Organisational structure of UAB Rail Baltica statyba.

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/).

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 2023:
- 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;
- Consider 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.

(all amounts are in EUR thousand unless otherwise stated)

The rights and obligations of shareholders, the procedure for convening the General Meeting of Shareholders and 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 2022;
- Distributed the Company's distributable profit (loss) for 2022;
- Approved annual budget and operational plan of the Company for 2023;
- Reviewed remuneration of the Head of the Company;
- Elected a new 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 head of the Company:

KAROLIS SANKOVSKI no longer working as of 31 March 2023	**Education** Higher university education 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.	**Main employer, position** **UAB Rail Baltica statyba** Director, Geležinkelio g. 16, LT-02100, Vilnius, Lithuania, company code 303227458 **Other positions held** **AB LTG Infra** Chief Executive Officer; Geležinkelio g. 2, Vilnius, company code 305202934
ARENIJUS JACKUS He took up his duties as Head of the Company on 1 April 2023.	**Education** Higher university education Arenijus Jackus holds a Master's degree in Transport Engineering Economics and Management from Vilnius Gediminas Technical University. Arenijus Jackus has more than 14 years of experience in the public sector and has held management positions in the Ministry of Transport and Communications of the Republic of Lithuania, overseeing units responsible for strategic planning and finance, EU investment administration, project implementation, and international relations. He also served as the Chairman of the Board of SE Kaunas Airport, a member of the Board of AB LTG Infra, and a member of the Board of SE Klaipėda State Seaport Authority and AB Oro Navigacija.	**Main employer, position** **UAB Rail Baltica statyba** Director, Geležinkelio g. 16, LT-02100, Vilnius, Lithuania, company code 303227458 **Other positions held** **LTG** Director of Rail Baltica Lithuania, Geležinkelio g. 16, LT-02100, Vilnius, Lithuania, company code 110053842 **RB Rail AS** Member of the Supervisory Board, Satekles iela 2B, Riga, Republic of Latvia, LV-1050, company code 40103845025

(all amounts are in EUR thousand unless otherwise stated)

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 for hours worked. Salary of the Director of the Company has no other components (variable component, annual incentive, etc.).

During the reporting period, the Company's Director resigned, whose established monthly salary was EUR 800 (full-time). The newly appointed Director had a monthly salary of EUR 5,450 (full-time) at the end of the reporting period.

The Supervisory Board and the Board are not be formed in the Company; therefore, no remuneration is provided.

Information on the remuneration of the Company's Director is also available on the Company's website: https://www.rail-baltica.lt/apie-uab-rail-baltica-statyba/.

Information on salary of the head of the Company:

31/12/2021	31/12/2022	31/12/2023
Average salary, EUR	Average salary, EUR	Average salary, EUR
676	800	5,450

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, an LTG Group company, 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.

The Company's activities are planned in a one-year planning document, the Annual Operational Plan, which is considered and approved by the head of the Company (where the decision of the head of the Company is approved by a decision of the General Meeting of Shareholders), taking into account the purpose, mission and vision of the Company:

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.

Considering the limited scope and specific nature of the Company's object of activity, its non-engagement in commercial activities and direct project implementation, the Company has a specific objective to ensure the representation of the Lithuanian side in RB Rail AS (to ensure the participation of the Company's representatives (i.e. the Lithuanian shareholder) in the activities of the RB Rail AS bodies).

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.

(all amounts are in EUR thousand unless otherwise stated)

Information on implementation of the Company's goals in 2023:

Main goals	Indicators of achievement of goals	Measurement unit	Benchmarks for achievement of goals	Indicators of achievement of goals
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[1]	%	100%	100%

KEY PROJECTS IN 2023 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 LTG subsidiary company AB LTG Infra, established to perform the functions of a public railway infrastructure manager.

The Company's activities do not involve direct implementation of projects, but rather management of 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.

It should be noted that given the timetable of the Rail Baltica project and the planned completion date of the project, it is estimated that the object of the Company's activity will remain relevant over the next 5 years.

HIGHLIGHTS 2023

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

- Ne 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-pradeda-vyriausiasis-programu-valdymo-pareigunas/);
- Annual progress 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. Temporary head was appointed and selection of a new head started (https://www.railbaltica.org/lt/rb-rail-ieskos-naujo-vadovo/).

MARCH

- Karolis Sankovski 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;
- 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.

[1] 5 general meetings of shareholders, 22 meetings of the supervisory board and more than 10 meetings of supervisory board committees of RB Rail AS were held during the reporting period 2023

April

- The new Head of the Company, Arenijus Jackus, took office.

May

- The Company's Annual Report, the set of financial statements for the year ended 31 December 2022 and the distributable profit (loss) for 2022 were approved by Decision |S-AS(LTG)-70/2023 of 31 May 2023 of the Company's shareholder.

June

- Following the completion of the expert assessment of the applications submitted under the EU funding programme 2021–2027 and the confirmation of the results, it was decided to allocate more than EUR 920 million of additional EU funding to further implementation of the Rail Baltica project in the Baltic States;

- The shareholder of the Company adopted a decision to review and broaden the scope of the Company's activities and the selection of a new Head of the Company was announced.

July

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

August

- No major events occurred.

September

- The composition of the Supervisory Board of RB Rail AS was changed by replacing the representative appointed by the Estonian shareholder (https://www.railbaltica.org/lt/paskirtas-naujasis-rb-rail-stebetoju-tarybos-narys-estija-atstovausiantis-keit-kasemets/).

October

- The Baltic States and RB Rail AS signed their second European Union grant agreements for funding under the Connecting Europe Facility 2021–2027. Over EUR 920 million has been allocated for the implementation of the project in the Baltics.

November

- International Event of the Rail Baltica project Rail Baltica Industry Days 2023 took place.

December

- New member of the Board, Chief ESG Officer of RB Rail AS was elected (https://www.railbaltica.org/kitija-gruskevica-appointed-as-a-board-member-at-rb-rail-as/).

Other key Rail Baltica milestones can be found here.

