



**RAIL BALTYCA STATYBA UAB
INTERIM REPORT AND FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX-MONTH
PERIOD ENDED 30 JUNE 2024**

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This interim report and financial statements do not contain all information required in drawing up of the annual report and financial statements; therefore, they must be read along with the annual report and financial statements for the year ended 31 December 2023 at <https://www.rail-baltica.lt/finansines-ataskaitos/> which were prepared in accordance with the International Financing Reporting Standards approved by the International Accounting Standards Board and adopted by application in the EU.

INTERIM REPORT

OVERVIEW

1.1. WORD FROM THE CEO



Dear colleagues, customers, partners,

Rail Baltica, the largest rail infrastructure project in the history of the Baltic States, which is actively underway, has always been a priority for the European Union and is now recognised as a strategic geopolitical necessity.

In 2024, the European Commission confirmed that Lithuania has successfully implemented the first EU financing agreement for the Rail Baltica project the value of which amounted to EUR 83 million. This is significant news that Lithuania, which has received the largest ever funding from the Connecting Europe Facility (CEF), is capable of managing a project of this scale and importance.

Looking ahead, this is also relevant to future funding. The latest cost-benefit analysis carried out last year by an independent assessor and published this year showed that Rail Baltica construction costs have been rising due to increased volumes, 40% inflation and market reallocation following the Covid-19 pandemic and the outbreak of war in Ukraine. The successful, rapid and timely implementation of the project works will be a decisive factor for subsequent EU support and funding beyond the current EU funding periods.

Another important news this year is the change in the project management model that has come into force and has been agreed by all partners and stakeholders. For us, this means more autonomy, more rapid management and implementation processes, and shorter procurement deadlines for future works. Currently, active construction works of embankment are underway from Kaunas towards the Latvian border, for a total of 29.2 km, including the longest and most complex bridge over the river Neris in the Baltics.

We can already see long-term international prospects. In June, the EU Council approved the new Trans-European Transport Network (TEN-T) Regulation. On the proposal of Lithuania, it will connect Lithuania and the Port of Klaipėda to the Baltic, Black Sea and Adriatic corridors via a 1435 mm wide European rail track.

In line with the timetable set out in the TEN-T Regulation, the high-speed rail line from the Polish border to Tallinn is to be completed by 2030. We are targeting the necessary resources to work within the project plan. The visible progress of the ongoing constructions, the growing and motivated team and international partners of Rail Baltica help us to achieve the afore-mentioned goal, overcome the challenges and implement the largest infrastructure project in the history of the Baltic States.

ARENIJUS JACKUS
Director
Rail Baltica statyba UAB

1.2. ACTIVITIES OF THE COMPANY

Name	Rail Baltica statyba UAB
Address of the registered office	Geležinkelio g. 16, LT-02100 Vilnius
Legal form	Private limited company
Date, place of registration	23 January 2014
Registration number	303227458
Telephone	+370 611 25263
E-mail	rbs@litrail.lt
Website	https://www.rail-baltica.lt/apie-uab-rail-baltica-statyba/
Main activities	Performing the functions of a shareholder in the Baltic joint venture RB Rail AS, coordinating the implementation of the project Rail Baltica
Director of the Company	Arenius Jackus
Shareholders	Lietuvos geležinkeliai AB (shares held in the authorised capital makes 100%)

SUBSIDIARIES AND FURTHER LEVEL COMPANIES

Name	RB Rail AS
Address of the registered office	Satekles iela 2B, Riga, Republic of Latvia, LV-1050
Legal form	Public limited liability company (Latvian: <i>akciju sabiedrība</i>)
Date, place of registration	12 November 2014, Republic of Latvia
Registration number	40103845025
Telephone	+371 6696 7171
E-mail	info@railbaltica.org
Website	www.railbaltica.org
Main activities	Implementation and coordination of the project Rail Baltica
Shareholding in the Company, %	33.33%

BRANCHES, REPRESENTATIVE OFFICES OF THE COMPANY ABROAD

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

INFORMATION ABOUT THE COMPANY

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

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

On 16 September 2013, a joint declaration by the Finnish, Estonian, Latvian, Lithuanian and Polish ministers responsible for the transport sector foresees the establishment of a Baltic joint venture to ensure the implementation of the project Rail Baltica. The Government of the Republic of Lithuania has proposed that Lietuvos geležinkeliai AB should establish a new subsidiary for participation in the envisaged joint venture as a shareholder.

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

The delivery of the project Rail Baltica is ensured through the implementation of the investment projects that make up the project scope and the management of shares in RB Rail AS, which performs a part of the project's implementation functions.

The object and main functions of RBS are the management of the shares in RB Rail AS and the exercise of the granted rights and performance of the assigned obligations (see Figure 1 for a diagram of the management of RB Rail AS). In this context, the principal activities of the Company are as follows:

- participation in the corporate bodies of RB Rail AS;

- participation in the decision-making by the corporate bodies of RB Rail AS, within the scope of their respective competences;
- exercise of the non-property rights conferred on the corporate bodies of RB Rail AS;
- coordination of the positions on key issues related to the implementation of the project Rail Baltica with the institutional oversight and control bodies, etc.;
- participation in cooperation and institutional formats for the implementation of the project Rail Baltica.



Figure 1. Corporate governance chart of RB Rail AS.

In order to coordinate the implementation processes of the project Rail Baltica, which are carried out by LTG Infra AB, a subsidiary of Lietuvos geležinkeliai AB established to perform the functions of the public railway infrastructure manager, and RB Rail AS, a company managed by RBS (see Figure 2), the Company carries out coordination works and assures data management, and to this end provides the project Rail Baltica coordination service to LTG Infra AB, a subsidiary established to perform the functions of the public railway infrastructure manager. By providing the afore-mentioned services, the Company secures the income necessary to cover its operating costs.

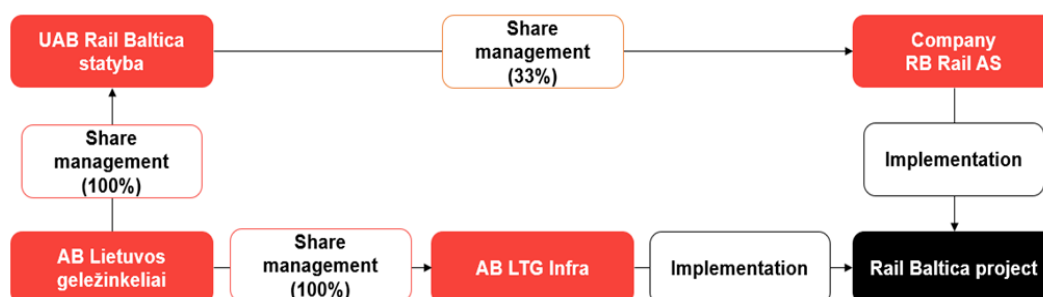


Figure 2. Model for implementation of the project Rail Baltica.

The specific object of activities of RBS means that the Company does not have principal activities, i.e. inbound/outbound logistics, marketing and sales, after-sales service, etc., and only provides services of an exclusive nature related to its object. In view of the above, the Company is not involved in the market and competitive environment, has no customers and no infrastructure to manage.

The Company's business model includes:

- the Company's independent activities and decisions (including the resources required to do so) to carry out the object of the Company's business and perform its functions in connection therewith.

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

- Supporting the company's operations, partly through the centrally managed support (corporate) functions within LTG Group and an appropriate operational architecture. To this end, the Company's activities are guided by the operational architecture documents of LTG such as policies, methodologies, process standards, etc., except where the relevant activities described therein are governed by separate internal documents of the Company.

In this respect, it should be noted that the governance model of LTG Group is based on the **consolidated business strategy** and functional leadership of **LTG Group**. The parent company's collegiate management body considers and approves the consolidated operating strategy/budget, consolidated performance targets, performance measures and targets of LTG Group, makes key management decisions within the Group, and oversees and controls the activities of its subsidiaries. LTG Group also applies the **functional leadership** model, which means that added value is created by centralising operational support (corporate) functions, consolidating competencies and introducing functional excellence. The parent company coordinates the corporate finance, legal, planning and monitoring, human resources, risk management, audit, technology,

communications and other general areas of LTG Group through the common policies, regulations and standards that apply to all companies of LTG Group. Each function or activity has an assigned function or activity owner who is responsible for the planning, organisation, implementation and control of the area under his responsibility.

1.3. STRATEGY

The object of the Company's activities is the management of the shares of RB Rail AS and the exercise of the rights and obligations attached to the shares, and the Company is not engaged in commercial activities, is not involved in the market or in the competitive environment, and therefore does not develop 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, i.e. LTG Infra AB as a subsidiary of LTG, which, in accordance with the Railway Transport Code of the Republic of Lithuania, is assigned the function of development of the public railway infrastructure, which also includes the planning of the public railway infrastructure, finance and investment.

The Company's activities are planned in a one-year planning document, namely, the Annual Operational Plan, which is considered and approved by the Chief Executive Officer of the Company (subject to the approval of the decision of the Chief Executive Officer by a decision of the General Meeting of Shareholders), taking into account the mission, vision and values of the Company:

MISSION – Connecting people and businesses for a more sustainable future.

VISION – Being a backbone of the transport system.

VALUES – Responsibility, Customer, Cooperation, Development.

