LTG CARGO

THE COMPANY'S MANAGEMENT REPORT,

Separate Financial Statements, Independent Auditor's Report for 2025

CONTENTS

LTG CARGO

Overview

1.1. Director's foreword

Dear All,

The year 2025 was not easy, but considering the results achieved, we see that they were good. The economic background and logistics market remain dynamic, so we keep up with the news, closely monitor the environment, and strive to quickly adapt by making decisions that are essential for successful operations, by valuing and appreciating each customer.

The volume of transported freight were still influenced by flows from the East and Kaliningrad transit: the flow of these goods continued to decline. However, by diversifying activities, we maintained a strong focus on the domestic market, which resulted in a stable and recently increased share of domestic transportation.

In 2025, the volume of local freight transportation reached 16 million tons. In August, we transported a record amount of Lithuanian grain by rail; however, the total annual volume of this freight (2.5 million tons) did not match that of 2024. The transported amount of crushed stone, which totalled 4.4 million tons over the year, was also lower compared to 2024. During this time, domestic transportation of petroleum products slightly increased, and the volume of chemical and mineral fertilizers transported in Lithuania in 2025 (2.2 million tons) exceeded the result of 2024 by almost one-third. We are pleased that during the tactical exercises held in July, we transported Lithuanian military equipment and personnel for the first time, in total we had 180 trains with military equipment.

Thus, in 2025, LTG Cargo transported a total of 24.4 million tons of freight. This result is 5% lower than the figures for 2024. However, the true performance is characterized not only by the volume of freight transported but also by how our customers feel about us: we managed to increase satisfaction indicators for the second consecutive year. In 2025, the LTG Cargo customer experience team achieved an exceptional result: the satisfaction with services indicator grew from 18 points to 34 points over the year. This result indicates that we are now much better at listening to and understanding our customers.

However, it is important not to stop here and continue striving to make it easy for our customers to use LTG Cargo's services. In 2025, operational efficiency remained a priority: we intensified and systematically analysed processes, sought, corrected, or eliminated what did not create value. For example, we consistently implemented a fuel-saving plan, shortened the vetting process for new customers, and resolved more issues during the first call. The focus on efficiency primarily created value for customers, provided significant benefits to the company's overall performance, and helped achieve the goals set by the shareholder.

A Continuous Improvement Program implemented across the LTG Group contributed to this: LTG Cargo's employees registered about one and a half thousand initiatives aimed at reducing waste and optimising operations over the year, nearly two-thirds of which were implemented. The impact of continuous improvement measures alone amounts to approximately EUR 4.2 million. We have been learning problem-solving methodologies, which I believe will yield the greatest results this year.

In order to be reliable partners to our customers, we have made significant investments in the expansion of our rolling stock fleet in recent years: 500 grain wagons and 200 semi-wagons arrived in Lithuania, were registered in the European vehicle register, and began transporting freight of our customers. The expanded rolling stock fleet allowed us to transport a record 560,000 tons of new harvest grain in August.

Eglė Šimė
Chief Executive Officer of AB LTG Cargo

LTG Cargo's subsidiaries in Poland and Ukraine celebrated their 5-year operational anniversaries last year. Throughout this period, the companies experienced numerous challenges and changes. The year 2025 was significant as LTG Cargo Ukraine transitioned its business model from forwarding activities to rolling stock leasing, while LTG Cargo Polska acquired 72 new pocket wagons for intermodal transportation, which we will see on the Kaunas–Duisburg route this year.

Businesses increasingly evaluate the environmental impact not only of production but also of the transportation of their products. As the load of intermodal trains increases, we notice that these businesses choose such transport more frequently.

In March 2025, LTG Cargo awarded Green Kilometre certificates that indicate how much greenhouse gas customers saved by choosing to shift their freight from road to rail. We awarded Green Kilometre certificates for the third time and, in 2024, over 30,000 tons of carbon dioxide were saved.

To expand intermodal transportation opportunities, LTG Cargo introduced a stop in Łódź on the regular Kaunas–Duisburg route starting in the summer of 2025. This means that intermodal transportation organized by LTG Cargo was supplemented with two routes: Kaunas–Łódź and Łódź–Duisburg. We are pleased that this creates more opportunities for our customers: Łódź is a major railway hub, providing businesses that transport freight on this route with a convenient option to reach both Polish ports and Italy via partner trains.

Everything we achieve becomes possible only through people's ideas, decisions, and consistent work. LTG Cargo started 2026 with a new marketing strategy. This means that we will focus on internal processes to ensure our services become even clearer and more tailored to our customers' needs. Each of us at LTG Cargo must contribute to this goal: the value created for customers should be what unites us and drives us forward. I believe the entire team of LTG Cargo feels this way as well; the engagement indicator reached 78 in 2025 and this reflects a strong commitment to the organization and its objectives.

Thank you to the large and unified team of LTG Cargo, which has repeatedly demonstrated how bold ideas become reality. I sincerely thank our customers who choose us as their business partners: we are here to contribute to success of your businesses. Thank you to everyone we collaborate with daily in pursuit of our common goal - connecting people and businesses for a more sustainable future.

Eglė Šimė
Chief Executive Officer of AB LTG Cargo

1.2. Activities of the Company

Background information on the Company

Name **AB LTG Cargo**

Head office address **Geležinkelio g. 12, LT-02100**

Legal form **Joint Stock Company**

Date and place of registration
28 December 2018, Register of Legal Entities

Company code **304977594**

Telephone **(+370 5) 202 1515**

E-mail info@ltgcargo.lt

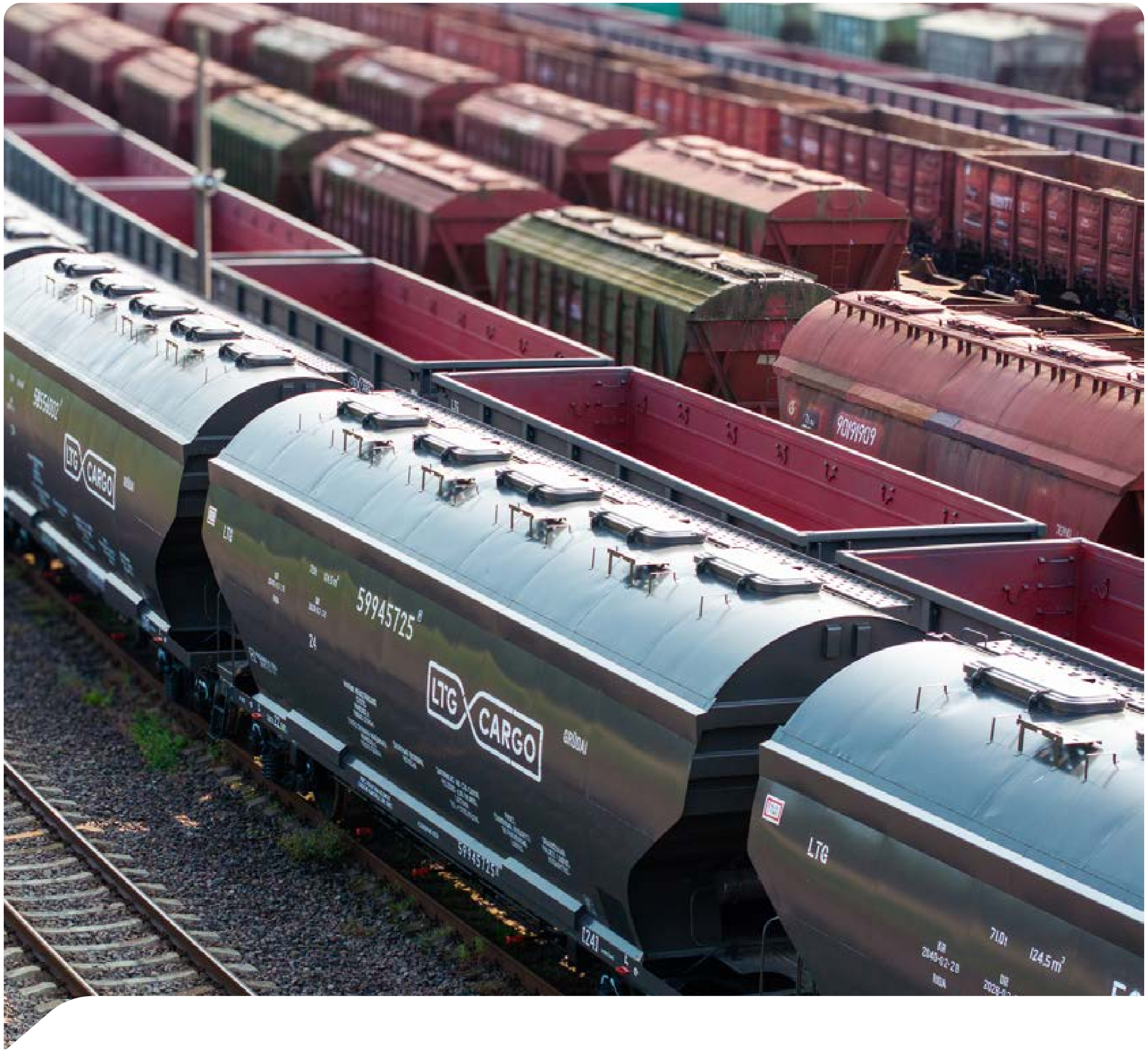
Website http://ltgcargo.lt

Main activity **Freight transportation and provision of related services, rolling stock repair services**

Chief Executive Officer **Eglė Šimė**

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

Data about the Company is collected and stored by the Register of Legal Entities of the State Enterprise Centre of Registers.



Branches of the Company, representative offices abroad

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

Business model of the Company

LTG Cargo together with the parent company AB Lietuvos Geležinkeliai and its directly and indirectly controlled legal entities comprise the LTG Group. LTG provides strategic management services to the companies in the LTG Group. To ensure compliance with the said requirements, all decisions concerning the execution of the functions of LTG Cargo are taken by the head of the Company or by the Company's employees authorised by him/her.

Operating within the LTG Group, the Company adheres to the strategic initiatives formed and implemented by LTG, which encompass strategic directions such as ESG, operational efficiency, business development, strengthening organizational culture, and ensuring business resilience. Additionally, it follows approved policies in operational areas that LTG Group companies must consider in their activities.

Activities of the Company and provided services

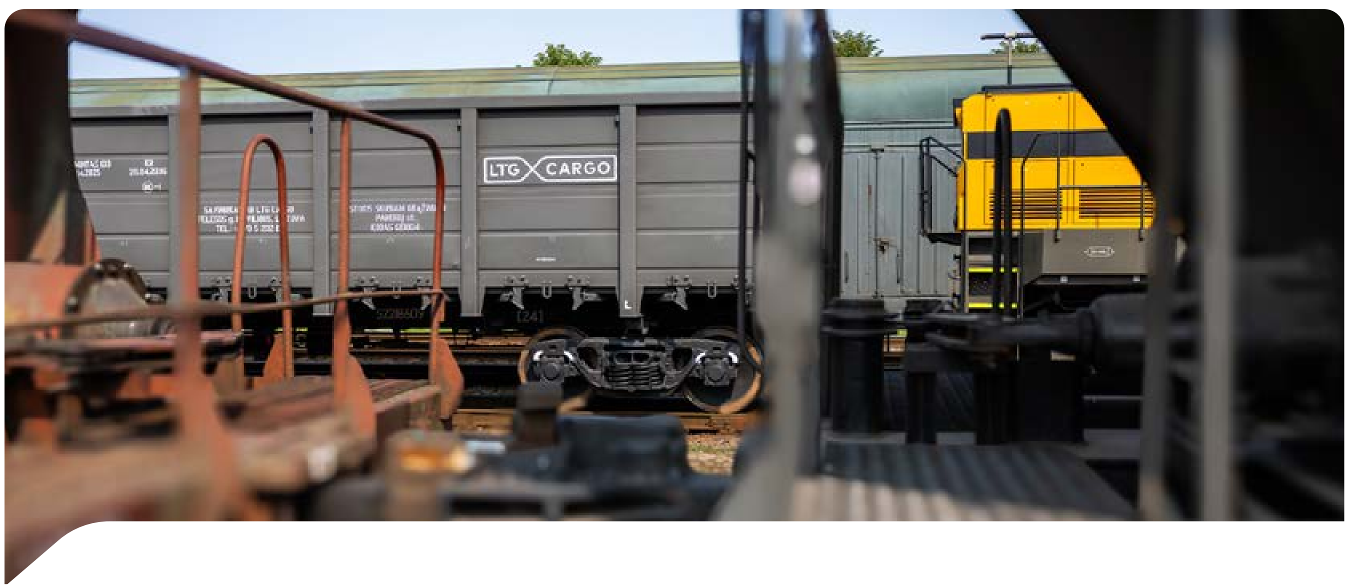
LTG Cargo was registered in the Register of Legal Entities of the Republic of Lithuania on 28 December 2018, and as of 1 May 2019, the freight transportation activities of AB Lietuvos Geležinkeliai were transferred to it.

The main activities of LTG Cargo are transport of freight by railway on domestic and international routes. The Company transports on both 1435 mm and 1520 mm gauge tracks, and has 179 locomotives, 5 shunting tractors, 6710 various types of wagons, and 89 containers. This enables it to transport and deliver freight to the required country according to customer's needs, as well as provide a wide range of other services. LTG Cargo transports freight of all types, including intermodal, containers and semi-trailers as well as non-standard and heavy freight. When the freight is transported by railway, the Company consumes up to 10 times less fuel than transporting the same amount of freight by road, therefore, it is environment-friendly.

In order to diversify its activities and to provide services to different markets, in particular Western Europe, LTG Cargo established the subsidiaries LTG Cargo Polska Sp. z o. o. and LLC LTG Cargo Ukraine in 2020. LTG Cargo Polska develops the activities of rail freight transport in Poland and between Lithuania and Poland, Germany and Ukraine; since its establishment, LTG Cargo Ukraine has provided freight forwarding services, but in 2025, it shifted its business to enhancing the efficiency and utilization of the LTG Cargo's rolling stock fleet by leasing them to customers in Ukraine.

In April 2022, LTG Cargo started regular intermodal transportation to Duisburg and, thus, looked for opportunities to expand freight transport on the 1435 mm gauge and to refocus to Western Europe.

In 2024, the Company expanded its transportation geography in the Baltic and European countries, became a carrier in Latvia and Estonia. It independently conducted regular transportation of oil products by rail on the route from Bugeniai (Mažeikiai district) through Latvia to Valga (Estonia).



LTG Cargo offers the following services:

- Transportation of freight on domestic and international routes
- Transportation of semi-trailers
- Project-based transportation
- Lease of freight wagons and containers
- Lease of locomotives
- Wagon shunting
- Freight forwarding and services related to freight transportation
- Customs brokerage
- Repair and modernisation of wagons and locomotives
- Other repair services (repairs of units and assemblies, container repairs).

Market and competitive environment

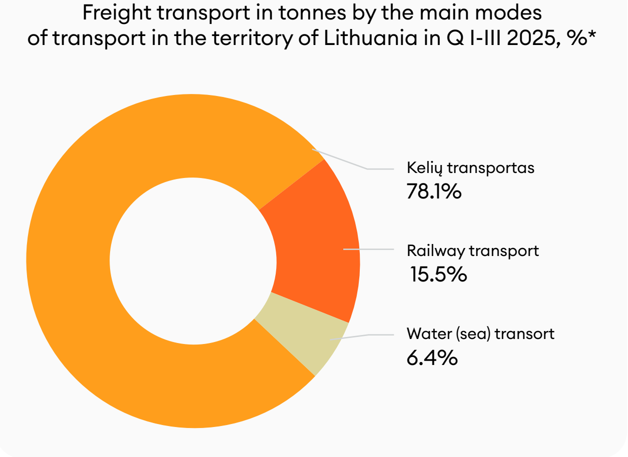
As of 2019, LTG Cargo is a company operating in a competitive market, i.e. operating in a competitive market under the same conditions as other Lithuanian and foreign market participants; it is a rail freight carrier providing local and international transportation services within the territory of Lithuania. While successfully expanding its operations, the Company obtained licenses in 2024 to conduct freight transportation in the territories of Latvia and Estonia, thereby strengthening its position in the Baltic region.

Lithuanian market

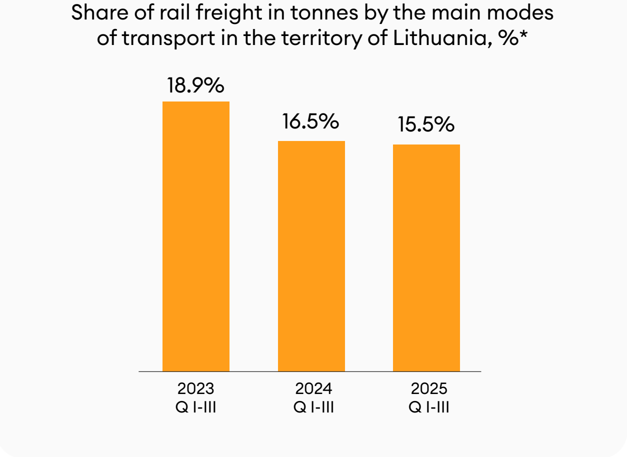
In the Lithuanian market, rail freight historically has had an especially strong competitor, i.e., transportation by road. The competition is especially fierce in the field of transportation of small-size and 'light' freight as well as in short-distance transportation. The main type of freight carried by railways is the liquid freight (oil and its products) and bulk freight (chemical and mineral fertilisers, construction materials). For the carriage of such freight, railway transport is able to offer unique (safer, more reliable, cheaper, and sometimes more efficient) conditions for the transportation of freight, including loading and/or transhipment.

According to the data of the State Database Agency for Q1-3 of 2025 regarding the freight transported by the main modes of transport on domestic routes, freight in and out of Lithuania, and freight in transit through the territory of Lithuania, the share of freight transported by rail amounted to 15.5% of the total market (in tons), which is 1.0 percentage point less than the same period in 2024. Accordingly, the share of other types of transport increased: road transport by 0.6 percentage points and water transport by 0.4 percentage points. The market share of freight transportation by rail compared to transportation by road decreased mainly because the sanctions had a greater impact on freight transportation by rail than transportation by road.

However, when analysing the freight transportation trends from the State Data Agency for the first to third quarters of 2024 and 2025, it is observed that in 2025, the rail market share compared to road transportation increased in many key freight groups. Rail's position strengthened the most in the petroleum products sector (from 75% to 79%) and in the solid mineral fuel (coal) category, where growth reached 3 percentage points (up to 40%). A slight increase was also recorded in the groups of ferrous metals (23%), plant-based products (20%), and chemical and mineral fertilizers (46%). Although the share of rail slightly contracted in the sectors of food products and construction materials, the overall trend indicates an increasing importance of rail transportation in the logistics of strategic raw materials and heavy freight.



** Data from the State Database Agency.*



** Data from the State Database Agency.*

International market

By participating in a common logistics chain with railways, cargo terminals and seaports of neighbouring countries, the Company competes not only in Lithuania but also in the international market with railways of other countries transporting cargo by alternative routes or by other modes of transport - by sea (water) or road.

Expansion into new markets and comprehensive diversification. In 2020, LTG Cargo began actively expanding into the Polish, Ukrainian, and German markets and started exploring business opportunities in Central Europe. In response to the changed geopolitical situation in 2022 and the drastically reduced freight flows from Eastern and Kaliningrad transit routes, the Company is consistently implementing comprehensive operational diversification.

Strengthening direction to the Western. The Company is developing freight transport on 1435 mm gauge track. An important step in the expansion of LTG Cargo's activities in this direction was taken in July 2021, when Kaunas Intermodal Terminal was connected to the European rail system. LTG Cargo is working intensively in this strategic direction, and keeps strengthening its position in Poland. Together with its subsidiary LTG Cargo Polska, in 2022, the Company started semi-trailer transports between Kaunas Intermodal Terminal (KIT) and Duisburg and back. This activity gained momentum and the number of these trips was optimized and new routes were developed. Since June this year when a stop in Łódź was added, two new routes (Kaunas–Łódź and Łódź–Duisburg) were offered to customers, that allowed attracting additional freight flows.

Activities in the Ukrainian market. LTG Cargo has been operating in Ukraine for five years. The subsidiary LTG Cargo Ukraine, established at the end of 2020, initially provided freight forwarding services. In 2025, it reoriented its business model to leasing rolling stock, which was inactive in the Lithuanian market, to customers in Ukraine.

Expansion in the Baltic region and integration into EU standards. The Company is active in the long-term programme FREE Rail, which is aimed at developing and implementing a rail operating model tailored to the Baltic region, based on EU rail standards and best practices and aligned with the specificities of broad gauge. As part of the FREE Rail programme, sources of alternative suppliers are being sought to completely distance from the spare parts, systems and regulatory bases of unfriendly countries.

With the aim to be expand existing routes and develop new ones in the Northwest-South corridor, at the beginning of 2025, LTG Cargo successfully performed the first test run through the Baltic states to Muga port in Estonia by applying the standard of EU railway sector - without exchanging information and connections with Russian systems of the Railway Transport Council (RTC). This became a significant event not only for the Company but also for the development of the logistics system in the entire Baltic region.

Customers

In 2025, LTG Cargo focused on addressing long-standing structural customer needs that required systemic solutions by strategically improving the customer experience. The Company concentrated its efforts on two main areas: strengthening operational activities and increasing the accessibility and responsiveness of customer service.

The first direction: strengthening operational activities. The acquisition of 500 new grain wagons fundamentally resolved the issue of wagon shortages and created conditions for more stable service delivery to customers. The enablement of technologies, including the use of drones, allowed for more effective assurance of the readiness, cleanliness, and consistent quality of services for wagons delivered to customers.

The second direction: customer service. LTG Cargo dedicated significant attention to customer service accessibility and responsiveness. By reviewing employee functions and responsibilities, it became simpler and quicker for customers to reach the company, and the introduction of 24/7 customer service enhanced service availability around the clock. This facilitated faster response times: 96% of customer inquiries were resolved within one business day, allowing for a constructive dialogue with customers.

These measures significantly contributed to the growth of the customer satisfaction score (NPS) and enabled LTG Cargo to consistently maintain a competitive advantage in the market.

1.3. Strategy

The LTG Group's activities are based on rational strategic planning and management. LTG's long-term corporate strategy was approved back in 2018, which covered all LTG Group companies' activities - freight and passenger transport and related logistics services in domestic and international markets, management of railway infrastructure, and implementation of priority investment projects. A detailed review of the strategy is carried out annually to take account of the changes in the transport services market and the evolving operating environment.

LTG Cargo's strategy was updated on 9 December 2025: detailed plan for the next 5 years and strategic guidelines up to 2040 were prepared.

LTG Cargo's updated strategy foresees that the total freight volumes of general and intermodal freight will remain steady and reach 24.7 million tonnes in 2030, irrespective any geopolitical challenges.

In 2025, LTG Cargo continued to adhere to a value-based policy by maintaining strict control over freight transportation to halt the transit of sanctioned goods through the Lithuanian territory. In 2025, 53 transport applications (amounting to 533 wagons) were rejected, 175 wagons were refused to enter the territory of our country at the border control points and internal stations (where Agreement on International Railway Freight Communications (SMGS) is not approved due to risk). Additionally, guidelines for retrospective monitoring analytics were approved, and the process for responding to identified violations involving risky goods, wagons, or companies was updated. Additional communication was provided to customers regarding Kaliningrad transportation quotas.

