UAB Geležinkelio tiesimo centras

CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2023 (UNAUDITED), PROVIDED TOGETHER WITH INTERIM REPORT

CONTENT

ABBREVIATIONS:

LTG – AB Lietuvos geležinkeliai
LTG Group, Group of Companies – AB Lietuvos geležinkeliai and its subsidiaries
LTG Infra – AB LTG Infra
GTC, Company – UAB Geležinkelio tiesimo centras
LTSA – Lithuanian transport safety administration
EU – European Union

Annual and interim reports as well as financial statements are available publicly on the website: HTTP://WWW.GTC.LT.

INTERIM REPORT

CEO FOREWORD

Dear partners, employees, and clients,

We have completed the first half of 2023, a year marked by high uncertainty for the rail sector. Having adapted to the changed business environment, we have successfully implemented our biggest challenges, i.e., we have successfully optimized our business processes and started developing the company's strategic expansion into Poland.

Since I took over the reins of the 21-year-old company in February, the company saw changes in structure and an optimized operating model; however, we have no intention to lose focus on efficiency and maximizing the use of resources.

The first half of this year brought one of the biggest challenges in the company's history when, in April, the Public Procurement Office recognized the company as a contracting entity. To ensure continuous work and continue operating efficiently, we are currently reorganizing our supply chain process and intend to make additional investments.

We are actively seeking to expand the geography of our services. We are already providing mechanized services in Poland; however, we are looking for ways to establish ourselves as a competitive contractor in other European countries.

I would say the most important project is the repair of track I on the Vilnius-Klaipėda section of the railway line between Vievis and Žasliai. This repair is unique as the work is carried out underneath a catenary and on a dual carriageway with adjacent train traffic.

Another project important to the company and its team is the repair of the Plungė-Šateikiai interchange on the Vilnius-Klaipėda section. The 15-kilometer stretch also includes two railway stations and other engineering structures (level crossings, bridges) that affect the speed of work.

We have completed a major procurement of track and switch maintenance works, which is important for the entire national rail network. We have also won a tender to carry out contract works at Šiauliai, Kaunas, Kaišiadorys, Naujoji Vilnia, and Radviliškis railway stations. We will carry out repairs to make railway stations accessible to people with disabilities.

We continue to be transparent, flexible, and adaptable to the changing business environment as we execute and implement ongoing projects, expanding our competencies and range of activities both in Lithuania and abroad.
I am happy we have been able to attract new professionals to the company's team, experts with indispensable competencies. I hope the strengthened team will continue helping us move in the direction of a modern and optimally managed business.

JUSTAS VYŽINTAS
CEO
UAB Geležinkelio tiesimo centras

UAB Geležinkelio tiesimo centras Trikampio g. 10, LT-25112 Lentvaris, Trakai r. sav. |correspondence address: Pelesos g. 10, LT-02111 Vilnius | Tel. +370 655 37023, www.gtc.lt
Company code 181628163 | VAT identification code LT816281610

MAINDETAILS ABOUT THE COMPANY

Name	**UAB Geležinkelio tiesimo centras**
Head office address	Trikampio g. 10, Lentvaris, Trakų raj.
Correspondence address	Pelesos g. 10, 02111 Vilnius
Legal form	Private limited liability company, a private legal entity with limited civil liability
Date and place of registration	21 December 2001, Register of Legal Entities
Company code	181628163
Telephone	+370 655 37023
E-mail:	info@gtc.lt
Website	www.gtc.lt
Main activity	Construction and repair of railway track infrastructure
CEO of the Company	Justas Vyžintas
Shareholders	100% of shares are owned by AB Lietuvos Geležinkeliai

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

SUBSIDIARIES, ASSOCIATES AND SUCCESSIVE UNDERTAKINGS OF THE COMPANY

UAB Geležinkelio tiesimo centras has no subsidiaries

COMPANY BRANCHES, REPRESENTATIVE OFFICES ABROAD

During the reporting period, the Company did not have established branches or representative offices.

THE COMPANY'S ACTIVITY MODEL

The Company's registered office is located at Trikampio g. 10, Lentvaris, Trakai district. The Company has two production bases in strategic locations: in Lentvaris and Šilėnai (Šiauliai district). The company has implemented and operates an Integrated Quality, Environmental and Occupational Health and Safety Management System in accordance with the international ISO 9001, ISO 14001 and ISO 45001 management standards.

COMPANY'S ACTIVITY

Currently, the Company specialises in the fields of construction of railway tracks, repair, technical maintenance of tracks and structures, repair of other engineering structures, reconstruction and construction. As well as in sectors of lease of machinery and plant, installation of transport infrastructure engineering systems as well as design and consulting.
The principal activity of UAB Geležinkelio Tiesimo Centras is focused on construction and maintenance of railway infrastructure.
The key segments of GTC principal activities:
- Construction and repair of railway tracks.
- Maintenance of railway tracks and structures.
- Construction, reconstruction and repair of other structures.
- Lease of plant and machinery.
- Installation of transport infrastructure engineering systems.
- Consulting.

MARKET

LITHUANIAN MARKET. GTC competes in the Lithuanian civil engineering construction sector, which includes construction and maintenance of railway infrastructure. The Lithuanian market is consisted of public infrastructure which is controlled by AB LTG Infra and private infrastructure. The public infrastructure covers a significant proportion of market; yet, the Company focuses both on public and private infrastructure markets as well as competition of the Company in all markets.

FOREIGN MARKET. A modern machinery and plant park, qualified personnel, successful implementation of infrastructure projects, and valuable experience provide for a unique possibility to the Company to take advantage of the experience internationally and to expand the Company's activities geographically through proposal of services in the neighboring market. Currently company are running plant and machinery hire in Poland.

CLIENTS AND THEIR MAIN GROUPS

The Company's services are used by public railway infrastructure managers, large, medium and small companies, which have their own railway sidings, loading bars and use vehicles. Also potential GTC clients in the markets are contracting and subcontracting companies.

REGULATORY ENVIRONMENT

The conditions of railway transport activities, requirements for railway transport employees and relations arising from the carriage of passengers, luggage and/or freight by rail in the Republic of Lithuania are laid down in the Railway Transport Code of the Republic of Lithuania, the provisions of which have been aligned with the legislation of the European Union. Article 7 of this Code states that the public administration of railway transport is carried out by the Government of the Republic of Lithuania, the Ministry of Transport and Communications and the Lithuanian Transport Safety Administration. These authorities formulate the rail transport strategy, coordinate its implementation, carry out the functions laid down in other legislation, and, in accordance with their competences, issue legislation on rail transport issues and, either directly or through authorised bodies, monitor the implementation of this legislation. The main legislation governing the Company is the Civil Code, the Construction Law and the Technical Building Regulations.

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MANAGEMENT OF THE COMPANY

INFORMATION ON SHARES AS OF 30 JUNE 2023

Amount of authorized capital, EUR	Number of shares, units	Par value per share, EUR
30,897	109,748	281.53

The Company is a part of the AB Lietuvos Geležinkeliai Group, whose sole shareholder is the parent company AB Lietuvos Geležinkeliai. The shareholder of AB Lietuvos Geležinkeliai is the State which is controlling 100% of shares and the shareholder's rights and obligations are implemented by the Ministry of Transport and Communications of LoR

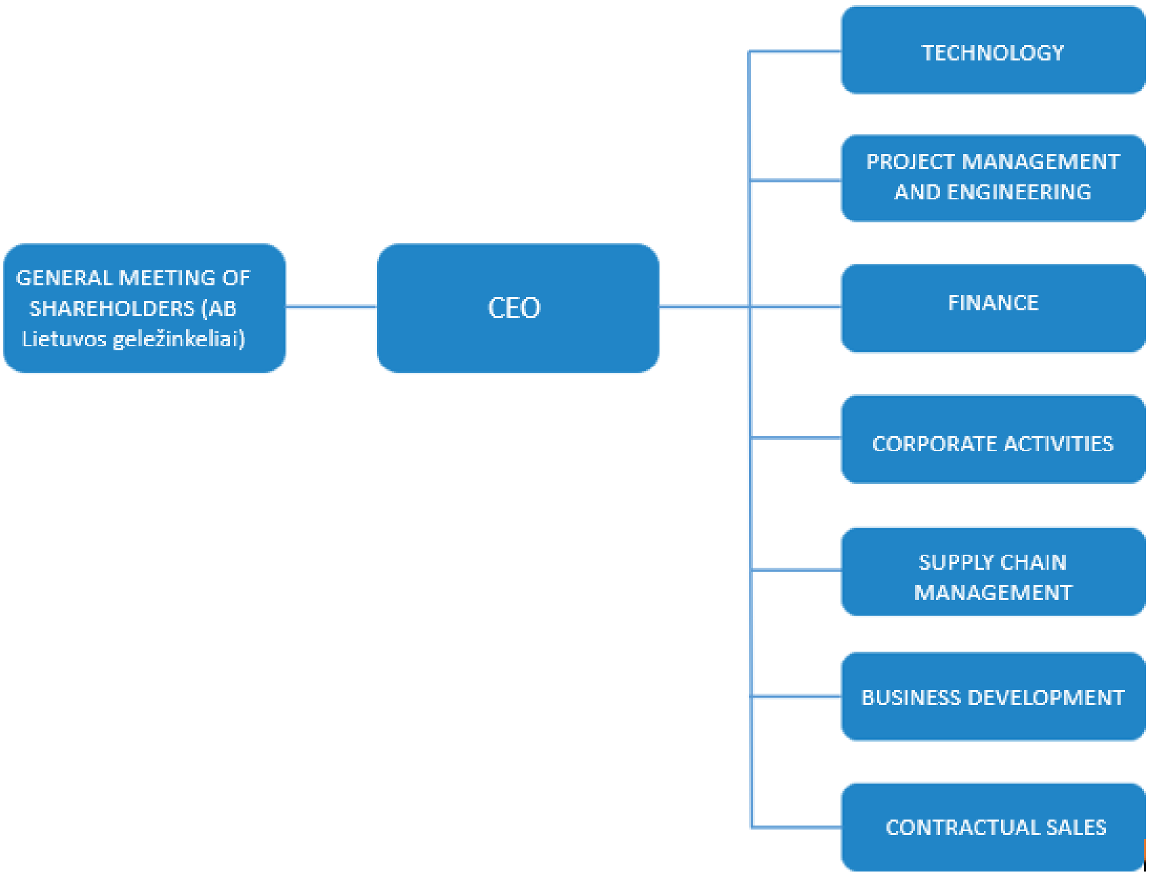
All the shares are of the same class, i.e. ordinary registered shares. The shares are intangible, they are recorded in Personal Securities Accounts in accordance with the procedures established by legislation. .

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

CORPORATE GOVERNANCE AND ORGANIZATIONAL STRUCTURE

In seeking for the AB Lietuvos Geležinkeliai Group companies' long-term growth in value, rational and effective utilisation of funds, assets and other resources as well as fulfilment of the shareholder's expectations and interests, the operating model of the Group is oriented towards purification of principal activities and their refocusing in subsidiaries and companies of subsequent levels. Being part of AB Lietuvos Geležinkeliai companies Group, GTC is responsible for implementation of principal activities and achievement of the set operating goals. In order to implement the raised goals and ensure appropriate management, in its activities GTC is independent, it makes relevant decisions and ensures reporting and responsibility for operating results.

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



THE COMPANY'S ARTICLES OF ASSOCIATION

The Company's Articles of Association is the principal document the Company follows in its activities. Articles of Association of GTC are amended by the decision of the sole shareholder AB Lietuvos Geležinkeliai.

During the reporting period, the Articles of Association of GTC were not amended.

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

The Articles of Association of GTC are available in the Company's website at https://gtc.lt/w/bendroves-valdymas/.

GOVERNING BODIES OF THE COMPANY

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

- General Meeting of Shareholders
- The Chief Executive Officer (the Director General).