Taking into account the limited and specific nature of the Company's object of activity and the fact that the Company does not carry out commercial activities and does not directly implement projects, the Company has special objectives related to the representation of the Lithuanian side in the company RB Rail AS:

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

Given that the Company does not develop a long-term business strategy, the Company's operational objectives are framed in the context of the Company's mission, vision and founding purpose.

Information on the achievement of the Company's objectives in the first half of 2024:

Main objectives	Indicators for measuring achievement of the objectives	Units of measure	Milestones for achieving the objectives	Indicators of achievement of the objectives
Attendance of the Company or the representatives appointed by the Company at the meetings and sittings of the corporate bodies of the company RB Rail AS	Attendance at the meetings and sittings of the corporate bodies of RB Rail AS	%	100%	100% ¹

MAJOR PROJECTS AND PLANNED PROJECTS IN THE FIRST HALF OF 2024:

Given the nature of the Company's business, the Company does not directly implement projects and has no plans to do so. The implementation of the Rail Baltica project is ensured by RB Rail AS and the subsidiary LTG Infra AB, established by Lietuvos geležinkeliai AB to carry out the functions of the public railway infrastructure manager. The Company's activities include not direct project implementation, but rather participation in the processes related to project implementation in order to coordinate them.

¹ During the first half of 2024, 12 meetings of the Supervisory Board and 4 General Meetings of Shareholders of RB Rail AS were held.

THE COMPANY'S OPERATIONAL PLANS AND FORECASTS:

There are no planned changes in the Company's operational plans, direction and scope, or its organisational structure. It is expected that the Company will continue to manage the shares in RB Rail AS and exercise the rights and obligations attached thereto, and carry out related activities. For this reason, the Company does not plan to change its operational model, acquire infrastructure, new customers, etc. In the absence of any material changes in the Company's operations, the Company's financial performance is expected to remain close to the previous periods.

It should be noted that given the timetable of the Rail Baltica project and the expected project completion date, it is considered that the Company's activities are expected to remain relevant for the next 5 years.

1.4. HIGHLIGHTS FOR THE FIRST HALF OF 2024**JANUARY**

- The Lithuanian electricity transmission system operator Litgrid, LTG Infra and RB Rail AS signed a cooperation agreement on the preparation of electricity transmission networks for connection to the traction substations of the Rail Baltica project;
- The Government of the Republic of Lithuania has approved the infrastructure development plan for the Rail Baltica railway development in Kaunas railway junction, and at the same time it has decided to start the procedures for land acquisition for public needs;
- The Company's operational plan and annual budget for 2024 were approved;
- The new Supervisory Board of RB Rail AS was elected, replacing the representative appointed by the Latvian shareholder²;
- A new Chairman of the Supervisory Board of RB Rail AS was elected³;
- The Baltic States and RB Rail AS have submitted their third applications for funding under the Connecting Europe Facility for the period 2021–2027.

FEBRUARY

- The progress of the Rail Baltica project, future public procurement and business prospects were presented at the Lithuanian-Spanish Business Forum and the annual LTG Infra conference for market participants;
- According to a survey published by the sociological research company Spinter Research, 77% of Lithuanians believe that the Rail Baltica project is necessary for Lithuania.

MARCH

- No major events took place.

APRIL

- RB Rail AS has announced the start of the second phase of the procurement of the design and construction for the Control-Command-Signalling (CCS) subsystem;
- The Company's annual report for 2023 was approved by 8 April 2024 decision of the Chief Executive Officer of the Company;
- The Company's set of financial statements for the year ended 31 December 2023 was approved by 16 April 2024 decision of the Company's shareholder;
- The annual financial statements of RB Rail AS for the year ended 31 December 2023 are approved by a decision of the Ordinary General Meeting of Shareholders.

MAY

- The European Commission has confirmed that Lithuania has successfully implemented the first EU financing agreement for the Rail Baltica project in the amount of EUR 83 million. The eligibility of the investments made and the costs incurred were approved;
- A French-Latvian business forum was held in Riga. Catherine Trautmann, European Coordinator of the TEN-T Corridor for the North-Baltic Maritime Transport Network, expressed her confidence that the Baltic States will successfully complete the project.

² <https://www.railbaltica.org/girts-ruda-assumes-his-role-on-the-rb-rail-as-supervisory-board/>

³ <https://www.railbaltica.org/changes-to-the-rb-rail-as-supervisory-board>

JUNE

- An updated cost-benefit analysis of the Rail Baltica project, carried out by an independent assessor in 2023, was presented. The analysis explains the project's cost growth and estimates implementation costs and benefits;
- The supreme audit institutions of Estonia, Latvia and Lithuania published a joint evaluation report on the Rail Baltica project;
- The Government of the Republic of Lithuania approved the infrastructure development plan for the development of Rail Baltica railway in the section from Jiesia (Kaunas) to the border with Poland, and at the same time launches the procedures for land acquisition for public needs;
- The Extraordinary General Meeting of Shareholders approved a new version of the Articles of Association of RB Rail AS.

1.5. EVENTS AFTER THE REPORTING PERIOD

JULY

- The European Commission approved the applications for funding from the Connecting Europe Facility (CEF) for the period 2021–2027, submitted in January 2024, and secured almost EUR 1.2 billion of additional funding from the European Union for the project implementation works in the Baltic States.

RESULTS

2.1. OVERVIEW OF THE KEY PERFORMANCE INDICATORS

Rail Baltica Statyba UAB is a special-purpose and special-function company, which ensures the participation of the Lithuanian side in the Baltic joint venture RB Rail AS for the purposes of implementation of the Rail Baltica project. In this context, the Company is not focused on commercial activities and revenue generation, profit generation, and the Company's operation model is designed to ensure the coverage of the Company's principal operating costs in order to avoid loss-making activities.

Its principal activity is the management of the shares in the company RB Rail AS and the exercise of the rights and performance of the obligations attached thereto.

The specific nature of the Company's activities means that it does not have principal activities, i.e. inbound-outbound logistics, marketing and sales, after-sales service, etc. Rail Baltica statyba UAB is not involved in the market and competitive environment.

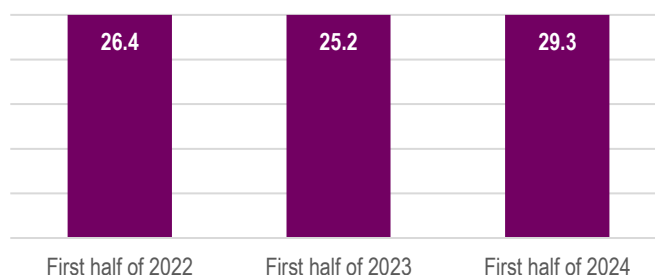
The Company's financial performance is presented in the section "*Key financial indicators*".

2.2. FINANCIAL RESULTS

REVENUE

The Company's revenue in the first half of 2024 amounted to EUR 29.3 thousand, as compared to EUR 25.2 thousand in the first half of 2023 and EUR 26.4 thousand in the first half of 2022. The increase in revenue in the first half of 2024 is due to the signature of the Rail Baltica project coordination service contract with LTG Infra AB (on 2 January 2024) and the number of working hours of the Company's employees (the pricing of the afore-mentioned transaction is based on the cost-plus pricing method, which is based on the Company's target costs and the actual working hours of the Company's employees during the current month).

Company's sales revenue, EUR thousand

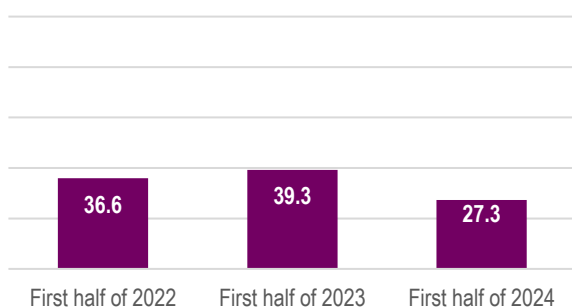


COSTS

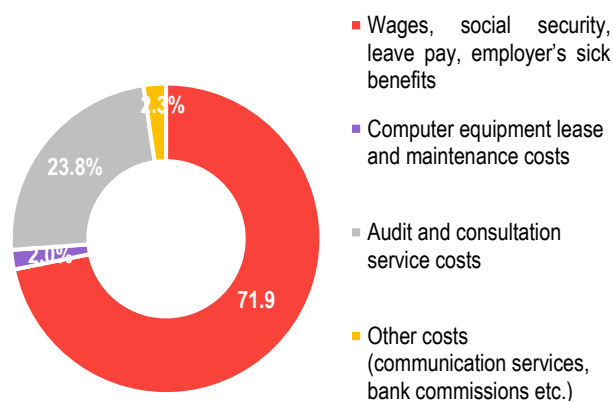
The Company's costs for operating and non-operating activities in the first half of 2024 amounted to EUR 27.3 thousand. As compared to the first half of 2023, the costs decreased by EUR 12 thousand (30.5%). The decrease is due to a decrease in the payroll (one employee terminated his employment).

The majority of the costs for the first half of 2024 were payroll and related costs (social security contributions, leave pay, sickness benefits) in the amount of EUR 19.6 thousand (71.9%), audit and consultancy services in the amount of EUR 6.5 thousand (23.8%), other costs (rent, communications, etc.) in the amount of EUR 1.2 thousand (4.3%). A detailed breakdown of the costs is given in the notes to the financial statements (point 12).