In 2025, LTG Cargo focused on addressing long-standing structural customer needs that required systemic solutions by strategically improving the customer experience. The organization concentrated its efforts on two main areas: strengthening operational activities and increasing the accessibility and responsiveness of customer service. The acquisition of 500 new grain wagons fundamentally resolved the issue of wagon shortages and created conditions for more stable service delivery to customers, and the review of employee functions and responsibilities enabled 96% of customer inquiries to be resolved within one business day. These measures significantly contributed to the growth of the customer satisfaction score (NPS) and enabled LTG Cargo to consistently maintain a competitive advantage in the market.

Given the uncertain geopolitical situation, LTG Cargo places additional emphasis on improving operational efficiency in its strategy to ensure that the growth of directly controlled costs does not exceed the level of inflation. To achieve this, efficiency measures will be implemented: reducing waste by reviewing and optimizing processes using continuous improvement methodology, automating optimized processes, conducting digitalization, and efficiently managing the company's assets.

Mission, vision, values

In 2025, mission, vision and values were discussed and updated by the LTG Group of companies.

Connecting people and businesses for a more sustainable future

Ensuring the necessary connections so that each of us may travel and expand businesses in a sustainable way both in Lithuania and abroad, protecting the environment around us.

By ensuring viability and creating value for Lithuania, we pursue our vision of driving change towards a more sustainable and equitable national transport model.

Mission

Being the backbone of the transport system

Transport axis. By laying the foundations for more sustainable domestic connectivity for passengers and freight, we are promoting the transformation of railways from a rudimentary link to a major axis to which other modes of transport connect: roads, seas and airports converge into a single network.

Smooth connection. We smoothly integrate Lithuania with other European countries.

Critical infrastructure. We ensure important transportation infrastructure for civil and military mobility, supply of essential goods.

Our values are born from within the organisation, identified as the most important by employees themselves. They guide us in our day-to-day operations to achieve our vision.
to which other modes of transport connect: roads, seas and airports converge into a single network.

VISSION

Customer

I listen to the customer.
I understand the needs.
I perform well.

Cooperation

Together we pursue a common goal.
I communicate openly.
I respect and support.

Responsibility

I do what I say.
I promise what I can.
I protect myself and others.
I boldly commit.

Development

I am interested in innovation.
I share the know-how.
I have a growth mindset.

Values

Strategic directions

Customer experience

The goal is to further enhance customer satisfaction with LTG Cargo services. This can be achieved by improving customer experience management, providing simple and reliable services, enhancing service quality, and fostering a customer-oriented culture, including the development of expert partnerships.

Business development

The flow of general freight is maintained despite the declining flow from third countries (24.7 million tons in 2030). Freight flows and revenues are increased by expanding business in Lithuania and shifting general freight from road transport. The expansion of the international Kaunas–Duisburg intermodal route for freight to/from Western Europe continues with an additional stop in Łódź, which will allow for moderate growth in international intermodal flows. In order to meet the customer needs, the rolling stock strategies are developed, investments and acquisitions of new rolling stocks are planned, and the existing fleet of rolling stock is optimised. Business expansion into foreign markets: Poland, Ukraine and Germany, search for possibilities in the Central Europe.

Operational efficiency

Enhancing top-level operational efficiency (growth of directly controlled costs does not exceed inflation) by fostering a culture of continuous improvement: to increase profitability, focus is placed on digitalization projects, cost control, improving employee productivity, and more efficient utilization of assets. Waste reduction is carried out by reviewing, optimizing, and automating processes, as well as digitalizing operations.

Decarbonisation

The aim is to minimize environmental impact and climate change while responsibly growing in accordance with the green agenda: sustainable, environmentally friendly solutions that create value for the community are being developed, such as the green transformation of the traction fleet to reduce CO_2 emissions and fuel savings. These measures will allow for a reduction of Scope 1 and Scope 2 Greenhouse Gas (GHG) emissions per revenue by approximately 60%.

Inclusive organisational culture

The aim is to maintain high level of employee engagement, satisfaction and productivity by creating an open and inclusive working environment, promoting inclusive and developmental leadership based, ensuring the importance of LTG Cargo values and encouraging engagement of the teams.

Business resilience

The goal is comprehensive business resilience by maintaining a high level of work, traffic, and business safety, successfully managing the implementation of sanctions and other risks, enhancing employee competence in safety matters, and strengthening business continuity plans.

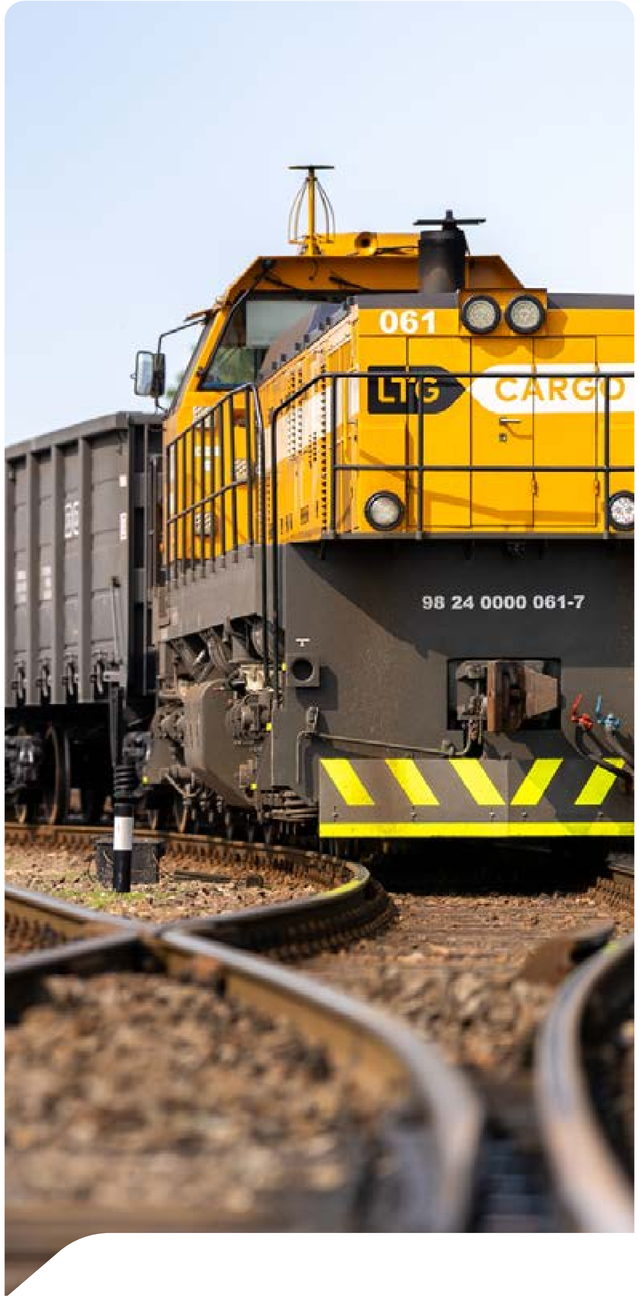
Strategy implementation measures

- Project transports are continued. In 2025, 180 transports of military equipment were carried out on the 1520 and 1435 network (compared to 143 trains were transported in 2024). A steady growth of military equipment handling is foreseen throughout the main strategy period up to 2030, in line with the development of military and dual-use sites in Lithuania. Also, the second pilot transportation of cars by railway, this time from Slovakia to Lithuania, was carried out. Other car manufacturers got interested in the success of this project, therefore, it is expected to continue expanding this area. The transportation of sulfur granules from Poland to Palemonas has begun, and projects are continuing.

- In Lithuania, local intermodal transport does not generate the expected returns, so its significant expansion is not being considered. The decision may be changed in case of changes in the assumptions related to road taxes. To expand international intermodal transportation opportunities, LTG Cargo introduced a stop in Łódź on the regular Kaunas–Duisburg route. This means that intermodal transportation organized by LTG Cargo was supplemented with two routes: Kaunas–Łódź and Łódź–Duisburg, which provide existing customers with flexibility and allow attracting additional freight flows.

- Technology Asset Management projects are continued. The design of freight electric locomotives was implemented: 97% of technical coordination work was completed. 17 new electric locomotives will transport freight on the electrified section between Vilnius and Klaipėda (Corridor IX B) from 2028 onwards, using electricity from renewable energy sources. In order to meet the needs of Lithuanian grain growers and constructions sector, delivery of grain wagons (500) and semi-wagons (200) was completed in 2025, the wagons were put into service and most of the new grain wagons were rented. The design of the infrastructure for a new depot for the maintenance of 1520 mm and 1435 mm rolling stock, including electric locomotives, has been finalised and the necessary land plots have been secured. It is expected to get a construction permit in 2026 and to complete construction in 2028-2029. The new depot will meet the future maintenance needs of the rolling stock fleet, as well as increase the efficiency of LTG Cargo's operations and the use of its assets. The modernization project for the Radviliškis freight wagon depot is continued with the aim to improve working conditions for employees and enhance operations. The project is scheduled to be completed by 2028. The replacement of unsafe locomotive safety system (KLUB-U) is ongoing, with plans to replace the systems in all locomotives used by LTG Cargo by the end of 2027. Digitalization projects are being implemented: automatic planning of rolling stock repairs; digitalization solutions for workshop employees and warehouses, implementation of condition-based repair solutions for locomotives as well as 5G and video surveillance solutions in locomotives. Projects for the installation of DMR radio stations necessary for operations in Latvia on Siemens locomotives and the adaptation of flat wagons for military freight have been implemented.

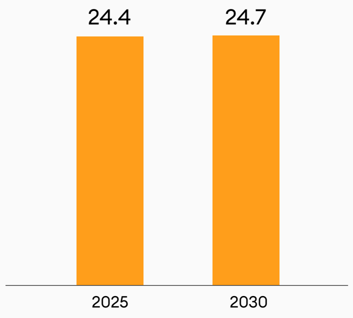
- Projects of operational efficiency. Implementation of a culture based on the LEAN philosophy will ensure continuous improvement in the organisation. Following the success of the pilot system project to repair locomotives according to their condition, investments are made in the installation of equipment in all Siemens locomotives in order to have more efficient management of assets and human resources, improve readiness of locomotives and reduce costs. The Computerized Maintenance Management System project is being initiated, which will integrate the entire rolling stock maintenance and management process into a unified system, allowing for the elimination of a large number of currently used IT systems and tools. New planning system (RCP - Rail Cargo Planning) started as planned. Functionality testing has been installed and carried out in LTG Cargo's services operation. Modules that optimise or automate the planning of trains and capacity, locomotives, crews, orders, empty wagons and station operations have been installed. The pilot project for robotic wagon inspection has moved into the implementation stage, with a robot acquired and being tested, and the training of image recognition algorithms has begun. Drones are being used in operations for wagon cleanliness inspections. The order management implementation project has been updated, market consultation has been carried out, and the scope of the project has been clarified. Functional requirements for procurement are being prepared, which will allow for the initiation of the order management system procurement by the beginning of 2026. Work on digital terminals has also started (an employee can conveniently scan the job card as well as see and manage the tasks scheduled for him/her). Train document automation project which digitalises specific service delivery processes is being completed. A tool has been implemented to check intermodal transportation waybill information in real-time. Additionally, a tool has been developed that allows customers to monitor automatically updated information about their wagons online. There are plans that are regularly updated to reduce fuel consumption, both in terms of expenses and CO_2 emissions. Synthetic fuel HVO100 pilot is carried out to test reduction of potential CO_2 emissions from diesel locomotives to 90%.



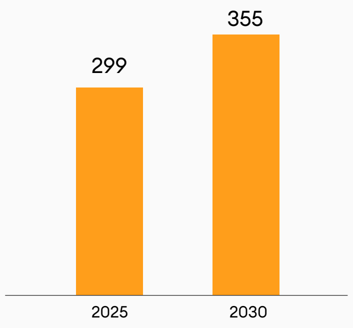
Performance forecasts in the strategy

The updated strategy plans to achieve the following LTG Cargo's key performance results through the implementation of the planned measures, targets and objectives:

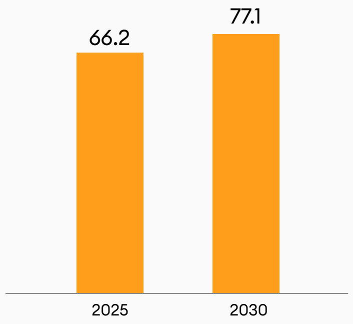
Freight volumes of LTG Cargo
(million tons)



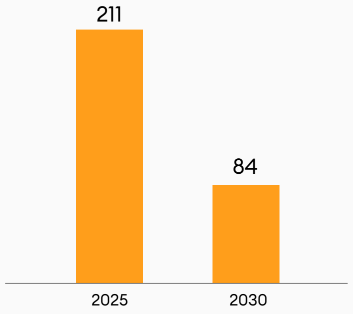
Revenue of LTG Cargo
(EUR million)



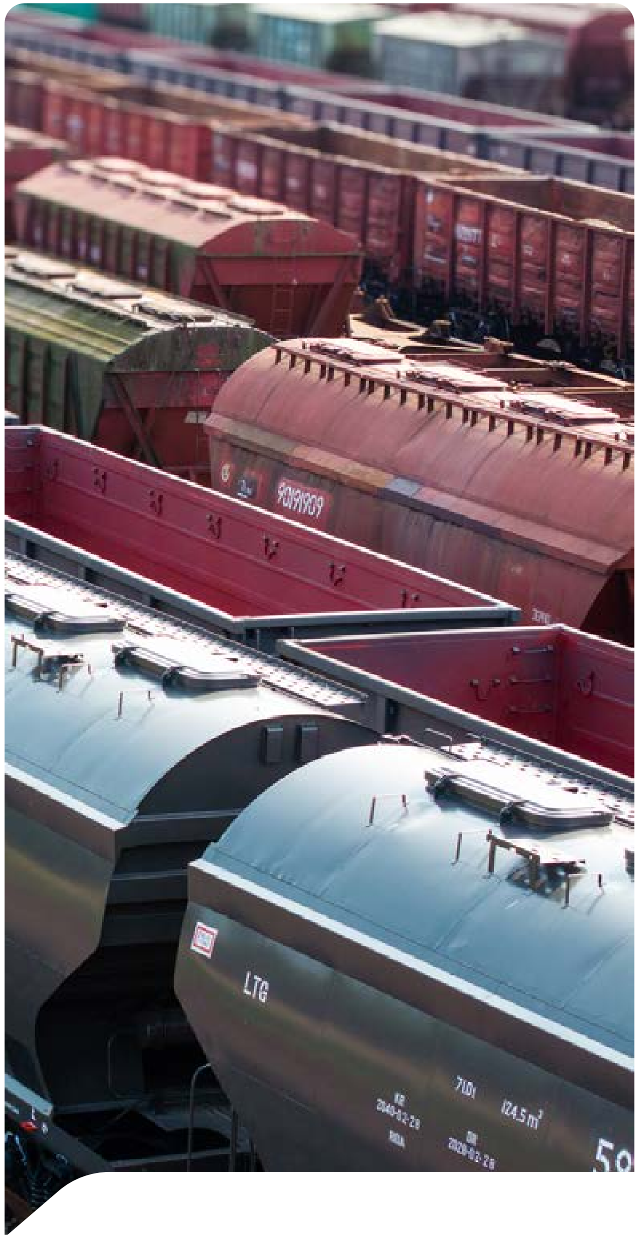
EBITDA of LTG Cargo
(EUR million)



LTG Cargo's Scope 1 and 2 GHG emissions
per unit of revenue (tCO_2e/million EUR)



Faster revenue growth is driven by rising infrastructure maintenance costs.



Annual targets for 2025

Taking into account the shareholder's expectations and aiming to ensure the implementation of strategic goals, on 16 December 2024, the board of LTG Cargo approved the annual targets of LTG Cargo, the indicators measuring them, and the target values, linked to the implementation of the LTG Strategy 2029. Considering LTG Cargo's ambition and strategic goals, the formed annual targets help improve customer experience, increase operational efficiency, ensure business growth, reduce environmental impact, ensure safety, and enhance employee engagement. Based on the approved annual objectives, LTG Cargo employees have personal goals set. In this way, LTG Cargo employees are involved in a structured and coherent process of implementing LTG Cargo's strategy, linking the achievement of objectives to career, development and incentive plans. The table presents the annual targets for 2025 approved by the board of LTG Cargo and their achievement indicators, measurement units, weight in the overall structure of goals, and achievement guidelines.

Strategic direction	Strategic activity indicators	Unit of measure	Weight, %	Goal achievement guidelines	Goal implementation indicators	Achievement of goals
VALUE CREATION THROUGH INTEGRATION INTO WESTERN MARKETS						
Ensure LTG Cargo's EBITDA margin	Ensured LTG Cargo Group's EBITDA margin	%	25.0	≥19.3	23.9	Exceeded
CUSTOMER EXPERIENCE						
Improve customer experience	Increased level of customer experience (LTG Cargo NPS)	%	15.0	≥22	34	Exceeded
OPERATIONAL EFFICIENCY						
Increase of operational efficiency	Achieved Level I maturity of Continuous Improvement	maturity assessment in points	10.0	≥1.3	3.1	Exceeded
BUSINESS DEVELOPMENT						
Progresuojanti „LTG Cargo Polska“ vystoma veikla	Increased LTG Cargo Polska's Cash EBITDA	EUR million	10.0	≤-4.8	-3.0	Achieved
	Implemented new LTG Cargo Polska's operational model focused on direct customers	EUR million	10.0	Additional income amounting to ≥ EUR 8 million per year	8.6	Partially achieved
ESG (ENVIRONMENTAL, SOCIAL, AND GOVERNANCE PRACTICES)						
Implementation of sustainable operations	Reduce environmental impact through freight turnover in Lithuania	gCO_2e/ tkm	10.0	≤12.87	12.20	Exceeded
BUSINESS RESILIENCE						
Improve the risk management level and strengthen comprehensive employee safety	Ensured level of business resilience	%	5.0	≥80	94	Achieved
	Ensured employee safety (accidents attributable to employer fault)	Accidents at work due to the employer's fault *1 M / total hours worked	5.0	≤0.5	1.03	Not achieved
INCLUSIVE ORGANISATIONAL CULTURE						
Increase employee engagement	Increased level of employee engagement	%	10.0	≥73	78	Achieved

1.4. Highlights

January

In accordance with the agreement with the Railway Transport Council (RTC), LTG Cargo has rejected the shared wagon fleet used for 1,520 mm railway track as of 1 January 2025. It has been replaced by a private fleet consisting of 6,710 wagons controlled by LTG Cargo. This change contributes to the national security as well as helps us to meet the needs of our customers better.

LTG Cargo successfully performed the first test run through the Baltic states to Muga port in Estonia by applying the standard of EU railway sector - without exchanging information and connections with Russian systems of the Railway Transport Council (RTC).

On 30 January, Íñigo Parra, the head of Stadler Valencia which manufactures electric locomotives for LTG Cargo visited Vilnius. The electric locomotives are based on Stadler's existing Eurodual six-axle locomotive model, but adapted to the broad gauge and Lithuanian climate: they will be able to operate in temperatures as low as -40 °C.

February

Ignitis ON fast charging station has been installed at the Vilnius intermodal terminal which allows electric trucks bringing containers or trailers for further transportation by rail to charge on-site and continue their journey. Infrastructure for electric trucks at intermodal terminals allows for the expansion of the electric truck fleet in Lithuania, which is particularly important for reducing the pollution footprint of freight transport.

March

LTG Cargo presented Green Kilometer certificates to businesses that chose to shift part of their freight transportation from road to rail, indicating how much greenhouse gas carbon dioxide was saved by their decision. Companies using intermodal transportation services saved over 30,000 tons of carbon dioxide in 2024; in case of transportation of such weight by train, it would require up to 3,000 wagons.

April

LTG Cargo announced that it is expanding intermodal transportation opportunities and will offer a stop in Łódź on the route Kaunas–Duisburg at the beginning of summer. This means that intermodal transportation organized by LTG Cargo will be supplemented with two routes: Kaunas–Łódź and Łódź–Duisburg.

May

LTG Cargo acquired American drones, which are now used for wagon inspections to help ensure higher quality transportation services. Approximately 30 employees have completed training as drone operators. It is expected that using drones for wagon inspections will make the rolling stock inspection process not only more efficient but also safer.

June

LTG Cargo participated in one of the largest and most important events in the logistics world held in Munich - the exhibition Transport and Logistic 2025. The exhibition covers the entire logistics value chain: from transport and freight forwarding to warehousing, supply chain management, specialized equipment, and innovative technologies. It showcases the latest market trends, innovations, and technologies, and includes discussions, forums, various thematic events, and live demonstrations.

On 27 June, LTG Cargo transported over 200 new KIA cars intended for the Lithuanian, Latvian, and Estonian markets from Slovakia to Kaunas solely on the European gauge. This is the second car transportation project implemented by LTG Cargo together with its subsidiary in Poland LTG Cargo Polska and other partners; Škoda cars transported from the Czech Republic in the autumn in 2024.

July

On 17 July, LTG Cargo transported the Lithuanian Army's freight for the first time by relocating armored wheeled and tracked military equipment and troops by rail from Panevėžys to Pabradė. This transportation was an important part of the field tactical training the King's Strike 2025 of the King Mindaugas Hussar Battalion of the Lithuanian Army's Infantry Brigade Iron Wolf.

LTG Cargo Polska, the subsidiary of LTG Cargo in Poland, celebrated its five-year anniversary on 20 July. The Company currently ranks sixth in the Polish intermodal transportation market and facilitates smooth freight transportation between Western Europe and Lithuania. LTG Cargo Polska provides rail freight services to one of Poland's largest food industry companies Cedrob and also develops partnerships with UZ Cargo Poland, CFL Cargo, Spedcont terminal in Łódź, among others.

With the LTG Group initiating the pilot project for plant-based diesel HVO100, this fuel, which leaves a significantly smaller CO_2 footprint, was used in three rolling stock units: the LTG Link passenger train Pesa 730 and two LTG Cargo locomotives: the shunting TEM TMH and the mainline Siemens.

August

LTG Cargo Ukraine, LTG Cargo's subsidiary in Ukraine, which has been providing forwarding services since its establishment in 2020, is changing its business direction. From now on it will focus on enhancing the efficiency and utilization of the LTG Cargo's rolling stock fleet by leasing them to customers in Ukraine.

The Business Support Manager, Justinas Kirbutas, joined the managers of LTG Cargo.

In August, LTG Cargo recorded a transportation milestone by moving 560,000 tons of new harvest grain. Alongside new grain wagons, LTG Cargo had prepared approximately 1,600 wagons for the grain season, i.e. 33% more than in 2024. This enabled the transportation of record volumes of this agricultural product in a short period.

October

To ensure more efficient management, sales and development and intermodal divisions of LTG Cargo were merged. Mindaugas Skunčikas is the manager of the new division Sales and Intermodal Development since 1 October. M. Skunčikas, who previously held the position of the Head of Intermodal and International Business Development, is also a board member of LTG Cargo Polska, a subsidiary in Poland; he joined the rail transport company in 2021 as the Head of new service development in the Business Development division.

LTG Cargo introduced updated base service rates for businesses, effective from 1 January 2026.

On 17 October, Irena Jankutė-Balkūnė resigned from her position of the Head of People and Culture of LTG Group and the position of the board member of the freight transportation company LTG Cargo. The Board will continue its work with the current composition of 4 members until the end of its term in January 2027.