The General Meeting of Shareholders is the supreme governing body of the Company. The competence of the General Meeting of Shareholders, the procedure of its convening as well as resolution-passing is established by the Law on Companies as well as in the Articles of Association of the Company published on the website https://gtc.lt/w/bendroves-valdymas/.
The sole shareholder of GTC 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 property and non-property rights of the shareholder were not restricted, the shareholder was not granted special rights.
In accordance with the Company's Articles of Association, an additional competency of the General Meeting of Shareholders is to approve the decisions of the GTC's CEO regarding the following:
• the Company's non-current assets at a price equal to or exceeding EUR 300,000:
- investment into the Company's group companies or third parties, transfer or lease of these assets.
- pledge or mortgage.
- suretyship of or guaranteeing the fulfillment of obligations of other persons.
- acquisition of non-current assets.
- conclusion of other transactions.
• the Company's participation in or establishment of other legal entities.
• establishment of the Company's branches or representative offices and approval of their provisions.
• the Company's decision to start a new type of activity or to terminate the Company's activity, if the relevant decision has not been made when approving the Company's strategy.
• in other cases, set out under the Company's Articles of Association.

Most important decisions adopted by the General Meeting of Shareholders during reporting period:

13/01/2023 No. 97-A-2/23 on the approval of the operational plan and budget for 2023;
23/03/2023 No. 97-A-16/23 on the approval of financial statements;
23/03/2023 No. 97-A-17/23 on the approval of the GTC and GTC CEO's objectives for 2023;
04/04/2023 No 97-A-25/23 on the achievement of objectives;
04/04/2023 No 97-A-26/23 on the sale of fixed assets;
07/04/2023 No 97-A-28/23 on long-term strategy;
18/04/2023 No 97-A-29/23 on management services contract;
03/05/2023 No 97-A-30/23 on registering as a taxpayer in Poland;
05/03/2023 No 97-A-33/23 on the sale of fixed assets.

Chief Executive Officer (Head of the Company) is the sole executive body who is responsible for organisation of day-to-day business of the company and manages it. The competence areas of the CEO are defined in the Law on Companies of the Republic of Lithuania and the Articles of Association of the Company available at https://gtc.lt/w/bendroves-valdymas/. The CEO is elected for a term of 5 years by the General Meeting of Shareholders that he is accountable to. The same person may be elected as a Chief Executive Officer no more than for two consecutive office terms. As of 20 February 2023, the position of the Chief Executive Office of GTC is held by Justas Vyžintas.

Justas Vyžintas has extensive experience in the areas of operational management and risk management of large-scale infrastructure projects. Before becoming the CEO, Justas Vyžintas held the position of Finance Director and Administration Director in the company Kauno Keliai, was a Board Member there. In 2010 Justas Vyžintas was awarded an international master's degree of management (the topic of his thesis was: "Analysis of Strategy Development within European Airlines").

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MANAGEMENT OF THE COMPANY, AND ITS CHANGES

JUSTAS VYŽINTAS	CEO	Holds office from 20 February 2023
VILIUS MITKEVIČIUS	CEO	Held office from 3 January 2023 until 19 February 2023
VYTUTAS ŽIRGUTIS	CEO	Held office from 5 April 2022 until 2 January 2023
JUSTAS ŽAKAITIS	Technical Director	Holds office from 7 June 2023
GIEDRIUS ŠIUGŽDA	Head of Project Management and Engineering	Holds office from 14 April 2022
EDGARAS KATELOVIČIUS	Head of Finance	Holds office from 24 May 2021
VILMA NOVIKIENĖ	Head of Corporate Affairs	Held office from 24 May 2021 until 17 March 2023 Temporarily vacant position
DAINIUS SUPRIKAS	Head of Supply Chain Management	Holds office from 27 March 2023
ERIKAS STANKEVIČIUS	Head of Business Development	Holds office from 20 March 2023
	Head of Contract Sales	Temporarily vacant position

At the end of the reporting period, the Company's Chief Executive Officer and the Company's senior executives have filed declarations of private interests, which can be found on the website of the Chief Official Ethics Commission at http://www.vtek.lt. There were no conflicts of interest between the CEO and the Company's executives during the reporting period.

INFORMATION ON THE REMUNERATION OF THE COMPANY'S CEO

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

1. Basic monthly salary. During the 1st half of 2023,new the Company's CEO was apointed. The monthly basic salary of the Company's part-time (0.1) CEO until 02/01/2023 was EUR 660, or EUR 6,600 in full-time equivalent. The monthly basic salary of the CEO of the Company appointed for the selection period from 03/01/2023 was EUR 6,330. The monthly basic salary of the new CEO of the Company, who took office on 20/02/2023, was EUR 7,000. The basic salary of the Company's CEO increased by 6% during the reporting period from EUR 6,600 (in full time equivalent terms) to EUR 7,000.
2. Part of the annual incentive. In addition to the basic salary, the CEO of the Company may be paid a variable part of the annual salary (annual incentive), which is directly linked to the achievement of the annual targets and depends on the actual achievement of the set annual targets. Each year, the General Meeting of Shareholders approves the structure of the Company's annual objectives, the achievement thresholds and the benchmarks, and at the end of the year, approves the results of the achievement of these objectives and the possibility of paying an annual incentive.

The maximum annual incentive opportunity may not exceed 30% of the established annual basic salary. The maximum monthly incentive, i.e. 1/12th of the annual incentive, may not exceed EUR 2,100. In 2023, the monthly portion (1/12) of the annual incentive paid to the CEO of the Company for the achievement of the 2022 targets amounted to EUR 1,142.

STRATEGY

The LTG Group, together with GTC, plans its activities not only in the short term but also in the long term. The long-term strategy is reviewed and updated annually as the external and internal environment continues to change.

In view of the complex geopolitical situation, at the time of the issuance of these statements, as a result of the military actions of the Russian Federation on the territory of Ukraine, a review of the GTC's long-term strategy approved on 2 December 2021 has been initiated, which includes a review of the existing strategic objectives and priorities, investment directions, funding needs and sources, as well as the introduction of ad-hoc measures to address the situation and the risks arising from it. Therefore, in April 2023, the long-term strategy of UAB Geležinkelio Tiesimo Centras until 2027 was updated and approved.

MISSION, VISION AND STRATEGIC DIRECTIONS

MISSION. We connect people and businesses for a more sustainable future.

VISION. To be the backbone of the transport system.

STRATEGIC DIRECTIONS:

1. A modern railway infrastructure construction partner – continuous search for new external clients to expand activities.
2. Operational efficiency – investment in modernisation of the technical fleet, improvement of the project management tool, development of new tools (BIM – digitisation of data), etc., with a strong focus on more efficient use/management of assets, technical fleet and increasing productivity of employees.
3. Business development, diversification of activities – efforts made to expand at international level: Rail Baltica (Latvia, Estonia), business development in Poland. Another strategic direction electrification, i.e. development of electrification work related to construction and renewal of the contact network in Lithuania.
4. Green Deal – GTC follows the guidelines of the LTG Sustainability Policy and focuses its activities on reducing energy consumption and investing in improving the environmental situation.
5. Total safety – GTC aims to create a safe and transparent work environment which helps to prevent potential incidents. Employee safety culture is constantly improved, investments are made into employee safety trainings, management trainings and constant improvement of internal processes.
6. Strong organisational culture – GTC aims to increase employee engagement by strengthening the company's mission and purpose, reviewing and establishing values, the principles of diversity and leadership of the highest level. Another important part is guaranteeing future competences with the aim to attract and (or) develop talents for our main competences by creating the image of the best employer in a highly competitive and aging local and international environment of labor markets.

STRATEGIC PROJECTS PLANNED UP TO 2040:

- Electrification – the development of electrification works related to the construction and renewal of the contact network in Lithuania.
- GTC Polska – development of railway track and civil engineering activities in Poland
- GTC Latvia, Estonia – Rail Baltica construction in Latvia and Estonia

MAJOR PROJECTS IN THE 1ST HALF OF 2023:

- Leasing railway construction equipment in Poland.
- Measures to improve the efficiency of the technical fleet (modernization, new tools).

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MEASURES TO IMPLEMENT THE STRATEGY

ANNUAL TARGETS FOR 2023

At the beginning of 2023, the GTC Committee approved the **GTC'S ANNUAL TARGETS**, the indicators that measure them and the target values linked to the implementation of the LTG strategy for 2027. Given GTC's ambition and strategic objectives, the annual targets are designed to help ensure the creation of value as a modern partner in the construction of railway infrastructure for the integration into the Western markets, increased operational efficiency, operational development and a strong commitment to overall safety. Based on the approved annual targets, GTC employees are assigned personal objectives. This engages GTC employees in a structured and coherent process for the implementation of the LTG Group's strategy, linking the achievement of objectives to employee's career, development and incentive plans.

Key objectives	Indicators for measuring achievement of the objectives	Goals and objectives	Weight, %
A modern partner for railway infrastructure construction	Share of successful tenders in Lithuania		*15.0*
Value creation through integration into Western markets	EBITDA margin		*20.0*
Efficiency of operations	Return on assets (ROA)		*15.0*
	GTC's operating cost/income ratio	*Declining cost levels to remain competitive and flexible*	*20.0*
Business expansion	GTC's share of revenue from external customers	*Expanding the business westwards for revenue growth and diversification*	*15.0*
Comprehensive safety	Time lost due to injury rate	*The Group's future goal is 0 (zero) incidents, i.e. a safe railway traffic and working environment, minimize negative impacts of operations on the environment and climate change, and protection of the LTG Group's business and assets*	*15.0*

MOST SIGNIFICANT EVENTS IN EVENTS FOR THE 1ST HALF OF 2023

JANUARY

- On 1 January 2023, a four-year collective agreement was concluded for the group of companies in the sector.
- GTC has won the tender "Barrier-free route adaptation for people with disabilities" of AB Lietuvos geležinkeliai for a simple repair contract worth EUR 198 thousand.

FEBRUARY

- Justas Vyžintas, CEO of UAB Geležinkelio tiesimo centras, has been newly appointed for a five-year term of office.

MARCH

- There were no major events in March and the company carried out business as usual.

APRIL

- On 20 April, the Public Procurement Office adopted a decision concluding that GTC meets the definition of a contracting entity.
- GTC has won two lots out of four in LTG's EUR 2.5 million contract for track and switch maintenance works in Vilnius, Kaunas, Šiauliai and Klaipėda regions.
- GTC has won five LTG contracts for simple repairs of the territory of railway stations in Kaunas, Lentvaris, Kaišiadorys, Šiauliai and Naujoji Vilnia, with a total value of EUR 0.6 million.

MAY

- On 22/05/2023 UAB Geležinkelio tiesimo centras appealed the decision of the Public Procurement Office to the Vilnius Regional Administrative Court
- GTC has won the project for the simple repair of the Plungė – Šateikiai I track, worth EUR 4.55 million.
- GTC has won the project for the simple repair of the Vievis – Žasliai I track, worth EUR 6.4 million.

JUNE

- The court decision granted measures to enforce claims: The Public Procurement Office's decision to declare UAB Geležinkelio tiesimo centras a contracting entity is suspended for three months from 26/06/2023. The case against the contested decision is still pending.
- GTC has won a track maintenance contract in Vilnius and Kaunas regions worth EUR 1.7 million.

EVENTS AFTER THE END OF THE REPORTING PERIOD

JULY

- The structure of the company has changed: Supply chain management unit moved to Corporate Affairs, Dainius Suprikas became Head of Corporate Operations
- Nerijus Žėkas, Head of Project Management and Engineering, joined the GTC team.