Company costs, EUR thousand

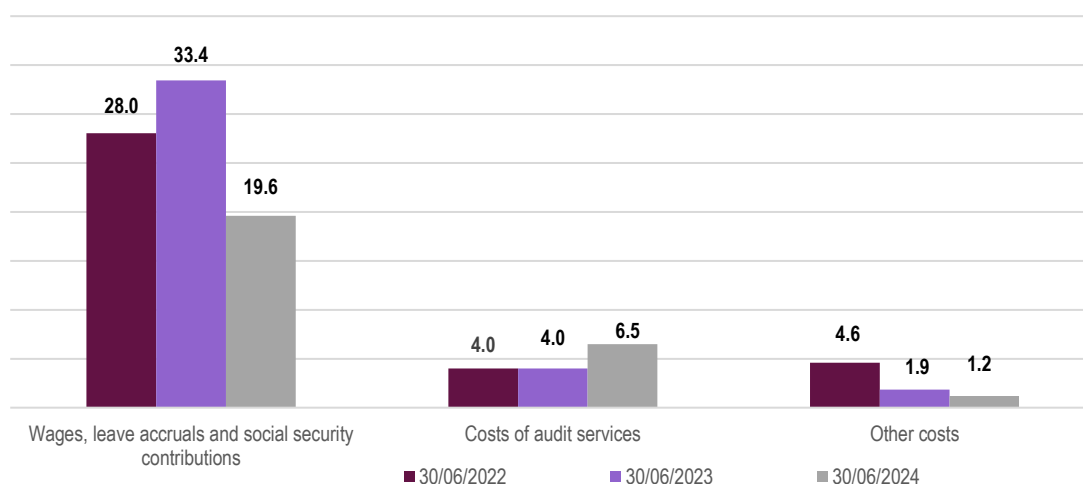


Cost structure in the first half of 2024, %



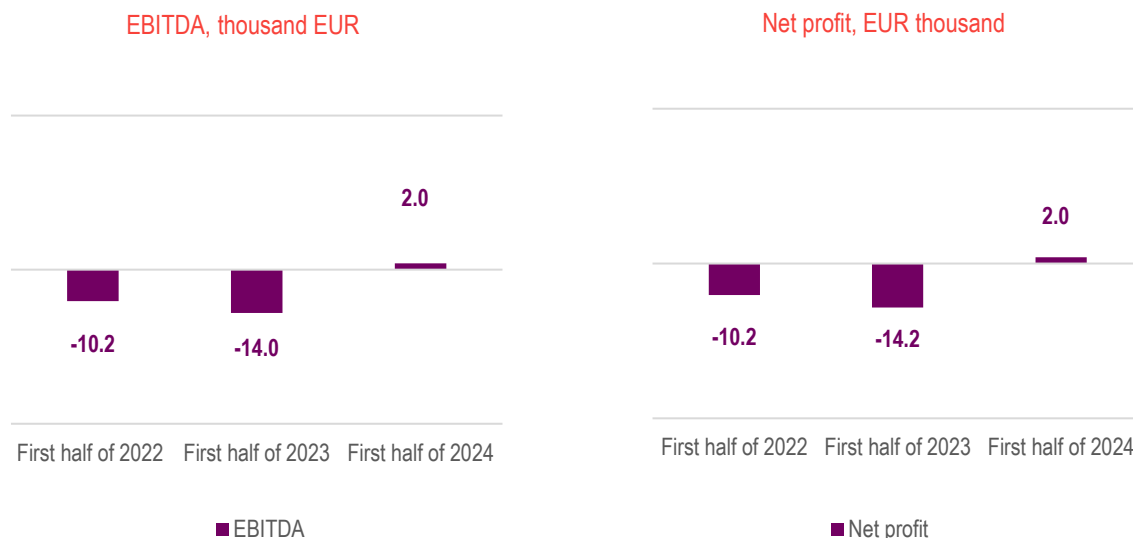
	Units of measure	30/06/2024	30/05/2023	30/06/2022
Wages, leave accruals and social security contributions	EUR	19.6	33.4	28.0
Costs of audit services (including translation services)	EUR	6.5	4.0	4.0
Other costs	EUR	1.2	1.9	4.6

Changes in the Company's costs, EUR thousand



OPERATIONAL RESULTS

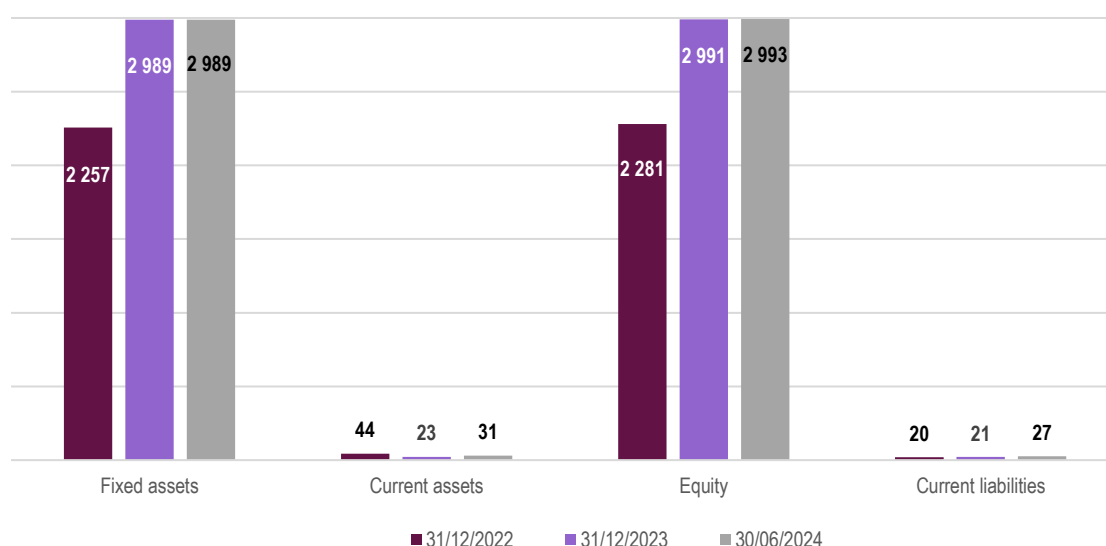
The Company's EBITDA and EBIT in the first half of 2024 as compared to the corresponding period in 2023 increased 7 times and amounted to EUR 2 thousand (excluding the result of financial investment activities). The Company's profit amounted to EUR 2 thousand. The Company's results were driven by a decrease in the costs of the payroll. The revenue remained at a similar level.



CHANGES IN THE BALANCE SHEET

- Fixed assets remained stable in the first half of 2024;
- Current assets amounted to EUR 31 thousand as at 30 June 2024, an increase of 34.6% as compared to 31 December 2023. The change in current assets was due to an increase in cash and receivables;
- The authorised capital remained unchanged during the period under analysis and amounted to EUR 4,161.5 thousand. The equity increased by EUR 2 thousand and amounted to EUR 2,992.9 thousand as at 30 June 2024;
- The Company has no financial debts;
- In the first half of 2024, current liabilities were increased by 6 thousand (36.6%) by other accounts payable and liabilities.

Changes in main balance sheet items, EUR thousand



KEY FINANCIAL INDICATORS

	Units of measure	First half of 2024	First half of 2023	First half of 2022
Sales revenue	EUR thousand	29.3	25.2	26.4
Costs	EUR thousand	27.3	39.3	36.6
Result of financial activities	EUR thousand	-	(0.1)	(0.1)
EBITDA	EUR thousand	2.0	(14.0)	(10.2)
EBIDA margin	%	6.8	(55.6)	(38.6)
EBIT	EUR thousand	2.0	(14.0)	(10.2)
EBIT margin	%	6.8	(55.6)	(38.6)
Net profit	EUR thousand	2.0	(14.0)	(10.2)
	Measuring units	30/06/2024	31/12/2023	31/12/2022
Fixed assets	EUR thousand	2,989.4	2,989.4	2,256.9
Current assets	EUR thousand	30.8	22.9	44.0
Total assets	EUR thousand	3,020.3	3,012.3	2,301.0
Equity	EUR thousand	2,992.9	2,990.9	2,280.7
Financial debts	EUR thousand	-	-	-
Net debt	EUR thousand	(25.0)	(20.3)	(37.8)
Equity ratio	%	99.0	99.3	99.0
Return on equity (ROE)	%	0.07	26.9	0.2
Return on assets (ROA)	%	0.07	26.7	0.2
Return on investment (ROI)	%	0.07	27.1	0.2
Asset turnover rate	sometimes	0.01	0.02	0.03
Quick liquidity ratio	sometimes	1.13	1.1	2.2
Total liquidity ratio	sometimes	1.13	1.1	2.2

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

FINANCING OF THE COMPANY

The Company obtains the funds necessary for its operations by providing coordination services for the Rail Baltica project to the manager of the public railway infrastructure, i.e. LTG's subsidiary LTG Infra AB.

In preparing the financial statements, the Company has taken into account and properly evaluated: events after the reporting date; going concern; impairment of assets; enforceability of contracts; and possible losses.

The management estimates that the cash flow generated by the Company is likely to be sufficient to service its existing commitments to partners. At the time of reporting, settlements were normal and the Company does 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 the continuity of the Company's operations and do not change the Company's long-term operational plans.

The financial statements are not corrected because the financial position or performance as at the last day of the reporting period is not affected by events after the reporting period.

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

2.3. SPECIFIC OBLIGATIONS

Given the specific nature of the Company's activities, the Company is not performing any specific obligations.