LTG Cargo initiated a pilot project: a specially prepared robotic dog will patrol wagon formations and, using artificial intelligence, learn to detect failures of their parts.

November

After the transition period ended, from 21 November, oil or oil products from Lukoil and Rosneft and related companies can no longer be transported by rail transit from Russia to Kaliningrad. It should be noted that the LTG Group, in addition to the sanction packages of the United Nations and European Union, also adheres to the sanctions regime of the United States (US, OFAC) and the United Kingdom (UK, OFSI) in managing business risks.

December

On 19 December, LTG Cargo Ukraine celebrated its five-year operational anniversary. Having changed its business model earlier in 2025 to begin leasing rolling stock, by December, it had already entered into leasing agreements for more than 400 wagons.

1.5. Subsequent events

January

On 18 August 2025, the Company, as the sole shareholder of UAB LTG Wagons, adopted the decision to liquidate UAB LTG Wagons. On 31 December 2025, a request was submitted to the State Enterprise Center of Registers for the deregistration of UAB LTG Wagons from the Register of Legal Entities and it was deregistered on 20 January 2026.

LTG Cargo has updated its Green Kilometre Calculator – a tool that businesses can use to calculate the preliminary greenhouse gas emissions (tons of CO_2e) saved by shifting their semi-trailer or container from road to rail on one of LTG Cargo‘s regular intermodal routes.

February

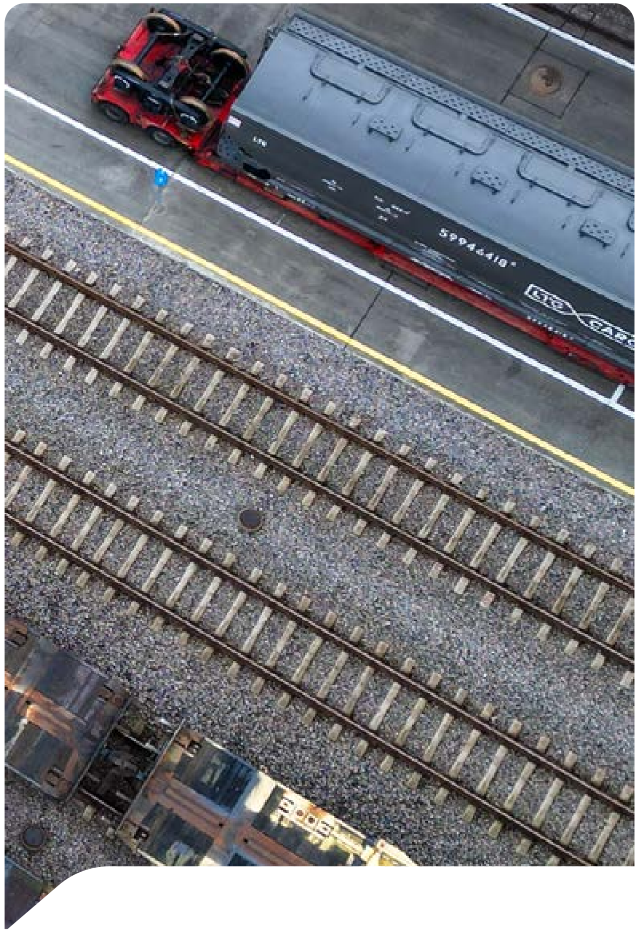
On February 18, LTG Cargo signed a new financing agreement worth EUR 13,600 thousand with its subsidiary, LTG Cargo Polska. The loan is intended to finance the acquisition of 72 wagons. Under this agreement, EUR 10,579 thousand was disbursed to LTG Cargo Polska on February 25.

Results

(all amounts are in EUR thousand unless otherwise stated)

2.1. Key performance indicators

Transport volume indicator	Unit of measure	2025	2024	2025/2024 Δ, %	2023
Total freight transportation turnover:	**billion tons- kilometres**	**5.6**	**5.9**	**(6.0%)**	**6.3**
Average distance travelled per tonne	**km**	**227**	**236**	**(3.8%)**	**232**
Total freight transportation	**million tons**	**24.4**	**25.7**	**(4.7%)**	**27.2**
Segments of freight transportation					
Domestic transportation	million tons	16.0	16.1	(0.6%)	15.4
International transportation:	million tons	8.4	9.6	(11.6%)	11.8
Transit	million tons	3.8	5.3	(27.1%)	6.5
Export from Lithuania	million tons	2.9	2.6	10.7%	3.3
Import to Lithuania	million tons	1.7	1.7	2.3%	2.0



LTG Cargo transported 24.4 million tons of freight in 2025. Traditionally, heavy or bulk goods (oil and its products, crushed stone, grains) transported by rail predominated during the reporting period and accounted for more than 70% of all freight transported by rail.

Since 2022, due to Russia's war in Ukraine, drastically reduced freight flows from the East, i.e., to/from Belarus and Russia, as well as transit in the Kaliningrad direction, continue to decline due to the expanding spectrum of international sanctions against Russia and effective sanctions control. Freight transportation volumes decreased by 4.7% from 25.7 million tons in 2024 to 24.4 million tons in 2025, and freight transportation turnover decreased by 6% from 5.9 billion tkm in 2024 to 5.6 billion tkm in 2025. A decline was recorded in the segments of transportation of food products and construction materials. Transit volumes are forecast to continue to decline in the near future. The modernization of the wagon fleet, diversification of operations, and active expansion to the West carried out by LTG Cargo during 2024–2025, in response to the contraction of flows from the East, provided a solid foundation for stabilizing the decline in transport and ensuring sustainable future growth. Although the complex geopolitical and economic situation in Europe currently prevents a significant breakthrough in the international freight transportation market, the company is concentrating on increasing operational efficiency and maintaining its position domestically.

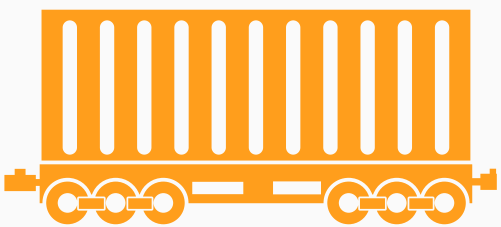
Domestic transport, which accounted for 65.3% of the total freight transported, insignificantly decreased by 0.6%, compared to 2024, and reached 16.0 million tonnes. The decreased flow of construction materials (due to reduced demand for road infrastructure projects) and lower volumes of plant-based product transportation were offset by the recovery of transportation of chemical and mineral fertilizers, driven by the renewed operations of AB Lifosa as well as slight increase in transportation of oil products. Cargo flows through the Klaipėda Seaport from local customers decreased by 1% to 7.6 million tonnes. The decline in local flows of plant-based and petroleum products through the Port of Klaipėda was compensated by an increase in the transportation volume of chemical and mineral fertilizers. It should be noted that as the Company focuses on the internal market, the relative share of local transportation in the Company's rail freight volumes within the territory of Lithuania (in tons) and the volumes of these transportations, after several years of growth, stabilized at a historically high level in 2025:

International transport, which accounted for 34.7% of the total freight transported, decreased by 11.6% to 8.4 million tonnes as compared to 2024. Transit flows through the territory of Lithuania decreased by 27.1% during the reporting period, while transportation in the direction of the Kaliningrad region decreased by 27.6%. The decline was largely driven by decreased transportation of food industry and oil products. The volume of freight imported and exported through the Port of Klaipėda decreased by 6.7% in 2025 due to reduced transportation of food industry products and chemical and mineral fertilizers.

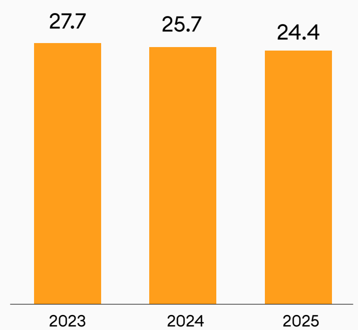
The volume of **intermodal** transport decreased by 35% to 68.5 thousand TEUs (the equivalent of a 20-foot container) in 2025. This was mainly influenced by decreasing flows to CIS countries. Meanwhile, the segment of semi-trailer transportation by train remained stable: volumes slightly adjusted by 1% compared to 2024, from 5,266 to 5,220 units.

Currently, intermodal transportation does not generate the expected returns, rapid growth in this flow is not expected in the near future. The company is focusing its efforts on creating favourable conditions to capture a larger share of freight from road transportation in the future. It is anticipated that upcoming regulatory changes, such as increased taxes on road transportation and other restrictions, will positively impact intermodal transportation volumes and operational profitability.

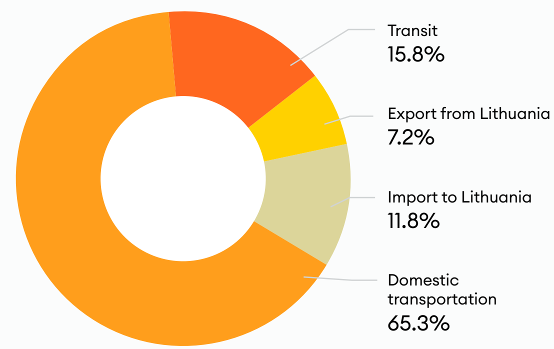
2022 – **44.8 % (13.9 million tons),**
2023 – **56.5 % (15.4 million tons),**
2024 – **62.7 % (16.1 million tons),**
2025 – **65.3 % (16.0 million tons).**



Freight transport volumes
(in million tons)



Segments of freight transport
in 2025, %



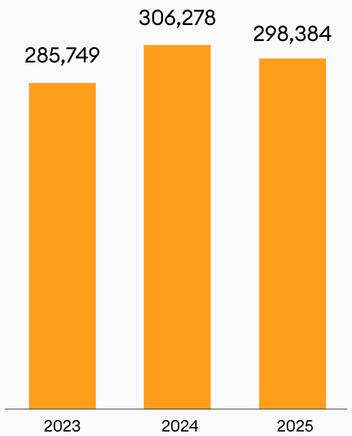
2.2. Financial performance

Sales revenue

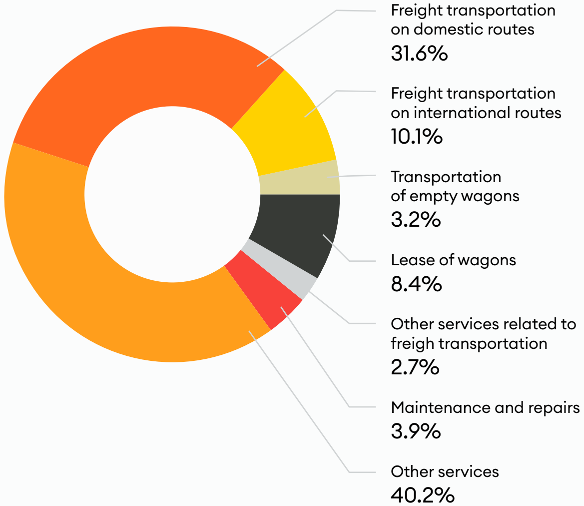
In 2025, the company earned EUR 298,384 thousand in sales revenue, which is 2.6% or EUR 7,894 thousand less than in 2024. The major portion of revenue – 71.7% comprised revenue from freight transportation.

- **Revenue from freight transportation on domestic routes** in 2024 amounted EUR 119,824 thousand and remained at the same level as in 2024; the decrease was only 0.5% (EUR 595 thousand) as the transportation volumes in this segment contracted slightly by 0.6% due to the reduced flow of construction materials and plant-based products. The relative share of these revenues in the Company's revenue structure is 40.2%.
- **Freight transportation on international routes** in 2025 decreased by 15.1% or EUR 16.746 thousand compared to 2024, reaching EUR 94,173 thousand. 54.6% of the volume (in tonnes) of the international transportation was transportation of freight to and out of Lithuania and 45.4% was transportation of freight in transit through Lithuania, including in the direction of the Kaliningrad region, i.e. 45.0% in transit through Lithuania between the mainland of the Russian Federation and the Kaliningrad region in accordance with the EU restrictions and 0.4% in other transit. In 2025, revenue from transit freight transportation amounted to EUR 55,674 thousand, which is 22.7% (or EUR 16,335 thousand) less than in 2024. The decrease in revenue was driven by a 27.1% contraction in transportation volumes for this segment; however, the negative impact of volume decline was partially offset by increased transportation rates.
- In the reporting period, **revenue from transportation of empty wagons** increased by 17.9% (or EUR 4,555 thousand) compared to 2024 and reached EUR 29,997 thousand. This revenue growth was driven by a higher number of wagons rented to customers and increased transportation volumes using private wagons, as well as the transfer of all LTG Cargo's wagons to the private wagon fleet from the beginning of the reporting period.

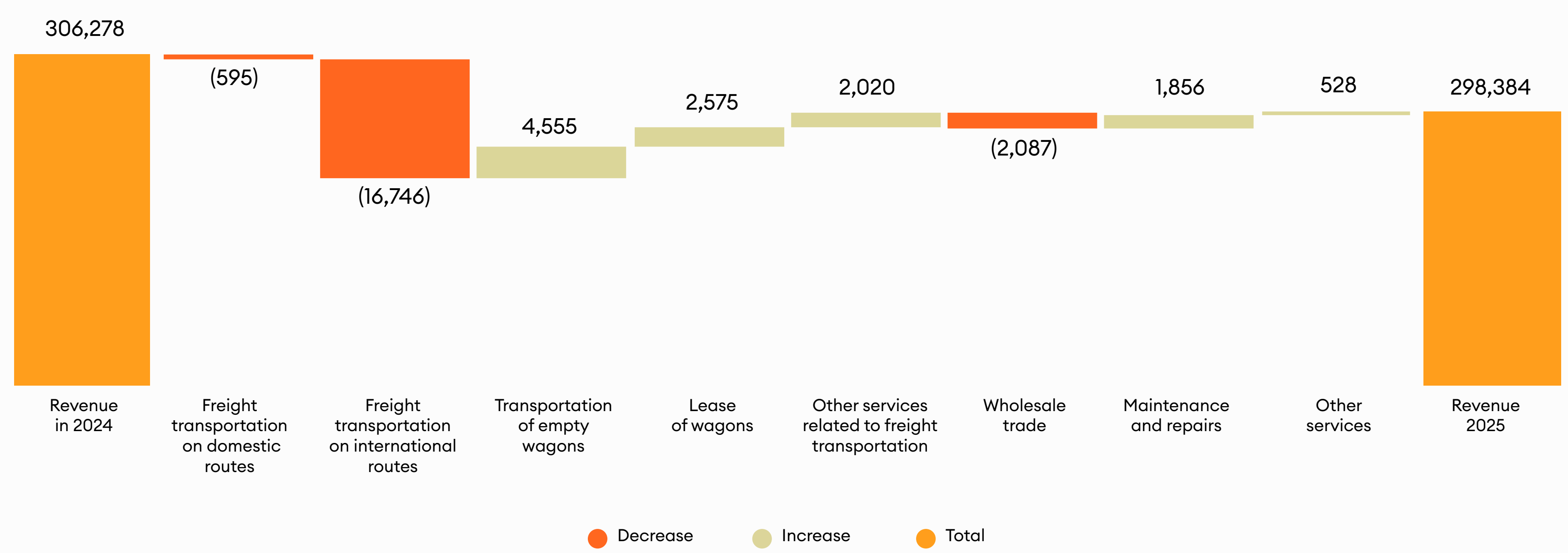
Company's sales revenue, EUR thousand



Structure of the Company's sales revenue 2025, %



Change in Company's sales revenue, EUR thousand

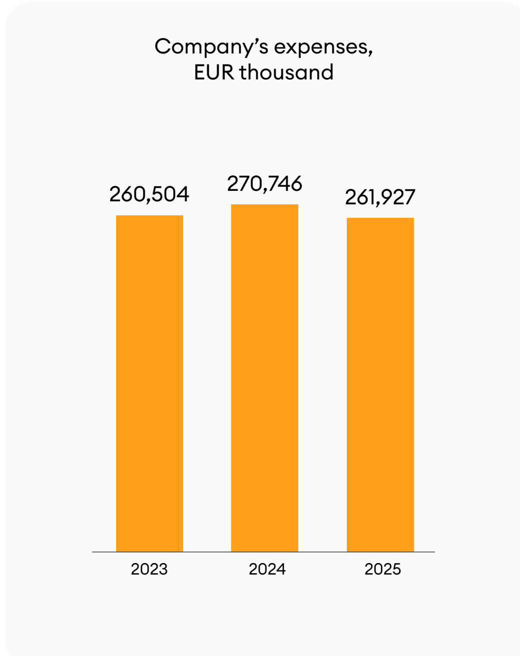


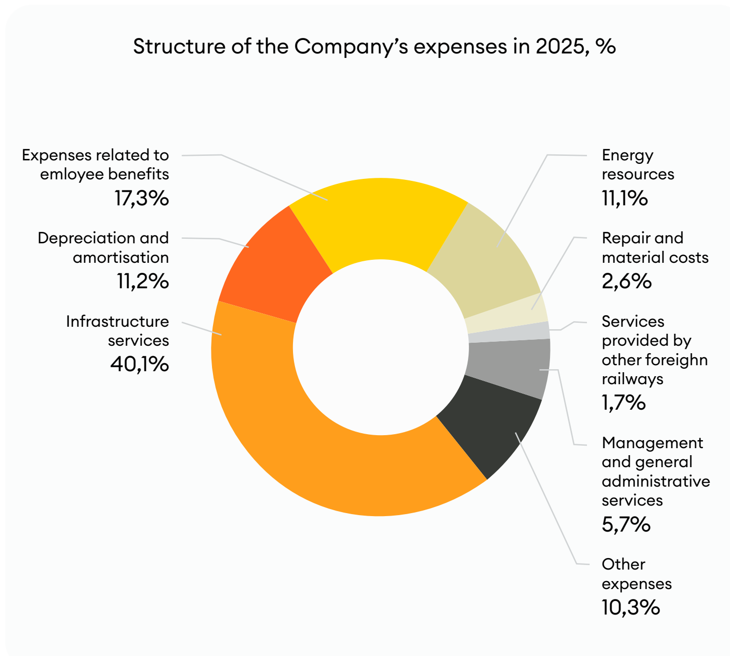
- In 2025, **wagon rental revenue** amounted to EUR 9,440 thousand, which is 37.5% (EUR 2,575 thousand) more than in 2024. This revenue growth was driven by an increase in the number of wagons rented to customers.
- **Other freight-related revenues** also increased compared to 2024, reaching EUR 25,163 thousand, which is 8.7% (EUR 2,020 thousand) more. This revenue growth was driven by an increase of EUR 2,438 thousand (74.8%) in revenues from freight forwarding agents and freight forwarders due to increased military and project transportation, and EUR 567 thousand higher revenues from the use of freight wagons and containers in Lithuania. Revenue growth in this group of services was offset by forwarding revenues lower by EUR 1,368 thousand (82.1%) as LTG Cargo did not purchase freight transportation services in the territory of Latvia during the reporting period, unlike in 2024.
- During the reporting period, **wholesale revenue** decreased by more than half, i.e. by 60.2% (EUR 2,087 thousand) compared to 2024 due to lower sales volumes of scrap metal and spare parts.
- In 2025, **revenue from maintenance and repair services** amounted to EUR 8,131 thousand, which is 29.6% (EUR 1,856 thousand) more than last year, due to increased volumes of customers' rolling stock and higher repair prices.
- In 2025, **revenue from other services** (rental of locomotives with crews and fuel, work of locomotives and their crews abroad, asset rental) amounted to EUR 10,279 thousand, i.e. by 5.4% more than in 2024. The increase in revenue was due to lower income from the work of locomotives rented with crews by UAB LTG Link in passenger traffic.

Expenses

In 2025, the Company incurred EUR 261,927 thousand in costs with regard to its principal and other activities. Compared to 2024, the costs decreased by EUR 8,819 thousand or 3.3%.

The majority of the Company's expenses in the reporting period include infrastructure charges (40.1%), wages and salaries (17.3%), depreciation and amortisation (11.2%) and energy resources (fuel, electricity) (11.1%).





- **Infrastructure services expenses** consist of payments for services of the minimum access package to the public railway infrastructure and access to railway service facilities (marshalling yards, train formation and shunting facilities, loading terminals, railway rolling stock maintenance facilities) and the costs of services provided therein.

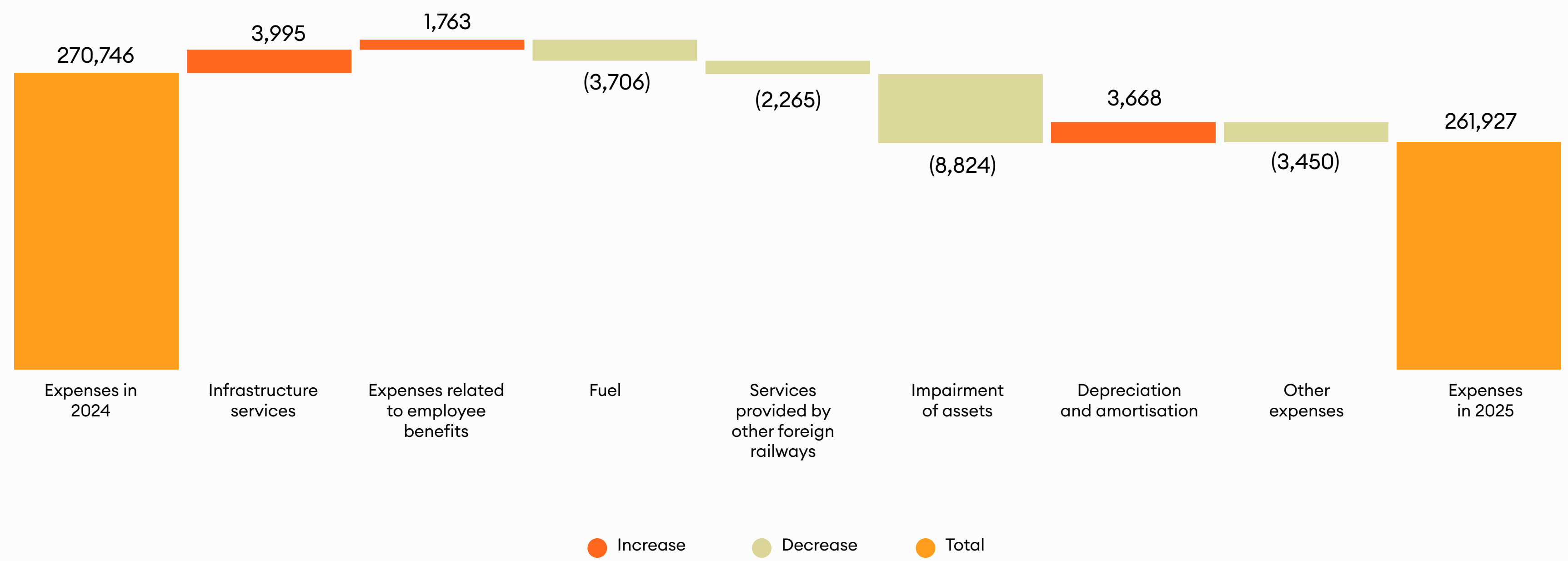
  In 2025, infrastructure fee expenses amounted to EUR 105,046 thousand, which is an increase by 4.0% or EUR 3,995 thousand compared to 2024. These expenses increased due to EUR 3,803 thousand (27.8%) higher costs for access to railway service facilities and services provided therein driven by significantly increased rates for using railway service facilities for storing rolling stock and using the wagon marshalling hump as well as changed charging rules for the use of train formation and shunting facilities.