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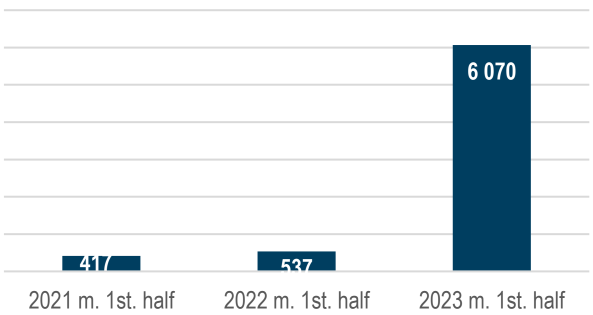
AN OVERVIEW OF KEY PERFORMANCE INDICATORS

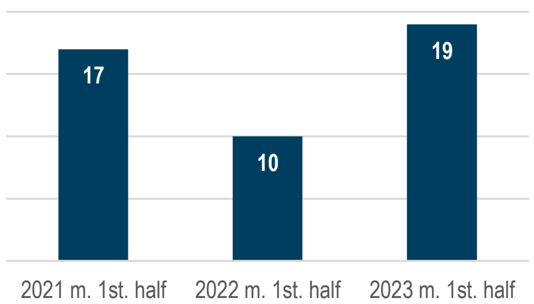
AN OVERVIEW OF KEY PERFORMANCE INDICATORS

Indicators	Measuring units	2021 1st half	2022 1st half	2023 1st half	2023/2022 Δ, %
Assembly / reassembly of railway track	km	51	1	1	0%
Dismantling of railway tracks	km	14	1	1	0%
Dismantling of a railway track in individual components	km	11	1	0	-100%
Construction of railway tracks	km	25	1	1	0%
Ballasting	1,000m3	28	1	16	1,500%
Replacement of inventory/existing rails with long rails	km	31	2	30	1,400%
Chip management	km	18	0	15	N/A
Road repair	km	40	1	40	3,900%
Installation of switches	set	2	1	14	1,300%
Repair of switches	set	17	10	19	90%
Replacement of rails (up to length of 25 km)	100 units	4	0	5	N/A
Replacement of railway ties	1,000 units	3	0	7	N/A
Rail welding	100 units	5	3	2	-33%
Replacement of clips	1,000 units	10	0	35	N/A
Working hours of leased machinery	hours	684	851	314	-64%
Leased wagons	(in days)	417	537	6,070	1,030%

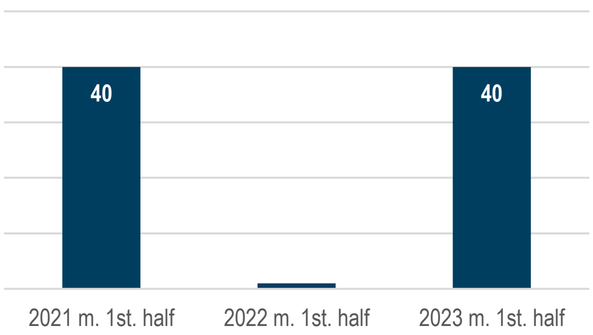
Leased wagons (in days)



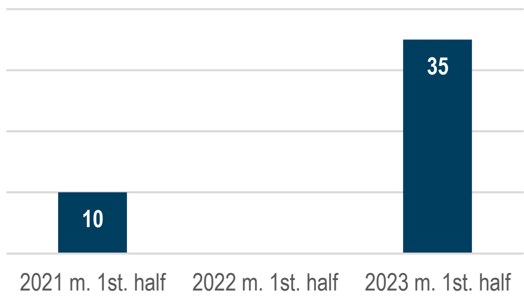
Repair of switches (set.)



Road repair (km.)



Replacement of clips (1000 units)



ANALYSIS OF FINANCIAL AND OPERATIONAL RESULTS

OPERATING RESULTS

SALES REVENUE

Dynamics of GTC's sales revenue in the 1st half of 2021 – 1st half of 2023, in thousands EUR

Type of revenue	1st half of 2021	1st half of 2022	1st half of 2023
Railway construction and repair	6,384	1,417	7,550
Maintenance of railway tracks and structures	310	282	1,255
Repair, reconstruction and construction of other engineering structures	293	3,724	654
Lease of machinery and equipment	341	466	330
Construction and repair of signaling, automation and electrification	0	0	62
Design works	215	131	0
Other work (snow clearance, sales of short-term assets, etc.)	271	147	169
Total:	**7,815**	**6,167**	**10,020**

GTC revenue in the 1st half of 2023 amounted to EUR 10,020 thousand an increase of EUR 3,853 thousand or 62.5%, compared to the 1st half of 2022 due to increase of rail construction and repair works.

1st half of the year 2023 The company provided more services from railway construction and repair. This segment accounted for 75.3% of total sales revenue.

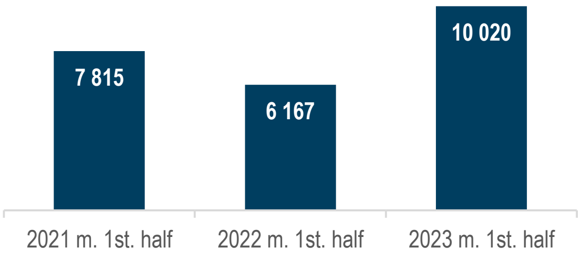
Portion of the revenue from maintenance of railway tracks and structures accounted for 12.5% in the 1st half of 2023. The revenue of this segment in reporting period was EUR 973 thousand or 345.0% higher compared to the 1st half of 2022, as we had no contracts in the previous reporting period and no works were in progress.

Repair, reconstruction and construction of other engineering structures amount – in reporting period was EUR 3,070 thousand or 82.4% lower compared to the 1st half of 2022 due to the intensive construction of noise barrier in Kretinga and Klaipėda also the Lithuania–Belarus concertina razor wire border barrier project.

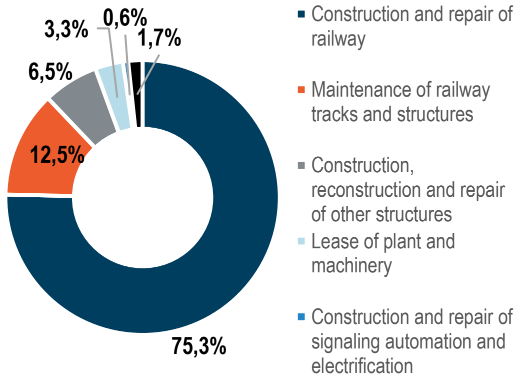
During the period, the Company also provided additional services such as lease of plant and machinery services.

In the 1st half of 2023, the company's activities were carried out in Lithuania and in Poland. Most of the works – 90.6% – were carried out under public procurement by the public infrastructure manager and its subsidiary managers. The Company's fleet of equipment and competences provide all the preconditions to increase sales volumes from other clients not only in Lithuania but also abroad.

Company's revenue, thousand EUR



Revenue structure in the 1st half of 2023, %



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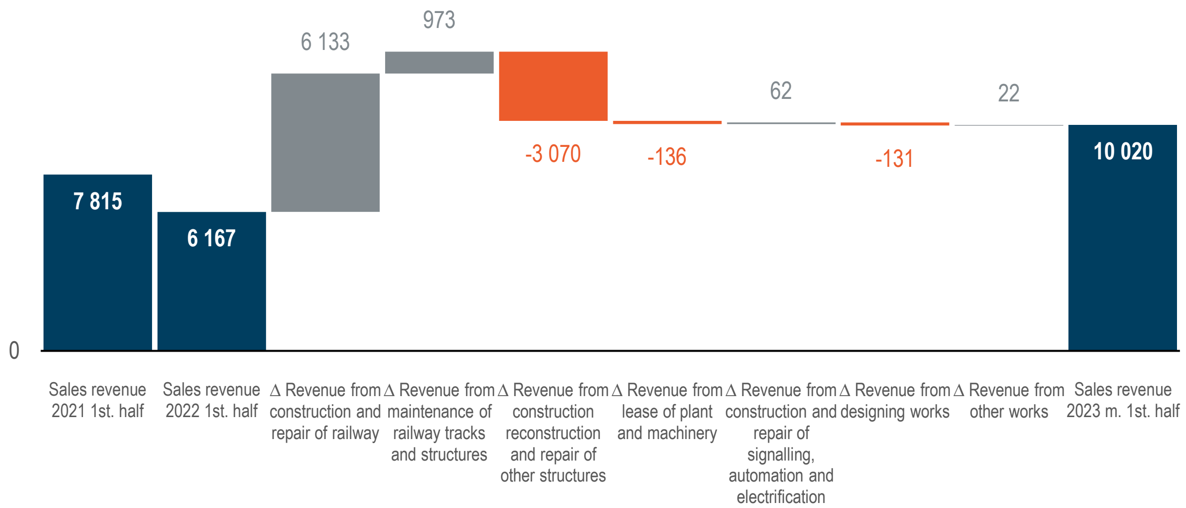
Change in the Company's sales ravenue, tūkst. Eur



Costs

Changes in work volumes have also had a direct impact on costs, which is why in the 1st half of 2023 the Company observed a reallocation of costs in addition to sales revenues.

1st half of the year 2023 GTC's operating costs amounted to EUR 10,520 thousand, a decrease of EUR 62 thousand compared to the 1st half of 2022. The cost reduction is directly linked to the reduction in the cost of project materials.

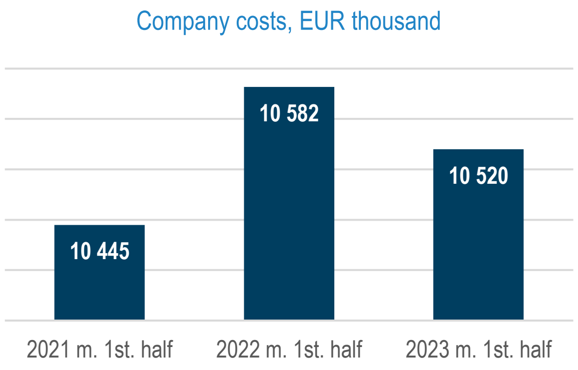
1st half of 2022 – 1st half of 2023 Cost structure of GTC, thousand EUR

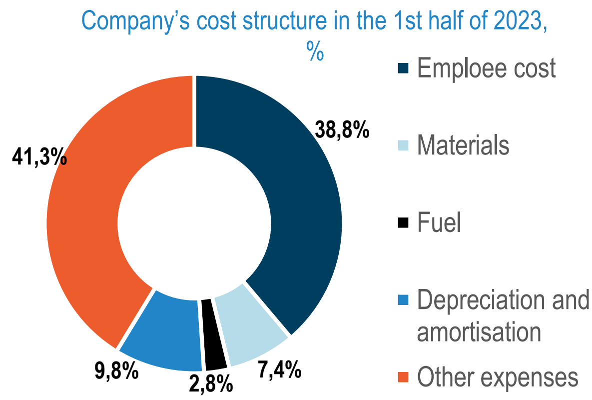
Type of cost	1st half of 2021	1st half of 2022	1st half of 2023
Salary and related costs	3,997	3,980	4,084
Materials	1,314	1,344	777
Fuel	216	305	290
Depreciations, amortisation	1,277	1,141	1,026
Other costs	3,641	3,812	4,343
Total:	**10,445**	**10,582**	**10,520**

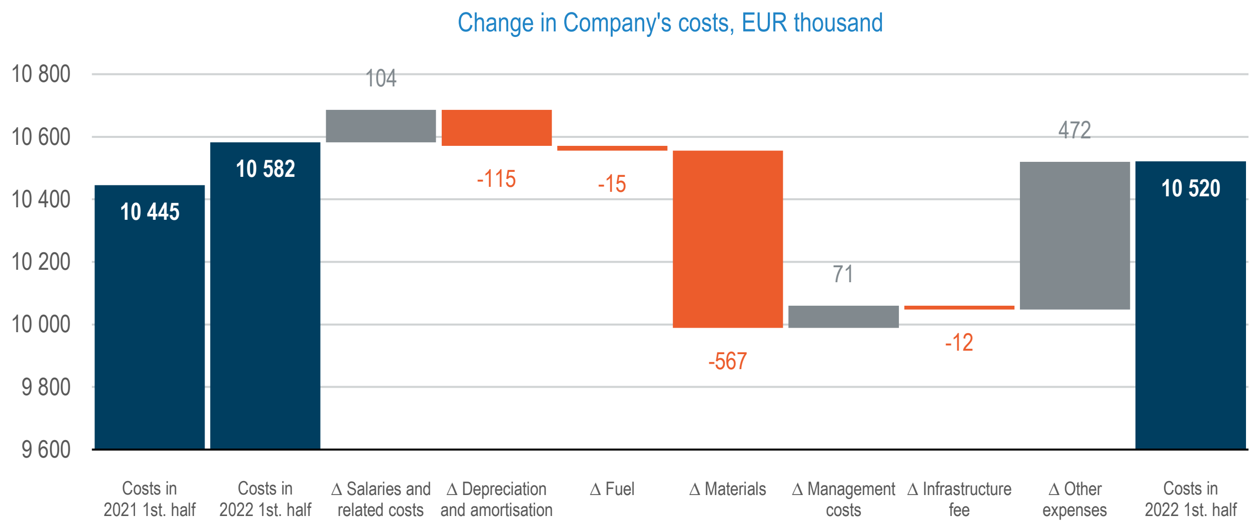
The largest share of the Company's operating costs – 38.8% – in the 1st half of 2023 was accounted for by salaries and related costs. Salaries and related costs are EUR 104 thousand or 2.6% higher due to the increase in salaries, with lower impact in costs due to the reduction in the number of employees.