EVENTS AFTER THE REPORTING PERIOD

January

- The Company's business plan and annual budget for 2024 were approved;

- The new Supervisory Board of RB Rail AS was elected by replacing the representative appointed by the Latvian shareholder (https://www.railbaltica.org/girts-ruda-assumes-his-role-on-the-rb-rail-as-supervisory-board/);

- New Chairman of the Supervisory Board of RB Rail AS was elected (https://www.railbaltica.org/changes-to-the-rb-rail-as-supervisory-board/);

- The Baltic States and RB Rail AS submitted their third applications for funding under the Connecting Europe Facility 2021–2027;

- The Government of the Republic of Lithuania approved the Rail Baltica infrastructure development plan for the Kaunas node.

February and March

- No major events occurred.

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

Given the unpredictable nature of the military situation in Ukraine and the rapidly changing nature of the actions of the Lithuanian and other governments, it is difficult to reliably assess the potential impact on the Company's operations. Although the Company currently does not face negative consequences, the Company's management cannot exclude the possibility that further military actions or changes in the economic or geopolitical environment may have a negative impact on the Company's financial position and operations in the medium and long term.

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.

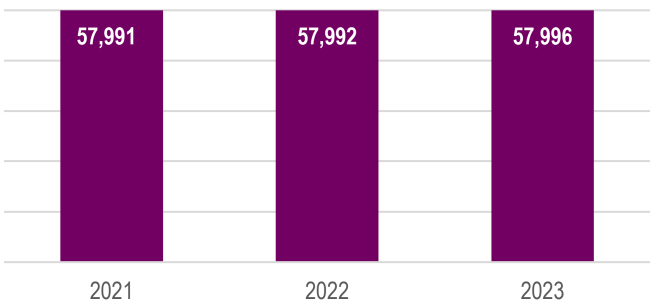
Therefore, the Company's financial performance is presented under *Key Financial Indicators*.

PERFORMANCE

REVENUE

In the reporting period 2023, the revenue was EUR 58 thousand, EUR 58 thousand in 2022 and EUR 58 thousand in 2021. The consistency of revenue 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



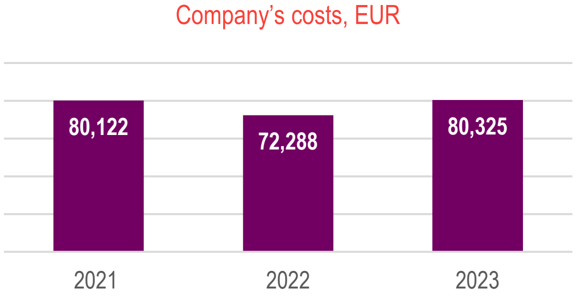
COSTS

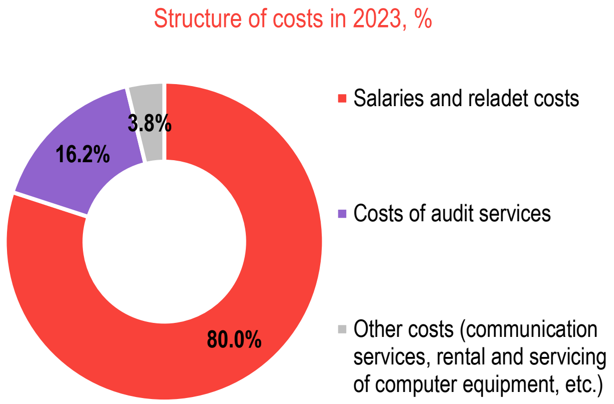
In 2023, the Company incurred EUR 80.3 thousand in costs with regard to its principal and other activities. Compared to 2022, the costs increased by EUR 8.0 thousand or 9.0%. The increase in costs was influenced by the rise in the payroll fund and severance payments made to employees whose employment relationships were terminated. Costs of audit services increased. Other costs decreased.

The major part of the costs in 2023 were for salaries and related costs (salary, social security taxes, holiday pay, sick pay, severance payments): EUR 64.3 thousand (80.0%). Costs of audit and translation services comprised: EUR 13.0 thousand (16.2%), other costs (rental and servicing of computer equipment, communication services, bank commissions, business trips expenses) – EUR 3.1 thousand (3.8%).

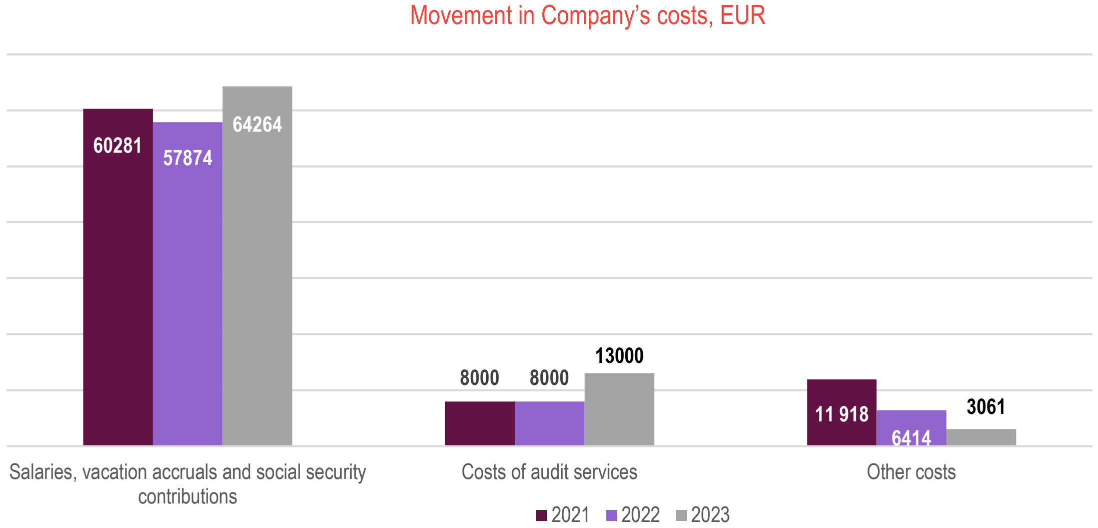
(all amounts are in EUR thousand unless otherwise stated)

A detailed breakdown of the costs is provided in the notes to the financial statements (Note 16).