- **Expenses related to employee benefits** increased by 4.1% or EUR 1,763 thousand as compared to 2024 and amounted to EUR 45,291 thousand. The increase of expenses was primarily influenced by the annual review of base salaries implemented on 1 April, in response to changes in the labour market. The increase in employee benefits was partially offset by the company's optimization of the workforce by prioritizing operational efficiency and consistently implementing continuous improvement methods and measures.

- During the reporting period, **fuel expenses** amounted to EUR 28,712 thousand, which is 11.4% (EUR 3,706 thousand) less than last year. The reduction in expenses was driven by the following reasons: a 6.9% decline in train working volumes, an average 1.8% decrease in diesel prices, and a 3.1% reduction in fuel consumption per 10,000 gross ton-kilometres.

- **Expenses related to services provided by other foreign railways** in the reporting period amounted to EUR 4,512 thousand and it was 33.4% (EUR 2,265 thousand) lower than in 2024. This decrease was mainly influenced by a 97.6% drop in freight transportation turnover within the territories of Latvia and Estonia.

Change in expenses of the Company, EUR thousand



- **Impairment of assets expenses.** During the reporting period, impairment expenses of EUR 6,844 thousand were accounted for, which is significantly less (by EUR 8,824 thousand or 2.3 times) compared to 2024.

  After analysing the use and potential realization of non-current assets (including those held for sale) and inventories, in 2025, an impairment of EUR 7,689 thousand was accounted for due to changes in business needs and assets not used technologies (EUR 6,688 thousand in 2024), of which EUR 4,909 thousand was related to the impairment of locomotive production lines and EUR 2,223 thousand to wagon production lines.

  The reversal of impairment of financial assets during the reporting period amounted to EUR 826 thousand, whereas in 2024, impairment expenses of EUR 8,623 thousand were accounted for. The positive change of EUR 9,449 thousand was driven by the profitability assessment of LTG Cargo's investment in its subsidiary LTG Cargo Polska over a 14-year period, based on data as at 31 December 2025, and considering the strategic directions and development plans of LTG Cargo Polska, which were reviewed and updated in line with the long-term strategy of the LTG Group. The results of the evaluation indicated that the investment in LTG Cargo Polska does not fully pay off over the mentioned period, which led to the partial reversal of impairment amounting to EUR 8,623 thousand recorded in 2024 by EUR 945 thousand.

  In 2025, a reversal of impairment of receivables amounting to EUR 19 thousand was also accounted for (compared to an impairment of EUR 357 thousand in 2024).

- In 2025, **depreciation and amortisation expenses** amounted to EUR 29,349 thousand, which is significantly higher, i.e. by EUR 3,668 thousand or 14.3%, compared to 2024. This growth was primarily driven by the Company's investments in the renewal of the wagon fleet: 500 new grain wagons and 200 open wagons were put into operation in the second half of 2024 and in 2025. The increase in expenses was also influenced by the lower capitalization of depreciation expenses.

- In 2025, **other expenses** decreased, as compared to 2024, by EUR 3,450 thousand (7.6%) to EUR 42,173 thousand. The largest influence on this change was the reduction of purchases of freight transportation operator services by the subsidiary LTG Cargo Polska by EUR 2,212 thousand (17.1%). This is directly related to lower volumes of Kaunas–Duisburg intermodal transportation by optimizing the number of trains and increasing their load, as well as the discontinuation of Kaunas–Slavkov transportation. Additionally, this change was influenced by a EUR 1,011 thousand (42.8%) reduction in the cost of sold spare parts and scrap metal, due to decreased sales volumes.

Operating results

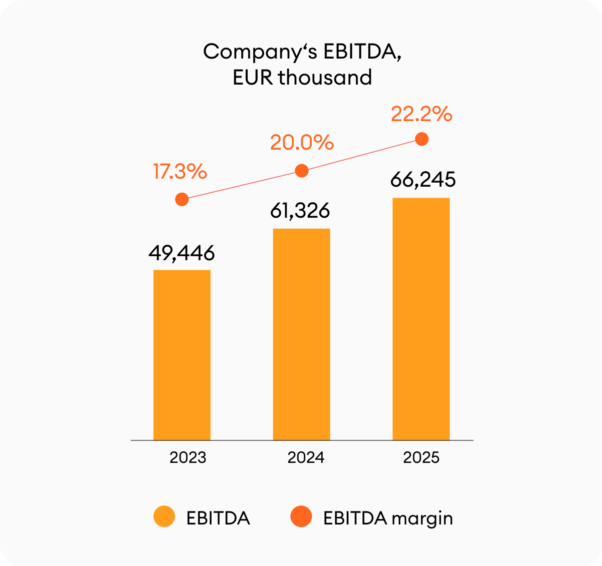
Despite the loss of freight flows from the East since 2022, the consistently decreasing Kaliningrad transit, and the uncertain geopolitical and economic environment, the Company demonstrated operational resilience and increasing profitability in 2025. During the reporting period, EBITDA increased by EUR 4,919 thousand (8.0%) compared to 2024, with the EBITDA margin increased by 2.2 percentage points. Net profit correspondingly increased by EUR 3,256 thousand (14.0%), with the net profit margin achieving a growth of 1.3 percentage points.

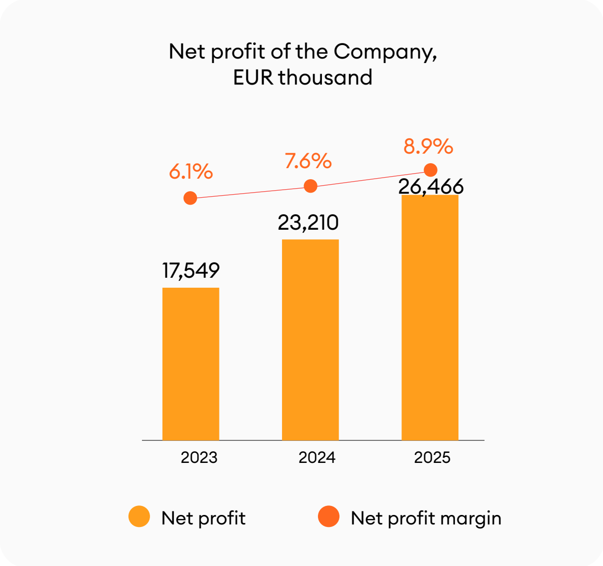
These results were driven by the priority focus on increasing operational efficiency. To achieve its set goals, the Company consistently implemented continuous improvement methodologies by optimizing internal processes to reduce waste, executing digitalization and automation projects, and ensuring efficient asset management. The implementation of operational efficiency measures using continuous improvement tools in 2025 resulted in savings of EUR 4.2 million. Notably, systematic fuel management measure, which reduced a reduction in fuel consumption in litres per 10,000 gross ton-kilometres by 3.1% compared to 2024 and saved EUR 918 thousand.

Improving service quality had a significant impact on achieving these positive results. The Company concentrated its efforts on two main areas: strengthening operational activities and increasing the accessibility and responsiveness of customer service. These measures significantly contributed to the growth of the customer satisfaction score (NPS) and enabled LTG Cargo to consistently maintain a competitive advantage in the market.

Strengthening LTG Cargo's position in Western directions played a significant role. The Company registered wagons in the European Vehicle Register, conducted its first test transportation according to EU railway standards from Lithuania to the Port of Muuga in Estonia, and obtained a technical supervisor certificate valid throughout the European Union. This opened up new opportunities for integration into Western markets.

Business expansion was also supported by significant investments; in 2024-2025 we expanded our wagon fleet with the acquisition of 200 new semi-wagons for bulk materials and 500 grain wagons.





Balance sheet changes

As at 31 December 2025, the Company's assets amounted to EUR 356,655 thousand and increased by 6.6% or EUR 22,055 thousand, compare to the year ended 31 December 2024.

In 2025, **non-current assets** increased by 8.4% or EUR 21,824 thousand and amounted to EUR 282,809 thousand.

During the reporting period, **own property, plant and equipment** grew significantly, i.e. by 14.9% or EUR 32,016 thousand and amounting EUR 247,551 thousand.

- The renewal of the rolling stock fleet increased the assets by EUR 25,102 thousand (13.4%). At the end of 2024 and during 2025, the Company expanded its wagon fleet with the acquisition of 200 new semi-wagons for bulk materials and 500 grain wagons. Additionally, during the reporting period, capital repairs were carried out on 84 locomotives and 1,751 wagons.
- The assets of buildings and structures increased by EUR 6,113 thousand (19 times) as at 1 August 2025, following the purchase of rolling stock maintenance assets (buildings, tracks) worth EUR 7,258 thousand from LTG, which were previously leased under long-term rental agreements.
- Prepayments increased by EUR 7,083 thousand with and advance payment of EUR 10,288 thousand made in the 1st half of 2025 for the acquisition of 17 electric locomotives, based on the procurement conducted in 2024 and the contract signed with the Spanish manufacturer Stadler Valencia.
- In contrast to the increase of assets, construction in progress decreased by EUR 7,624 thousand (80.5%).

The right-of-use assets decreased by 56.8% (EUR 13,767 thousand) to EUR 10,450 thousand, partly due to the purchase of some of these assets, as mentioned above, and due to more efficient asset management, resulting in rejection of some leased assets.

In 2025, **financial assets** increased by 5.4% or EUR 946 thousand and amounted to EUR 18,567 thousand. This was due to the partial reversal of the impairment of investment in the subsidiary LTG Cargo Polska amounting to EUR 945 thousand, as well as the increase of EUR 120 thousand in the investment in the subsidiary UAB LTG Wagons and the complete depreciation of this investment.

A long-term loan of EUR 3,912 thousand granted to the subsidiary LTG Cargo Polska led to an increase in **loans to related and other companies** by this amount.

As at 31 December 2025, current assets amounted to EUR 73,846 thousand and remained at the same level as at the end of 2024. The most significant decrease, by EUR 11,355 thousand or 21.2%, was in the cash balance which amounted to EUR 42,149 thousand at the end of the period. In contrast, there was an increase of more than three times (EUR 3,853 thousand) in advance payments and a 60.8% increase (EUR 7,431 thousand) in trade and other receivables. Inventories decreased by 13.5% or EUR 642 thousand due to more efficient management.

In 2025, equity increased significantly, i.e. by 9.7% or EUR 12,545 thousand to EUR 141,709 thousand. This change was influenced by the distribution of EUR 23,210 thousand from the distributable profit for 2024, with EUR 13,921 thousand paid in dividends to the parent company, and the net profit earned in 2025 amounting to EUR 26,466 thousand, which exceeded the profit amounting to EUR 23,210 thousand earned in 2024 by 14.0% or EUR 3,256 thousand.

Authorised capital remained stable at EUR 44,087 thousand during the period under review.

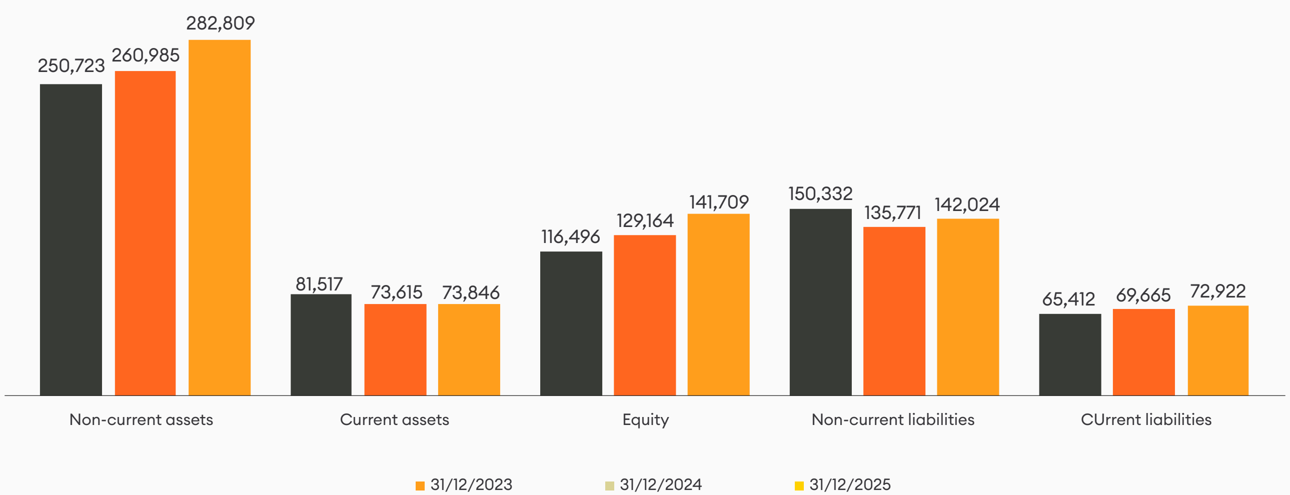
As at 31 December 2025, compared to 31 December 2024, liabilities increased insignificantly by 4.6% or EUR 9,510 thousand to EUR 214,946 thousand. In 2025, the Company signed a long-term financing agreement amounting to EUR 36,460 thousand with a credit institution to finance the acquisition of wagons and used the loan funds amounting to EUR 36,196 thousand during the reporting period.

In 2025, the Company repaid loans amounting to EUR 17,195 thousand (in 2024: EUR 9,265 thousand) and paid EUR 5,171 thousand (in 2024: EUR 12,147 thousand) in interest.

Lease liabilities decreased significantly during 2025, i.e. by 56.4% or EUR 13,829 thousand, due to a 56.8% reduction (EUR 13,767 thousand) in the right-of-use assets.

At the end of 2025, trade and other payables remained at the same level as at the end of 2024, with only a 1.0% increase. Income tax liabilities (including deferred tax) increased by EUR 5,301 thousand (26.8%) up to EUR 25,107 thousand.

Changes in the Company's main balance sheet items, EUR million

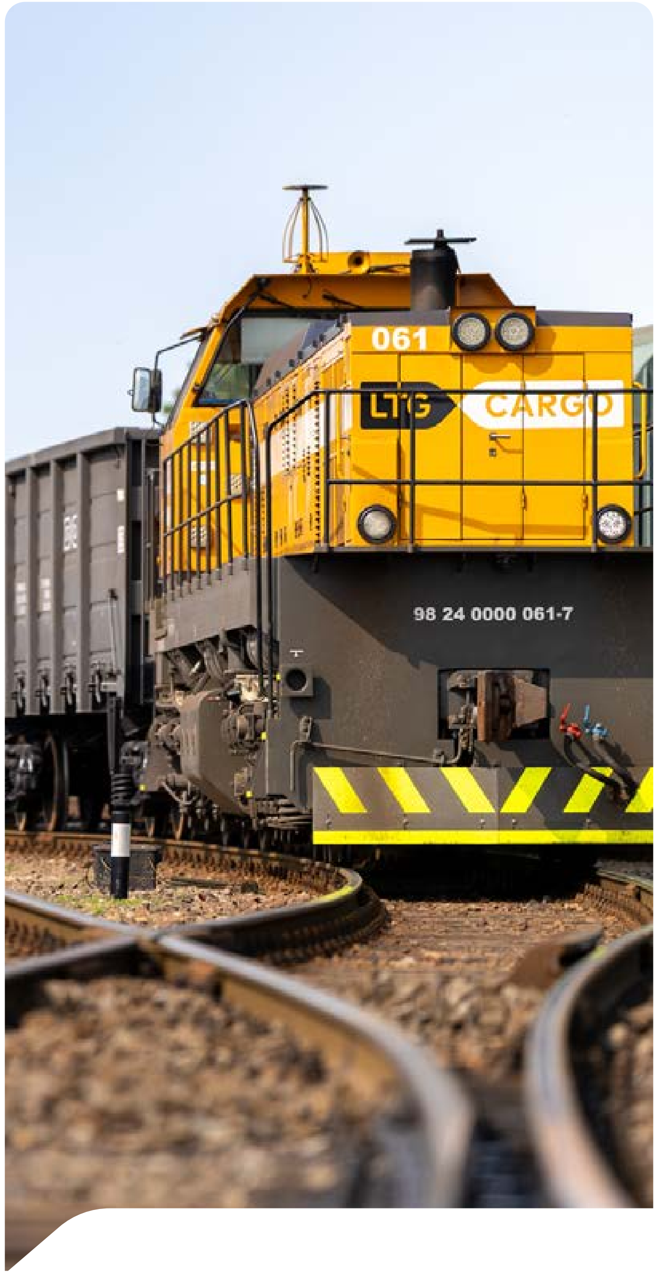


Back to content

Key financial indicators

	Unit of measure	2025	2024	2023
Sales revenue	EUR thousand	298,384	306,278	285,749
Revenue from other activities	EUR thousand	440	113	215
Total revenue	EUR thousand	298,824	306,391	285,964
Expenses	EUR thousand	261,927	270,746	260,504
EBITDA	EUR thousand	66,245	61,326	49,446
Adjusted EBITDA	EUR thousand	73,149	77,249	49,362
EBITDA margin	%	22.2%	20.0%	17.3%
Adjusted EBITDA margin	%	24.5%	25.2%	17.3%
EBIT	EUR thousand	36,897	35,645	25,460
EBIT margin	%	12.4%	11.6%	8.9%
Net profit	EUR thousand	26,466	23,210	17,549
Net profit margin	%	8.9%	7.6%	6.1%
		31/12/2025	31/12/2024	31/12/2023
Non-current assets	EUR thousand	282,809	260,985	250,723
Current assets	EUR thousand	73,846	73,615	81,517
Total Asset	EUR thousand	356,655	334,600	332,240
Equity	EUR thousand	141,709	129,164	116,496
Financial debt	EUR thousand	143,004	138,866	158,369
Net debt	EUR thousand	100,855	85,363	100,315
Return on equity (ROE)	%	19.5%	18.9%	15.8%
Return on assets (ROA)	%	7.7%	7.0%	5.3%
Return on investment (ROI)	%	9.6%	8.7%	6.6%
Financial debt / EBITDA	In times	2.2	2.3	3.2
Financial debt / Equity	In times	1.0	1.1	1.4
Net debt / EBITDA	In times	1.5	1.4	2.0
Net debt / Adjusted EBITDA	In times	1.4	1.1	2.0
Equity ratio	%	39.7%	38.6%	35.1%
Asset turnover ratio	In times	0.8	0.9	0.9
Quick liquidity rate	In times	1.0	1.0	1.1
Total liquidity rate	In times	1.0	1.1	1.2

For definitions of the indicators see page 71 of the Report.



Financing of the Company

As at 31 December 2025, the Company's loan portfolio (having assessed accumulated interest) amounted to EUR 132.3 million (EUR 114.4 million as at 31 December 2024).

During 2025, the Company signed a long-term financing agreement amounting to EUR 36.5 million to finance the acquisition of wagons, and the loan funds were utilized within the year.

Additionally, in December 2025, the Company received EUR 109 million in long-term financing for the acquisition of electric locomotives The funds received will enable the Company to renew its rolling stock fleet, utilize the electrified Vilnius–Klaipėda railway section more efficiently, and contribute to more sustainable freight transportation in Lithuania.

The weighted average interest rate of the Company's loan portfolio was 3.170% as at 31 December 2025 (4.783% as at 31 December 2024).

The longest repayment term of a financial debt is 10 years, and the last repayment term is in 2035.

The Company can use the LTG Group's cash pool to balance its working capital. The parent company of the LTG Group has signed an agreement with a credit institution for the provision of account services for the LTG Group. Accordingly, a mutual borrowing and lending agreement has been signed between LTG and the Company. The terms of the agreement correspond to standard market conditions and are valid until 31 December 2027.

2.3. Investments

Investment policy

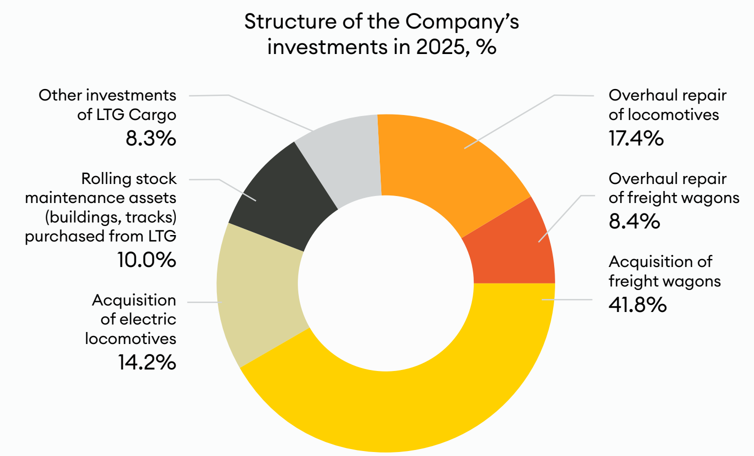
The unified Project and Investment Management Policy (hereinafter - the Policy) (link) applied within the LTG Group defines the general procedure for managing projects and investments to ensure timely implementation of the projects and investments. The Policy is prepared in accordance with the LTG strategy and is applied to all LTG Group companies.

The Company's current project and investment management processes, methodologies, and other regulatory documents are prepared in accordance with the provisions of this Policy.

Investments by AB LTG Cargo are a crucial tool for achieving strategic goals, with projects prioritized to directly enable the Company's transformation. Investments in electric locomotives and their maintenance infrastructure ensure the implementation of the decarbonization direction and the reduction of GHG emissions. Digitalization solutions and IT system implementations increase operational efficiency and enhance customer experience (NPS). All planned capital investments are closely aligned with the goal of becoming a sustainable backbone of the transport system, while simultaneously increasing employee productivity and ensuring business resilience and financial stability in a changing geopolitical environment.

Investments of the Company

Investments of LTG Cargo amounted to **EUR 72,642 million** in 2025. Most investments **(41.8%)** were for acquisition of freight wagons.