In the 1st half of 2023, materials accounted for 7.4% of the total costs incurred by the Company. These costs are EUR 567 thousand or 42.2% lower compared to the 1st half of 2022, due to the intensive noise barrier projects in Kretinga and Klaipėda last year.

Other costs include production costs such as freight, locomotives and maintenance teams, special vehicles, sub-contracting, leasing other assets and other costs, which are proportional to the volume of work.







PERFORMANCE RESULTS

GTC's EBITDA (earnings before interest, tax, financial result, depreciation and amortisation) for the 1st half of 2023 amounted to EUR 598 thousand, which is EUR 3,803 thousand or 118.7% higher than in the 1st half of 2022. 1st half of the year.

Revenue of GTC amounted to EUR 10,093 thousand, an increase of EUR 3,856 thousand compared to the 1st half of 2022. The increase in revenue is mainly due to the deferral of capital works last year and the intensification of railway construction and repair works this year.

Costs of operating and other activities incurred in the 1st half of 2023 amounted to EUR 10,520 thousand. Compared to the 1st half of 2022, costs decreased by EUR 62 thousand or 0.6%. The bulk of the costs in the 1st half of 2023 were salaries (38.8%), other costs (41.3%) and materials (7.4%).

The main reasons for GTC's improved performance in the 1st half of 2023 are as follows:

- intensive railway construction and repair work
- Operational efficiency measures

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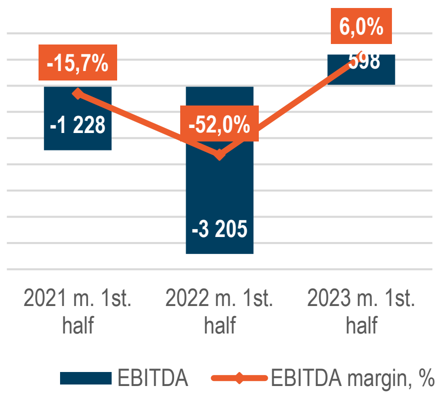
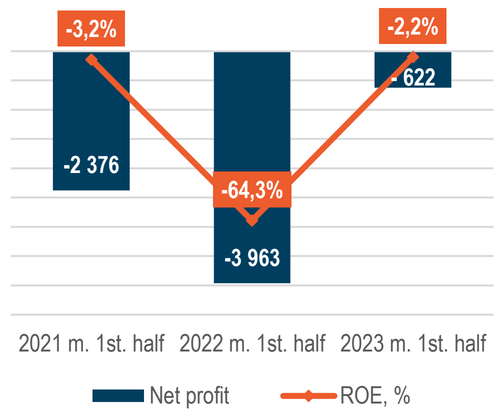
EBITDA of the Company, EUR thousand



Net profit of the Company, EUR thousand



BALANCE SHEET CHANGES

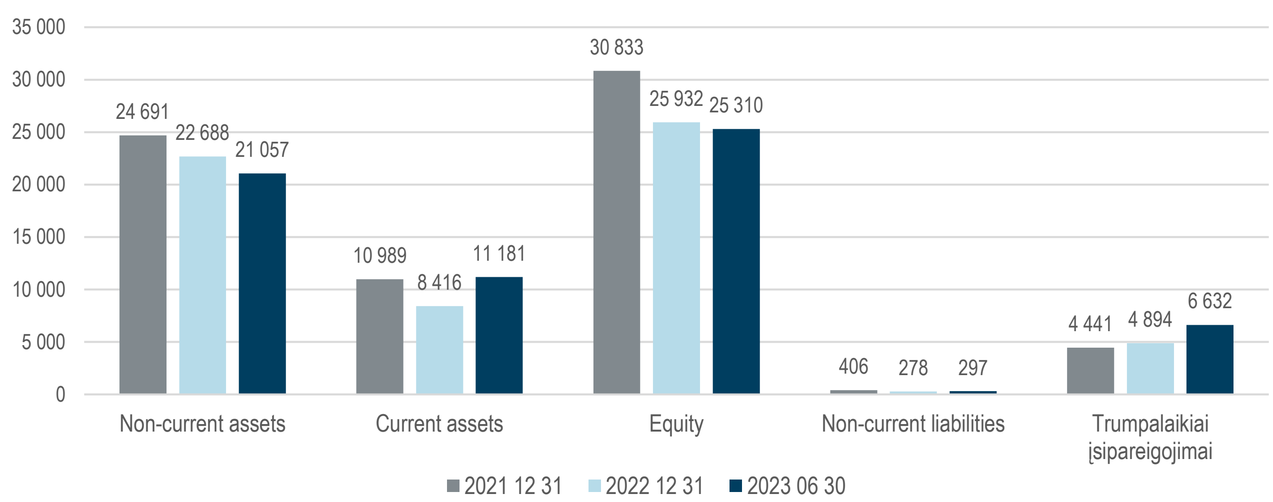
During the reporting period, the value of the Company's assets increased by EUR 1,134 thousand, from EUR 31,104 thousand at the end of 2022 to EUR 32,238 thousand at the end of the analyzed period. GTC's fixed assets accounted for 65.3% of its total asset structure. The value of fixed assets decreased by EUR 1,631 thousand, from EUR 22,688 thousand at the end of 2022 to EUR 21,057 thousand at the end of the analysed period, due to the sale of unused fixed assets.

In the 1st half of 2023, GTC's current assets accounted for 34.7% of total assets. Effective planning not only allows to maintain optimal stock levels in the warehouse, but also to reduce the costs associated with additional orders or the storage of surplus stock.

1st half of the year 2023 The Company's capital was EUR 25,310 thousand, a decrease of 2.4% compared to 2022 respectively.

1st half of the year 2023 GTC's current liabilities increase by 35.5% compared to 2022 due to increased debts with related companies

Changes in main balance sheet items, EUR thousand



KEY FINANCIAL INDICATORS*

	Measuring units	2021 1st half of the year	1st half of 2022	2023 1st half of the year
Sales revenue	thousand EUR	7,815	6,167	10,020
Other income	thousand EUR	125	69	73
Total income	thousand EUR	7,940	6,236	10,093
Costs	thousand EUR	10,445	10,582	10,520
EBITDA	thousand EUR	-1,228	-3,205	598
EBITDA margin	%	-15.7	-52.0	6.0
EBIT	thousand EUR	-2,503	-4,346	-428
EBIT margin	%	-32.0	-70.5	-4.3
Net profit	thousand EUR	-2,376	-3,963	-622
Net profit margin	%	-30.4	-64.3	-6.2
		31/12/2021	31/12/2022	30/06/2023
Non-current assets	thousand EUR	24,691	22,688	21,057
Current assets	thousand EUR	10,989	8,416	11,181
Total assets	thousand EUR	35,680	31,104	32,238
Equity	thousand EUR	30,833	25,932	25,310
Financial debt	thousand EUR	423	442	297
Net debt	thousand EUR	412	380	132
Return on equity (ROE)	%	1.2	-17.3	-2.2
Return on assets (ROA)	%	0.9	-14.7	-1.8
Return on investments (ROI)	%	1.2	-17.1	-2.2
Financial liability / EBITDA	by times	0.1	-0.2	0.5
Financial debt / Equity (D/E)	%	1.4	1.7	1.2
Debt/EBITDA	by times	0.1	-0.2	0.2
Equity ratio	%	86	83	79
Asset turnover ratio	by times	0.9	0.6	0.3
Immediate liquidity ratio	by times	2.0	1.3	1.3
Total liquidity ratio	by times	2.5	1.7	1.7

* definitions of the indicators are given on page 24 of the statement.

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Financing of the Company

The Company had no debt obligations to credit institutions as of 30 June 2023.

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

Dividend policy

The payment of dividends and the amount of profit contributions in state-owned enterprises is regulated by the Resolution of the Government of the Republic of Lithuania No. 665 of 6 June 2012 "On the Approval of the Procedure for the Implementation of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises" (as subsequently amended) (LINK).

The allocation and payment of dividends by Group companies is governed by the LTG Group's Dividend Policy, which has been prepared in accordance with the provisions of the Decree of the Lithuanian Government.

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, and other conditions and circumstances set out in the Dividend Policy. The dividend payout ratio, calculated on retained earnings, depends on the return on equity (ROE) at the end of the reporting period:

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

The General Meeting of Shareholders may propose to determine a higher share of the profit to be paid out as dividends, taking into account the execution of the financial plans, significant financial indicators (net profit, EBITDA, financial debt to EBITDA ratio, financial debt to equity ratio) at the end of the reporting period, provided that such a higher payout would not have a negative impact on the implementation of the Company's long term strategy.

The General Meeting of Shareholders may propose that the proportion of profits available for the payment of dividends be reduced or not paid at all if at least one of the following conditions is met:

- the Company made a net loss for the period under review;
- the Company's indicators as monitored by institutional creditors at the end of the reporting period for which the dividends are proposed would not be in line with contractual values or the level of the indicators would have a negative impact on the credit rating;
- a project of particular importance affecting the LTG Group's long-term strategy;
- the Company's equity after payment of the dividend would be less than the amount of the LTG Group company's share capital, statutory reserve, revaluation reserve and reserve for the acquisition of own shares;
- the Company is insolvent, or would become insolvent if dividends were paid.

UAB Geležinkelio tiesimo centras has not paid dividends for the last three years.

INVESTMENT

Investments in tangible and intangible fixed assets in the 1st half of 2023 amounted to EUR 168 thousand. All investments (100%) were financed from the Company's own resources.

Investments, EUR thousand	1st half of 2021	1st half of 2022	1st half of 2023
Software	-	-	-
Machinery and equipment	195	201	136
Equipment, appliances, tools and other	227	23	32
Total	**422**	**224**	**168**

Key investment projects to be carried out in the 1st half of 2023:

Low-value acquisitions of tools and appliances during the reporting period

In the 1st half of 2023, technical repairs are also in progress.

EMPLOYEES

Focusing on employees and developing an organisational culture is one of the strategic orientations. Particular attention is paid to ensuring the well-being and functional competences of employees, as well as to developing human capital and encouraging employee engagement in operational activities. The aim is to develop an effective social dialogue with workers and to create more comfortable working conditions by introducing advanced technological solutions and providing workers with the necessary tools and benefits. Leadership of staff and managers is promoted. Educational initiatives are carried out with social and educational partners. A high performance organizational culture is created and maintained, with the aim of building shared values and open feedback into employees' day-to-day behaviour, increasing employee engagement and loyalty, and fostering integrity and respect for people.

In February, the results of the extended survey on factors influencing organizational culture, "Voice of Employees", were summarized for the fourth consecutive year. This time we had a record participation with 89% of LTG Group employees expressing their opinion. Based on the results of the survey, individual, activity-specific priorities for the development of the organization's culture are identified.

In 2023, the lecture series on mental and physical health, self-knowledge and self-awareness will continue. In May, employees were invited to a diversity charter event and a lecture dedicated to diversity and inclusion in the organization – which is important to create a safe and respectful working environment.

In order to ensure the knowledge of current students and potential employees about the railways and the Group, the cooperation with Lithuanian educational institutions continues to be strengthened by signing cooperation agreements with Vilnius Gediminas Technical University (VILNIUS TECH), Kaunas University of Technology, Kaunas Technical College, Vilnius College of Technology and Design, and the Engineering Lyceum of VGTU, in order to collaborate in the preparation and implementation of research projects and to achieve a closer interaction of studies and internship. LTG Group specialists will share their years of experience and knowledge in the field of railway transport engineering and technology in this sector, while students and schoolchildren will be introduced to the perspectives of engineering specialties and railway engineering, business and scientific innovations.