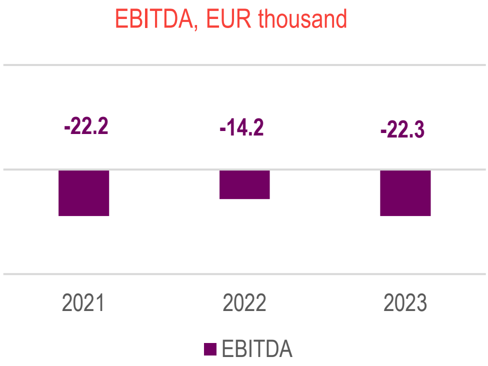


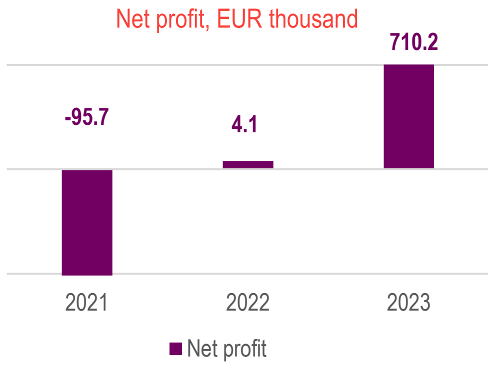
	Measurement unit	2021	2022	2023
Salaries, vacation accruals and social security contributions	EUR	60,281	57,874	64,264
Costs of audit services (including translation services)	EUR	8,000	8,000	13,000
Other costs	EUR	11,918	6,414	3,061



Performance

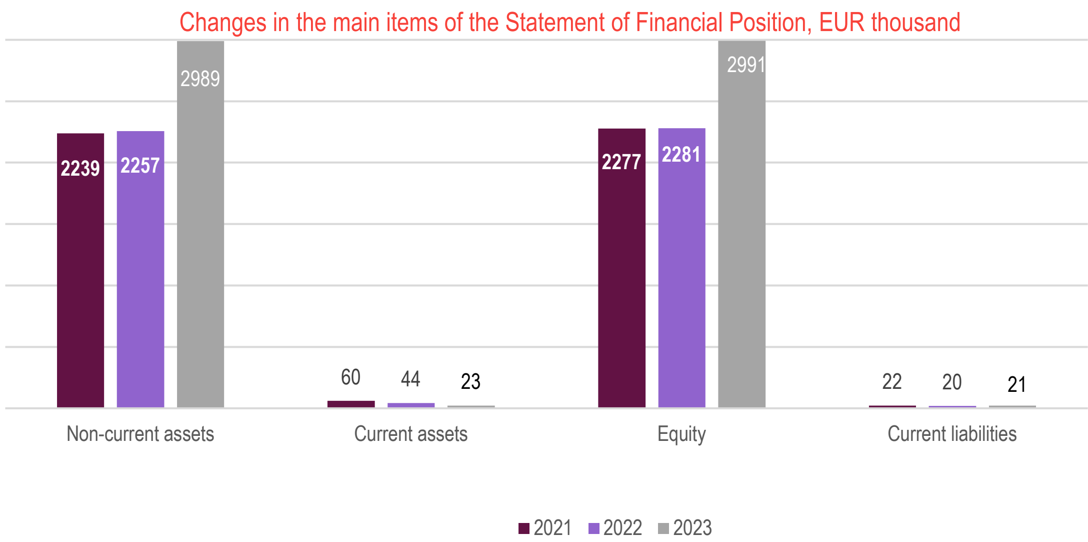
The Company's EBITDA and EBIT in 2023 increased by 57% compared to the corresponding period in 2022 and amounted to EUR (22.3) thousand (excl. the result of financial investment activities). The Company's profit amounted to EUR 710.2 thousand. The Company's results were driven by an increase in the costs of the payroll fund and the results from financing activities. 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 2023, the Company's assets amounted to EUR 3,012.3 thousand and increased by 30.9% compared to 31 December 2022. Non-current assets, which accounted for 99% of total assets, increased to EUR 2,989.4 thousand following an increase in financial assets of EUR 732.5 thousand (32.4%);
- As at 31 December 2023, current assets amounted to EUR 22.9 thousand and it decreased by 52% compared to 31 December 2022. The change in current assets was due to a decrease in cash and receivables.
- Authorised capital remained unchanged during the analysed period and amounted to EUR 4,161.5 thousand. Equity increased by EUR 710.2 thousand (31.1%) and it was EUR 2,990.9 thousand as at 31 December 2023;
- The Company has no financial debts;
- Current liabilities decreased by EUR 1.2 thousand due to a decrease in trade debts, employment-related liabilities, other payables and liabilities compared to 2022.



KEY FINANCIAL INDICATORS*

	Measurement unit	2021	2022	2023
Revenue	EUR thousand	58.0	58.0	58.0
Costs	EUR thousand	80.2	72.2	80.3
EBITDA	EUR thousand	(22.2)	(14.2)	(22.3)
EBITDA margin	%	(38.3)	(24.5)	(38.4)
EBIT	EUR thousand	(22.2)	(14.2)	(22.3)
EBIT margin	%	(38.3)	(24.5)	(38.4)
Net profit	EUR thousand	(95.7)	4.1	710.2

	Measurement unit	31/12/2021	31/12/2022	31/12/2023
Non-current assets	EUR thousand	2,238.5	2,256.9	2,989.4
Current assets	EUR thousand	60.0	44.0	22.9
Total assets	EUR thousand	2,298.5	2,301.0	3,012.3
Equity	EUR thousand	2,276.6	2,280.7	2,990.9
Financial debts	EUR thousand	-	-	-
Net debt	EUR thousand	(54.0)	(37.8)	(20.3)
Return On Equity (ROE)	%	(4.2)	0.2	26.9
Return On Assets (ROA)	%	(4.2)	0.2	26.7
Return on Investment (ROI)	%	(4.2)	0.2	27.1
Equity ratio	%	99.0	99.0	99.3
Asset turnover ratio	Times	0.03	0.03	0.02
Quick liquidity rate	Times	3.0	2.2	1.1
Total liquidity rate	Times	3.0	2.2	1.1

* For definitions of the indicators, see page 23 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.