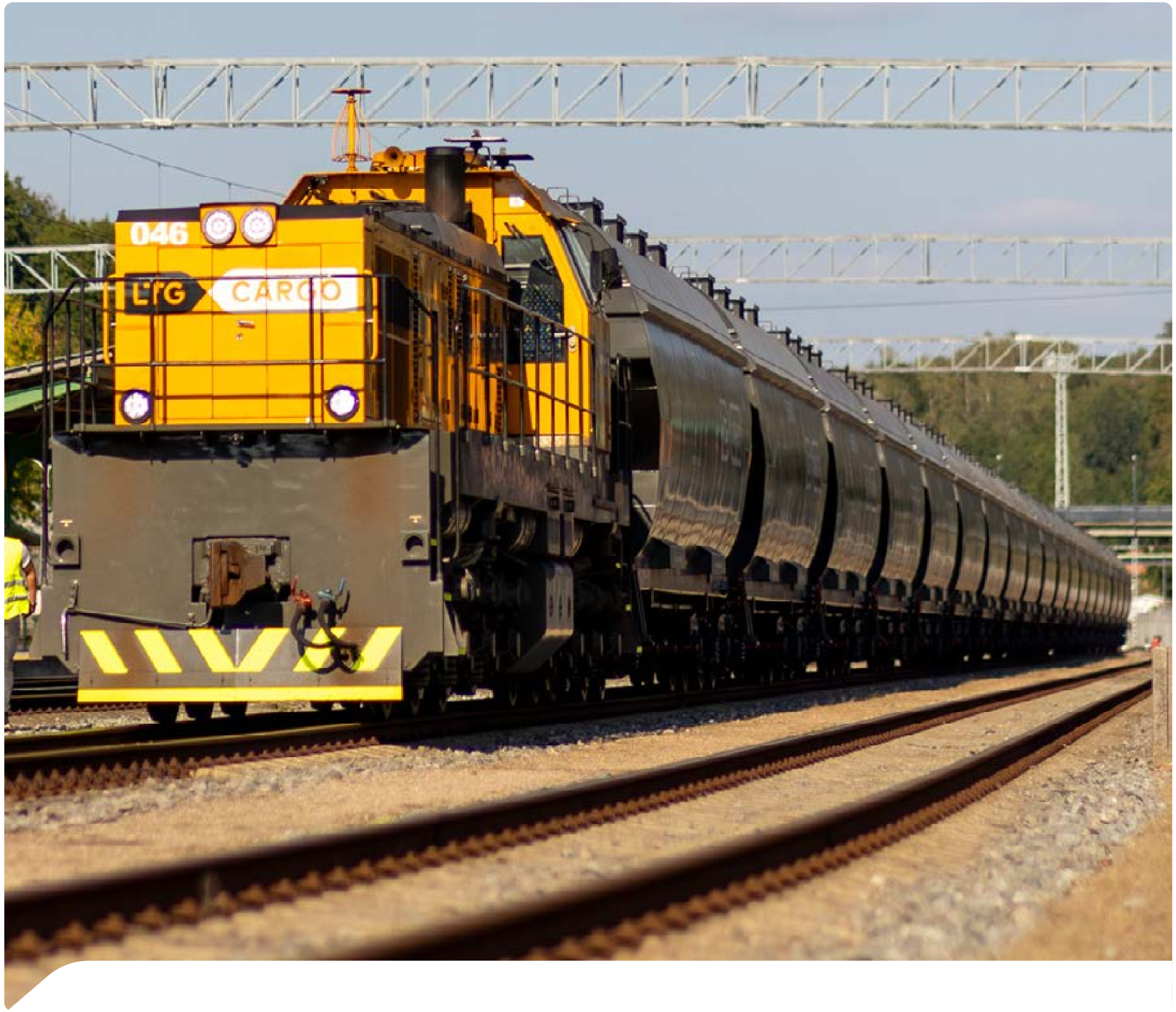
Investments, EUR thousand	2025	2024	2023
Overhaul repair of locomotives	12,614	12,678	11,853
Overhaul repair of freight wagons	6,091	9,937	7,310
Acquisition of freight wagons	30,337	18,632	-
Acquisition of electric locomotives.	10,285	-	-
Rolling stock maintenance assets (buildings, tracks) purchased from LTG	7,258		
Other investments of LTG Cargo	6,057	2,283	1,344
Total	**72,642**	**43,530**	**20,507**

Key investment projects

Project / Group of projects	Period	Investment, EUR thousand	Financing	Expected benefits (recoverability)	Strategic direction	Work in 2025
Strategic projects						
Acquisition of electric locomotives.	**2020–2028** (Active stage 2025–2028)	**EUR 110.15 million** (total budget of the project). Thereof **EUR 102.85 million** for acquisition of 17 locomotives. Thereof in 2025 EUR 10.3 million	Loan	**Efficiency:** lower energy and repair costs **Decarbonisation:** Reduction of CO_2 emissions	**Decarbonisation** Operational efficiency	**Readiness for production and design stage:** After the contract signing in December 2024, technical design, documentation coordination, and production planning with the supplier Stadler were carried out in 2025. During 2025, a 10% advance payment was made for the acquisition of 17 new electric locomotives, and 97% of the locomotive design work was completed (24 out of 25 project parts were approved).
Construction of the rolling stock repair depot in Vaidotai	**2019–2029** (Design stage: 2022–2025; construction completion expected by **28 February 2028).**	Not disclosed (there are unfulfilled procurements) Thereof in 2025 EUR 1.4 million	LTG Cargo's own funds/ Loan	**Operational:** Modern A+ class base adapted for the repair of 1520/1435 mm gauge locomotives **Strategic:** Enables decarbonization (maintenance of electric locomotives) and the expansion of Vilnius Connect (relocating the old depot from the centre).	**Decarbonisation** Operational efficiency Business resilience	**Intensive design stage:** Technical and technological designs were completed in 2025. Design proposals prepared according to the special technical requirements of Vilnius City Municipality, with public disclosure completed. Preparation for obtaining a construction permit and procurement of contracting work in 2026.
Acquisition of grain wagons	2024-2025	EUR 36 million Thereof in 2025 EUR 17.6 million	Loan	**Financial:** An average of EUR 15 million additional annual revenue is planned by 2053. **Strategic:** Improves customer experience by solving the shortage of grain wagons.	**Business development** Business resilience	**Completed project:** To meet the need of the Lithuanian companies for transportation of grain by rail, to acquire and put into service 500 new wagons for transportation of grain have been acquired and put into service.
Acquisition of semi-wagons	2024-2025	EUR 12.7 million Thereof in 2025 EUR 12.7 million	LTG Cargo's funds	**Financial:** An average of EUR 2.1 million additional annual revenue is planned by 2053. **Strategic:** Improves customer experience by solving the shortage of semi-wagons.	**Business development** Business resilience	**Completed project:** The worn semi-wagon fleet has been renewed: 200 new semi-wagons were delivered and put into operation
Programmes to renew assets						
Locomotive repair programme	2025	EUR 12.6 million	LTG Cargo's funds	Ensuring the readiness of LTG Cargo's locomotive fleet to transport the planned freight flows.	Business resilience	84 locomotives were repaired in 2025.
Wagon repair programme	2025	EUR 6 million	LTG Cargo's funds	Ensuring the readiness of LTG Cargo's wagon fleet to transport the planned freight flows.	Business resilience	1,751 freight wagons were repaired in 2025.

Company investments and development directions planned in the near future

- **Projects implemented in 2025 and not yet completed are being continued, the biggest being:**
  - Acquisition of electric locomotives. Manufacture of new locomotives begins in 2026;
  - Project for construction of the rolling stock repair depot in Vaidotai. Procurement of contracting work and technological equipment is planned in 2026;
  - The project for replacement of locomotive safety systems is continued.
- **Scheduled maintenance programs for operating rolling stock (locomotives and freight wagons) are being carried out.**
- **New projects are planned, including major ones such as:**
  - renewal and modernization of the freight wagon depot;
  - implementation of a new order management system;
  - installation of digital radio communication in ER20CF locomotives;
  - development of a condition-based locomotive repair system and etc.



(all amounts are in EUR thousand unless otherwise stated)

2.4. Dividend policy

The payment of dividends and the amount of profit contributions is regulated by Government Resolution of 6 June 2012 No. 665 „On the Approval of the Description of the Procedure for the Exercise of the State's Proprietary and Non-Proprietary Rights in State-Owned Enterprises", and the amendments to the Resolution (link). The summary version has been valid since 5 April 2022.

Allocation and payment of dividends of the LTG Group companies are regulated by the Dividend Policy of LTG Group available publicly on the Company's website (link).

Allocation of dividends for the financial year or a shorter period than the financial year is planned taking into consideration the level of return on equity, net profit earned, financial ability to pay dividends, implementation of economic projects of state importance, as well as other circumstances and conditions as set out in the Dividend Policy. The dividend pay-out ratio, calculated on retained earnings, depends on ROE at the end of the reporting period.

Company's ROE (%)	Share 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 Company's Board may propose to the shareholder to set a lower or higher portion of profit for dividend distribution or propose not to distribute them, taking into account the conditions and circumstances listed in the Dividend Policy.

On 16 April 2025, by the decision of AB Lietuvos Geležinkeliai, the Company's sole shareholder, the Company's financial statements for 2024 were approved and the profit (loss) for 2024 was allocated. The Company allocated and paid EUR 13,921 thousand in dividends to the parent company.

In 2024, the Company paid dividends in the amount of EUR 10,534 thousand from the distributable profit for 2023. In 2023, the dividends paid by the Company from the distributable profit for 2022 amounted to EUR 6,573 thousand. The Company did not pay out dividends in 2022 and the previous year.

Governance

3.1. Overview

Governance model

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

LTG Group applies the **functional leadership model**, which means that added value is created by centralising operational support, corporate function management as well as the functions themselves, consolidating competencies and introducing functional excellence. The parent company coordinates the finance, legal, planning and monitoring, human resources, risk management, audit, technology, communication and other general areas of the LTG Group companies through common policies, regulations and norms that apply to all LTG Group companies. The implementation of general services in these areas has been delegated to the LTG Group company UAB LTG Kompetencijų centras.

The corporate governance of the LTG Group shall be organised in accordance with the following principles:

- Openness and transparency of operations;
- Compliance with the legal framework and effectiveness of corporate governance;
- Fulfilment of shareholders‘ expectations;
- Cooperation with stakeholders, and their role;
- Effective and efficient risk management and internal control systems;
- Clarity and sustainability of objectives;
- Responsibility and accountability of the governing bodies.

Recognitions of governance

In the evaluation of the good governance index of state-owned enterprises (SOEs) for 2024/25, in the category of large enterprises, the LTG Group was recognised as one of the leaders among SOEs and received a high A rating.

In the assessment of Good Governance Index, the Company has received the **highest A+** rating. The Company received the highest „A+“ rating in the transparency and shareholder actions categories and earned an „A“ rating in the strategic management category.

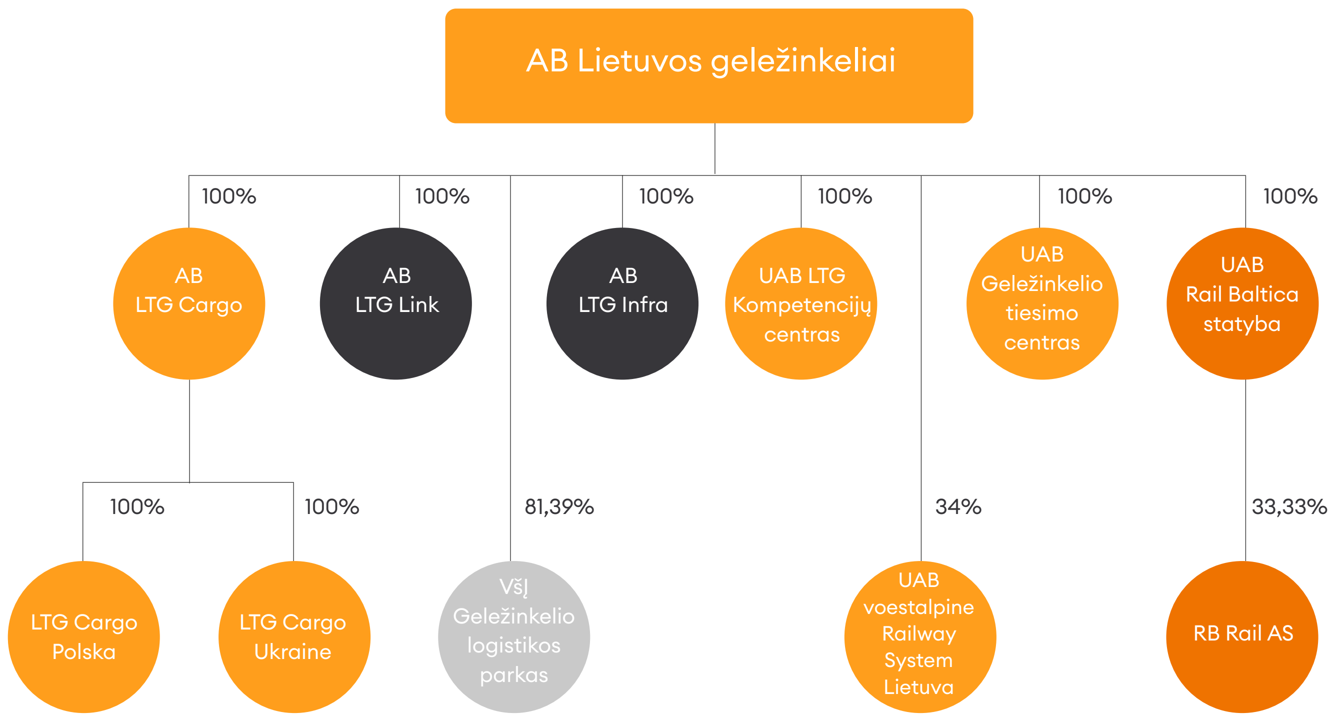
Transparency	Strategic governance	Shareholder's actions	Good Governance Index
A+	A	A+	A+

The assessment tool developed by the Governance Coordination Centre - the Good Governance Index for SOEs - is used to assess the quality of SOEs‘ governance, and aims to measure and assess the implementation of key good governance practises by state-owned enterprises and the representative institutions that control them. It is currently the only tool that monitors the governance of SOEs and assesses the quality of governance and compliance of all SOEs and their subsidiaries with the provisions of legislation.

Structure of the Group

The Company belongs to the LTG Group that is the largest in the Baltic States in terms of freight, passenger transport and infrastructure management. 100% of shares of the Company are owned by the parent company AB Lietuvos Geležinkeliai. The shareholder of AB Lietuvos Geležinkeliai is the State which is controlling 100% of shares, and rights and obligations of the shareholder are implemented by the Ministry of Transport and Communications of the Republic of Lithuania.

Structure of the LTG Group



- Subsidiaries and downstream companies operating in a competitive market under the same conditions as other Lithuanian and foreign market participants;
- UAB Rail Baltica statyba is the founder and shareholder of RB RAIL AS which coordinates implementation of the project Rail Baltica;
- Subsidiaries performing functions assigned by the state - special obligations
- Public institution

(all amounts are in EUR thousand unless otherwise stated)

Information on shares as of 31 December 2025

Company	Amount of authorised capital	Number of shares, items	Par value per share
Parent company			
AB LTG Cargo	EUR 44,086,741.36	209,299	EUR 210.64
Subsidiaries			
LTG Cargo Polska sp. z o.o.	PLN 39,678,000	39,678	PLN 1,000
UAB LTG Wagons	EUR 270,000	270	EUR 1,000
LLC LTG Cargo Ukraine	UAH 17,027,300	-	-

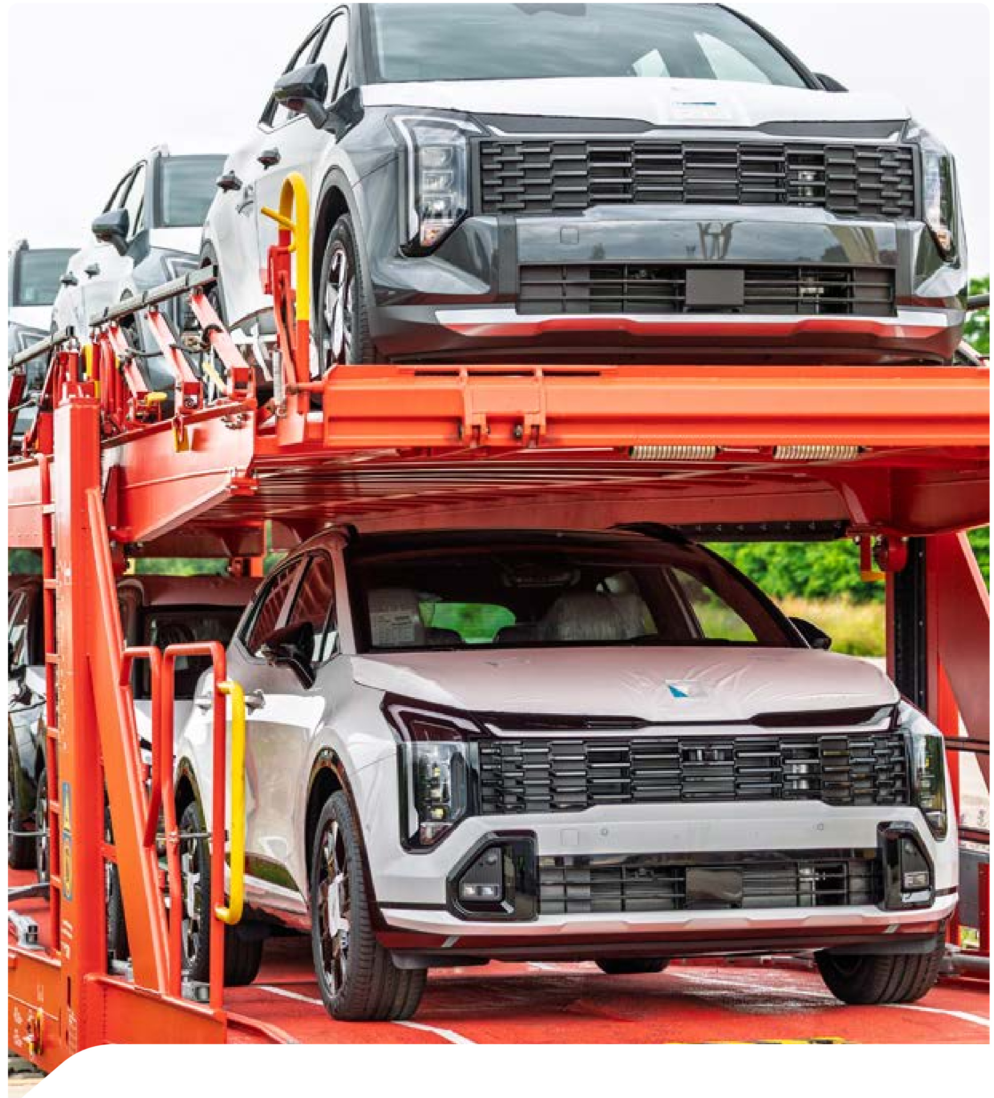
The Company is part of AB Lietuvos Geležinkeliai Group whose sole shareholder is the parent company AB Lietuvos Geležinkeliai. The shareholder of AB Lietuvos Geležinkeliai is the State which is controlling 100% of shares, and rights and obligations of the shareholder are implemented by the Ministry of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

All the shares are of the same class; i. e. ordinary registered shares. The shares are 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.

The Company and its subsidiaries belong to the companies of the LTG Group. The Company is the sole shareholder of its subsidiaries LTG Cargo Polska, LTG Cargo Ukraine and LTG Wagons. On 18 August 2025, the Company, as the sole shareholder of UAB LTG Wagons, decided to liquidate UAB LTG Wagons. On 31 December 2025, a request was submitted to the State Enterprise Center of Registers for the deregistration of UAB LTG Wagons from the Register of Legal Entities and it was deregistered on 20 January 2026.

In order to increase the long-term value of LTG Group companies, to use funds, assets and other resources rationally and efficiently, and to meet shareholders' expectations and interests, the LTG Group's operating model is focused on the purification and concentration of core activities in subsidiaries and downstream companies. Being part of the LTG Group, the Company and its subsidiaries are 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 their activities the Company and its subsidiaries are independent, they make relevant decisions and ensure reporting and responsibility for operating results.



3.2. Internal regulation

The Company's Articles of Association

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

During the reporting period, the Company's Articles of Association were not amended.

The currently valid Articles of Association of the Company are available on the Company's website applicable version of the Company's Articles of Association.

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

Operating policies applied within the LTG Group

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

During the reporting period, the following operational policies were approved by the LTG Board and have been implemented in the LTG Group:

- **The National Security Compliance Policy** aims to establish LTG Group's strategic and unified approach to ensuring compliance with national security requirements. This arises from the status of LTG Group of companies, whose respective companies are considered important for ensuring national security, and the resulting obligation to operate in accordance with national security interests.
- **The updated Procurement Policy** aims to define the key principles and objectives of procurement activity management, ensuring that procurements are conducted in accordance with high quality standards, promoting competition, innovation, sustainability, and efficient use of resources. It also ensures that inventory is managed following best practices and methods of inventory management.
- **The updated Strategic Planning and Management Policy** establishes the general principles, responsibilities, and main operational processes of strategic planning and management for the AB Lietuvos Geležinkeliai Group of companies. It aims to ensure coordinated strategic planning and management throughout the Group.
- **An updated Risk Management Policy**, which provides a coherent and common principles-based risk management framework for the LTG Group to achieve the objectives set out in the LTG Strategy and to maintain and enhance the value of the LTG Group.
- **An updated Corporate Governance Policy**, which aims to establish common principles for the LTG Group regarding management structure, formation of management bodies and separation of functions, corporate governance, control, and transparency principles, the optimal management structure, the decision-making and accountability system, and the mutual relations between the bodies of LTG Group companies.

3.3. Governing bodies of the Company

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

- General Meeting of Shareholders;
- Board;
- Head of the Company.

The General meeting of shareholders

Is the supreme management body of the Company. The competence of the General shareholders meeting, the procedure of its convening as well as resolution-passing is established by the Law on Companies of the Republic of Lithuania, other legislation and in the Articles of Association of the Company.

The sole shareholder of the Company is LTG, 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 voting right was not restricted.

The shareholder's rights and responsibilities are set by the Law on Companies of the Republic of Lithuania and other laws, as well as the Company's Articles of Association. During the reporting period, the shareholder's property and non-property rights were not restricted, and there were no special rights for the shareholder.

Competencies of the General meeting of shareholders

In accordance with the Company's Articles of Association, an additional competence of the General Meeting of Shareholders during the reporting period is to endorse the decisions of the Board of the Company regarding the following:

- on the prioritisation of the Company's material risks and the approval of strategies to manage them;
- on the investment of the Company-owned property and facilities of importance to ensuring national security, conclusion of purchase or sale, or any other transfer of ownership, pledge or mortgage transactions;
- on the approval of the material terms of contracts concluded by the Company concerning freight tariffs or discounts applied to them, if the estimated annual revenue of the contract, or the revenue estimated for the entire duration of the contract, may be equal to or more than EUR 10,000,000 (ten million euro) (excluding value added tax) or if the duration of the contract is more than 3 (three) years (with the exception of contracts of unlimited duration);
- on participation in or establishment of other legal entities;
- on the Company's commencement of a new activity or discontinuation the Company's existing activities, unless a decision to that effect has been taken at the time of approval of the Company's business strategy;
- to establish branches and representative offices of the Company, to terminate their activities, to appoint and dismiss the heads of the Company's branches and representative offices, to approve the regulations of the branches and representative offices;
- on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or greater than EUR 3,000,000 (three million) (excluding value added tax) in the Company's group companies or third parties;
- on the pledge and mortgage of the Company's non-current assets with a carrying amount equal to or greater than EUR 3,000,000 (three million) (excluding value added tax);
- on guaranteeing or indemnification of other persons for the fulfilment of obligations of an amount equal to or greater than EUR 3,000,000 (three million) (excluding value added tax);
- to purchase non-current assets for a price equal to or more than EUR 3,000,000 (three million) (excluding value added tax);
- on the loan or other financing transactions with a value equal to or greater than EUR 3,000,000 (three million);
- to enter into transactions for the purchase of goods, services and works with a value equal to or greater than EUR 3,000,000 (three million euros, excluding value added tax), and to approve the material terms and conditions of such transactions (prior to the commencement of the Company's procurement procedures);
- on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries, as referred to in the Articles of Association of the subsidiaries, concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guaranties for the obligations of others, the purchase of goods, services, and works, and the granting of a loan or any other financing transactions, where the value of the transaction is equal to or exceeds EUR 3,000,000 (three million euros, excluding value added tax).