An annual review of basic salaries has been implemented as of 1 April 2023, linked to clear and objective criteria – a comparison of current personnel remuneration with the market, the Company's financial performance and the budget available for the review, and an assessment of each employee's annual performance. The total budget for the spring 2023 basic salary review in the LTG Group amounted to around 6.5%.

In addition to the basic salary, staff receive free accident insurance and supplementary voluntary health insurance, which covers outpatient and inpatient treatment and diagnostics in private institutions, preventive health check-ups and vaccinations, as well as prescription drugs and medical care products. In addition, staff can choose dental, rehabilitation or optician services. In the renewed sectoral collective agreement, agreed with the social partners, one-off payments for the birth of an employee's child or the death of a close family member will increase by 50% from EUR 200 to 300 after tax from 2023. The employee benefits package also includes disaster relief, loyalty payments for employees who leave the organization at retirement age, additional holidays and other benefits provided for in the LTG Group's branch collective agreement and the Remuneration Methodology. In addition, all Group employees travel free of charge by train in Lithuania.

After the end of the financial year and following an assessment of the Company's performance, an annual incentive was awarded to employees. This incentive is an employer-initiated fund to encourage good performance and positive results of the Company's activities, as referred to in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, and is granted on the basis of Article 142(1)(2) of the Labour Code of the Republic of Lithuania. The incentive is also future-oriented as a motivational tool for employees, and individual annual incentive opportunities are linked to corporate levels of position and to each employee's annual performance assessment. The decision to establish an annual incentive fund was taken by the Company's Board of Directors after a detailed assessment of all the circumstances. As part of the distribution of the annual incentive fund for performance in 2022, EUR 1.8 million was paid to the Company's employees in June 2023.

The number of GTC employees as of 30 June 2023 was 280 (the number of employees is based only on active (not on absent for long periods) employees). Compared to 31 December 2022, the Company's number of employees has decreased by 11 employees or 4%. The change in the number of employees is due to changes in the volume of activities and efficiency measures.

The average monthly salary has changed from EUR 1,947 to EUR 2,052 compared to 2022. The main contributors to the increase in average salaries were the salary review and a reduction in the number of the lowest-skilled employees as a result of efficiency measures.

In June 2023, in line with other LTG Group companies, the Company's employees were paid an annual incentive amount of EUR 0.21 million for their performance.

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NUMBER OF EMPLOYEES AND AVERAGE SALARY IN THE COMPANY

Function groups	31/12/2021		31/12/2022		30/06/2023					
	Actual number of employees at the end of the period	Average salary, EUR	Actual number of employees at the end of the period	Average salary, EUR	Actual number of employees at the end of the period			Average salary, EUR		
					Total	Women	Men	Total	Women	Men
CEO*	1	7,100	1	6,600	1	0	1	7,000	-	7,000
Top-level managers*	1	4,900	3	5,468	2	0	2	5,038	-	5,038
Higher-level managers and specialists in exceptional fields*	5	4,465	3	4,482	2	0	2	4,845	-	4,845
Mid-level managers and experts in individual fields	24	3,240	20	3,553	17	5	12	3,684	3,390	3,790
Team leaders and experienced specialists	60	2,247	58	2,302	50	10	40	2,410	2,034	2,513
Specialist and experienced operational/service personnel	108	1,771	92	1,821	93	10	83	1,937	1,734	1,965
Operational/service personnel, skilled workers	141	1,298	114	1,426	115	3	112	1,560	1,415	1,563
Total	**340**	**1,819**	**291**	**1,947**	**280**	**28**	**252**	**2,052**	**2,119**	**2,044**

* The amount of the fixed salary at the end of the period.

The fixed monthly salary of the Company's CEO as of 30 June 2023 was EUR 7,000, while the average actual salary, considering the annual performance incentive, was EUR 7,978.

The monthly salary of top-level managers and higher-level managers and specialists in exceptional fields, as set out in their contracts of employment as of 30 June 2023, amounted to EUR 4,990 and the average actual salary of this group of employees, after considering the annual performance incentive, amounted to EUR 5,362.

By applying objective and unified equity principles in remuneration management, the actual differences in the average salary of women and men by general position groups, remain. These differences are caused by general distribution of women and men - more men than women work not only in the railway industry in general, but also in many job groups, especially in operational positions. Women dominate in positions related to support/administrative functions with relatively lower salary levels in the market. Men are concentrated in positions with higher level remuneration in the market (e.g., engineering) or are related to work of a special nature - physical exertion, field work or other special conditions.

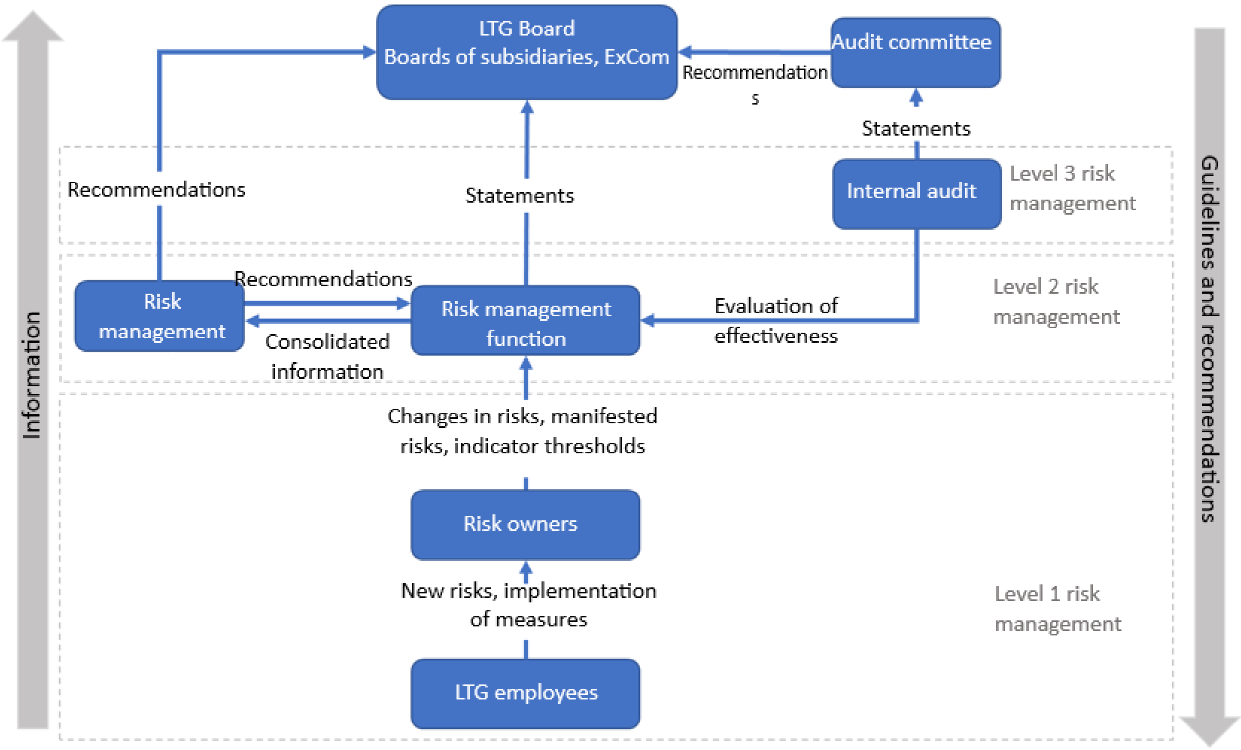
Risks and risk management

LTG Group's unified risk management system is implemented and continuously improved in the Company. It is defined in the LTG Group's risk management policies, methodologies and process standards, which have been developed in line with the International Organization of Standardization (ISO 31000) and the Committee of Sponsoring Organizations of the Treadway Commission, Enterprise Risk Management (COSO ERM) international standards and best practice examples.

The LTG Group allocates risk management responsibilities according to the *Three Lines of Defense model*).
According to it:

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

Both managers at various levels and collegiate bodies are actively involved in risk management practices. The LTG Group has an active Risk Management Committee chaired by the LTG Group Director of Business Resilience. The Risk Management Committee's main activities are as follows: risk calibration to ensure a comprehensive view of the LTG Group's risks; identification of priority risks (systemic or relevant at LTG Group level); assessment of the status of management of the priority risks; proposals on the choice of risk management tools, identification of new risks; recommendations for the improvement of the overall risk management system.



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

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

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

Periodic and timely dissemination of risk-related information is ensured by a long-standing and well-established reporting system. On a quarterly basis, the risk management status of each of the companies is reviewed in statements to the boards of the companies and the LTG Group. The LTG Group's Board of Directors is informed on a monthly basis about the risks exceeding the appetite. Such a cyclic system not only helps to monitor the status of identified risks, but also provides an opportunity to discuss the emergence of new risks.

Risk management activities continue to receive increasing attention and importance. The Risk Management and Compliance function reports directly to the Director of Business Resilience, providing direct reporting channels and reinforcing the importance of risk and other resilience issues in strategic decision-making.

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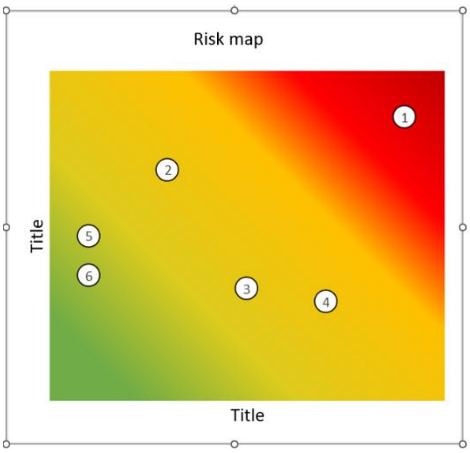
LTG GROUP'S MAIN RISKS AND RISK MANAGEMENT MEASURES

1. Risk of adapting to changes in the regulatory environment
2. Supply chain disruptions
3. Risk of delays in the implementation of contractual projects
4. Risks related to expansion in foreign markets
5. Insufficient size of the portfolio of sales projects necessary to achieve strategic objectives
6. Incident risk (inherent operational risk)



Risk	Main sources of risk	Possible impact	Key risk management tools
Risk of adapting to changes in the regulatory environment	• Decisions of public authorities in force • Change in the company's activities	• Financial impact • Impact on operational efficiency • Reputational impact on compliance	• Proactive engagement with regulators • Centralized coordination of regulatory issues within the Group
Supply chain disruptions	• Insufficient competition between suppliers • Lack of alternatives	• Performance problems • Increase in costs	• Advance planning • Search for alternatives
Risk of delays in the implementation of contractual projects	• Lack of human resources • Delays in supply of materials • Insufficient operational efficiency indicators	• Financial loss • Reputational damage	• Development of project management tools • Improving employee competences • Work quality control • Implementation of quality improvement plan
Risks related to expansion in foreign markets	• High competition	• Insufficient diversification of activities	• Search for new partners
Insufficient size of the portfolio of sales projects necessary to achieve strategic objectives	• High cost base of the technical fleet • Increasing number of market participants • Market decline	• Revenue targets not met • Income not earned	• Development of new products on the Lithuanian market • Expansion abroad
Incident risk (inherent operational risk)	• Failure to comply with instructions • Human errors • Phenomena caused by disasters	• Operational failures due to lack of repair parts • Financial loss • Reputational damage • Injuries to employees or other persons	• Raising the maturity level of safety culture • Safety leadership development for managers • Review and update of instructions on occupational safety and health • Periodic training and briefing • Mobile app to help ensure the safety of employees • Inspections of safety systems • Periodic control of physical and technical security

INFORMATION ABOUT EXTERNAL AUDITOR

Audit of the LTG Group and 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.

Information on the remuneration for the audit services performed in 2022 is set out in the GTC 2022 Annual Report, which is available on the Company's website http://www.litrail.lt

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INFORMATION ON COMPLIANCE WITH THE TRANSPARENCY GUIDELINES

The Company complies with the requirements of the "Guidelines for Ensuring Transparency in the Activities of State-Owned Enterprises" (hereinafter referred to as "the Guidelines"), approved by the Government of the Republic of Lithuania by Resolution No. 1052 dated 14 July 2010, by disclosing the required information in its annual and interim reports, as well as on its website https://gtc.lt/w/.