Company's ROE indicator (%)	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

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:

(all amounts are in EUR thousand unless otherwise stated)

- 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 recognised 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 authorised 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 2022 in 2023. 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.

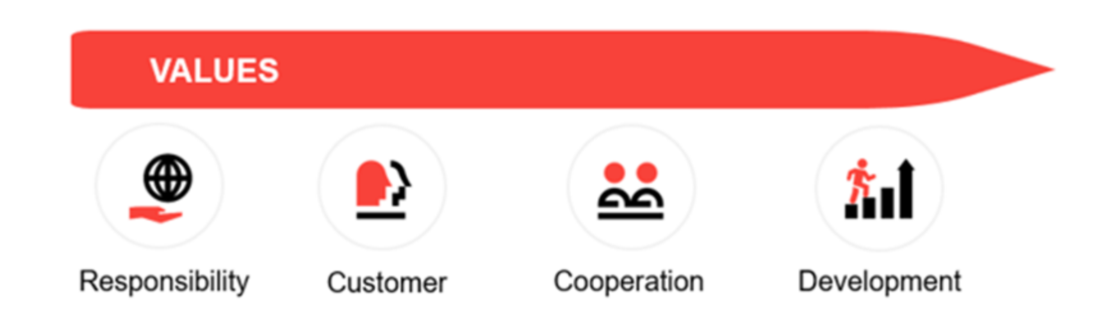
INVESTMENTS

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.

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 2023, the number of employees was 3. The number of employees of the Company decreased compared to 31 December 2022 (from 4 to 3).

NUMBER OF EMPLOYEES AND AVERAGE SALARY

Function groups	31/12/2021		31/12/2022		31/12/2023	
	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	671	1	768	1	3,621
Senior executives and specialists in exceptional fields	3	3,482	3	3,655	2	3,414
Total	**4**	**3,057**	**4**	**3,148**	**3**	**3,668**

The total payroll fund amounted to EUR 64.3 thousand, an increase of EUR 6.5 thousand compared to 2022 (from EUR 57.8 thousand to EUR 64.3 thousand). No annual incentives were paid to the Company's employees in 2023.

(all amounts are in EUR thousand unless otherwise stated)

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.

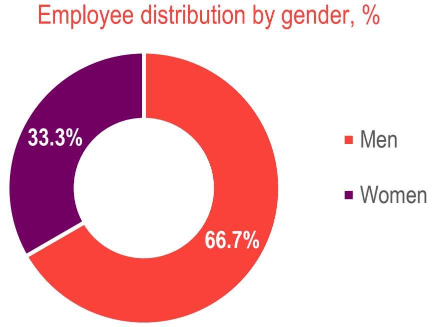
In 2023, the average monthly salary increased from EUR 3,148 to EUR 3,688 as compared to the year 2022. As every year, the most significant contributor to the increase in remuneration was the LTG Group's pay review and increase in remuneration of the Head of the Company implemented in April.

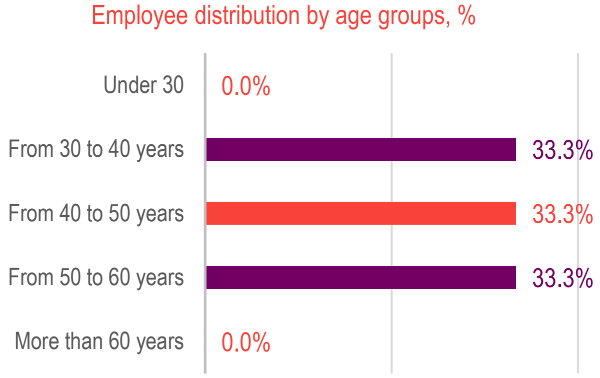
Salary of the Director of the Company consists of a fixed monthly salary set out in the employment contract. Salary of the Director of the Company has no other components (variable component, annual incentive, etc.).

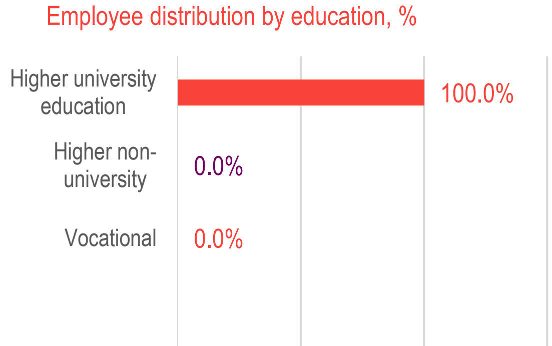
At the end of the reporting period, the average salary of the Director of the Company was EUR 3,621.

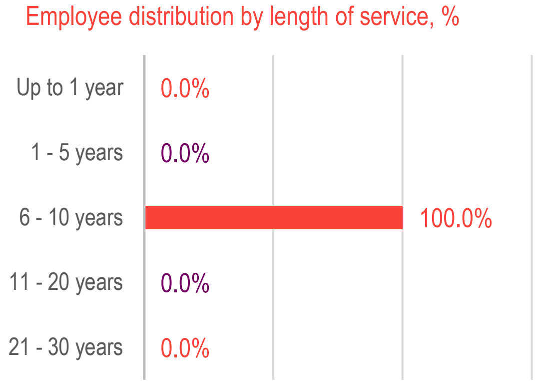
The average salary of senior managers at the end of the reporting period was EUR 3,414.

The graphs below present the distribution of employees by age, gender, length of service and education as at 31 December 2023.









Age group	Average length of service, years
Up to 30 years	0.0
From 30 to 40 years	10.0
From 40 to 50 years	7.0
From 50 to 60 years	10.0
Over 60 years	0.0
Average length of service	**9.0**

REMUNERATION AND PERFORMANCE MANAGEMENT

The remuneration policies of LTG Group, including the Company, are aimed at making long-term decisions related to employee well-being, ensuring:

- a competitive remuneration package to attract and retain employees with the necessary competencies;
- equal opportunities and non-discrimination in summarising employee performance and determining remuneration;
- the principle of internal fairness in the remuneration for similar work;
- increasing inclusion;
- an incentive for employees to improve their skills and enhance competencies;
- promoting transparency and responsible governance;
- effective personnel cost management and creation of shareholder value.