Key decisions of the General meeting of shareholders adopted in 2025:

- The set of the financial statements of the Company for the year ended 31 December 2024 was approved.
- The Company's distributable profit (loss) for 2024 was allocated.
- The decision of the Board of the Company to prioritise the Company's risks and to approve the Company's risk management strategies was approved.
- The decision of the Company's Board for the Company to become a member of the association Deutsch-Baltische Handelskammer in Estland, Lettland, Litauen e.V. was approved.
- The decisions of the Board to approve transactions for LTG Cargo Polska sp. z o.o regarding traction energy purchase and receiving support from the National Recovery Plan (KPO) fund were also approved.
- The decisions of the Board of the Company to approve financing transactions of the Company and LTG Cargo Polska sp. z o.o. were approved.
- The decision of the Board of the Company to enter into the financing transaction for purchase of electric locomotives was approved.
- The decision of the Company's Board to enter into transactions for the acquisition of LTG depots' long-term and short-term assets was approved.
- The decision of the Board to enter into transactions for the procurement of contracting work for the capital repair of the freight wagon depot assembly workshop was also approved.
- The decision of the Board of the Company to enter into agreements for services in the railway service equipment was approved.
- The decision of the Company's Board to enter into a contract for the support and development services of the integrated resource planning and management system (ERP) was approved.
- The decision was made to remove the Board Member from the Board.

The Board

The Board is a collegial governing body provided for in the Articles of Association of the Company, consisting of 5 (five) members, including 2 (two) independent members, 1 (one) civil servant, 2 (two) members delegated by the shareholder of the Company. The members of the Board are elected by the General Meeting of Shareholders for a term of 4 (four) years. The Board elects the chairman of the Board from among its members. The same person may be elected as a member of the Board no more than for two consecutive offices. The Board is accountable to the General Meeting of Shareholders.

Independent Board members are elected in accordance with the Procedures for the Nomination of Candidates to the Board of Directors of a State or Municipal Enterprise and Candidates to the Supervisory or Governing Body of a State- or Municipality-owned Enterprise Elected by the General Meeting of Shareholders (hereinafter - Nomination Procedures), approved by Resolution No 631 of the Government of the Republic of Lithuania of 17 June 2015 (with successive amendments). When forming the board, the provisions of the Selection Description regarding the versatility of the competences of the board members, the requirements for compliance with general and special requirements are followed.

The competence of the Board meets the competencies of boards laid down in the Law on Companies of the Republic of Lithuania and the additional competences of the Board set forth in the Articles of Association.

Additional competence areas of the Board during the reporting period:

- to approve the Company's business strategy;
- to set Company goals;
- to approve the Company's annual business plan (budget);
- to approve the list of information considered to be the Company's trade (industrial) secrets and confidential information, as well as the conditions for the use and storage of such information;
- to analyse and assess the Company's material risks (prioritised by the Board when assessing such risks) and approve the strategies to manage them;
- to make decisions on the investment, sale and purchase, or any other transfer, pledge or mortgage of the Company's facilities and assets of national security importance;
- to make decisions on the investment, disposal or lease of the Company's non-current assets with a carrying amount equal to or greater than EUR 1,000,000 (one million euros) (excluding value added tax) in the Company's group companies or third parties;
- to make decision on pledges and mortgages of the Company's non-current assets with a carrying amount equal to or greater than EUR 1,000,000 (one million) (excluding value added tax);
- to decide on the guaranteeing or indemnifying of other persons in respect of obligations of an amount equal to or greater than EUR 1,000,000 (one million euros) (excluding value added tax);
- to make decisions to acquire non-current assets for a price equal to or greater than EUR 1,000,000 (one million) (excluding value added tax);
- to make decisions on loan or other financing transactions with a value equal to or greater than EUR 1,000,000 (one million) (excluding value added tax);
- to make decisions to enter into transactions for the purchase of goods, services and works with a value equal to or greater than EUR 1,000,000 (one million euros), and to approve the material terms and conditions of such transactions (before the Company commences the procurement procedure);
- to make decisions on the approval of the material terms of contracts concluded by the Company concerning freight tariffs or the discounts applied to them, if the estimated annual revenue of the contract, or the revenue estimated for the entire duration of the contract, may be equal to or more than EUR 10,000,000 (ten million euro) (excluding value added tax) or if the duration of the contract is more than 3 (three) years (with the exception of contracts of unlimited duration);

- to make decisions on the Company becoming a founder or participant of other legal entities;
- to make decisions for the Company to commence new activities or to discontinue the Company's existing activities if the relevant decision has not been taken at the time of approval of the Company's business strategy;
- to make decisions to establish branches and representative offices of the Company, to terminate their activities, to appoint and dismiss the heads of the Company's branches and representative offices, to approve the regulations of the branches and representative offices;
- to make decisions on the approval of the Company, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries, as referred to in the Articles of Association of the subsidiaries, concerning the investment, transfer, lease, acquisition, mortgage, pledge, hypothecation, and the granting of sureties and guarantees for the obligations of others, the purchase of goods, services, and works, and the granting of a loan or any other financing transactions, where the value of the transaction is equal to or exceeds EUR 1,000,000 (one million euros, excluding value added tax);
- to make decisions on the Company's approval, as a shareholder of the subsidiaries, of the decisions of the governing bodies of the subsidiaries to merge, amalgamate, demerge, subdivide, divide, transfer, or transfer their activities by any other legal means, and to become a founder or a participant in any other legal entity (except for the decisions to become a founder or a participant in associations);
- to approve the procedures for calculating basic freight tariffs and granting discounts, and to decide on the indexation of basic freight tariffs;
- to approve the basic freight tariffs and the Ancillary Services Price List;
- to approve, promote and sanction the terms and conditions of employment of the Company's Chief Executive Officer;
- to approve the aggregate amount of performance incentives to be granted to the Company's employees, taking into account the performance of the Company;
- to analyse and evaluate other information provided by the Company's Chief Executive Officer on key issues relating to the Company's business;
- to analyse other matters relating to the Company's business which fall within the Board's remit and, if necessary, take decisions on such matters;

The Board also performs the following supervisory functions:

- supervises the performance of the Company's Chief Executive Officer and provides feedback and proposals on the performance of the Company's Chief Executive Officer to the General Meeting of Shareholders;
- considers whether the Company's Chief Executive Officer is fit for office if the Company is making a loss;
- proposes to the Company's Chief Executive Officer to revoke his/her decisions that are contrary to laws and other legal acts, the Company's Articles of Association, the decisions of the General Meeting of Shareholders or the Board;
- decides on other matters within the competence of the Board to supervise the Company and the activities of the Company's Chief Executive Officer, as provided for in the Company's Articles of Association, as well as in the decision of the General Meeting of Shareholders.

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

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

Changes in the composition of the Board during the reporting period

During the reporting period, Irena Jankutė-Balkūnė resigned from the position of the Board Member of the Company on 17 October 2025 .

Composition of the Company's Board during the reporting period

Vitalij Rakovski

Independent Board Member, Chairperson
Member of the Board from 23 January 2023 and Chairperson of the Board from 12 January 2024.

Aivaras Čičelis

Independent Member of the Board
Member of the Board from 1 June 2024.

Natalija Baranauskienė

Board Member, civil servant
Holds position from 6 March 2023
.

Vitalij Rakovski

Education
- Vilnius University, Bachelor of Business Administration and Management

Main employer, position held
- Head of UAB Perlas Finance, Olimpiečių g. 15-1, Vilnius, company code 301169732.

Aivaras Čičelis

Education
- Vilnius University, Master in Finance and Banking
- Vilnius University, Bachelor in Economics
- University of Wisconsin, USA, Bachelor in Finance Management

Main employer, position held
- –

Other current positions
- AB HISK, Panevėžys, S. Kerbedžio g. 7, company code 147710353, Independent Member of the Board.
- BMI Executive Institute, VšĮ, Vilnius, Konstitucijos pr. 18B, company code 195005151, Independent Member of the Board. UAB ILTE, Vilnius, Konstitucijos pr. 7, company code 110084026, Deputy Chairperson of the Supervisory Board.

Natalija Baranauskienė

Education
- Vilnius Gediminas Technical University, Master of Business Management
- Vilnius Gediminas Technical University, Bachelor of Transport Engineering

Main employer, position held
- Senior Adviser to the Ministry of Transport and Communications of the Republic of Lithuania, Vilnius, Gedimino pr. 17, legal entity code 188620589

Vytautas Radzevičius

Member of the Board delegated by the shareholder
Holds position from 23 January 2023.

Irena Jankutė-Balkūnė

Member of the Board delegated by the shareholder
Held position from 23 January 2023 to 17 October 2025

Education
- Graduate of the Baltic Institute of Corporate Governance (BICG) Board member education programme
- Vilnius University, Master of Management and Business Administration
- Vilnius University, Bachelor of Management and Business Administration

Main employer, position held
- Director of Strategy and Business Development, AB Lietuvos Geležinkeliai, Geležinkelio g. 12, Vilnius, company code 110053842

Education
- Graduate of the Baltic Institute of Corporate Governance (BICG) Board member education programme
- Vytautas Magnus University, Master of Applied Sociology
- Vytautas Magnus University, Bachelor of Sociology

Main employer, position held
- Director of People and Culture of AB Lietuvos Geležinkeliai, Geležinkelio g. 16, Vilnius, company code 110053842 (till 17 October 2025)

Other current positions:
- Head of Lietuvos geležinkelių įmonių asociacija, Geležinkelio g 16, Vilnius, company code 304949011 (till 13 of October 2025)

Competency matrix

The Company's Board members must meet the general and special requirements set out in the Board Member Selection Guidelines for AB Lietuvos Geležinkeliai Group companies (AB LTG Cargo, AB LTG Infra, UAB LTG Link), applicable to civil servants and parent company delegates.

Composition of the Board members	Competences of a civil servant	Competences of members delegated by the parent company		Competences of independent members of the Board	
	Member No. 1	Member No. 2	Member No. 3	Member No. 4	Member No. 5
Areas of competences	**Regional and national transport policy**	**Organisational development and change management**	**Strategic management and business development**	**International business development**	**Financing strategy**
General requirements (compulsory, applicable to all candidates)					
Higher university education of its equivalent					
Candidate may not be disqualified and restricted from holding the position he/she is applying for and from performance of functions of the respective position					
The candidate must not have been removed from a single-person or collegiate body of a legal person for misconduct within the last 5 years					
He/she must have an impeccable reputation					
He/she may not have any relations to any other natural or legal persons that could create a conflict of interests in case of holding the position					
Special requirements (compulsory, applicable to all candidates)					
Very good English skills (written and verbal)					
Experience in implementation of strategic goals and sustainable increase in the company's value					
Knowledge of corporate governance principles and good corporate governance practices and experience					
Excellent skills in leadership, teamwork and cooperation with parties of interest					

Compulsory   Advantage

Composition of the Board members	Competences of a civil servant	Competences of members delegated by the parent company		Competences of independent members of the Board	
	Member No. 1	Member No. 2	Member No. 3	Member No. 4	Member No. 5
Areas of competences	**Regional and national transport policy**	**Organisational development and change management**	**Strategic management and business development**	**International business development**	**Financing strategy**
Special requirements (according to the area of competence)					
At least 5 years of experience in a senior management position (s a company manager, as a top level manager reporting directly to the company manager or as a member of a collegiate body for management or supervision)					
Management of the Company's strategic planning, organisational transformations and changes					
Experience in business development to international markets					
Experience in investment risk management					
Experience in freight forwarding services					
Experience in development of organisation and its culture					
Experience in application/introduction of digitalisation, innovation, efficiency solutions					
Practical knowledge of marketing, customer experience, brand development					
Experience in project management, evaluation and financing					
Knowledge of and experience in financing of state-regulated activities					
Knowledge of the goals and regulatory principles of strategic national and regional transport sector					
Good knowledge of strategies and goals of Lietuvos geležinkeliai Group of companies					
At least 5 years of experience in a senior management position in financial management, financial advisory, financial services and audit					
Work experience in B2B sector					
Experience of working in collegiate supervisory and management bodies					

Compulsory | Advantage

(all amounts are in EUR thousand unless otherwise stated)

The Board's activity plan and the most important work carried out

During the reporting period, the Board of the Company organised its work in accordance with the Board's annual activity plan for 2025 approved on 3 December 2024, which provided for the consideration of organisational, strategic, planning, risk management, goal-setting and evaluation, the Board's self-assessment of its own performance, and the reporting of the Company's performance, amongst other items.

The Company's Board achieved all the goals set for 2025 and fully implemented the annual operation plan of the Board for 2025. This was accomplished by holding scheduled meetings, discussing planned issues, and making significant decisions, which are detailed in the subsequent section of the report.

The activity plan of the Board for 2026 was approved on 9 December 2025.

During the reporting period, a total of 19 meetings of the Board were held, including 4 (four) meetings which took place in the form of a survey.

Information on the attendance of the Board meetings in 2025

Name, surname of a member	Board meetings
Number of meetings in 2025 (including off-site meetings and advance voting in writing)	19
VITALIJ RAKOVSKI	19
AIVARAS ČIČELIS	19
NATALIJA BARANAUSKIENĖ	19
VYTAUTAS RADZEVIČIUS	19
IRENA JANKUTĖ-BALKŪNĖ	15*

** Irena Jankutė-Balkūnė resigned from the position of a member of the Board of the Company on 17 October 2025, so there is a difference in attendance*

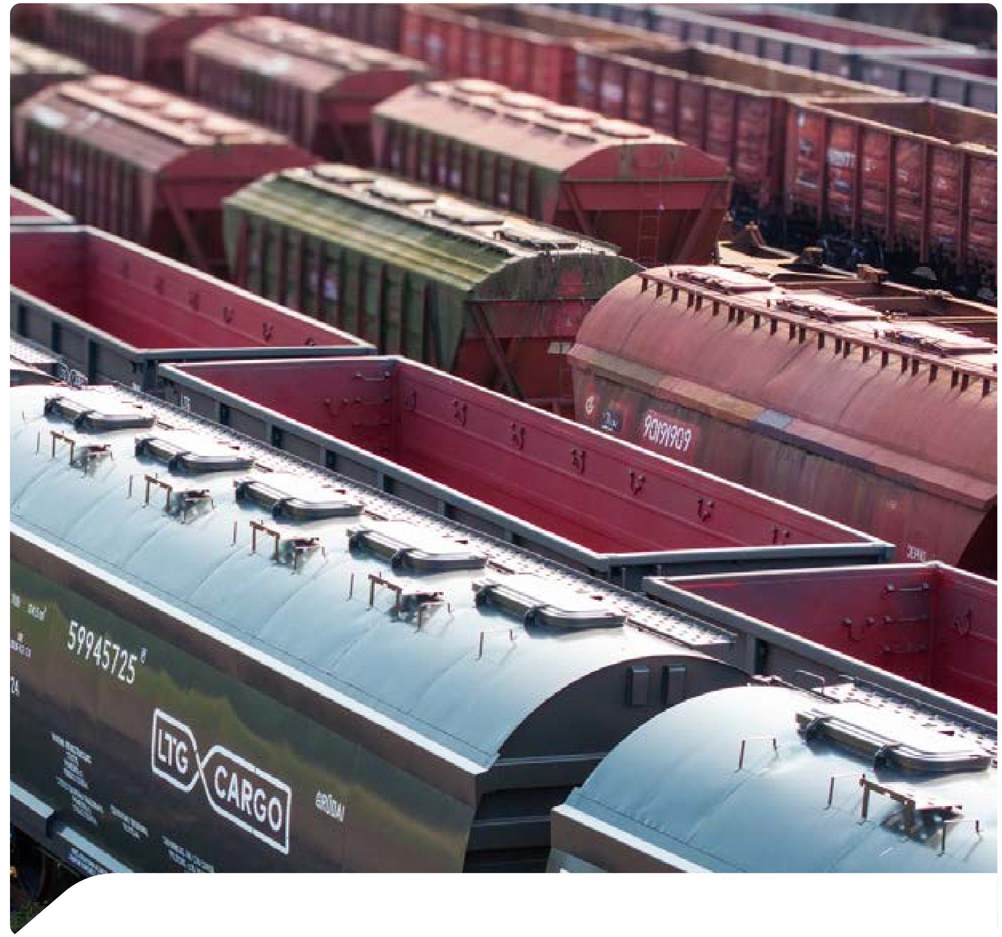
Key decisions of the Board in 2025

Operating strategies and planning decisions

Based on the annual business plan for 2025 approved by the Board, in 2025, the Board of the Company discussed the Company's business strategy and its implementation, planning of the Company's activities, main investments and projects, the Company's risks and their management.

The Board made decisions that are essential for ensuring efficient and uninterrupted operations of the Company:

- The level of achievement of the Company's annual goals for 2024 was approved.
- The Management Report of the Company for 2024 and the set of Financial Statement of the Company for 2024 were approved.
- The Company's Interim Management Report for 2025 was approved.
- New organisational structure of the Company was approved.
- The risks Company were prioritised and the Company's risk management strategies were approved.
- The decision for the Company to become a member of the association Deutsch-Baltische Handelskammer in Estland, Lettland, Litauen e.V. was approved.
- The decision was made to enter into transactions for the procurement of contracting work for the capital repair of the freight wagon depot assembly workshop and for the purchase of freight wagon depot lifting equipment sets.
- The decision to enter into agreements for services in the railway service equipment was adopted.
- The decision to approve the list of information considered to be the Company's trade (industrial) secret and confidential information was made.
- The decision to enter into a contract for the support and development services of the integrated resource planning and management system (ERP) was made.
- The updated operational strategy of the Company for 2026-2030 was approved.
- The goals of the Company for 2026 were set.
- The annual operational plan (budget) of the Company for 2026 was approved.
- The annual action plan of the Company's Board for 2026 was made.



Projects of the Company

During the reporting period, the Board of the Company paid special attention to the following most significant projects of the LTG Group and the Company as well as their implementations: intermodal transportation, Free Rail. The progress in these projects has been presented on regular basis in the meetings of the Board of the Company.

The Board has considered and made the decisions that are significant from the financial and strategical point of view:

- The decision to enter into transactions for the acquisition of LTG depots' long-term and short-term assets was made.
- The decision to enter into a financing transaction for purchase of electric locomotives was made.

Decisions regarding the activities of the Company's subsidiaries

During the reporting period, the Board of the Company paid special attention to the operations of LTG Cargo Polska as a part of the operational strategy of the Company as well as considered, analysed and approved the transactions of the highest value of the subsidiary LTG Cargo Polska. The most important decisions of the Board of the Company regarding the transactions of the board of the subsidiary LTG Cargo Polska:

- Approval was given for LTG Cargo Polska sp. z o.o. to enter into a capacity usage agreement for freight transportation during the 2025-2026 timetable period with PKP Polskie Linie Kolejowe S.A., and for a traction energy purchase agreement with PGE Energetyka Kolejowa S.A.
- Decisions on financing transactions of LTG Cargo Polska sp. z o.o. were made.
- Approval was given to enter into an agreement with the Centre for EU Transport Projects (CUPT) for receiving support from the National Recovery Plan (KPO) fund.
- Approval was also given to enter into a transaction for the acquisition of 4 new electric multi-system locomotives.

During the reporting period, the Company's board also focused significantly on the strategic direction of **LTG Cargo Ukraine** and decided to invest and transfer long-term assets owned by the company (2 locomotives and 494 wagons) to the Company's subsidiary, the limited liability company LTG Cargo Ukraine, by increasing the subsidiary's authorised capital with a non-monetary contribution.

Self-assessment and performance of the Board

In accordance with the Company's Articles of Association, the Board's Rules of Procedure, and good governance practices, on February 10, 2026, the Board conducted an assessment of its activities for 2025. The Company's Board of Directors identified key areas for improvement and necessary actions in the areas of improving communication between the Board and the Company's CEO, strengthening the quality of information provided to the Board, organizing Board meetings, and deepening the knowledge of Board members about the economic sector in which the Company operates. The board's self-assessment index rose from 4.56 to 4.67 compared to 2024.

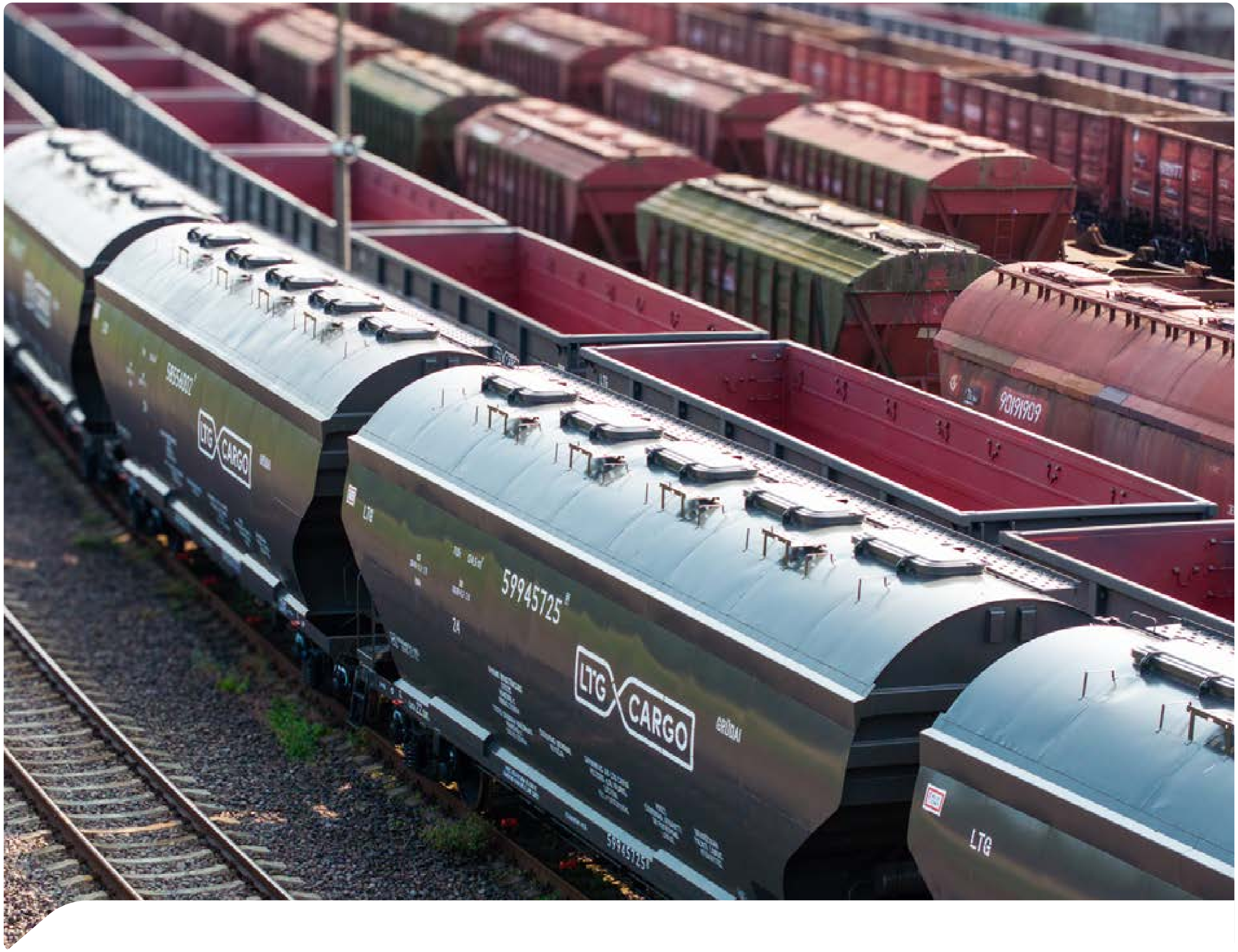
Committees and their activities

The Nomination and Remuneration Committee and the Audit Committee of AB Lietuvos Geležinkeliai Board were active at LTG Group level.