Structured information on the implementation of (compliance with) the provisions of the Regulations is published in the Company's annual report.

DEFINITIONS AND ABBREVIATIONS

Revenue	Sales revenue + Other operating income excluding income from other activities
Sales revenue	Revenue, excluding income from other activities and income from financial activities
Costs	Costs, excluding the corporate tax and income from financial activities
Financial debt	Interest-bearing financial debt, including finance leases
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 activities
EBITDA	Profit (loss) before the corporate tax – the result of financial activity + depreciation and amortization
EBIT margin	EBIT / Sales revenue
EBITDA margin	EBITDA / Sales revenue
Net profit margin	Net profit (loss) / Sales revenue
Equity ratio	Equity at the end of the reporting period / assets at the end of the reporting period
Asset turnover ratio	Sales revenue for the period of the last 12 months / assets at the end of the reporting period
Immediate liquidity ratio	(Current assets at the end of the reporting period – Inventories at the end of the reporting period) / Current liabilities at the end of the reporting period
Total liquidity rate	Current assets at the end of the reporting period / current liabilities at the end of the reporting period
Number of employees	The number of listed active employees as of the end of the period (excluding the employees on parental leave, military service, long-term incapacity)
Average salary	Average gross salary per employee

UAB GELEŽINKELIO TIESIMO CENTRAS

CONDENSED INTERIM FINANCIAL INFORMATION

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION
FOR THE SIX-MONTHS PERIOD ENDED ON 30 JUNE 2023 (UNAUDITED

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

ASSETS		30/06/2023	31/12/2022
Non-current assets			
Property, plant and equipment		**20,500**	**22,283**
Land			
Buildings and structures	**7**	3,094	3,199
Machinery and equipment:	**7**	12,329	13,717
Road vehicles	**7**	57	75
Railway vehicles	**7**	4,403	4,653
Other equipment, appliances and tools	**7**	176	184
Right of use assets	**8**	287	428
Construction in progress and advance prepayments	**7**	154	27
Intangible assets		**5**	**7**
Software	**6**	5	7
Financial assets		**-**	**-**
Investments in associates, subsidiaries and other undertakings		**-**	**-**
Deferred tax assets	**25**	**551**	**398**
Total non-current assets		**21,056**	**22,688**
Current assets			
Inventories	**9**	2,534	2,050
Assets arisings from contracts with customers	**11**	1,082	894
Prepayments	**10**	104	8
Trade receivables	**12**	2,107	1,588
Receivables from related parties	**12**	5,039	3,683
Other receivables	**13**	151	131
Cash and cash equivalents	**14**	165	62
Total current assets		**11,182**	**8,416**
TOTAL ASSETS		**32,238**	**31,104**

STATEMENT OF FINANCIAL POSITION (CONTINUED)

EQUITY CAPITAL AND LIABILITIES	Notes	30/06/2023	31/12/2022
Equity			
Share capital	**15**	30,897	30,897
Share premium		-	-
Statutory reserve	**16**	-	-
Legal reserve	**16**	-	-
Retained earnings (loss)		(5,587)	(4,965)
Total equity		**25,310**	**25,932**
Non-current liabilities			
Lease liabilities	**18**	211	211
Provisions	**19**	86	66
Deferred tax liabilities	**26**	-	-
Total non-current liabilities		**297**	**277**
Current liabilities			
Liabilities arising from contracts with customers	**21**	680	680
Loans	**17**	2,200	1,171
Lease liabilities	**18**	86	231
Prepayments received	**21**	22	8
Trade debts	**22**	1,308	825
Payables to related parties	**22**	458	192
Provisions	**19**	293	293
Corporate income tax liabilities	**25**	-	-
Employment-related liabilities	**20**	1,293	814
Other payables	**22**	291	681
Total current liabilities		**6,631**	**4,895**
Total liabilities		**6,928**	**5,172**
Total equity capital and total liabilities		**32,238**	**31,104**

Chief Executive Officer	Justas Vyžintas
Chief Financial Officer	Edgaras Katelovičius
Acting Chief Accountant	Larisa Vaidžiulienė

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	30/06/2023	30/06/2022
Revenue	**23**	10,020	6,167
Other revenue	**23**	73	69
Total income		**10,093**	**6,236**
Depreciation and amortisation		(1,026)	(1,141)
Remuneration and related costs		(4,084)	(3,980)
Fuel		(290)	(305)
Materials		(777)	(1,343)
Repair		(429)	(489)
Electricity		(47)	(98)
Impairment losses of receivables		-	6
Impairment losses of inventories		-	-
Change in provisions		(20)	(6)
Change in vacation accruals and other remuneration-related accruals		14	(106)
Taxes		-	-
Other expenses		(3,861)	(3,120)
Operating profit		**(427)**	**(4,346)**
Finance income	**24**	7	3
Finance costs	**24**	(355)	(114)
Profit (loss) before taxation		**(775)**	**(4,457)**
Corporate income tax	**25**	153	494
Net profit		**(622)**	**(3,963)**
Other comprehensive income (expenses)			
Total comprehensive income (expenses)		**(622)**	**(3,963)**

STATEMENT OF CHANGES IN EQUITY

	Notes	Authorized share capital	Share premium	Legal reserve	Other reserves	Retained earnings (losses)	Total
Balance as of 31 December 2021		**30,897**	**-**	**-**	**-**	**(64)**	**30,833**
Net profit/loss		-	-	-	-	(3,963)	(3,963)
Other comprehensive revenue, after tax		-	-	-	-	-	-
Total comprehensive income (cost)						(3,963)	**(3,963)**
Profit (loss) not recognized in the statement of profit or loss and other comprehensive income		-	-	-	-	-	-
Increase in authorized capital by shareholder contribution		-	-	-	-	-	-
Reduction of authorized capital		-	-	-	-	-	**0**
Established reserves		-	-	-	-	-	-
Use of reserves							
Balance as of 30 June 2022		**30,897**	**-**	**-**	**-**	**(4,027)**	**26,870**
Balance as of 31 December 2022		**30,897**	**0**	**-**	**-**	**(4,965)**	**24,932**
Net profit/loss		-	-	-	-	(622)	(622)
Other comprehensive revenue, after tax		-	-	-	-	-	-
Total comprehensive income (cost)		-	-	-	-	(622)	**(622)**
Profit (loss) not recognized in the statement of profit or loss and other comprehensive income		-	-	-	-	-	**-**
Increase of authorized capital		-	-	-	-	-	**-**
Reduction of authorized capital		-	-	-	-	-	**-**
Established reserves		-	-	-	-	-	**-**
Use of reserves		-	-	-	-	-	**-**
Dividends paid		-	-	-	-	-	-
Balance as of 30 June 2023		**30,897**	**0**	**-**	**-**	**(5,587)**	**25,310**

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STATEMENT OF CASH FLOWS

	30/06/2023	30/06/2022
Cash flows from operating activities		
Net profit/loss	**(622)**	**(3,963)**
Adjustments to non-cash items:		
Depreciation and amortization costs	1,026	1,141
(Profit) loss-on-disposal/write-down of fixed assets (other than financial assets)	11	(3)
Impairment (reversal) of tangible and financial fixed assets	-	4
Impairment (reversal) of trade receivables and advance payments	(53)	34
Decrease (reversal) in realizable value of inventories	(58)	(7)
Decrease (increase) in accrued income	(896)	(909)
Interest (income)	(7)	
Interest costs	175	50
Interest on lease liabilities	7	10
Decrease (increase) in provisions	1	(34)
Income tax costs (benefit)	(153)	(494)
	(569)	**(4,171)**
Change in working capital		
Decrease (increase) in stocks	757	4,068
Decrease (increase) in trade and other receivables and advance payments	(1,387)	1,488
Increase (decrease) in trade payables, trade receivables and trade advance receivables	156	(5,258)
Increase (decrease) in employment-related liabilities	(7)	(67)
Increase (decrease) of other long-term and short-term payables	(925)	(55)
Income tax (paid)	-	-
Net cash from operating activities	**(1,975)**	**(3,995)**
Cash flows from investing activities		
Fixed assets (acquisition)	(168)	(205)
Sale of fixed assets	48	-
Net cash used in/from investing activities	**(120)**	**(205)**
Cash flows from financing activities		
Obtaining a loan	4,542	3,933
Loans (repayments)	(2,342)	(23)
Grants received (returned)		-
Lease liability payments	123	30
Interest (paid)	(175)	(50)
Interest on lease liabilities	(7)	(10)
Net cash used in/from financing activities	**2,141**	**3,880**
Net increase (decrease) in cash flows	**46**	**(320)**
Cash and cash equivalents at the beginning of the reporting period	**119**	**439**
Cash and cash equivalents at the end of the reporting period	**165**	**119**

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

NOTES TO THE FINANCIAL STATEMENTS

1. General information

UAB Geležinkelio tiesimo centras (hereinafter referred to as the "Company" or "GTC") is a private limited liability company registered in the Republic of Lithuania. The company was registered in the Register of Legal Entities on 21 December 2001 after the liquidation of a structural unit of AB Lietuvos geležinkeliai – Lentvaris Road Repair Station. In performing its activities, the Company is guided by the Constitution of the Republic of Lithuania, the Law on Companies of the Republic of Lithuania, the Railway Transport Code of the Republic of Lithuania and other legal acts in force in the Republic of Lithuania.

A company is a profit-oriented economic entity with limited civil liability, which organises its economic, financial, organisational and legal activities independently. The Company is a private limited liability company, the shareholder of which is AB Lietuvos geležinkeliai, registration code 10053842, registered office address Mindaugo g. 12/14, Vilnius. Company registration code 181628163, VAT registration code LT816281610, legal (registration) address and head office: Trikampio g. 10, Lentvaris, LT-25112 Trakų r.

The Company's main activity is the construction and repair of railway tracks, other transport structures and railway infrastructure, as well as the lease of railway track repair machines. In addition to these main activities, the Company may perform any other commercial and economic activity not prohibited by law, as provided for in the Company's Articles of Association.

In 2022 and on 30 June 2023, the sole shareholder of the Company was AB Lietuvos geležinkeliai, which owns 100% of the shares in UAB Geležinkelio tiesimo centras.

As of 30 June 2023, the Company's authorised capital consisted of 109,748 ordinary registered shares with a nominal value of EUR 281.53 each. The amount of the share capital in value terms was EUR 30,897 thousand. The company had not acquired its own shares.

The company has no subsidiaries.

The number of employees of the Company as of 30 June 2023 was 280 (30 June 2022 – 301 employees).

2. Important accounting policies

Basis for reporting. The condensed interim financial information of the Company for the six-month period ended 30 June 2023 has been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and applicable to interim financial reporting.

This financial information is based on the principle of continuity These condensed interim financial statements do not include all the information and disclosures required for the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available on the Company's website https://gtc.lt/w/veiklos-rezultatai/veiklos-ataskaitos/.

In the financial statements, all amounts are presented in euros and rounded to the nearest thousand (EUR 000), unless otherwise stated. Given that the amounts in the financial statements are calculated in thousands of euros, there may be discrepancies between tables due to rounding. Such mismatches are considered immaterial in the financial statements.

The financial year of the Company coincides with the calendar year.

3. Critical accounting estimates and decisions

The financial statements are prepared using the historical acquisition cost method.

Changes to accounting policies. The Company has applied the same accounting policies and used the same assumptions and estimates for the period from 1 January 2023 to 30 June 2023 as it did in the previous reporting year, details of which are set out in the financial statements as of 31 December 2022.

The preparation of interim financial statements in conformity with IFRS as adopted by the European Union requires the Company's management to make estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and consistent with current conditions, and the results of which are used to make conclusions about the residual values of assets and liabilities that cannot be determined from other sources. Actual results may differ from calculations.

Significant estimates and assumptions. Information on significant estimates and assumptions is provided below:

Events after the end of the reporting period. After the end of the reporting period, management considered significant non-adjusting events and their impact on the disclosures in the financial statements and the potential impact on principle of continuity.