2.4. INVESTMENTS

Given the nature of the Company's activities and functions, the Company has no investment projects under way and has no plans to undertake any investment projects.

2.5. DIVIDEND POLICY

The payment of dividends and the amount of profit contributions in state-owned enterprises is regulated by Resolution No 665 of the Government of the Republic of Lithuania of 6 June 2012 "On the Approval of the Description of the Procedure for the Exercise of State Property and Non-Property Rights in State-Owned Enterprises" (as amended) ([LINK](#)).

The allocation and payment of dividends of the companies of LTG Group are governed by the Dividend Policy of LTG Group.

Dividends for a financial year or a period shorter than a financial year shall be planned taking into account the level of return on equity, the net profit earned, the financial capacity to pay dividends, the implementation of economic projects of national importance and other conditions and circumstances as set out in the Dividend Policy.

The dividend payout ratio, calculated on the Company's retained earnings, depends on the return on equity (ROE) at the end of the reporting period.

Company ROE Indicator (%)	Share of the retained 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 Directors of the Company may propose to set a higher dividend payout ratio based on the achievement of financial plans, significant financial ratios (net profit, EBITDA, financial debt to EBITDA, financial debt to equity) at the end of the reporting period, provided that such a higher payout ratio would not have a negative impact on the Company's long-term strategy.

The Board of Directors of the Company may propose to set a lower or no dividend if at least one of the following conditions is met:

- The Company made a net loss for the period;
- The Company's ratios as monitored by institutional creditors at the end of the reporting period for which the dividend is proposed would not be in line with contractual values or the level of the ratios would have a negative impact on the credit rating;
- The Company implements or participates in the implementation of an economic project of national importance or a project of special importance recognised by the decisions of the Government of the Republic of Lithuania / the Seimas of the Republic of Lithuania, which has an impact on the long-term strategy of LTG Group;
- The Company's equity after payment of the dividend would be less than the amount of the share capital, statutory reserve, revaluation reserve and reserve for treasury shares of LTG Group;
- The Company is insolvent, or would become insolvent if dividends were paid.

Given that the Company's activities are not profit-oriented, the Company did not pay a dividend in 2024 for 2023.

GOVERNANCE REPORT

INFORMATION OF THE SHARES ON 30 JUNE 2024

Amount of the authorised capital capital, EUR	Number of shares, pcs.	Nominal value per share, EUR
4,161,494.08	143,698	28.96

The company is a member of the group of companies of Lietuvos geležinkeliai AB, the sole shareholder of which is the parent company Lietuvos geležinkeliai AB. The shareholder of Lietuvos geležinkeliai AB is the State of Lithuania, which owns 100% of the shares, and the Ministry of Transport and Communications of the Republic of Lithuania exercises the shareholder's rights and performs the shareholder's obligations.

All shares are of one class, i.e. ordinary registered shares. Shares are dematerialised and recorded in personal securities accounts in accordance with the law. The Company did not acquire any of its own shares or shares in other LTG Group companies during the reporting period.

Number of shares held by the Company and other companies on 30 June 2024:

Company	Amount of the authorised capital, EUR	Number of shares, pcs.	Nominal value per share, EUR
Associates			
RB Rail AS	650,005	650,005	1

CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

The limited nature of activities and functions of RBS does not require a multi-level organisational structure, which consists of the Chief Executive Officer of the Company and the staff subordinate directly to him (see Figure 3).

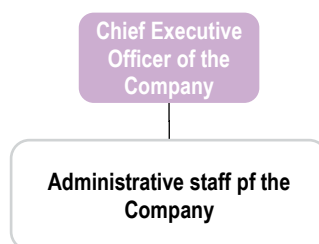


Figure 3. Organisational structure of Rail Baltica Statyba UAB.

ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles of Association of the Company are the main document that guides the Company's activities.

The Articles of Association of the Company were not amended during the reporting period. The Articles of Association of the Company are available on the Company's [WEBSITE](#).

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

BODIES OF THE COMPANY

On 30 June 2024, the Articles of Association of the Company provide for the following bodies of the Company:

- General Meeting of Shareholders;
- manager (director) of the Company.

SUPERVISORY BOARD AND MANAGEMENT BOARD

The Company does not have a Supervisory Board or a Management Board.

The General Meeting of Shareholders is the supreme governing body of the Company. The competence of the General Meeting of Shareholders corresponds to the competence set out in the Law on Joint-Stock Companies of the Republic of Lithuania and other laws.

The Articles of Association of the Company also confer on the General Meeting of Shareholders the additional competence to approve the decisions of the Company's Manager taken in accordance with Article 27 and Article 39 of the Articles of Association of the Company, i.e.

- to approve the Company's operational strategy and long-term objectives;
- to set the Company's performance indicators;
- to approve the Company's investment plan;
- to approve the Company's annual budget and business plan;
- to decide on the investment, sale and purchase or any other transfer, pledge or mortgage of the Company's facilities and assets of national security importance;

- to make decisions on the investment, disposal or lease of the Company's fixed 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);
- to decide on pledges and mortgages of the Company's fixed assets with a carrying amount of more than EUR 300,000 (in the aggregate amount of transactions);
- to decide whether to guarantee or indemnify other persons in respect of obligations of more than EUR 300,000;
- to take decisions to acquire fixed assets for a price of more than EUR 300,000;
- to take decisions on the conclusion of contracts for the purchase of goods, services, works (excluding transactions in conventional or derivative financial instruments) with a value, net of value added tax, equal to or exceeding EUR 300 000;
- to decide on the approval of the material terms of contracts for the provision of services by the Company, if the estimated annual revenue of the contract, or the revenue estimated for the entire duration of the contract, is likely to exceed EUR 3,000,000, excluding value-added tax;
- take decisions on the Company becoming a founder or participant of other legal entities;
- to take decisions for the Company to commence new activities or to discontinue the Company's existing activities, if the relevant decision has not been taken at the time of the approval of the Company's business strategy;
- to approve the amount of the incentive for the Company's employees for their annual performance;
- to consider information on the Company's material operational risks and approve the Company's Operational Risk Management Plan;
- to consider information and reports on the progress of the Company's programmes;
- to consider the list of information considered to be the Company's trade (industrial) secret and confidential information, the conditions for the use and storage of such information;
- to make decisions to establish branches and representative offices of the Company, terminate their activities, appoint and dismiss the heads of the Company's branches and representative offices, approve the regulations of the Company's branches and representative offices.

The rights and obligations of shareholders, the procedure for convening the General Meeting of Shareholders and the procedure for making decisions are laid down in the Republic of Lithuania Law on Companies, other legal acts, as well as in the Articles of Association of the Company.

The Company's sole shareholder is Lietuvos geležinkeliai AB, which takes the main decisions related to the implementation of ownership rights and obligations. The Company has not issued any preference shares.

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

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

- approval of the Company's financial statements for the year ended 31 December 2023;
- the distribution of the Company's profit (loss) for 2023;
- the approval of Company's annual budget and operational plan for 2024.

The **Director (Manager)** is the Company's sole governing body, who, in accordance with his/her powers, organises the day-to-day activities of the Company. The duties and powers of the Director are defined in the Republic of Lithuania Law on Companies and the Articles of Association of the Company.

The Director shall be elected by the General Meeting of Shareholders of the Company for a term of 5 years. The General Meeting of Shareholders of the Company has also approved the job description of the Chief Executive Officer of the Company, which set out the procedures, rights and duties of the Chief Executive Officer. The same person may not be appointed as a Director for more than 2 consecutive terms.

CHIEF EXECUTIVE OFFICER (DIRECTOR) OF THE COMPANY

ARENIJUS JACKUS	Education	Main place of work, position
In charge since 1 April 2023	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 senior	Rail Baltica statyba UAB Director, Geležinkelio g. 16, LT-02100, Vilnius, Lithuania, company code 303227458 Other current positions LTG Director of Rail Baltica Lithuania,

positions in the Ministry of Transport and Communications of the Republic of Lithuania, heading units responsible for strategic planning and finance, EU investment administration and project implementation, and international relations. He was also Chairman of the Board of Kaunas Airport, member of the Board of LTG Infra, Klaipėda State Seaport Authority, and Oro navigacija AB.

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

MANAGEMENT OF THE COMPANY

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

During the period under review, the organisational structure of the Company remained unchanged and therefore there were no changes in the Company's management.

The CEO and staff of the Company have filed declarations of private interests, which can be found on the website of the High Official Ethics Commission at [HTTP://WWW.VTEK.LT](http://www.vtek.lt). During the reporting period, there were no conflicts of interest between the members of the Board of Directors, the Company's CEO and the Company's employees.

INFORMATION ON THE REMUNERATION OF THE DIRECTOR OF THE COMPANY

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

The wage of the Director of the Company, as set out in the employment contract, for the period ended 30 June 2024 was EUR 5,450 (full-time).

Information on the wage of the CEO of the Company:

30/06/2024	31/12/2023	30/12/2022
Wage, EUR	Wage, EUR	Wage, EUR
5,450	5,450	800

INTERNAL AUDIT

LTG Group has established a centralised Internal Audit function, which acts as a third line and covers all companies of LTG Group. The purpose of Internal Audit is to provide independent, objective assurance and advisory services to contribute to the achievement of the strategic objectives of LTG Group and to preserve and enhance value.