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 organisation. Each employee is given the opportunity to see the corporate levels of their position and other positions in the organisation. 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 organisation 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.

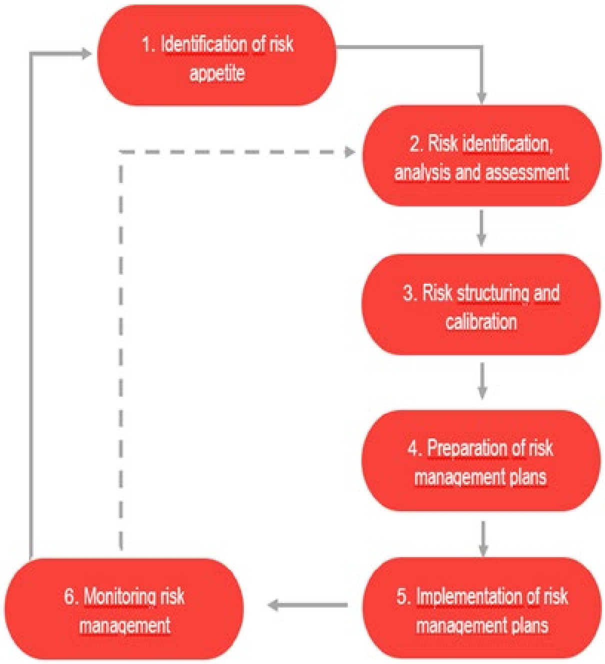
The package of additional benefits includes lump-sum benefits for the birth of an employee's child or death of a close family member, support in the event of a natural disaster, loyalty benefits for employees leaving the organization at the retirement age, additional leave and other benefits provided 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. The updated accident insurance conditions increase the coverage for injuries. The conditions of the updated supplementary voluntary health insurance, which will be effective from 2024, have also been improved, by increasing the limits and reimbursement amounts for covered services. 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.

At the end of 2023, the LTG Board approved a remuneration policy for all subsidiaries, effective from 1 January 2024. The implementation provisions of this policy are described in the Remuneration Methodology and internal process standards are used to define more detailed principles for practical implementation. All relevant documents are published on the LTG Group's intranet, a knowledge base for employees, as well as in the news section.

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 implement and continuously improve 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 carried out by LTG Group companies and LTG corporate functions that 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. On a quarterly basis, the risk management status of each of the companies is reviewed in reports to the management boards of the companies and the LTG Group. The 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 2023 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	• 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	• Failure to ensure financial stability • Failure to ensure going concern	• 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	• Decisions taken by external entities and institutions; • Differences and incompatibilities between the positions of Rail Baltica's partners	• Untimely decision-making • Activity interruptions	• 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 LTG and separate financial statements of LTG Group subsidiaries, prepared in accordance with International Financial Reporting Standards, adopted by the EU, for the year 2023–2025, was awarded to KPMG Baltics, UAB. The candidacy of auditors was confirmed by the Audit Committee of LTG, it was approved by the Board of LTG and the confirmation of the shareholder was obtained. The contract for audit services was signed on 27 July 2023.

The audit fee for the audit of the Company's financial statements for 2023 is EUR 12 thousand (excluding VAT) and the non-audit services EUR 1 thousand (excluding VAT).

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

SUSTAINABILITY REPORT (UNAUDITED)

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

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

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

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

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

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

INFORMATION ON THE COMPLIANCE WITH THE GUIDELINES ON TRANSPARENCY

The Company follows the requirements of the Description of the Guidelines for Ensuring Transparency of State-Owned Enterprises (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/.

(all amounts are in EUR thousand unless otherwise stated)

STRUCTURED INFORMATION OF THE COMPLIANCE WITH THE GUIDELINES ON TRANSPARENCY

Clause of the Description	Provision of the description	Yes/No
	Disclosure of the Company's information on website	
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;	Yes
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;	N/A
5.10.	Data about the chairman and members of the Supervisory Council, if formed according to the Articles of Association;	N/A
5.11.	Names of committees, if formed; data about their chairmen and members;	N/A
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.	N/A
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.	N/A
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
9^1	When a company is a subsidiary or a subsequent subsidiary of a state-owned enterprise, the details of its parent company specified in Clauses 5.1–5.3 of the Description as well as the link to the parent company's website must be published on its website.	Yes
10.	If details specified in Clause 5, 6, 7.1–7.4, 8, 9 and 9^1 of the Description change or are found to be false, information and documents must also be immediately corrected on the website.	Yes
11.	A set of annual financial statements of a state-owned enterprise, an annual report of a state-owned enterprise, an auditor's report on the annual financial statements of a state-owned enterprise must be posted on the website of the state-owned enterprise within 10 business days after their approval.	Yes

(all amounts are in EUR thousand unless otherwise stated)

Clause of the Description	Provision of the description	Yes/No
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, reports and activity 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, and a state enterprise prepares sets of interim financial statements for periods of 3, 6 and 9 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. A state 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 activity report must additionally prepare a 6-month interim activity 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;	
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.	
18.	State-owned enterprises, which are not imposed a duty to prepare a social responsibility report, are recommended to respectively provide information in their annual reports on the issues of environmental protection, social and personnel-related issues, the protection of human rights, anti-corruption and anti-bribery measures.	Yes
19.	If the information specified in Clause 17 of the Description is considered a commercial (industrial) secret or confidential information of a state-owned enterprise, the state-owned enterprise is entitled not to disclose such information; however, it must specify in its annual report or the annual activity report that this information is not being disclosed and specify reasons for nondisclosure.	Yes
20.	Other information not specified in the Description may be provided in an annual report of a state-owned enterprise.	Yes
21.	A state-owned enterprise, which is a parent company, must provide the structure of the group of companies, the details of each subsidiary specified in Clauses 5.1–5.3 of the Description, the equity interest in the subsidiary (the percentage share), the financial and non-financial performance results of a fiscal year in its consolidated annual report, and if it is not obliged to prepare a consolidated annual report, in its annual report. If a state-owned enterprise, which is a parent company, prepares a consolidated annual report, the requirements of Clause 17 of the Description apply to it *mutatis mutandis*.	Yes
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
Sales 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 amortisation
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 2023 of UAB Rail Baltica statyba on pages 3–23 of this document.