The moment of revenue recognition. The Company's management assesses the timing of revenue recognition, i.e. whether revenue is recognized over time or at a specific moment in time.

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3. Critical accounting assessments and decisions (continued)

Date of entry into service. Assets are placed into service and depreciation commences when they are ready for use, i.e. when they are located in a place and conditions are such that they can be used in the manner intended by management. The assets were put into operation by the Company's management after the assets had been properly tested and all approvals had been obtained to start operations.

Useful operating lives of intangible assets and property, plant and equipment. The useful lives of assets are reviewed annually and adjusted, if necessary, to reflect the current estimate of the remaining useful life, taking into account changes in technology, future economic use of the asset and its physical condition. If expectations differed from previous estimates, the change would be accounted for as a change in accounting estimate in accordance with IAS 8.

Impairment losses on property, plant and equipment. The Company reviews the residual values of property, plant and equipment at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of that asset is calculated. For the purpose of impairment testing, assets that generate cash in the course of their continuous use and are largely independent of the cash inflows generated by other assets or groups of assets (cash-generating units) are grouped into the smallest group.

The recoverable amount is calculated as the higher of two values: the fair value of the asset less selling costs and the value of the use of the asset. The value of the asset in use is calculated by discounting future cash flows to their present value using a pre-tax discount rate that reflects realistic market assumptions about the time value of money and the risks associated with that asset. The recoverable amount of assets that do not generate cash inflows on their own is determined by the recoverable amount of the cash-generating unit to which the assets belong.

The Company has not identified any assets used in its operations that may be affected by events or factors related to climate change.

The 2030+ Environment Strategy also sets a target for assessing measures to adapt to climate change and its impacts, and to increase the resilience of rail infrastructure to climate change. In management's opinion as of 30 June 2023, there is no need for additional depreciation of assets, review of useful lives and residual values of assets, accounting for provisions.

Lease. A lease is a contract, or part of a contract, that gives the right to use an asset (the leased asset) for a specified period of time for remuneration. A contract is, or includes, a lease if, in return for consideration, it gives the right to control the use of a designated asset for a specified period.

Length of lease period. In determining the lease term, management considers all facts and circumstances that provide an economic incentive to exercise the option to renew or not to exercise the option to terminate. Options to extend the lease (or periods beyond the termination option) are only provided for in lease contracts if the lease can reasonably be expected to be extended (or not terminated).

Discount rate. In assessing the value in use of an asset, the expected future cash flows are discounted to their present value using an incremental borrowing rate that reflects realistic market assumptions about the value of money in time and the risks inherent in the asset, which have not been assessed in the calculation of cash flows.

Losses on impairment of receivables. The Company assesses impairment of receivables at least quarterly. To determine whether it is necessary to recognize an impairment loss in profit or loss in respect of a receivable, the Company assesses whether there is a reasonable indication that the future cash flows from the receivable will be impaired before the specific impairment is determined. Such indications include information indicating that there has been an adverse change in the financial condition of customers or in the economic conditions of a country or location that affects the Company's amounts receivable. Management estimates the expected future cash flows from receivables based on historical loss experience for receivables with similar credit risk. The methods and assumptions used to estimate the expected future cash flows and the timing of those cash flows shall be regularly reviewed to minimize differences between the estimated and actual amount of loss.

Write-down of inventories to net realizable value. The Company reviews the inventory list at least annually to determine the net realizable value of inventories. Inventories acquired more than one year ago are reviewed to determine whether they are available for future disposal.

The calculation of impairment is based on the following formula:

Impairment of inventories = Balance of physically and morally depreciated inventories to be written off + (Balance of good inventories that have been stored for more than 24 months and have no expected use by the end of their useful life * 0.75) + (Carrying amount of inventories for sale – realizable value of inventories for sale).

Provisions and contingent liabilities. The Company makes significant judgements in assessing and recognizing provisions and contingent liabilities related to ongoing litigation or other pending claims that will be resolved through negotiation, mediation or arbitration, and other contingent liabilities. The decision has to be made on the basis of an assessment of the likelihood of a favourable decision on the claim or the creation of an obligation, and a quantification of the possible options for final settlement. Due to the inherent uncertainties in this assessment process, actual losses may differ from the provisions originally calculated. These assessments are subject to change as new information becomes available, in particular thanks to the support of internal specialists such as lawyers. Changes in assessments could have a material impact on the Company's results of operations.

3. Critical accounting assessments and decisions (continued)

Deferred income tax. Deferred tax is calculated using the balance sheet method, taking into account temporary differences between the financial and tax values of assets and liabilities. The amount of deferred tax depends on the expected future use of the asset and the settlement of the liability. A deferred tax asset is recognized only when sufficient future taxable profit is expected to allow the tax asset to be utilized. Deferred tax assets are reviewed at the date of preparation of each statement of financial position and reduced if it is not probable that the related tax benefit will be realized.

4. New standards, amendments to standards and interpretations

New standards, amendments to standards and interpretations became effective for annual periods beginning on 1 January 2023. The Group and the Company are not materially affected by these new standards, amendments and interpretations.

On 28 February 2023, the following standards, amendments to standards and interpretations were issued but were not required to be applied for annual periods ending 31 December 2023:

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

The 2020 amendments to IAS 1 Presentation of Financial Statements 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 supposed 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 the specific bank indicators for loan contracts will not affect the classification of liabilities at the end of the reporting period if the entity is required to comply with the specific bank indicators after the end of the reporting period. However, if an entity is required to comply with these indicators at or before the reporting date, this will affect the classification, even if compliance with those specific bank indicators is not tested until after the end of the reporting period.

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

- the residual value of the liability;
- information on the bank's special indicators;
- the facts and circumstances, if any, indicating that the entity may have difficulties in meeting the bank's specific indicators.

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

Based on the information currently available, the Group's and the Company's management does not expect the new amendments to have a material impact on the Group's and the Company's financial statements when first applied.

Sale and leaseback liabilities (Amendments to IFRS 16)

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

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

These amendments may particularly affect sale and leaseback transactions, where lease include variable charges that are not index or rate dependent.

The amendments apply to annual reporting periods from 1 January 2024.

Based on the information currently available, the Group's and the Company's management does not expect the new amendments to have a material impact on the Group's and the Company's financial statements when first applied.

There are no other new or amended standards or interpretations that are not yet effective that may have a material impact on the Group and the Company.

5. Risk management

The Company faces uncertainties due to external and internal factors, identifies operational risks (strategic, financial, operational and compliance), assesses the impact and likelihood of these risks in advance, and seeks to mitigate these risks, at least in part.

The overall responsibility for establishing and maintaining the Company's risk management system is with the Company's management. Management monitors the Company's risk management policy, which is designed to identify, analyze and manage the risks to which the Company is exposed. This policy aims to set appropriate risk limits and controls and to monitor compliance with the risk level and limits on an ongoing basis. Risk management policies and procedures are regularly reviewed to reflect changes in market conditions, product offerings and best practices.

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5. Risk management (continued)

In the normal course of business, the Company is exposed to a variety of financial risks, including credit risk, liquidity risk and market risk, which includes interest rate risk, currency risk and fair value risk.

The Company's management seeks to minimize the potential adverse impact of financial risks on the Company's financial performance by setting risk limits.

6. Intangible assets

The Company's intangible assets consist of:

	Software	Total
Acquisition value		
31 December 2021	**67**	**67**
- acquisitions	-	-
- received from a group of companies	-	-
- sales, disposals, write-offs	-	-
- reclassification	-	-
31 December 2022	**67**	**67**
- acquisitions	-	-
- sales, disposals, write-offs	-	-
- reclassification	-	-
30 June 2023	**67**	**67**
Accumulated depreciation and impairment losses		
31 December 2021	**56**	**56**
- depreciation	4	4
- impairment during the year	-	-
- sales, disposals, write-offs	-	-
- received from a group of companies (+)	-	-
- reclassification		-
31 December 2022	**60**	**60**
- depreciation	2	2
- impairment during the year		
- sales, disposals, write-offs	-	-
- sales, disposals, write-offs		
- received from a group of companies (+)	-	-
- reclassification	-	-
30 June 2023	**62**	**62**
Residual value		
31 December 2021	**11**	**11**
31 December 2022	**7**	**7**
30 June 2023	**5**	**5**

The Company has no internally generated intangible assets. The Company's operations use fully amortized intangible assets:

	30/06/2023	31/12/2022
Software	55	56
Total	**55**	**56**

The amortization expense of the Company's intangible assets, which amounted to EUR 2 thousand at 30 June 2023 (30 June 2023: EUR 2 thousand), respectively, is included in depreciation and amortization expense in the Statements of Profit or Loss and other comprehensive income.

The Company's intangible assets that have been fully amortized but continue to be used amounted to EUR 71 thousand. The majority of the amortized assets were software.

7. Property, plant and equipment

	Buildings and structures	Machinery and equipment:	Road vehicles	Railway vehicles	Other equipment, appliances and tools	Construction in progress and advance payments	Total
Acquisition value							
31 December 2021	**5,246**	**25,502**	**1,088**	**8,084**	**772**	**57**	**40,749**
- acquisitions during the year, transfers from current assets	-	217	-	5	1	16	239
- transfers from current assets	-		-	-		-	-
- sold, written off, assigned, transferred to current assets	-	(556)	(185)	-	(32)	-	(773)
- received from a group of companies (+)	-	-	-	-	-	-	-
- reclassification	-	46	-	-	-	(46)	
31 December 2022	**5,246**	**25,209**	**903**	**8,089**	**741**	**27**	**40,215**
- acquisitions during the year	-	30	-	2	9	127	168
- transfers from current assets	-	-		-	-	-	-
- sold, written off, assigned, transferred to current assets	(9)	(2,625)	(35)	(245)	(19)	-	(2,933)
- received from a group of companies (+)	-	-	-	-	-	-	-
- reclassification	-		-	-	-		0
30 June 2023	**5,237**	**22,614**	**868**	**7,846**	**731**	**154**	**37,450**
Accumulated depreciation and impairment losses							
31 December 2021	**1,847**	**10,627**	**974**	**3,113**	**544**	**-**	**17,105**
- depreciation	200	1,417	38	323	26	-	2,004
- impairment during the year	-	-	-	-	-	-	-
- sold, written off, assigned, transferred to current assets	-	(552)	(184)	-	(13)	-	(749)
- received from a group of companies (merger) (+)	-	-	-	-	-	-	-
- reclassification	-	-	-	-	-	-	-
31 December 2022	**2,047**	**11,492**	**828**	**3,436**	**557**	**-**	**18,360**
- depreciation	98	620	17	141	10	-	886
- impairment during the year	-	-	-	-		-	
- sold, written off, assigned, transferred to current assets	(2)	(1,827)	(34)	(134)	(12)	-	(2,010)
- received from a group of companies (merger) (+)	-	-	-	-	-	-	-
- reclassification	-	-	-	-	-	-	-
30 June 2023	**2,143**	**10,285**	**811**	**3,443**	**555**	**-**	**17,236**
Residual value							
31 December 2021	**3,399**	**14,875**	**114**	**4,971**	**228**	**57**	**23,644**
31 December 2022	**3,199**	**13,717**	**75**	**4,653**	**184**	**27**	**21,855**
30 June 2023	**3,094**	**12,329**	**57**	**4,403**	**176**	**154**	**20,213**

7. Property, plant and equipment (continued)

The amount of depreciation expense charged to the Company's statement of profit or loss and other comprehensive income was as follows
EUR 1,026 thousand, excluding depreciation charges on assets held under Right of Use (30 June 2022: EUR 1,006 thousand). The value of the assets acquired amounted to EUR 168 thousand (EUR 205 thousand at 30 June 2022).

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

	30/06/2023	31/12/2022
Buildings and structures	565	565
Machinery and equipment:	1,020	1,108
Road vehicles	208	234
Railway vehicles	1,376	1,382
Other equipment, appliances and tools	667	664
Total	**3,880**	**3,953**

Machinery and equipment and vehicles accounted for the majority of fully depreciated property, plant and equipment.

The Company has no mortgaged assets.