The unit shall be organised on the basis of the guiding principles set out in the International Standards for the Professional Practice of Internal Auditing. Audit shall provide risk-based assurance services, advice/consultation and insight, and carry out necessary investigations. It also regularly monitors the implementation of recommendations made and other internal control weaknesses identified by external auditors and supervisory authorities.

The unit reports directly to the Board of LTG, thus, ensuring the independence and objectivity of internal audit and enabling it to identify weaknesses and areas for improvement in operational efficiency.

MANAGING INTERESTS

At the end of the reporting period, the Director and other employees have made declarations of private interests, which can be found in the Register of Private Interests of the High Official Ethics Commission. There were no conflicts of interest during the reporting period.

EMPLOYEES

The company follows principles of management of human resources based on best practice in personnel management in order to successfully implement its strategy, efficiently carry out its day-to-day operations, create competitive advantage and adapt to changing business needs. The focus on employees is a strategic direction, primarily implemented through the development of organisational culture.

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



NUMBER OF EMPLOYEES AND AVERAGE WAGE OF THE COMPANY

The number of employees of the Company as at 30 June 2024 was 3. The number of employees of the Company remained stable compared to the figures as at 31 December 2023.

NUMBER OF EMPLOYEES AND AVERAGE WAGE OF THE COMPANY

Groups of posts	30/06/2024		31/12/2023		31/12/2022	
	Actual number of employees at end of period	Average wage, EUR	Actual number of employees at end of period	Average wage, EUR	Actual number of employees at end of period	Average wage, EUR
Chief Executive Officer of the Company	1	5,385	1	3,621	1	768
Senior managers	2	4,283	2	3,414	3	3,655
Total	3	3,547	3	3,668	4	3,148

The total payroll in the first half of 2024 amounted to EUR 19.6 thousand. No annual incentives were paid to the Company's employees in 2023.

The Company does not publicly disclose wage data by gender, as for reasons of confidentiality, information of the average wage and the differential of the average wage are not disclosed if there are fewer than 5 employees of the same gender in a job group.

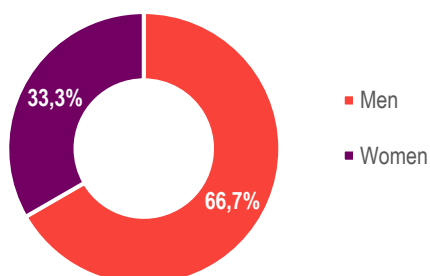
The wage of the Director of the Company is a fixed monthly salary set out in the employment contract. The wage of the Director of the Company has no other components (variable component, annual incentive, etc.).

The average wage of the Director of the Company at the end of the reporting period was EUR 5,385.

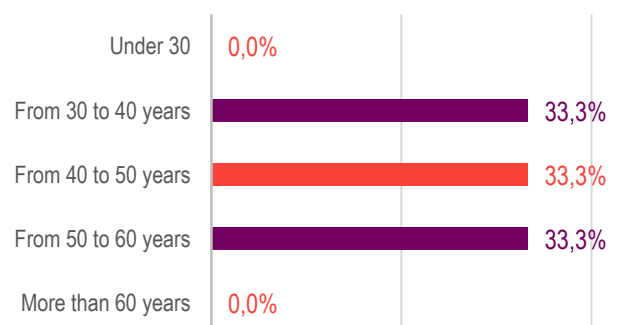
The average wage of senior managers at the end of the reporting period was EUR 4,283.

The graphs below show the distribution of employees by age, gender, length of service and education at 30 June 2024.

Distribution of employees by gender, %



Employee distribution by age groups, %



Employee distribution by education, %

Higher university education		100,0%
Higher non-university	0,0%	
Vocational	0,0%	

Employee distribution by length of service, %

Up to 1 year	0,0%	
1 - 5 years	0,0%	
6 - 10 years		100,0%
11 - 20 years	0,0%	
21 - 30 years	0,0%	

Age group	Average length of service, years
up to 30 years	0.0
30 to 40 years old	10.0
40 to 50 years	7.0
between 50 and 60 years	10.0
More than 60 years	0.0
Average length of service	9.0

REMUNERATION AND PERFORMANCE MANAGEMENT

The remuneration policy of LTG Group, including the Company, aims to provide long-term solutions that are linked to the well-being of employees:

- a competitive remuneration package to attract and retain the right expertise;
- equal opportunities and non-discrimination in the aggregation of staff performance and remuneration;
- the principle of internal fairness in the remuneration of comparable work;
- increasing engagement;
- an incentive for staff to develop their skills and competences;
- promoting transparency and responsible governance;
- effective management of employee costs and creation of value to the shareholder.

Classical elements are used to achieve the above objectives:

- methodological evaluation of posts;
- periodic benchmarking of internal remuneration data against the market and implementation of the remuneration review;
- direct link between the potential for reward changes and employee performance – annual target achievement, extra effort and value behaviour.

A local scale of corporate levels of positions is used to publicise the results of the **methodological evaluation of posts** in the organisation. Each employee is given the opportunity to see the corporate levels of his/her position and of other positions in the organisation. At the same time, information on the remuneration scales for each corporate level is available to each employee. This establishes the principles of transparency in the organisation and creates the conditions for internal career assessment and planning.

A **periodic review of remuneration** is implemented each year, which is linked to clear and objective criteria, such as a comparison of current employee remuneration with the market, the Company's financial performance and the budget allocated for the review, and an assessment of each employee's annual performance. The periodic review of remuneration normally takes effect on 1 April each year.

The **additional benefits package** includes lump-sum payments in the event of the birth of an employee's child or the death of a close family member, support in the event of natural disasters, loyalty payments for employees who leave the organisation at retirement age, additional holidays and other benefits as provided for in the collective agreement of the branch of LTG Group and the Remuneration Methodology. Employees are also provided with accident insurance and supplementary voluntary health insurance, under the terms of which they are reimbursed for outpatient and inpatient treatment and diagnostics, preventive health check-ups and vaccinations,

and prescription drugs and medical aids. In addition, employees can opt for dental, rehabilitation or optical services. Around 80% of employees declare their choice of supplementary voluntary health insurance each year. The updated accident insurance conditions increase the amount of injury cover. The terms and conditions of the Supplementary Voluntary Health Insurance, which will be renewed from 2024, have also been improved by increasing the limits and amounts of reimbursement for covered services. During the negotiations on the new sectoral collective agreement with the social partners, it was agreed to increase the lump-sum payment for the birth of an employee's 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 Board of LTG approved a remuneration policy for all subsidiaries, effective from 1 January 2024. The implementation of this policy is described in the Remuneration Methodology and internal process standards are used to define the detailed principles of practical implementation. All relevant documents are published on the intranet of LTG Group, as a knowledge base for employees, and in the news.

The employee performance management and appraisal process remains geared towards embedding a culture of high performance, personal accountability and continuous feedback, as well as the principle of "the best is rewarded the most".

REPORT ON RISKS AND THEIR MANAGEMENT

The LTG Group and the Company have a **unified risk management system of LTG Group** in place and continuously improves it. It is defined in the risk management policies, methodologies and process standards of LTG Group, which have been developed taking into account the International Organization of Standardization's (ISO 31000) and the Committee of Sponsoring Organizations of the Treadway Commission's (COSO ERM) Enterprise Risk Management (ERM) international standards, as well as best practices.

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

1. Determining risk appetite.
2. Risk identification and assessment.
3. Risk systemisation and calibration.
4. Developing risk management plans.
5. Implementation of risk management plans.
6. Risk management monitoring.

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

LTG Group allocates risk management responsibilities according to the **Three Lines of Defence model**. According to the model:

- Level 1 risk management activities are carried out by the companies of LTG Group and LTG corporate functions that identify, assess and manage risks;
- Level 2 risk management is carried out by the LTG Risk Management function, which develops and refines the overall framework and carries out coordination and control activities;
- Level 3 risk management is carried out by the Internal Audit Unit of LTG, which provides an independent assessment of the effectiveness of Level 1 and Level 2 risk management, and makes observations and recommendations.

It is important to underline the active involvement of both line managers and collegiate bodies in risk management practices. The Group has a **Risk Management Committee** which calibrates risks and identifies risks of Group-wide relevance.

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

Taking into account the Company's history and specificities and the current operating context, the main risks to the Company's operations in 2024 are identified and presented below:

Name of the risk	Risk level	Sources of risk	Possible effects	Key risk management tools
Risk of asset shortage	Low	• Limited assets of the Company (only short-term assets - cash); • Unplanned or unforeseen expenses may lead to insufficiency of the Company's assets/insolvency of the Company.	• Failure to ensure financial stability • Failure to ensure continuity of operations	• Securing funding for the Company's operating costs; • Timely and adequate information to the Company's shareholder on the Company's financial and capital developments and on the

Name of the risk	Risk level	Sources of risk	Possible effects	Key risk management tools
				occurrence of capital insufficiency; • Application of the Company's authorised capital management measures.
External regulatory and exposure risks	Low	• Decisions taken by external actors and institutions; • Differences and incompatibilities between the partners of Rail Baltica.	• Untimely decision-making • Performance disorders	• Developing and representing the Company's position in decision-making institutions, working groups, etc. related to the Rail Baltica project; • Regular and proactive information to Rail Baltica-related decision-making bodies and working groups; • Establishing a procedure for escalating disputes.

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

ADDITIONAL INFORMATION

6.1. INFORMATION ON THE EXTERNAL AUDIT

The Company's financial statements are audited in accordance with International Standards on Auditing.