UAB Rail Baltica statyba

Financial statements prepared in accordance with IFRS Accounting Standards, as adopted by the European Union, independent auditor's report for the year ended 31 December 2023

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

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

Basis for Opinion

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

Other Information

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

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

On behalf of KPMG Baltics, UAB

RŪTA KUPINIENĖ

Digitally signed by RŪTA KUPINIENĖ
Date: 2024.04.04 15:13:11 +03'00'

Rūta Kupinienė
Certified Auditor

Vilnius, the Republic of Lithuania
4 April 2024

The electronic auditor's signature applies only to the Independent Auditor's Report on pages 25 to 27 of this document.

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2023	31/12/2022
Non-current assets			
Property, plant and equipment	**7**	**1**	**1**
Other equipment, fittings and tools	**7**	1	1
Financial assets	**9**	**2,989,426**	**2,256,889**
Total non-current assets		**2,989,427**	**2,256,890**
Current assets			
Receivables from related parties	**10**	2,599	6,282
Cash and cash equivalents	**11**	20,310	37,796
Total current assets		**22,909**	**44,078**
TOTAL ASSETS		**3,012,336**	**2,300,968**

EQUITY AND LIABILITIES	Notes	31/12/2023	31/12/2022
Equity			
Authorised capital	**12**	4,161,494	4,161,494
Share premium		86	86
Retained profit (loss)		(1,170,656)	(1,880,864)
Total equity		**2,990,924**	**2,280,716**
Current liabilities			
Trade creditors	**14**	78	155
Employment-related liabilities	**13**	4,970	9,092
Other payables	**14**	16,364	11,005
Total current liabilities		**21,412**	**20,252**
Total liabilities		**21,412**	**20,252**
Total equity and liabilities		**3,012,336**	**2,300,968**

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

The electronic signature of Arenijus Jackus, the Director of UAB Rail Baltica statyba, and Daiva Prevelienė, Chief Financial Officer, applies only to the Financial Statements and Explanatory Notes on pages 28–45 of this document.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

ITEMS	Notes	31/12/2023	31/12/2022
Income from operating activities	**15**	57,996	57,992
Total income		**57,996**	**57,992**
Salaries and related costs	**16**	(64,264)	(57,874)
Fuel, materials	**16**	-	(669)
Rent and utilities	**16**	(1,487)	(2,014)
Other costs	**16**	(14,515)	(11,656)
Operating profit (loss)		**(22,270)**	**(14,221)**
Finance costs (commission)	**17**	(59)	(75)
Share of results of associates	**17**	732,537	18,387
Profit (loss) before taxation		**710,208**	**4,091**
Income tax	**18,19**	-	-
Net profit (loss)		**710,208**	**4,091**
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		**710,208**	**4,091**

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

STATEMENT OF CHANGES IN EQUITY

ITEMS	Notes	Authorised capital	Share premium	Legal reserve	Other reserves	Retained profit (loss)	Total
Balance as at 31 December 2021		**4,161,494**	**86**	**-**	**-**	**(1,884,955)**	**2,276,625**
Net profit (loss)		-	-	-	-	4,091	4,091
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	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**
Net profit (loss)		-	-	-	-	710,208	710,208
Other comprehensive income, after tax		-	-	-	-	-	-
Total comprehensive income (expenses)		-	-	-	-	710,208	710,208
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 2023		**4,161,494**	**86**	**0**	**0**	**(1,170,656)**	**2,990,924**

STATEMENT OF CASH FLOWS

	31/12/2023	31/12/2022
Cash flows from operating activities		
Net profit (loss)	**710,208**	**4,091**
Adjustment to non-cash items:		
Depreciation and amortisation	-	-
(Profit) loss from disposal / write-off of non-current assets (except for financial assets)	-	-
Impairment (reversal) of property, plant and equipment and financial assets	(732,537)	(18,387)
Impairment (reversal) of trade receivables and prepayments	-	-
Decrease (reversal) in realisable value of inventories	-	-
Decrease (increase) in accumulated income	-	-
Increase (decrease) in accumulated costs	-	-
Interest (income)	-	-
Interest costs	-	-
Lease liability interest	-	-
Increase (decrease) in provisions	-	-
Income tax expenses (income)	-	-
	(22,329)	**(14,296)**
Changes in working capital		
Decrease (increase) in inventories	-	15
Decrease (increase) in trade and other receivables and prepayments	3,683	(240)
Increase (decrease) in current and non-current trade payables and received prepayments	(77)	(465)
Increase (decrease) in employment related liabilities	(4,122)	(527)
Increase (decrease) in other non-current and current payables	5,359	(654)
Income tax (paid)		
Net cash from operating activities	**(17,486)**	**(16,167)**
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	**(17,486)**	**(16,167)**
Cash and cash equivalents at the beginning of the period	**37,796**	**53,963**
Cash and cash equivalents at the end of the period	**20,310**	**37,796**

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 g. 16, Vilnius, LT-02100, registration code 303227458.

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

The Company belongs to LTG Group. The parent company is AB Lietuvos geležinkeliai, registration code 10053842, registered office at Mindaugo g. 12/14, Vilnius.

As at 31 December 2023, as well as during the reporting period, the sole shareholder of the Company was AB Lietuvos geležinkeliai.

As at 31 December 2023, 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. 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 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 dzelzcela linijas 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 2023, the average number of employees of the Company was 3 (4 as at 31 December 2022).

2. Material accounting policies

Basis of preparation

The Company's financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU. 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.

Going concern. These financial statements of the year ended 31 December 2023 have been prepared in accordance with an assumption made by the Company's management that the Company would continue its activities.