After reviewing the key assumptions, management did not identify any significant circumstances that would have required it to perform fair value (for assets carried at revalued amount) and impairment (for assets carried at cost less depreciation and impairment) tests. Therefore, management concluded that the residual value of property, plant and equipment carried at revalued amount as of 30 June 2023 is in line with its fair value and that the residual value of property, plant and equipment carried at cost less depreciation and impairment is not less than its recoverable amount. No recoverable amount test has been performed for the Company's property, plant and equipment as there is no indication that the assets are impaired in relation to operating results.

8. Right of use assets

The assets held by the Company in right of use as of 30 June 2023 were:

	Buildings and structures	Vehicles	Total
Acquisition value			
31 December 2021	**104**	**791**	**895**
- acquisitions during the year	-	369	369
- derecognition within one year	(43)	(93)	(136)
31 December 2022	**61**	**1,067**	**1,128**
- acquisitions during the year	-	-	325
- derecognition within one year	-	(35)	(136)
30 June 2023	**61**	**1,032**	**1,093**
Accumulated depreciation and impairment losses			
31 December 2021	**38**	**472**	**510**
- depreciation	25	263	288
- derecognition	(5)	(93)	(98)
-reduction in value	-	-	-
31 December 2022	**58**	**642**	**700**
- depreciation	2	136	138
- derecognition	-	(32)	(32)
-reduction in value	-	-	-
30 June 2023	**60**	**746**	**806**
Residual value			
31 December 2021	**66**	**319**	**385**
31 December 2022	**3**	**425**	**428**
30 June 2023	**1**	**286**	**287**

As at the date of the interim financial statements, the Company has entered into lease agreements for the lease of immovable property (premises, space) and vehicles. Remaining lease term is up to 4 years.

The discount rate applied to the lease contracts is the 6-month EURIBOR plus a market margin determined by a market analysis based on current market conditions. The impact on the Company's result in the Statement of Comprehensive Income is negligible.

9. Inventories

	30/06/2023	31/12/2022
Materials	339	481
Materials for superstructures	948	1,154
Spare parts	563	577
Fuel	103	50
Workwear	16	14
Inventory	17	24
Oils	15	12
Stocks on the move	-	-
Subtract: decrease in realizable value (-)	(262)	(262)
Total raw materials, consumables and assemblies	**1,739**	**2,050**
IT for resale	795	-
Subtract: decrease in realizable value (-)	-	-
Total goods purchased for resale	**795**	
Total	**2,534**	**2,050**

The accounting value of the Company's inventories before net realizable value adjustment as of 30 June 2023 amounted to EUR 2,796 thousand (31 December 2022: EUR 2,312 thousand), respectively. The Company's inventory structure comprises the largest comparative proportion of materials for road superstructures.

The change in the write-down of the Company's inventories to net realizable value is reflected in the write-down to net realizable value expense line in the statements of profit or loss and other comprehensive income.

10. Advance payments

The Company's advance payments included:

	30/06/2023	31/12/2022
Advance payments	65	6
Deferred expenses	39	2
Total	**104**	**8**

11. Assets under contracts with clients

The Company's assets under contracts with clients include:

	30/06/2023	31/12/2022
Guarantees paid to suppliers	19	18
Accrued income	1,063	876
Total	**1,082**	**894**

12. Trade receivables

The Company's trade and other receivables included:

	30/06/2023	31/12/2022
Trade receivables	2,156	1,698
Receivables from related parties	5,039	3,683
Impairment of debt receivable (-)	(49)	(110)
Total debt owed by customers:	**7,146**	**5,271**

The fair values of receivables approximate their accounting values.

Receivables from customers are interest-free and usually have a maturity of 30–60 days.

13. Other receivables

The trade and other receivables included:

	30/06/2023	31/12/2022
VAT receivable	102	74
Other receivables from the budget	49	57
Total	**151**	**131**

14. Cash and cash equivalents

The Company's cash and cash equivalents consisted of:

	30/06/2023	31/12/2022
Money in the bank	165	62
Total	**165**	**62**

As of 30 June 2023 and 31 December 2022 the Company had no fixed-term deposits. The money was not pledged.

15. Capital

The nominal value of one share of the Company is EUR 281.53. All shares are paid up.

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

	Authorized capital	Number of shares, units
Subscribed share capital		
Number of shares as of 31 December 2022	30,897	109,748
Increased	-	-
Decreased	-	-
Number of shares as of 30 June 2023	30,897	109,748
2. Capital structure		
2.1. By type of share	-	-
2.10. Ordinary shares	30,897	109,748
2.11. Preference shares	-	-
B. Unclaimed and claimed but not yet paid amounts, including:	-	-
Shareholders (debtors)	-	-
Total	**30,897**	**109,748**

In the 1st half of 2023 The Company's Articles of Association have not been amended.

16. Reserves

Statutory reserve. The mandatory reserve is required by the legislation of the Republic of Lithuania. At least 5% of net profits must be transferred to it each year until the reserve reaches 10% of the authorized capital. The statutory reserve cannot be distributed as dividends but can be used to cover future losses.

Other reserves. As of 30 June 2023 the Company had no other reserves.

The distribution of the Company's profit for 2022 was approved by Shareholder's Order No 97-A-16/23 of 16 March 2023. No statutory or other reserves have been established.

17. Loans and other financial debts

	30/06/2023	31/12/2022
Loans and other financial debts	2,200	1,171
Financial debts	**2,200**	**1,171**

Movement of financial debts:

	2023	2022
Balance at the beginning of the year	1,171	23
Received	3,371	13,172
Returned	(2,342)	(12,024)
Balance at the end of the year	**2,200**	**1,171**

During 2023, the Company paid EUR 166 thousand in interest.

18. Lease liabilities

The Company leases buildings and other assets (vehicles). Lease contracts are usually for a fixed period, with or without the possibility of renewal.

Short-term lease contracts with a term of 12 months or less and lease payments for low-value assets are recognized as an expense directly in profit or loss and other comprehensive income.

The Company's lease liabilities consist of:

	30/06/2023	31/12/2022
Long-term share	211	211
Short-term share	86	231
Lease liabilities	**297**	**442**

As of 30 June 2023, the Company had a long-term share of lease liabilities of EUR 211 thousand (31 December 2022: EUR 211 thousand) and a short-term share of EUR 86 thousand (31 December 2022: EUR 231 thousand).

19. Provisions

The Company's provisions consist of:

	30/06/2023	31/12/2022
Long-term provisions	85	66
Short-term provisions	293	293
Total	**378**	**359**

Movement in provisions:

	30/06/2023	31/12/2021
Provisions		
Balance at beginning of period	359	385
Increase (formed)	-	-
Decrease (used)	20	(26)
Balance at the end of the period	**379**	**359**

Provisions for warranty repairs. The amount of the provision for warranty repairs is estimated on the basis of historical data, i.e. how much the company has historically incurred for warranty repairs, defects and similar costs each year. In making the provision, the Company also considers the period of time for which the Company provides the warranty and the obligation to remedy defects.

Provisions for claims received. Provisions for claims are recorded on the basis of claims received. Management assesses the validity of the claims received and evaluates the costs that may be incurred.

Provisions for pensions and similar liabilities. An employee of the Company is entitled to 2 months' salary if he or she leaves the company at retirement age. In addition, an employee with 25 years' service is entitled to an allowance of up to 1 month's average salary under a collective agreement. Provisions for pensions and similar liabilities also include payments for anniversaries of employees. In accordance with the collective agreement in force in the Group and in the Company, trade union members are paid an allowance of EUR 300 when they reach the age of 50 and 60.

The key assumptions used in the measurement of the Company's liability for long-term employee benefits are:

	30/06/2023	31/12/2022
Discount rate	3.572%	3.54%
Employee turnover rate	25.41%	25.41%
Annual salary increase	5.0%	5%

20. Employment-related liabilities

Short-term employee benefits by type:

	30/06/2023	31/12/2022
Accumulated holiday pay	412	445
Salary payable	388	-
Personal income tax payable	138	-
Social security contributions payable	230	141
Accumulated variable remuneration components	125	228
Total	**1,293**	**814**

21. Obligations under contracts with clients

As of 30 June 2023, the commitments under the customer contracts were as follows:

	30/06/2023	31/12/2022
Deferred income	680	680
Advance payments received	22	8
Total	**702**	**688**

In 2023, the Company's advance payments received consisted of advances for services rendered.

22. Trade and other payables

The Company's trade and other payables included:

	30/06/2023	31/12/2022
Cash guarantees received	1	1
Other taxes payable to the budget	-	6
Trade union membership fee	2	1
Trade payables	1,308	825
Amounts due to related parties	458	192
Accrued costs	286	671
Other payables and long-term liabilities	2	2
Total	**2,057**	**1,698**

The Company has recorded in accrued expenses at 30 June 2023 a management service fee of EUR 59 thousand and other service costs of EUR 227 thousand.

23. Sales revenue

As of 30 June 2023, income consisted of:

	30/06/2023	30/06/2022
Income under contracts with clients	10,020	6,167
Other operating income	73	69
Total	**10,093**	**6,236**

The works and services were provided to companies of the AB Lietuvos geležinkeliai group of companies and other clients.

24. Result of financial activities

The Company's financial result was as follows:

	30/06/2023	30/06/2022	
Total revenue from financial activities	**7**	**3**	
Penalties and interest on overdue customer debts	7	3	
Interest	-	-	
Total cost of financial activities	**(355)**	**(114)**	
Interest	(175)	(50)	
Interest on lease liabilities	(7)	(10)	
Fines, default interest and penalties	(173)	(54)	7
Result of financial activities	**(348)**	**(111)**	

25. Income tax and deferred tax

Corporate income tax was calculated at a rate of 15%.

	30/06/2023	30/06/2022
Income tax for the year under review	-	-
Deferred tax expense (benefit)	153	494
Income tax expense (benefit) recognized in profit or loss		
Total	**153**	**494**

Deferred income tax assets and deferred income tax liabilities are offset to the extent that the deferred income tax liability is realized at the same time as the deferred income tax asset. Moreover, they are linked to the same tax administration. During the 1st half of 2023, the Tax Administrator has not carried out any full-scale tax audits of the Company.

26. Related party transactions

Parties are considered to be related when one party has the ability to control the other, or has the ability to exercise significant influence over the other party in making financial and operational decisions.

Related party transactions of the Company:

	06/2023		30/06/2023	
	Procurement	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	1,114	-	-	2 417
AB LTG Infra	258	8,168	5,039	31
AB LG Cargo	529	-	-	196
UAB LTG Link	71	-	-	1
UAB Saugos paslaugos	-	-	-	-
UAB Vilniaus lokomotyvų remonto depas	-	-	-	-
UAB voestalpine Railway Systems Lietuva	95		58	13
	2 067	**8,168**	**5 099**	**2 658**

	06/2022		30/06/2022	
	Procurement	Sales	Receivables	Payables
AB Lietuvos geležinkeliai	854	-	-	69
AB LTG Infra	193	3,806	2,934	4,005
AB LG Cargo	289	-	-	133
UAB LTG Link	6	-		1
UAB Saugos paslaugos	-	-	-	-
UAB Vilniaus lokomotyvų remonto depas	-	-	-	-
UAB voestalpine Railway Systems Lietuva	-	-	-	-
	1,342	**3,806**	**2,934**	**4,208**

Management and other benefits

As of 30 June 2023, the number of senior managers in the structure was 7, i.e. 1 CEO, 1 CFO, 1 Head of Project Management and Engineering, 1 Head of Corporate Operations, 1 Head of Supply Chain, 1 Head of Business Development, 1 Head of Technical.

During the 1st half of 2023 and 2022, no loans, guarantees or other disbursements or accruals were made to the management of the Company, nor were there any transfers of assets, other than as set out above.

27. Contingent assets and liabilities

As of 30 June 2023, the Company had issued guarantees for EUR 2,280 thousand.

28. Non-monetary transactions

During the 1st half of 2023 and 2022, the Company did not enter into any non-monetary transactions that are not reflected in the cash flow statement.

29. Events after the end of the reporting period

Although the effects of the quarantine have not had a significant economic impact on the Company, the Company's management is constantly monitoring economic developments and changes and assessing the potential long-term financial impact on the Company's results.

There were no other material events after 30 June 2023 up to the date of approval of the interim financial statements.