KPMG Baltics UAB has been awarded the tender for the audit of the consolidated financial statements of the Company and its subsidiaries for the period 2023–2025, prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The appointment of the auditors has been approved by the Audit Committee of LTG and the Board of Directors of LTG and shareholder approval has been obtained. The audit service contract was signed on 27 July 2023.

The audit fee for the audit of the Company's financial statements for 2024 is EUR 12 thousand (excluding VAT) and the fee for non-audit services is EUR 1 thousand (excluding VAT).

During the reporting period, the auditor provided the Company with a translation service for its financial statements. The auditor did not provide any additional services to the Company other than the audit of the financial statements during the reporting period.

6.2. INFORMATION ON COMPLIANCE WITH THE TRANSPARENCY GUIDELINES

The Company complies with the requirements of the Description of Guidelines for Ensuring Transparency of the Activities of State-Owned Enterprises (hereinafter referred to as the "Description"), approved by 14 July 2010 Resolution No 1052 of the Government of Lithuania, by disclosing the required information in its annual and interim reports as well as on the Company's website <http://rail-baltica.lt/apie-bendrove-2/>.

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

STRUCTURED INFORMATION ON COMPLIANCE WITH TRANSPARENCY GUIDELINES

POINT IN THE DESCRIPTION	PROVISION OF THE DESCRIPTION	Yes/No
DISCLOSURE OF THE COMPANY'S INFORMATION ON THE WEBSITE		
5.	The following data and information must be published on the website of the State-owned enterprise:	
5.1.	name;	Yes
5.2.	the code and register where the company's details are collected and stored;	Yes
5.3.	registered office (address);	Yes
5.4.	legal status if the state-owned enterprise is being reorganised, reorganised (specifying the type of reorganisation), wound up, bankrupt or insolvent;	Yes
5.5.	the name of the national authority and a link to its website;	Yes
5.5.	operational objectives, vision and mission;	Yes
5.7.	structure;	Yes
5.8.	details of the Chief Executive Officer;	Yes
5.9.	details of the chairman and members of the Board, if the Board is established under the Articles of Association;	Not applicable
5.10.	details of the chairman and members of the Supervisory Board, if the Supervisory Board is established under the Articles of Association;	Not applicable
5.11.	the names of the committees, their chairpersons and members, if committees are set up;	Not applicable
5.12.	the sum of the nominal values of the shares owned by the State (to the nearest euro cent) and the share (percentage) in the authorised capital of the State-owned company;	Yes
5.13.	special obligations, which are established in accordance with the guidelines approved by the Minister of the Economy and Innovation of the Republic of Lithuania: the purpose of the special obligations, the state budget allocations for their execution in the current calendar year and the legal acts entrusting the state-owned enterprise with the execution of the special obligation are specified, the conditions for the execution of the special obligation are established and/or the pricing is regulated;	Yes
5.14.	information on social responsibility initiatives and measures, major investment projects underway or planned.	Yes
6.	In order to ensure publicity regarding the professionalism of the members of the management and supervisory bodies and committees of State-owned enterprises, the following data shall be published for the persons referred to in sub-paragraphs 5.8 to 5.11 of the Description: name, surname, date of commencement of the current position, other management positions held in other legal entities, education, qualifications, professional experience. If the person referred to in sub-paragraphs 5.9 to 5.11 is elected or appointed as an independent member, this shall be indicated in addition to his/her details.	Not applicable
7.	The following documents must be published on the website of the State-owned enterprise:	
7.1.	the Articles of Association;	Yes
7.2.	a letter from the public authority on the definition of the State's objectives and expectations in a State-owned company;	Yes
7.3.	the operational strategy or a summary thereof, where the business strategy contains confidential information or information considered to be a commercial/industrial secret;	Yes
7.4.	a document setting out the remuneration policy, including the remuneration of the chief executive of a State-owned enterprise and the remuneration of the members of the collegiate bodies and committees of the State-owned enterprise, as detailed in the Corporate Governance Code;	Yes
7.5.	annual and interim reports of a state-owned company, and annual and interim activity reports of a state-owned enterprise for a period of at least 5 years;	Yes
7.6.	sets of annual and interim financial statements for a period of at least 5 years and the auditor's report on the annual financial statements.	Yes
8.	If the State-owned company is the parent company, its website must publish the group structure, the data referred to in sub-paragraphs 5.1 to 5.3 of the Description, the website addresses, the percentage of the parent company's shareholding in the share capital of the parent company and the annual consolidated financial statements and the consolidated annual reports.	Not applicable
9.	If the State-owned company is a participant in legal entities other than those referred to in paragraph 8 of the Description, the data and the addresses of the websites of those legal entities, as referred to in sub-paragraphs 5.1 to 5.3 of the Description, shall be published on its website.	Yes
9 ¹ .	If the company is a subsidiary or a downstream subsidiary of a State-owned company, the website shall contain the information specified in sub-paragraphs 5.1 to 5.3 of the Description and a link to the website of the parent company.	Yes
10.	Any change or publication of incorrect data, information and documents referred to in paragraphs 5 and 6, sub-paragraphs 7.1 to 7.4, paragraphs 8, 9 and 9 ¹ of the Descriptions shall be immediately amended and published on the website.	Yes
11.	The set of annual financial statements of the State-owned enterprise, the annual report of the State-owned enterprise and the auditor's report on the annual financial statements of the State-owned enterprise must be published on the website of the State-owned enterprise within 10 working days of the approval of the set of annual financial statements of the State-owned enterprise.	Yes

POINT IN THE DESCRIPTION	PROVISION OF THE DESCRIPTION	Yes/No
12.	The sets of interim financial statements of the State-owned enterprise and the interim reports of the State-owned company must be published on the website of the State-owned enterprise no later than 2 months after the end of the reporting period.	Yes
13.	The documents referred to in point 7 shall be published in PDF format and shall be technically printable.	Yes
Preparation of financial statements, reports and activity reports		
14.	State-owned enterprises maintain their accounting records in a manner that ensures the preparation of financial statements in accordance with international accounting standards.	Yes
15.	In addition to the annual financial statements, a state-owned company prepares a set of 6-month interim financial statements, and a state-owned enterprise prepares a set of 3-month, 6-month and 9-month interim financial statements.	Yes
16.	A state-owned company classified as a public interest entity under the Republic of Lithuania Law on the Audit of Financial Statements prepares a 6-month interim report in addition to the annual report. A State-owned enterprise classified as a public-interest entity under the Law on Audit of Financial Statements of the Republic of Lithuania shall, in addition to the annual activity report, prepare a 6-month interim activity report.	Yes
17.	In addition to the provisions of the Republic of Lithuania Law on Financial Reporting by Undertaking, the annual report of a state-owned enterprise or the annual activity report of a state-owned enterprise must contain:	
17.1.	a brief description of the business model of a state-owned enterprise;	Yes
17.2.	information on significant events that occurred during and after the financial year (before the annual report or the annual activity report) and that had a material impact on the activities of the state-owned enterprise;	Yes
17.3.	the results of achieving the objectives set out in the operational strategy of the State-owned enterprise;	
17.4.	profitability, liquidity, asset turnover and debt ratios;	Yes
17.5.	compliance with specific obligations;	Yes
17.6.	implementation of the investment policy, investment projects under way and planned, and investments made during the year under review;	Yes
17.7.	implementation of the risk management policy in a state-owned enterprise;	Yes
17.8.	implementation of dividend policy in state-owned enterprises;	Yes
17.9.	implementation of the remuneration policy;	Yes
17.10.	the total annual salary bill, the average monthly salary by function and/or department;	Yes
17.11.	information on compliance with the provisions of Chapters II and III of the Description: how they are implemented, what provisions are not complied with, and why.	
18.	State-owned companies that are not required to prepare a corporate social responsibility report are recommended to include information on environmental, social and human resources, human rights, anti-corruption and anti-bribery issues in the annual report as appropriate.	Yes
19.	If the information referred to in paragraph 17 of the Description is considered to be a commercial (industrial) secret or confidential information of the State-owned enterprise, the State-owned enterprise may not disclose such information, but the annual report of the State-owned enterprise or the annual activity report of the State-owned enterprise, as the case may be, shall state that the information is not to be disclosed and the reason for non-disclosure.	Yes
20.	The annual report of a state-owned company may also contain other information not specified in the Description.	Yes
21.	A State-owned company which is the parent company shall disclose in its consolidated annual report or, if it is not required by law to prepare a consolidated annual report, in its annual report, the structure of the group of companies, as well as for each of its subsidiaries and successive subsidiaries the data referred to in sub-paragraphs 5.1 to 5.3 of the Description, the percentage of the shareholding in the subsidiary's authorised capital, and the financial and non-financial performance for the year. Where a State-owned company which is the parent company prepares a consolidated annual report, the requirements of paragraph 17 of the Description shall apply <i>mutatis mutandis</i> to it.	Yes
22.	The interim report of a State-owned enterprise or the interim activity report of a State-owned enterprise shall contain a brief description of the business model of the State-owned enterprise, an analysis of its financial performance for the period under review, information on significant events that occurred during the period under review, as well as profitability, liquidity, asset turnover, debt indicators and their changes compared to the corresponding period of the previous year.	Yes