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. Gains and losses arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of profit or loss.

2. Material accounting policies (continued)

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.

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 amortised cost if both of the following criteria are met: a) the financial asset is held according to s 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 amortised cost, is measured by using the effective interest method. The amortised cost is reduced due to impairment loss. Interest income, foreign exchange profit and loss are accounted for through profit (loss). Any gain or loss on derecognition is accounted for through profit or loss.

The effective interest method is the method used to calculate the amortised 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. Later fair value change profit and losses, 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 has transferred 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.

2. Material accounting policies (continued)

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 realise the asset to offset the liability.

Credit-impaired financial assets.

Impairment losses on credit-impaired financial assets measured at amortised cost are measured based on the expected credit loss (ECL) model.

The Company assesses receivables using either an expected credit loss allowance matrix or an individual assessment, whereby each debtor's financial position and credit risk are assessed individually by analysing the debtor's financial statements, settlement discipline and other publicly available information about the debtor that may affect the debtor's credit risk assessment.

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

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

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

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

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

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

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

Subsequent recoveries of amounts previously written off are credited to the impairment loss 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 transaction price and subsequently at amortised cost.

Income taxes.

Income tax assets and liabilities for current and prior periods are recorded at the amount expected to be recovered from, or paid to the tax authority. The applicable income tax and tax laws are those that are enacted or substantively enacted at the date of the statement of financial position.

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

In the statement of financial position, the income tax prepayment and income tax liabilities of the Company are offset when they relate to the same tax authority.

2. Material accounting policies (continued)

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.

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% of net profit to the legal reserve is compulsory until the reserve reaches 10% 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 and contingent liabilities.

Provisions are accounted for only when the Company has a legal or irrevocable obligation resulting from an event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects that part or the total amount of the provisions will be reimbursed, the reimbursement receivable shall be recognised as a separate asset, but only when it is virtually certain that reimbursement will be received. The provision-related expenses are recognised in the statement of profit or loss net of any compensation receivable. If the time value of money is significant, provisions are discounted using the effective periodic rate (before tax), if appropriate, taking into account the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses.

Provisions are recognised at an amount that reflects the management's best estimate of the expenditure that would be required to restore the asset. Further details on provisions are disclosed in Note 29.

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

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

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 profit and losses are recognised in other comprehensive income. Therefore, provisions are formed for the possible benefits. Actuarial estimates are carried out in order to assess the liability of such retirement payments. The liability is 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.

2. Material accounting policies (continued)

Revenue recognition.

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

Revenue from project management services:

Type of services	Nature, timing and payment conditions of performance obligations	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 from project management services 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.

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.

Recognition of costs. Expenses are recognised in the statement of profit or loss on an accruals basis when incurred.

Finance income and costs. Finance income comprises interest income. Interest income is recognised on an accrual basis using the effective interest method. Finance costs 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 Company.

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. Events after the reporting period are 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

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 realisation 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 utilised. 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.

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 2024 and have not been applied in the preparation of these financial statements are set out below:

Non-current liabilities with covenants (amendments to IAS 1)

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

The new amendments clarify that covenants for loan contracts will not affect the classification of liabilities at the end of the reporting period if the entity is required to comply with the covenants after the end of the reporting period.

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

However, if an entity is required to comply with these covenants at or before the reporting date, this will affect classification even if compliance with the covenants is tested only after the end of the reporting period.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lack of Exchangeability (amendments to IAS 21)

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

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

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

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 2023 did not have a significant impact on the annual financial statements for 2023.

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 are close to 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.

6. Financial instruments and risk management (continued)

The Company's financial instruments according to their types:

Financial assets	31/12/2023	31/12/2022
Receivables from related parties	2,599	6,282
Cash and cash equivalents	20,310	37,796
Total	**22,909**	**44,078**

Financial liabilities	31/12/2023	31/12/2021
Trade creditors	78	155
Amounts payable to related parties	-	-
Other amounts payable and liabilities	16,364	11,005
Total	**16,442**	**11,160**

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 includes 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 – inputs for assets and liabilities that are not based on observable market data (unobservable 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	2,599	-	-	-
Cash and cash equivalents	20,310	-	-	-
Total	**22,909**	**-**	**-**	**-**
Financial liabilities				
Trade creditors	78	-	-	-
Amounts payable to related parties	-	-	-	-
Other long-term and short-term payables and liabilities	16,364	-	-	-
Total	**16,442**	-	**-**	**-**

Cash and cash equivalents. They include 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.

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.

6. Financial instruments and risk management (continued)

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 highest credit risk arises from the carrying amount of each asset group.

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 reviewed on an ongoing basis 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 expected maturity 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 categorised 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	31/12/2023	31/12/2022
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 2023:

Payment period	Average amount of loss, %	31/12/2023 Before impairment	Impairment accounted for
Not past due	0%	2,599	-
Past due	100%	-	-
Total		**2,599**	**-**

Concentration of credit risk arising from trade receivables:

	2023	2022
Customer A	2,599	6,282
Others	-	-
Impairment	-	-
Total	**2,599**	**6,282**

As at 31 December 2023 and 31 December 2022, 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	31/12/2023	31/12/2022
Debt ratio, %	0.93	0.88
Critical liquidity rate, times	1.1	2.18
Total liquidity rate, times	1.1	2.18

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 creditors	78	78	-	-
Amounts payable to related parties	-	-	-	-
Other long-term and short-term payables and liabilities	16,364	16,364	-	-
Total	**16,442**	**16,442**	**-**	**-**

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

According to the actual foreign currency transactions, currency risk is minimal and not material to the financial statements. During 2023 and 2022, 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 2023 and 2022 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 2021	**1,326**	**1,326**
- acquisitions	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2022	**1,326**	**1,326**
- acquisitions	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2023	**1,326**	**1,326**
Accumulated amortisation and impairment losses		
31 December 2021	**1,325**	**1,325**
- depreciation	-	-
- impairment during the year	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2022	**1,325**	**1,325**
- depreciation	-	-
- impairment during the year		
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2023	**1,325**	**1,325**
Carrying amount		
31 December 2021	**1**	**1**
31 December 2022	**1**	**1**
31 December 2023	**1**	**1**