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

The Nomination and Remuneration Committee's role is to provide opinions, recommendations and proposals to the AB Lietuvos Geležinkeliai. Board on the selection of the LTG Group's governing bodies and the LTG Group's remuneration policy.

3.4. Management



The Head of the Company

The Head of the Company (Chief Executive Officer) is a single-person management body of the Company who organises and manages daily operation of the Company in accordance with his/her powers. The competence areas of the Head of the Company are defined in the Law on Companies of the Republic of Lithuania and the Articles of Association of the Company. The Head of the Company is elected for a term of 5 years by the Board which the CEO is accountable to. The same person may be appointed as the head of the Company for no more than 2 consecutive terms of office.

The Head of the Company's powers are in accordance with those established by the Law on Companies of the Republic of Lithuania and other applicable legislation.

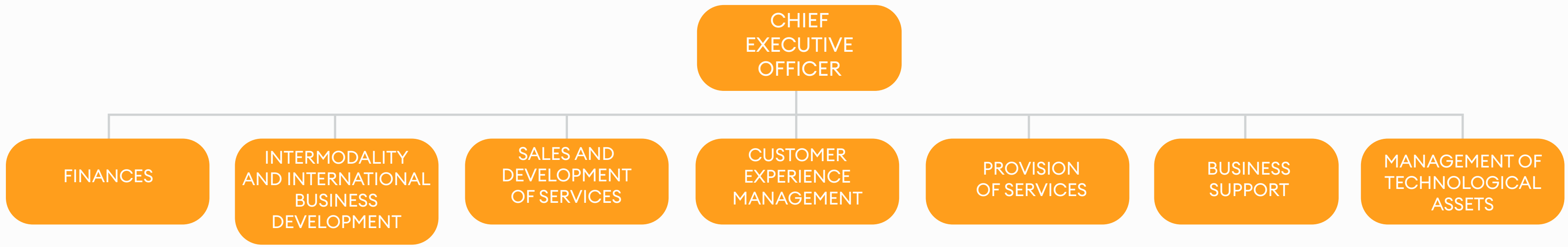
The first 5-year term of office of the Company's Chief Executive officer Eglė Šimė began on 22 August 2022.

Before being appointed as the CEO of the Company on 19 August 2019, Eglė Šimė was Head for Service Delivery of the Company. Until then Eglė Šimė has gained experience in company management by managing the company UAB Franmax of the Maxima group, the companies UAB Verslo Aptarnavimo Centras and Public Institution Energy Training Centre of the Ignitis group.

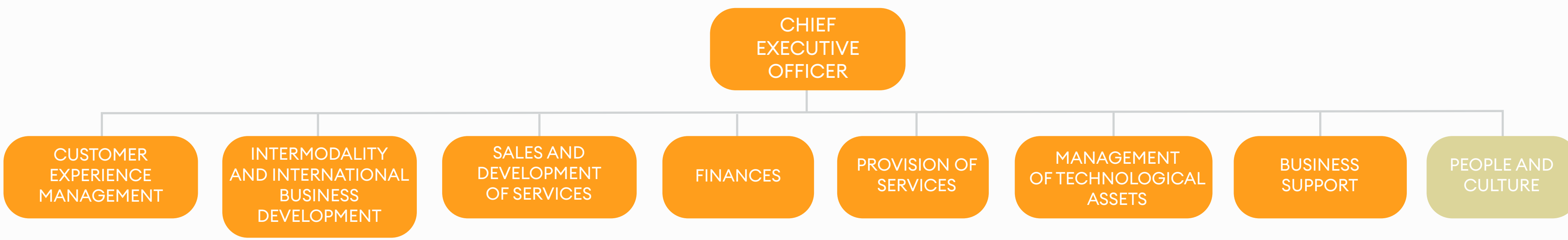
Eglė Šimė has a bachelor's degree in economics awarded by the Lithuanian University of Educational Sciences. Eglė Šimė is the graduate of the Baltic Institute of Corporate Governance (BICG) Board member education programme.

Management and organisational structure of the Company

Organisational structure of the Company until 31 January 2025:



Organisational structure of the Company from 1 February 2025 to 30 September 2025:



New organisational structure of the Company applicable from 1 October 2025 was approved by the Board of the Company in the meeting held on 12 August 2025:

(all amounts are in EUR thousand unless otherwise stated)

Management of the Company

EGLĖ ŠIMĖ	Chief Executive Officer	Held position from 4 January 2022 to 21 August 2022 Holds position from 22 August 2022
ARŪNAS ŽILYS	Head of Finance of the Company	Holds position from 5 November 2024
MINDAUGAS SKUNČIKAS	Head of Sales and Intermodal Development of the Company	Holds position from 1 October 2025 (held position of the Head Intermodality and International Business Development of the Company from 1 January 2024 to 1 October 2025)
	International Business Development of the Company	Temporally holds position from 1 October 2025
VITA REMEZAITĖ-MATEIKIENĖ	Head of Customer Experience Management of the Company	Holds position from 1 January 2024 (held the position of the Head of Customer Services from 1 August 2023 to 1 January 2024)
SAULIUS VAIČEKAUSKAS	Head for Service Delivery of the Company	Holds position from 1 May 2024
MILDA MASLAUSKAITĖ **JUSTINAS KIRBUTAS**	Head of Business Support of the Company	Holds position from 1 August 2023 Holds position from 18 August 2025.
AUDRIUS PUKAS	Head of Technological Asset Management of the Company	Holds position from 15 June 2020
RASA LATVĖNIENĖ	Partner of People and Culture of the Company	Holds position from 1 February 2025

Internal audit

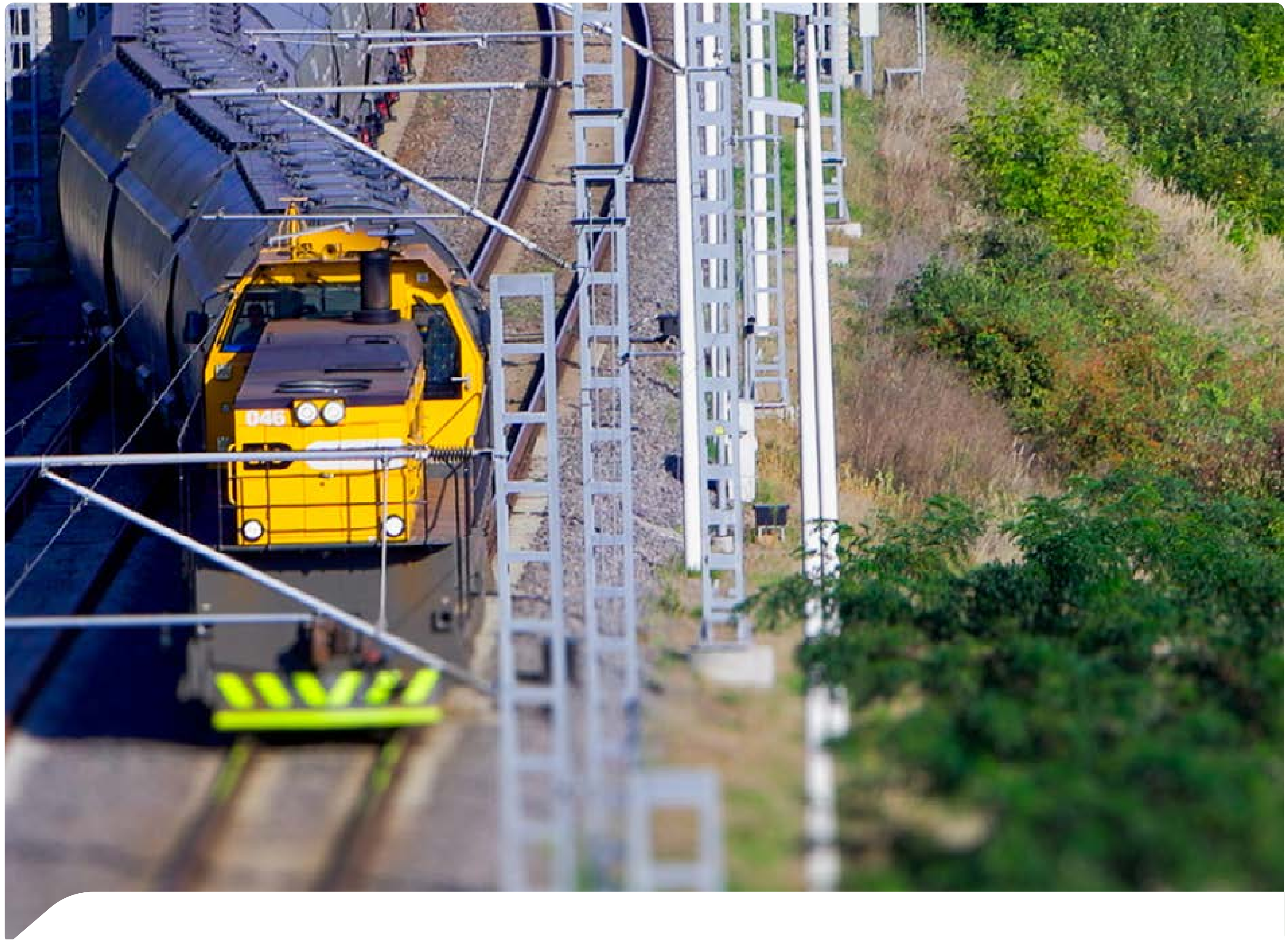
The LTG Group has established a centralised Internal Audit function, which acts as a third line and covers all LTG Group companies, including LTG Cargo. The purpose of internal audit is to strengthen the organisation's ability to create, protect and preserve value by providing independent, risk-based and objective assurance, advice, insight and foresight, thereby contributing to LTG Cargo's strategic objectives.

In 2025, the activities of the department were organised based on the Global Internal Audit Standards. Audit provides risk-based assurance services, advice (consulting) and insights, and conducts necessary investigations as required. It also regularly monitors the implementation of the recommendations made and other internal control weaknesses identified by external auditors and supervisory authorities.

Interest management

During the reporting period, the Company's Board actively ensured compliance with national and internal Company regulations regarding prevention of the conflicts of interest. Potential conflicts of interest were checked at the beginning of each Board meeting, and no potential conflicts of interest were identified.

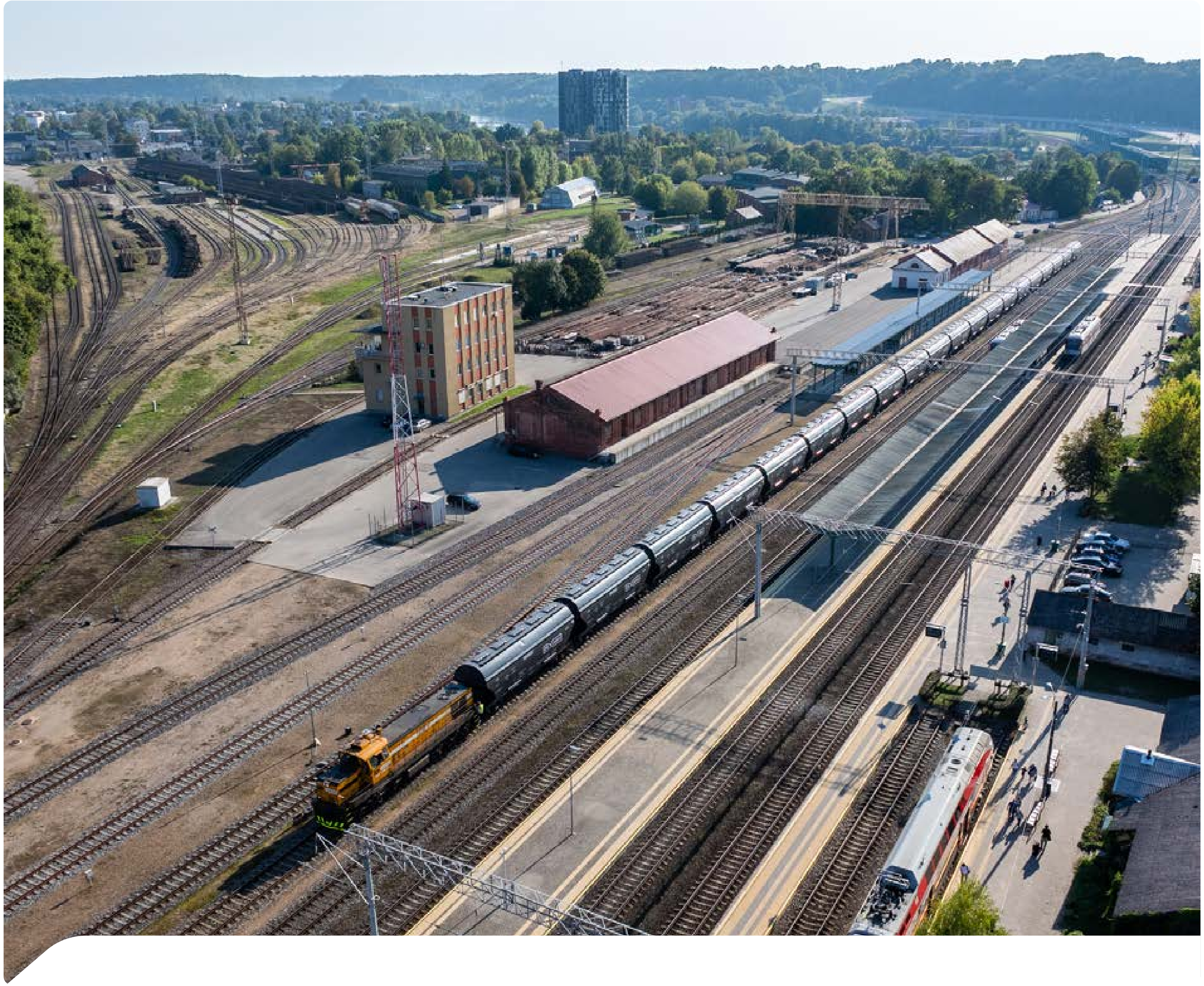
During the reporting period, all members of the Board, the CEO and managers of the Company have submitted to the Chief Official Ethics Commission declarations on private interest, which can be found on the website www.vtek.lt of the Chief Official Ethics Commission.



Employees and remuneration

4.1. Overview

The directions for 2025 established actions for maintaining high employee engagement and its consistent growth, focusing on the dissemination of the employer reputation through a dedicated employer image project and „Top Employer“ certification. Leadership development was fostered through managerial training programs, efficiency initiatives through operational excellence projects and digitalisation, ensuring employee well-being through work condition improvement projects, strengthening employee safety and emotional well-being, implementing employee recognition programs, improving the Newcomer program, promoting internal career advancement, and mentorship programs. As the year drew to a close, employee survey data indicated that the chosen measures generated positive changes across all areas, thus, their continuation remains a priority for the following year.



Initiatives and key events in 2025:

- In April, discussions were held with trade union representatives regarding the implementation results of the LTG branch collective agreement for 2024, with detailed presentations and discussions on topics such as remuneration, employee development, organisational culture, training, and workplace safety.
- From 1 April, an annual review of base salaries was implemented, which resulted in an increase of the monthly base salary fund in the Company by EUR 267 thousand or 8 percent, and the salary increase, based on unified review criteria, was implemented for 93 percent of employees.
- In April, by decision of the Company's Board, a bonus amounting to EUR 2.1 million was paid out to Group employees for the results reached in 2024.
- In April, an employee recognition program was launched involving all staff. It has combined new and existing measures to recognise, nominate, and thank colleagues who, beyond their direct functions, actively share and implement ideas; are seen as examples of value-driven behaviour; engage in activities that unite the colleagues, strengthen the dissemination of information about the Company, and other organisation-promoted activities; are loyal and have steadfastly walked alongside the organisation for many years. Employees who win nominations are awarded ePoints, which they can use in the partner MELP online store to purchase LTG brand products or choose from a wide range of other goods and services. The MELP platform not only provides access to the online store but also offers a wide selection of various discounts and also has become a tool to follow internal news and see all employee benefits in one place.
- In the direction of an inclusive organizational culture, the establishment of equality, diversity, and inclusion principles was accompanied in May by the expanded definition of a close family member, which now includes partners and non-biological children. In June, for the first time, participation in the LGBTQ+ parade „For Equality" was undertaken. The Diversity Awareness Project included lectures for staff and training for targeted groups of staff. In parallel, a broad internal communication campaign about the Transparency Line was conducted. Employees also joined volunteer initiatives that foster community and engagement.
- Independently and together with the SOPA agency, DUOday was organised–a job shadowing initiative where companies and organisations open their doors to people with disabilities, inviting them to try out new professions and work roles.
- Trainings for prevention of Discrimination, Violence, and Harassment were updated and are now mandatory for all employees, helping not only to recognise forms of discrimination, violence, and harassment more easily but also teaching how to respond appropriately and prevent inappropriate behaviour.
- In the second half of 2025, the feedback culture continued to be strengthened by encouraging open communication and continuous improvement, and the results show clear progress – employees are increasingly providing and requesting feedback, and this practice is becoming an integral part of the daily culture.
- Throughout 2025, a total of 39 remote lectures were organised for employees on various relevant topics–ranging from mental health and sustainability to personal effectiveness and inclusion. These initiatives help create an organization that continuously learns, grows, and develops its employees.
- In October 2025, the „Employee Voice" survey confirmed the strengthening connection with employees–engagement increased to 78 points, and 84% of colleagues participated in the survey. After analysing the results, areas for improvement have been identified and action plans are being implemented, aimed at enhancing the employee experience and strengthening organisational culture.
- Leadership development remains a consistent investment; therefore, in the second half of 2025, a training program for managers at all levels was launched, strengthening leadership competencies and ensuring that managers have the tools needed for team building and enhancing employee engagement. In order to develop the competencies of department, middle management, and team leaders consistently, as well as strengthening their own engagement, meetings titled Coffee with HR were organized to discuss personnel management topics, analyse relevant topics and situations. Leadership Days were also continued to strengthen departmental collaboration and competencies necessary to achieve company's goals. To establish the Lean culture, in addition to general leadership training, managers were provided with training on Whiteboards, problem-solving, and conducted Gembas, among other initiatives.
- As part of the expansion of measures to strengthen responsible leadership and sustainable human resource development, all managers were invited to take a 360-degree assessment of their leadership competences, and the majority of managers participated. The assessment was carried out using the internal SAP SF 360 feedback platform and aims to provide qualitative and constructive feedback on leadership competences, to help identify strengths and behaviours to be improved.
- To ensure new team members successfully integrate into the organisation and feel included, the onboarding processes for new employees were reviewed in 2025. Survey results indicate that employees view the updated onboarding program positively, highlighting its clarity, the information provided, and the assistance for a smooth transition.
- Various educational projects aimed at students of different age groups were actively organised and participated in to promote the railway transport sector and professions within this sector. Lessons were conducted, excursions were organised, shadowing events took place, and staff participated in career fairs, educational partner projects, the „Transport and Communications Career Laboratory" initiative by the Ministry of Transport of the Republic of Lithuania, international conferences, and other events occurred, expanding the network of educational partners.
- In September, the employer branding campaign "Čia Traukia" was launched, aimed at consistent and long-term employer image formation – taking firm steps toward becoming a more visible, reliable, and desirable employer. Not only external but also internal initiatives are dedicated to their continuity – the latter aim to strengthen the connection with employees, encourage their engagement, pride in the organisation, and the desire to be its ambassadors.
- Specific attention was given to regions by strengthening the employer's image in the Radviliškis region, establishing relationships with local training institutions and the Employment Service, participating in city festivals, and organizing open-door days at Radviliškis depots. Upon identifying certain gaps, necessary leadership competencies were strengthened, critical positions were clarified, and competency matrices were developed. Individual efforts were made to facilitate the smooth and quick integration of newcomers in the Radviliškis region. Workplaces and tools are being updated and modernized.
- In the direction of international expansion and internationalization, attention was given to collaboration between LTG Cargo's subsidiaries: leaders from LTG Cargo Polska were involved in the company's activities, and the structure of LTG Cargo was changed by creating a new division for International Business Development.

People and culture policy

The People and Culture Policy, approved by the LTG board and published publicly along with other internal legal acts, is dedicated to defining the strategic directions and key principles of personnel management. The goal of this policy is to link business strategy with human resource management and establish general principles for managing human potential and forming organisational culture, including:

- strategic management planning, based on the strategy of LTG Group companies, internal and external environmental analysis, competitive analysis, and the values of the LTG Group;
- organisational modelling addressing the strategic goals of the companies and contributing to efficient resource utilisation, flexibility, clear communication, and decision-making speed;
- development of organisational culture through the fostering of values, increasing employee engagement, open and continuous feedback, equal opportunities, measuring employee experience, and the unity of these principles for the entire LTG Group;
- promotion of employee well-being, equality, and diversity by creating safe and healthy working conditions, opportunities for professional development and growth, a respectful, open, and trust-based environment;
- ensuring human resources through long-term competency planning, effective organisation of employee selection and onboarding, internal career planning, and succession planning for critical positions;
- education and development, promoting a culture of continuous improvement and innovation;
- management of employee performance and compensation;
- promotion of social partnership.

Management of remuneration

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

- competitive remuneration packages to attract and retain the right skills;
- equal opportunities and non-discrimination in summarising and rewarding employee performance;
- the principle of internal equity in rewarding for similar work; increasing engagement;
- encouragement for staff to develop and improve their competences;
- fostering the principles of transparency and responsible management;
- effective management of personnel costs and creation of shareholder value.

The core elements of remuneration setting and review:

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

Every employee has access to information on methodological assessment of his/her position and other positions in the organisation expressed at corporate levels, as well as on the basic salary ranges for each corporate level. Systematic means of embedding the principles of transparency and assessing internal career opportunities are ensured.

The periodic review of base salaries is carried out annually and the principles of the review are linked to objective and uniform criteria – a comparison of the current remuneration of employees with the market, the Company's financial performance and the budget allocated for the review, and a summary of each employee's annual performance. The periodic review of remuneration generally takes effect on 1 April of each year. The implementation of the review for 2025 resulted in an increase in the Company's monthly payroll fund by EUR 267 thousand or 8%, and 93% of staff have received a pay rise on the basis of uniform review criteria.

After the end of the financial year and after an assessment of the Company's performance, an annual performance incentive fund is established by a decision of the Company's Board. Such fund is an employer-initiated employee incentive for good performance and positive performance of the Company, as referred to in Article 139(2)(6) of the Labour Code of the Republic of Lithuania, and shall be granted on the basis of Article 142(1)(2) of the Labour Code of the Republic of Lithuania. This incentive is also forward-looking as a motivational tool for employees, and individual incentive opportunities are linked to corporate levels of position and each employee's annual performance evaluation. In April 2025, the incentive fund distributed to the Company's employees for 2024 performance amounted to EUR 2.1 million.

The process of managing and summarising employee performance remains focused on setting annual goals for the LTG Group and the Company, refining the ever-growing expectations bar for specific years after they end, and ranking the overall employee sample according to their performance results and alignment of their value-based behaviour with this bar – consistently reinforcing the principle of „the best is rewarded the most".

The fringe benefits package of the Company includes lump-sum payments in the event of the birth of an employee's child or the death of a close family member, support in the event of natural disasters, loyalty allowances for employees who leave the organisation when they reach the age of retirement, additional leave, and other benefits as provided for in the LTG Group's collective agreement of the branch and in the Compensation Methodology. Employees are also awarded bonuses for candidates recommended for open positions, they are involved in various employee recognition programme initiatives, can benefit from a wide discount program for various services and goods, are provided with accident insurance and additional voluntary health insurance.