6.3. DEFINITIONS

Revenue	Sales revenue + other operating revenue, excluding income from financing activities
Sales revenue	Revenue, excluding other and financial income
Costs	Costs excluding income tax and finance costs
Net debt	Interest-bearing financial debt, including finance/operating leases, net of cash and cash equivalent investments
Return on equity (ROE)	Net profit (loss) for the last 12-month period / Average of equity at the beginning and end of the reporting period
Return on assets (ROA)	Net profit (loss) for the last 12-month period / Average of assets at the beginning and at the end of the reporting period
Return on investment (ROI)	Net profit (loss) for the last 12 months / (Average of assets at the beginning and end of the reporting period - Average of current liabilities at the beginning and end of the reporting period)
EBIT	Profit (loss) before income tax – result of financial investment activities
EBITDA	Profit (loss) before income tax – result of financial investment activities + depreciation and amortisation
EBIT margin	EBIT / Sales revenue
EBITDA margin	EBITDA / Sales revenue
Equity ratio	Equity at end of period / total assets at end of period
Asset turnover rate	Sales revenue / total assets at the end of the period for the last 12 months
Quick liquidity ratio	(Current assets at end of period - inventories)/current liabilities at end of period
Total liquidity ratio	Current assets at end of period/current liabilities at end of period
Average wage	Estimated gross earnings per notional employee

6.4. ABBREVIATIONS

LTG – Lietuvos geležinkeliai AB
LTG Group, Group, Group of companies – Lietuvos geležinkeliai AB and its subsidiaries
RBS, Company – Rail Baltica statyba UAB
LRV – Government of the Republic of Lithuania
EU – European Union

Annual and interim reports and financial statements are made publicly available on the Company's website:
<https://www.rail-baltica.lt/finansines-ataskaitos/>

The electronic signature of Arenijus Jackus, Director of Rail Baltica Statyba UAB, shall be used to sign the Interim Report for the first half of 2024 on pages 3-22 of this document.



RAIL BALTICA STATYBA UAB

**INTERIM FINANCIAL STATEMENTS (UNAUDITED)
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS,
ADOPTED FOR APPLICATION IN THE EUROPEAN UNION
FOR THE SIX-MONTH PERIOD
ENDED 30 JUNE 2024**

FINANCIAL INFORMATION

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	30/06/2024	31/12/2023
Non-current assets			
Property, plant and equipment	3	1	1
Other equipment, appliances and tools	3	1	1
Financial assets	5	2,989,426	2,989,426
Total non-current assets		2,989,427	2,989,427
Current assets			
Receivables from related parties	6	5,790	2,599
Cash and cash equivalents	7	25,039	20,310
Total current assets		30,829	22,909
TOTAL ASSETS		3,020,256	3,012,336

EQUITY AND LIABILITIES	Notes	30/06/2024	31/12/2023
Equity			
Authorised capital	8	4,161,494	4,161,494
Share premium		86	86
Retained earnings (loss)		(1,168,674)	(1,170,656)
Total equity		2,992,906	2,990,924
Current liabilities			
Trade creditors	10	42	78
Amounts due to related parties	10	112	-
Employment-related liabilities	9	4,842	4,970
Other payables	10	22,354	16,364
Total current liabilities		27,350	21,412
Total liabilities		27,350	21,412
Total equity and total liabilities		3,020,256	3,012,336

The following notes form an integral part of these financial statements.

The electronic signatures of Arenijus Jackus, the Director of Rail Baltica Statyba UAB, and Daiva Prevelienė, the Chief Financial Officer, are affixed to the Financial Statements and the Notes to the Financial Statements on pages 24-33 of this document.

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

ITEMS	Notes	30/06/2024	30/06/2023
Income from operating activities	11	29,284	25,239
Total income		29,284	25,239
Salaries and related costs	12	(19,611)	(33,423)
Fuel, materials	12	-	-
Rent	12	(555)	(932)
Other costs	12	(7,089)	(4,854)
Total operating costs:	12	(27,255)	(39,209)
Operating profit (loss)		2,029	(13,970)
Finance costs (commission)	13	(47)	(50)
Profit (loss) before income tax		1,982	(14,020)
Corporate income tax		-	-
Net profit (loss)		1,982	(14,020)
Other comprehensive income (expenses)			
Total comprehensive income (expenses)		1,982	(14,020)

The following notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

INDICATORS	Notes						Total
		Authorised capital	Share premium	Statutory reserve	Other reserves	Retained earnings (losses)	
Balance at 31 December 2022		4,161,494	86	-	-	(1,880,864)	2,280,716
Net profit (loss)		-	-	-	-	(14,020)	(14,020)
Other comprehensive income, after tax		-	-	-	-	-	-
<i>Total comprehensive income (expense)</i>		-	-	-	-	(14,020)	(14,020)
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		-	-	-	-	-	-
Uses of reserves		-	-	-	-	-	-
Other comprehensive income, after tax		-	-	-	-	-	-
Balance at 30 June 2023		4,161,494	86	0	0	(1,894,884)	2,266,696
Balance at 31 December 2023		4,161,494	86	-	-	(1,170,656)	2,990,924
Net profit (loss)		-	-	-	-	1,982	1,982
Other comprehensive income, after tax		-	-	-	-	-	-
<i>Total comprehensive income (expense)</i>		-	-	-	-	1,982	1,982
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		-	-	-	-	-	-
Uses of reserves		-	-	-	-	-	-
Other comprehensive income, after tax		-	-	-	-	-	-
Balance at 30 June 2024		4,161,494	86	0	0	(1,168,674)	2,992,906

CASH FLOW STATEMENT

	30/06/2024	30/06/2023
Cash flows from operating activities		
Net profit (loss)	1,982	(14,020)
Adjustments to non-cash items:		
Depreciation and amortisation costs	-	-
(Gain) loss on disposal/write-down of non-current assets (other than financial assets)	-	-
Impairment (reversal) of tangible and financial fixed assets	-	-
Impairment (reversal) of trade receivables and prepayments	-	-
Decrease (reversal) in realisable value of inventories	-	-
Decrease (increase) in accrued income	-	-
Increase (decrease) in accrued charges	-	-
Interest (income)	-	-
Interest expense	-	-
Interest on lease liability	-	-
Increase (decrease) in provisions	-	-
Income tax expense (benefit)	-	-
	1,982	(14,020)
Change in working capital		
Decrease (increase) in inventories	-	-
Decrease (increase) in trade and other receivables and prepayments	(3,191)	434
Increase (decrease) in trade payables, trade receivables and trade prepayments received	-	-
Increase (decrease) in employment-related liabilities	(128)	(711)
Increase in other long-term and short-term payables (decrease)	6,066	4,984
Corporation tax (paid)	-	-
Net cash flows from operating activities	4,729	(9,313)
Cash flows from investing activities		
Financial assets (acquisition)	-	-
Interest received	-	-
Net cash flows from investing activities	-	-
Cash flows from financing activities		
Obtaining loans	-	-
Loans (repayments)	-	-
Grants received/reimbursed	-	-
Cash flows related to owners of the company (share capital increase)	-	-
Net cash flows from financing activities	-	-
Net increase (decrease) in cash flows	4,729	(9,313)
Cash and cash equivalents at beginning of period	20,310	37,796
Cash and cash equivalents at the end of the period	25,039	28,483

The following notes form an integral part of these financial statements .

EXPLANATORY NOTE

1. General information

The private limited liability company Rail Baltica Statyba (hereinafter referred to as the "Company") was registered on 23 January 2014. Baltica Baltica on 23 January 2014 in the Register of Legal Entities of the Republic of Lithuania. The main objective of the Company's activities is to ensure that the Rail Baltica project is developed and implemented by designing and constructing the European rail infrastructure in Lithuania, Latvia and Estonia with the funds of the European Union and the countries participating in the Rail Baltica project.

The registered office is located at the address Geležinkelio g. 16, LT-02100, Vilnius, registration number 303227458.

On 20 July 2017, the Company became a VAT payer, VAT number LT100011033413.

The Company is part of a group of companies. The parent company of the Company is Lietuvos geležinkeliai AB, registration number 10053842, registered office is located at the address Geležinkelio g. 16, LT-02100, Vilnius.

On 30 June 2024 as well as during the reporting period the sole shareholder of the Company was Lietuvos geležinkeliai AB.

On 30 June 2024, the authorised capital of Rail Baltica Statyba UAB consisted of 143,698 ordinary shares with a nominal value of EUR 28.96 each. The amount of the authorised capital in value terms was EUR 4,161,494. EUR 86 was transferred to share premium.

Rail Baltica Statyba UAB has an investment in an associated Baltic joint venture RB Rail AS (hereinafter referred to as "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 its shares. The management of the shares in RB Rail AS and the exercise of the rights and obligations attaching thereto is the main object of the Company's activities.

The object of the Company's activities is to manage the shares of RB Rail AS and to exercise the rights and obligations attached thereto. As a result, the Company does not have principal activities, i.e. input-output logistics, marketing and sales, after-sales service, etc. The Company's support activities consist of human resource management and corporate 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:

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

On 30 June 2024, the average number of employees of the Company was 3 (3 at 31 December 2023).

2. Significant accounting policies

The Company's financial statements are prepared in accordance with International Accounting Standards (hereinafter referred to as the "IAS") and International Financial Reporting Standards (hereinafter referred to as the "IFRS") as adopted by the European Union. The principal accounting policies applied in the preparation of these financial statements of the Company are set out below. These policies have been applied to all periods presented in the report unless otherwise stated.

These condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS as adopted by the EU and are available on the Company's website at <https://www.rail-baltica.lt/apie-uab-rail-baltica-statyba/>.

The financial statements are prepared using the historical cost method.

The financial year of the Company is the same as the calendar year.

In the financial statements, all amounts are presented in euro unless otherwise stated. The functional currency of the Company is the euro. In these financial statements, all amounts are presented in euro and rounded to the nearest zero, and there may be discrepancies between tables due to rounding. Such discrepancies are considered immaterial in the financial statements.

3. Property, plant and equipment

	Other equipment, appliances and tools	Total
Acquisition value		
31 December 2022	1,326	1,326
- Acquisitions	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2023	1,326	1,326
- Acquisitions	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
30 June 2024	1,326	1,326
Accumulated depreciation and impairment losses		
31 December 2022	1,325	1,325
- depreciation	-	-
- impairment during the year	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
31 December 2023	1,325	1,325
- depreciation	-	-
- impairment during the year	-	-
- sales, disposals, write-offs	-	-
- sales, disposals, write-offs	-	-
- reclassifications	-	-
30 June 2024	1,325	1,325
Residual value		
31 December 2022	1	1
31 December 2023	1	1
30 June 2024	1	1

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

	30/06/2024	31/12/2023
Other equipment, appliances and tools	1,326	1,326
Total	1,326	1,326

4. Assets held under right of use

As at the date of the financial statements, the Company does not have any real estate (premises) or vehicle lease agreements. The only contract concluded with Lietuvos geležinkeliai AB is a computer equipment lease and maintenance contract.

The Company has not recognised any additional lease obligations under the leases as at 1 January 2024 and 30 June 2024 and has not recognised any additional right to use the property as the Company's existing leases qualify for the practical expedient exemption.

5. Investments in associates and other undertakings

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

	Acquisition cost	Investments (equity method)
Acquisition value at 31 December 2022	3,900,000	2,256,889
Increase (+)	-	732,537
Acquisition value at 31 December 2023	3,900,000	2,989,426
Acquisition value at 30 June 2024	3,900,000	2,989,426

In the first half of 2024, the Company made no investments in RB Rail AS.

6. Trade receivables

Receivables from related companies :

	30/06/2024	31/12/2023
Receivables from related parties (LTG Infra AB)	5,790	2,599
Total customer arrears:	5,790	2,599

Receivables from related companies are interest-free and usually have a maturity of 30 days.

Analysis of trade and other receivables at 30 June 2024:

	30/06/2024	31/12/2023
Do not delay	5,790	2,599
Total	5,790	2,599

7. Cash and cash equivalents

Cash and cash equivalents consist of:

	30/06/2024	31/12/2023
Money in the bank	25,039	20,310
Total	25,039	20,310

First half of 2024 and 31 December 2023 The Company has no fixed-term deposits.

8. Capital

The nominal value of one share in the company is EUR 28.96. All shares are paid up.

The share capital registered on 30 June 2024 consisted of 143 698 ordinary shares with a nominal value of EUR 28.96 each. The amount of the authorised capital in value terms was EUR 4,161,494.

The change in share capital is shown in the table below:

	Authorised capital	Number of shares, units
Subscribed share capital		
Number of shares on 31/12/2023	4,161,494	143,698
Increased	-	-
Number of shares on 30/06/2024	4,161,494	143,698
2. Capital structure		
2.1. By type of shares	-	-
2.10. Ordinary shares	4,161,494	143,698
2.11. Preference shares	-	-
2.2. State capital	-	-
B. Unclaimed and unclaimed but unpaid amounts, including:	-	-
Shareholders (debtors)	-	-
Total	4,161,494	143,698

9. Employment-related liabilities

As at 30 June 2024, the following have entered into employment commitments:

	30/06/2024	31/12/2023
Accumulated leave pay	1,408	1,621
Wages payable	2,056	2,082
Personal income tax payable	649	643
Social security contributions payable	725	624
Debts to reporting agents	4	-
Total	4,842	4,970

10. Trade and other payables

As at 30 June 2024, trade and other payables included:

	30/06/2024	31/12/2023
Trade payables	42	78
Amounts due to related parties	112	-
Accrued audit service costs	19,500	13,000
Amounts due to reporting agents	-	-
Other payables (VAT)	2,854	3,364
Total	22,508	16,442

11. Sales revenue

In the first half of 2023 and the first half of 2024, revenues consisted of:

	30/06/2024	30/06/2023
Rail Baltica project management services	29,284	25,239
Total	29,284	25,239

The purpose of these services is to manage, administer and coordinate the implementation of the Rail Baltica project to ensure that the Rail Baltica activities implemented in the territory of the Republic of Lithuania are carried out on time, to a high quality and within budget.

The transfer pricing for the Rail Baltica project management services provided by the Company was based on a cost-plus pricing approach, which is based on the Company's target costs and the actual working hours of the Company's employees in the current month. The hourly rate is calculated by dividing the planned direct costs for 2023 by the planned working hours plus a margin of 8.05%.

The income generated by the Company from the services provided for the management of the Rail Baltica project ensures that the operating costs incurred by the Company in the current month are covered and provides an additional source of financing, thus avoiding the need to cover costs from the share capital, which would lead to an insufficiency of the Company's share capital in the long term.

12. Costs

	30/06/2024	30/06/2023
Wages and social security contributions	19,824	32,276
Leave reserve	(213)	1,147
Fuel (for cars)	-	-
Car operating lease, running costs, insurance	-	-
Computer equipment rental and maintenance	555	932
Mobile services, fixed services	205	441
Non-deductible value added tax	-	-
Audit and legal services	6,500	4,000
Other expenditure	384	413
Total	27,255	39,209

13. Result of financial activities

For the first half of 2023 and the first half of 2024, financial operating income and expenses consisted of:

	30/06/2024	30/06/2023
Total revenue from financial activities	-	-
Share of gross income of an associate under the equity method	-	-
Total cost of financial activities	(47)	(50)
Bank fees	(47)	(50)
Share of equity method share of total expenses of associate	-	-
Result of financial activities	(47)	(50)

14. Corporate income tax

No corporate income tax has been paid for the years ended 30 June 2024 and 31 December 2023 (carry forward of losses from previous periods).

For the reporting period ended 30 June 2024, the Company has not been subject to a full tax audit by the tax authorities. The tax authorities may at any time inspect the accounting, transactional and other documents, records and tax returns for the current and the 3 preceding calendar years, and in certain cases for the current and the 5 or 10 preceding calendar years, and may assess additional taxes and penalties. The management of the Company is not aware of any circumstances that could give rise to a potential material liability for unpaid taxes.

15. Related party transactions

Parties are considered to be related when one party has the ability to control the other party or to exercise significant influence over the other party in making financial and operational decisions. The Company's related parties and transactions with them in the first half of 2024 and 2023 were as follows:

	06/2024		30/06/2024	
	Purchases	Sales	Accounts receivable	Accounts payable
Lietuvos geležinkeliai AB	555	-	-	112
LTG Infra AB	-	29,284	5,790	-
	555	29,284	5,790	112

	06/2023		31/12/2023	
	Purchases	Sales	Accounts receivable	Accounts payable
Lietuvos geležinkeliai AB	932	-	-	-
LTG Infra AB	-	25,239	2,599	-
	932	25,239	2,599	-

Wages and other benefits for senior management

On 30 June 2024, the Company's organisational structure consists of the Director, a Deputy Director and the Chief Financial Officer.

During the first half of 2024, there were no loans or guarantees granted to the Company's executive officers, no other amounts paid or accrued, and no transfers of assets.

	30/06/2024	30/06/2023
Employment-related charges, excluding employers' social security contributions	16,074	18,022
Attributions to other related parties	-	-
Number of senior staff (the Director, the Chief Financial Officer)	2	2

16. Off-balance sheet liabilities, contingent liabilities and contingent assets

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

17. Non-monetary transactions

In the first half of 2023 and 2024, the Company did not enter into any non-cash transactions that are not reflected in the cash flow statement.

18. 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 Law No XIII-664 of the Seimas of the Republic of Lithuania of 10 October 2017. By the international agreement, it was agreed to seek to implement Rail Baltica by the end of 2025, and the Baltic joint venture RB Rail AS was appointed as the coordinator of the project. Taking into account that Rail Baltica statyba UAB is a shareholder of the joint venture RB Rail AS on the Lithuanian side, the continuity of the activities of Rail Baltica statyba UAB is currently planned for at least the period up to the completion of the Rail Baltica project.

On 2 January 2024, the Rail Baltica project management service contract No SUT(RBS)-01 was signed with LTG Infra AB, which ensures the receipt of income in 2024 and the continuity of the Company's operations (EUR 58 thousand).

The Strategic Operational Plan 2023–2025 in the areas of supervision of 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, EUR 2.3 million in 2026) to ensure the operation of the joint venture of Lithuania, Latvia, and Estonia, RB Rail AS, in the framework of the implementation of the multilateral Rail Baltica project.

In June 2023, the European Commission provided us an exceptional news, i.e. the European Commission approved the full funding requested for the implementation of the European rail network Rail Baltica in the Baltic States, allocating almost EUR 1 billion (in particular, EUR 928 million), including the share of Lithuania amounting to EUR 394 million.

The continuity and financing of the Baltic joint venture RB Rail AS is ensured through the use of targeted funding from the European Union and from the States, through short-term or long-term financing agreements.

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

19. Events after the reporting period

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