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

	31/12/2023	31/12/2022
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 2023 and 31 December 2023 and has not recognised any additional right to use the property as the lease agreement 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 2021	**3,900,000**	**2,238,502**
Increase (+)	-	18,387
Decrease (-)	-	-
Balance as at 31 December 2022	**3,900,000**	**2,256,889**
Increase (+)	-	732,537
Decrease (-)	-	-
Balance as at 31 December 2023	**3,900,000**	**2,989,426**

In 2023, the Company did not invest in RB Rail AS. The increase (2022: increase) of the investment in the Associate includes the Company's share of the current loss of EUR 109,994 and the share of the profit recognised directly in retained earnings amounting to EUR 842,531. Accordingly, in 2022: loss of EUR 41,569 and a profit of EUR 59,956 accounted for directly in retained earnings.

10. Trade receivables

Receivables from related companies:

	31/12/2023	31/12/2022
Receivables from related parties	2,599	6,282
Total customer debt:	**2,599**	**6,282**

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 2023:

	31/12/2023	31/12/2022
Not past due	2,599	6,282
Total	**2,599**	**6,282**

11. Cash and cash equivalents

Cash and cash equivalents consisted of:

	31/12/2023	31/12/2022
Cash in bank	20,310	37,796
Total	**20,310**	**37,796**

As at 31 December 2023 and 31 December 2022, the Company had no term deposits.

12. Capital

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

As at 31 December 2023, 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:

	Authorised capital	Number of shares (units)
Subscribed share capital		
Number of shares as at 31/12/2022	4,161,494	143,698
Increase	-	-
Number of shares as at 31/12/2023	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**

13. Employment-related liabilities

As at 31 December 2023, employment-related liabilities consisted of:

	31/12/2023	31/12/2022
Vacation accruals	1,621	3,897
Wages and salaries payable	2,082	3,176
Personal income tax payable	643	986
Social security contributions payable	624	1,033
Total	**4,970**	**9,092**

14. Trade and other payables

As at 31 December 2023, trade and other payables consisted of:

	31/12/2023	31/12/2022
Trade payables	78	155
Amounts payable to related parties	-	-
Accrued costs of audit services	13,000	8,000
Amounts payable to accountable persons	-	-
Other amounts payable (VAT)	3,364	3,005
Total	**16,442**	**11,160**

15. Sales revenue

As at 31 December 2023 and 2022, revenue consisted of:

	2023	2022
Management services of the Rail Baltica project	57,996	57,992
Total	**57,996**	**57,992**

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.

16. Costs

	2023	2022
Salary and social insurance contributions	66,540	58,482
Vacation reserve	(2,276)	(608)
Fuel (for cars)	-	669
Car operating lease, maintenance costs, insurance	-	1,711
Rent of premises and utilities, rental and maintenance of computer equipment	1,487	2,014
Depreciation and amortisation	-	-
Mobile services, fixed services	820	1,132
Non-deductible value added tax	-	8
Audit and legal services	13,000	8,000
Other expenses	695	805
Total	**80,266**	**72,213**

17. Results from financing activity

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

	2023	2022
Total finance income	**732,537**	**18,387**
Share of gross revenue of an associate under the equity method	732,537	18,387
Total finance costs	**(59)**	**(75)**
Bank commission	(59)	(75)
Share of total costs of an associate under the equity method	-	-
Results from financing activity	**732,478**	**18,312**

18. Income tax

The Company had no profit and paid no income tax for the year ended 31 December 2023 and 31 December 2022.

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

	2023	2022
Profit (loss) before tax	710,208	4,091
Income tax at the statutory tax rate	106,532	614
Costs that increase income tax	-	-
Non-taxable income	(109,881)	(2,758)
Deferred income tax not recognised	3,349	2,144
Total income tax expenses (income) recognised in profit or loss	**-**	**-**
Effective rate	0%	0%

During 2023, the Tax Authorities have not performed full-scope tax investigations at 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.

19. Deferred corporate income tax assets

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

	31/12/2023	31/12/2022
Net profit before income tax	710,208	4,091
Changes in temporary differences	(40)	(28)
Permanent differences	(732,537)	(18,387)
Taxable profit for the year	**(22,369)**	**(14,324)**
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 reported 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	**879,179**	**856,810**
The components of deferred income tax are presented below:	-	-
Deferred corporate income tax assets:	**-**	**-**
Vacation accrual	4	10
Accumulated tax losses	131,877	128,521
Deferred tax assets before realisation	**131,881**	**128,531**
Deferred corporate income tax assets	**(131,881)**	**(128,531)**
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 realised 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 2023 and 31 December 2022 was calculated at a rate of 15%.

20. 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 2023 and 2022 were as follows:

31/12/2023	Purchases	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	1,487	-	-	-
AB LTG Infra	-	57,996	2,599	-
	1,487	**57,996**	**2,599**	**-**

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**	**-**

Management remuneration and other benefits

As at 31 December 2023, 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 2023.

	31/12/2023	31/12/2022
Employment-related charges, excluding employers' social security contributions	38,029	30,088
Charges to other related parties	-	-
Number of management staff (Director, Chief Financial Officer)	2	2

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

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

22. Non-cash transactions

During 2023 and 2022, the Company did not enter into any non-cash transactions that are not reflected in the cash flow statement.

23. 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 2 January 2024, the contract on management services of the Rail Baltica project No. SUT(RBS)-01 was signed with AB LTG Infra and it ensures the receipt of revenue in 2024 and the going concern of the Company (EUR 58 thousand).

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 3.3 million in 2024, EUR 2.7 million in 2025 and EUR 2.3 million in 2026) 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.

In June 2023, exclusive news was received from the European Commission regarding the implementation of the European gauge railway project Rail Baltica in the Baltic States. The European Commission approved full-scale financing and allocated almost EUR 1 billion (EUR 928 million), with Lithuania's share being a substantial amount of EUR 394 million.

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.

24. Events after 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.