The remuneration policy approved by the LTG Board is applied to all subsidiaries and is publicly published on the Company's website under Remuneration section. The implementation of this policy is described in the Remuneration Methodology, and internal process standards are used to define the detailed principles of practical implementation. All relevant documents are published on the LTG Group's intranet, a knowledge base for employees, as well as in the news section.

Data on the average remuneration of the Company's employees by general position groups is made publicly available on the Company's website, under the Remuneration Section, and is updated after the end of each calendar quarter. At the same time, the comparison of average wages for women and men is published. The applied objective and unified remuneration management principles that ensure equal opportunities in the Company, reveal that the actual differences between the average remuneration of women and men, as monitored by general groups, remain. These differences are due to the overall distribution of women and men, with more men than women working not only in the railway industry in general, but also in a number of positions, particularly in operational positions. Women predominate in support/administrative functions with relatively lower remuneration on the market. Men are concentrated in positions where the field of activity generates more competitive remuneration in the market, or where there is a special type of work - physical exertion, outdoor or other special conditions - where market remuneration is higher. At the same time, the opposite situation is also observed in certain function groups, where women, although not predominant, occupy positions for which the market shortage leads to relatively higher remuneration, in which case remuneration of women outperforms men's remuneration.

(all amounts are in EUR thousand unless otherwise stated)

4.2. Remuneration of collegial bodies

The remuneration of the members of the Board is set out in the contracts concluded with them to serve on the Board of the Company. The remuneration of independent members of the Board and civil servants holding the position of a member of a collegial body is determined in accordance with the provisions of the Resolution of the Government of the Republic of Lithuania of 3 August 2022, No. 1092 „On Approval of the Description of the Procedure for Payment of Remuneration to Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises and Civil Liability Insurance for Members of Collegial Bodies of State-Owned Enterprises and Municipally-Owned Enterprises“, the provisions of which stipulate, that the monthly remuneration of an independent member of a company‘s collegial body and of a member of the collegial body who is another person selected by the entity initiating the selection should be at least 1/4 of the average monthly salary of the company‘s CEO and not more than the average monthly salary of the company‘s CEO. For a civil servant holding a position as a member of a collegial body of a state-owned company or a municipally-owned company, the remuneration should be at least 1/8 and no more than 1/4 of the average monthly salary of the company‘s CEO. It is recommended that the remuneration of the chairman of a collegiate body of a state-owned company should be at least 1/3 of the average monthly salary of the company‘s CEO.

Implementing the provisions of the aforementioned Resolution, the Order of the Minister of Transport and Communications of the Republic of Lithuania of 2 December 2022 approved the updated regulation of the remuneration of the members of the Board of AB Lietuvos Geležinkeliai, and after the election of the new board of AB Lietuvos Geležinkeliai, by Order of 28 July 2025, which *mutatis mutandis* applies to the members of the collegial bodies of the subsidiaries.

The remuneration of the members of the Board of the Company was determined by a decision of the Company‘s sole shareholder, with the monthly remuneration of the Chairperson of the Board of the Company being EUR 3,401, the monthly remuneration of the independent member of the Board of the Company being EUR 2,551, the monthly remuneration of the member of the Board of the Company who is a civil servant and the monthly remuneration of the member of the Board who is a delegate of the parent Company being EUR 1,276. At the same time, the rule is laid down that if individual members of the Board are elected, their remuneration shall be at the same level as that of the members of the existing Board.

Remuneration paid to members of the Board in 2025

Name, surname of a member	Remuneration for the activities of the Board Member, EUR
Irena Jankutė-Balkūnė	12,205.22
Vytautas Radzevičius	15,312.00
Vitalij Rakovski	40,812.00
Natalija Baranauskienė	15,312.00
Aivaras Čičelis	30,612.00

** The remuneration is inclusive of all taxes and contributions payable*

(all amounts are in EUR thousand unless otherwise stated)

4.3. Employees and remuneration

As at 31 December 2025, the **number of employees of LTG Cargo Group** was 1,640 (the number of active employees as at the end of the period, i.e. excluding employees on parental leave, military service, long-term sick leave). The number of employees has decreased by 153 or 8.91%, compared to the data as at 31 December 2024. Changes in the number of employees were due to the implementation of process optimization and operational efficiency measures.

The average monthly salary increased from EUR 2,322 to EUR 2,561 as compared to the average in 2024. The change was influenced by the annual salary review, employee turnover, and changes in the position structure.

The total remuneration fund amounted to EUR 48.41 million (excluding compensations for unused vacation, severance payments, accruals, and capitalised salaries).

In addition, in April 2025, in line with other LTG Group companies, the Company's employees were paid an annual incentive of EUR 2.1 million for their performance.

Number of LTG Cargo Group employees

Group companies	31/12/2025	31/12/2024	31/12/2023
Parent company AB LTG Cargo	1,521	1,658	1,723
UAB LTG Wagons	-	1	1
LTG Cargo Polska Sp.zo.o.	117	133	126
LLC LTG Cargo Ukraine	5	5	6
Total*	**1,640**	1,793	1,852

** In cases where the same employee works for several LTG Cargo Group companies, the number of unique employees by employment agreements is indicated at LTG Cargo Group level*

(all amounts are in EUR thousand unless otherwise stated)

Number of employees of the Parent company and average salary

Position group	31/12/2025**						31/12/2024		31/12/2023	
	Number of employees			Average salary, EUR			Number of employees	Average salary, EUR	Number of employees	Average salary, EUR
	Total	Women	Men	Total	Women	Men				
The Head of the Company*	1	1		12,400	12,400		1	10,800	1	9,750
Top level management*	7	1	6	7,764			8	7,166	8	6,560
Senior managers and specialists in exceptional fields	29	11	18	5,482	5,374	5,526	20	5,223	24	4,973
Middle-level managers and individual experts	115	47	68	3,572	3,598	3,555	106	3,278	100	2,961
Team leaders and experienced specialists	305	140	165	2,522	2439	2598	327	2,311	320	2,133
Specialists and experienced operational/service staff	877	102	775	2,473	1900	2549	950	2,528	548	2,417
Operational/service staff, qualified workers	187	93	94	1,867	1730	2004	246	1,744	722	1,627
Total	**1,521**	**395**	**1,126**	**2,561**	**2,333**	**2,641**	**1,658**	**2,322**	**1,723**	**2,098**

** Fixed remuneration as at the end of the period.*
***For confidentiality, if a particular function group includes less than 5 employees of the same gender, the information on the average wage and the difference of the average wage are not disclosed.*

(all amounts are in EUR thousand unless otherwise stated)

The Parent company's average salary ratio between women and men by general function groups

Position group	2025	2024	2023
All employees	1:0.91	1:0.87	1:0.85
Top level management	-	-	-
Senior managers and specialists in exceptional fields	1:0.97	-	1:1.18
Middle-level managers and individual experts	1:1.01	1:0.99	1:0.92
Team leaders and experienced specialists	1:0.94	1:0.94	1:0.93
Specialists and experienced operational/service staff	1:0.75	1:0.66	1:0.64
Operational/service staff, qualified workers	1:0.86	1:0.87	1:0.85

**The table compares the ratio of the average salaries of women and men, where women's salaries equal 1 and women's salaries are calculated by dividing their salaries by men's salaries.*

Information on the remuneration of the Head of the Company

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

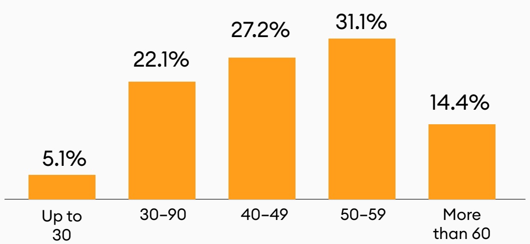
- **Basic monthly salary.** The monthly base salary of the Company's CEO at the end of the reporting period, as set out in the employment contract, was EUR 12,400. During the period under review, the monthly base salary of the Company's CEO has increased by 15% from EUR 10,800 to EUR 12,400.
- **Annual incentives.** In addition to the base salary, the head of the Company may be paid a variable annual salary (annual performance incentive). The incentive scheme shall be approved by the LTG Board. According to this scheme, 60% of the annual incentive payment is influenced by the level of achievements of the LTG Group's annual goals, and 40% is influenced by the level of achievements of the Company's annual goals. Each year, the Board of the Company approves the structure of the annual goals of the Company, also threshold values and benchmarks for their achievement and, at the end of the year, verifies performance against the goals and the possibility of paying the annual incentive award. The maximum amount of the variable annual incentive is up to 30% of the annual basic salary. The maximum amount of monthly incentive, i.e. 1/12 of the annual incentive share for 2024, could not exceed EUR 3,240. In the reporting period, a monthly portion (1/12) of the annual incentive paid out to the Company's CEO for achievement of the goals of the year 2024 amounted to EUR 2,646.

The Company's target performance indicators for 2024, which formed the basis for the incentive paid to the Company's manager for the performance results in 2024 are disclosed in the Company's annual Management Report for 2024, in the strategy section of the Review of the Management Report.

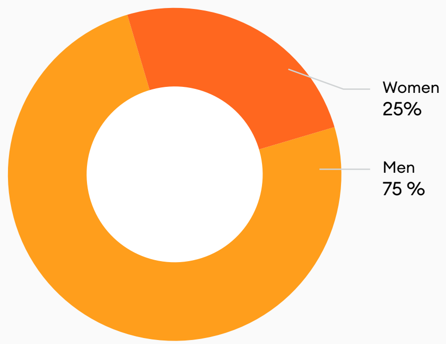
The Company's goals for 2025, which will serve as the basis for the Company's CEO to be eligible for a reward in 2026 for the performance results of 2025, are disclosed in the strategy section of the overview part of the Company's annual Management Report for 2025.

Distribution of the Company's employees by age, gender, length of service and education as at 31 December 2025

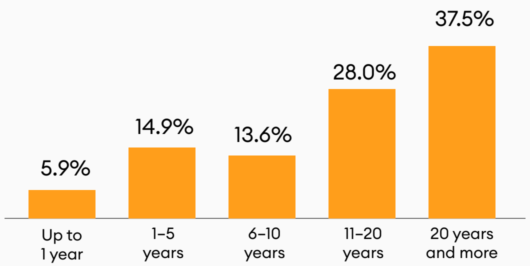
Employee distribution by age groups, %



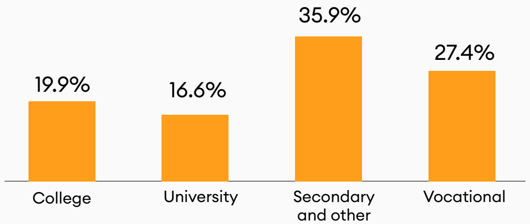
Employee distribution by gender, %



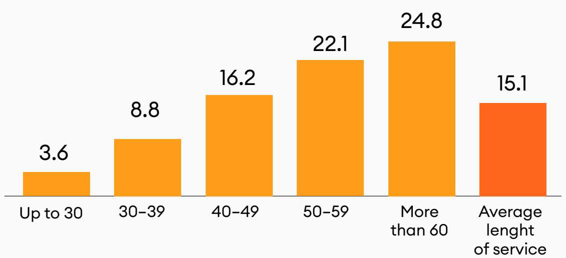
Employee distribution by length of service, %



Employee distribution by education, %



Employee distribution by average length of service, years



Risks and their management

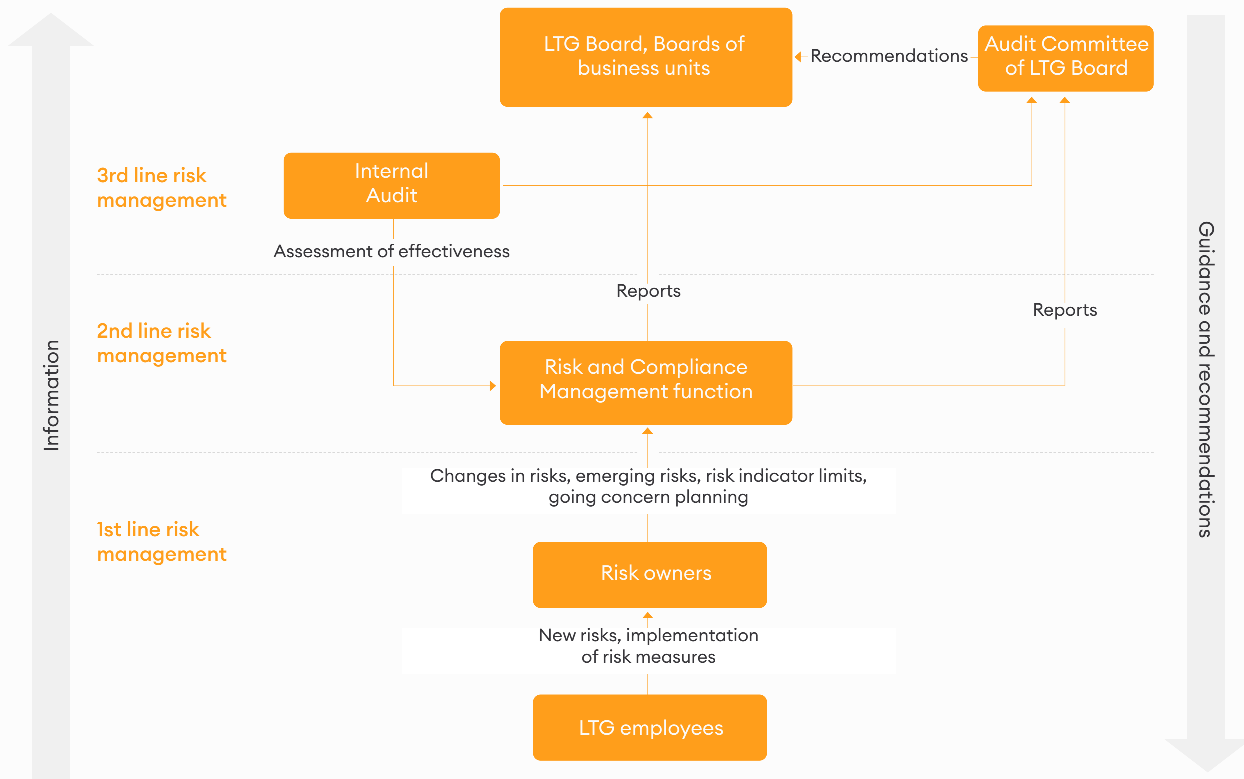
The LTG Group's unified risk management system is implemented and continuously improved in the Company. It is defined in the LTG Group's risk management policies, methodologies and process standards, which have been developed with reference to the International Organization of Standardization's (ISO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

In the LTG Group, the risk management responsibilities are allocated according to The Three Lines Model.

According to it:

- **1st line** risk management activities are carried out by managers and staff of LTG Group companies and LTG corporate functions, who identify, assess and manage risks and ensure the development of business continuity plans.
- **2nd line** risk management activities are carried out by LTG's Risk and Compliance Management function, which develops and refines the overall framework, carries out coordination and control activities, provides consultancy and education on methodological and expert risk management issues to the companies and business units operating at the 1st level of risk management, and prepares reports to the senior management on risk management.
- **3rd line** risk management is performed by the Internal Audit Division of LTG, which carries out an independent assessment of the effectiveness of risk management levels 1 and 2, and independently provides comments and recommendations on improvement of the risk management system.

The figure below discloses the risk management system, detailing the flow of information and distribution of responsibilities.



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

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

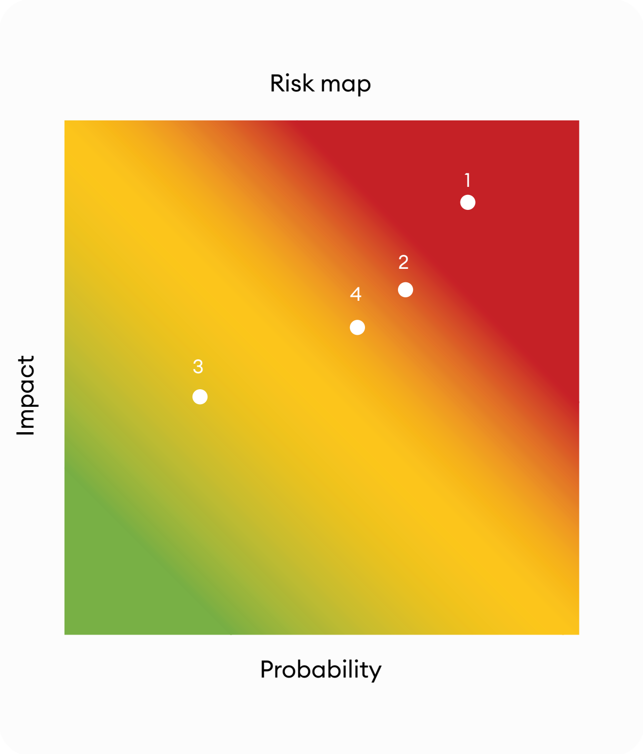
The level of identified risks is assessed by determining their likelihood and potential impact (assessing financial, legal and reputational impact, impact on activities as a going concern, on employee safety) and attributing them to one out of four risk categories (strategic, operational, financial, compliance risk). 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 well-established and settled preparation and reporting system. On a quarterly basis, the risk management status of each of the companies is reviewed in reports to the boards of the companies and the LTG Group. The Board of the LTG Group is informed on a monthly basis about the key risks. Such a cyclical system not only helps to monitor the status of identified risks, but also provides an opportunity to discuss the emergence of new risks.

In the LTG Group, strategic decisions are taken in the light of experience, risks and resilience identified and managed by the activities carried out, as well as the related global risks and the context of the external environment. Based on the nature of the Company's business, the main risks that were relevant in 2025 are presented below.

Main risks and their management measures

1. Risks of expansion in foreign markets
2. Failure to ensure that IT systems meet business needs.
3. Risk of sanctioned freight transport/circumvention schemes.
4. Risk of safety incidents.



Risk	Main risk sources	Possible impact	Main risk management measures
Risks of expansion in foreign markets	• Increasing competition in the market • Lack of specialists with specific competences • Lack of wagons, transhipment systems, locomotives • Inadequate customer service	• Revenue targets not met • Non-compliance with good governance practices • Delays in transportation	• Expansion of service supply • Consolidation of the customer service process • Ensuring quality control • Ensuring competences as required
Failure to ensure that IT systems meet business needs	• The changing business environment creates new needs • Insufficient digitisation and automation	• Performance disorders • Low operational efficiency • Financial losses • Reputational damage	• System modernisation and development of new systems • Corrective changes to functionalities • Updating access control processes and tools
Risk of sanctioned freight transport/ circumvention schemes	• Possible malicious attempt by customers to circumvent sanctions	• Reputational damage • Financial losses	• Sanction control and monitoring • Continous cooperation with authorities Maintenance of competences
Risk of safety incidents	• Failure to comply with work safety instructions • Failure to comply with technological requirements during repair work *Inherent risks specific in conducted activity. These risks are managed with a strong focus applying continuous and systematic measures*	• Financial losses due to damage to rolling stock or infrastructure • Damage to reputation due to failure to ensure traffic/worker safety • Disruption of operations due to traffic accidents	• Periodic training and coaching • Inspections of safety systems • Periodic monitoring of physical and technical security • Inspections of quality control

Enhancing preparedness and resilience

The company consistently strengthens its preparedness through organizational and technical measures. It operates according to a unified LTG Group program, which consists of 5 parts:

1. Preparation of business continuity plans;

2. Training of employees;

3. Ensuring critical resources;

4. Protection of critical infrastructure;

5. Continuous monitoring of events and learning during exercises.

Moreover, in order to ensure business continuity and preparedness for possible crises, LTG Group constantly cooperates with responsible state institutions and participates in inter-institutional coordination formats. During the reporting year, business continuity plans were reviewed, employee training activities and practical exercises were organized to strengthen emergency preparedness and crisis management capabilities, company also participated in inter-institutional exercises of national significance. These measures not only increase resilience and ensure reliable service provision in various operating conditions but it also ensure the company's appropriate contribution to strengthening national security.

Additional information

6.1. Information about the auditor

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

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

The fee set to the audit firm for the audit and translation of the financial statements for the year 2025 and other non-audit services (translation services, limited assurance engagement on accounting separation report (an accounting separation system to separate the accounting of income, expenses, assets and (or) liabilities by certain business units) in accordance with International Standard on Assurance Engagements (ISAE) 3000 amount to EUR 84.0 thousand (VAT excluded) and EUR 15.0 thousand (VAT excluded), respectively, total EUR 99.0 thousand (VAT excluded).

(all amounts are in EUR thousand unless otherwise stated)

6.2. Information on subsidiaries

These financial statements for the period ended 31 December 2025 are unaudited.

LTG Cargo Polska Sp.zo.o.

Freight transportation and provision of related services in Poland

Company code:	386573260
Legal form:	Private limited liability company
Registered office:	Świętojerska 5/7, Warsaw, Poland
Telephone:	+48 22 103 38 15
E-mail:	office@ltgcargo.pl
Website:	http://ltgcargo.pl
Shareholder	100% of shares are owned by AB LTG Cargo
Authorized capital:	PLN 39,678,000
Number of shares:	39,678
Par value per share:	PLN 1,000
Date and place of registration:	21 July 2020, the Polish National Court Register
The head of the Company:	**Laimonas Nekrošius**

Performance results, thousand EUR	2025	2024	2023
Revenue	35,221	39,513	36,815
Expenses	36,345	51,719	40,588
Net profit / loss	(1,124)	(12,206)	(3,773)
	31/12/2025	**31/12/2024**	**31/12/2023**
Assets	30,197	32,684	16,779
Equity	5,388	6,437	653
Liabilities	24,809	26,247	16,126
Number of employees as at the end of the period	**117**	**133**	**126**

Transport volume indicator	Unit of measure	2025	2024	2024/2023 Δ, %	2023
Freight transportation turnover in the territory of Poland	billion tons- kilometres	0.78	0.92	(14.9%)	0.82

The subsidiary LTG Cargo Polska improved its operational performance by focusing on efficiency measures, optimizing the rolling stock fleet, and searching for new customers. It continued rolling stock optimization and acquisition programs: in 2025, 72 wagons were acquired with a 50% subsidy from the KPO fund, and contracts were signed with new customers, expanding its customer base. The greatest growth was seen in contracts for the transportation of petroleum products and grain. Additionally, service provision between the Polish and Ukrainian proved successful, with a significant portion of new customers choosing LTG Cargo Polska specifically for this service. In 2025, 2,066 freight trains were transported. The company maintained 4.5% of the Polish intermodal market in terms of freight transport volumes.

In view of the intensified competitive environment on the Polish market, in the second half of 2025, in line with the LTG Group's long-term strategy, the strategic directions and development plans of the LTG Group's subsidiaries and downstream companies, including LTG Cargo Polska, a subsidiary of LTG Cargo, have been reviewed and updated.

(all amounts are in EUR thousand unless otherwise stated)

LLC LTG Cargo Ukraine

Operations of rolling stock rental operator in Ukraine

Company code:	43987945
Legal form:	Private limited liability company
Registered office:	Chikalenka 21 g., Kyiv, Ukraine
Telephone:	+380 68 1769673
E-mail:	Contacts are available on the website http://ltgcargo.ua
Website:	http://ltgcargo.ua
Shareholder:	100% of shares are owned by AB LTG Cargo
Authorized capital:	UAH 17,027,000
Number of shares:	–
Par value per share:	–
Date and place of registration:	9 December 2020, the United State Register of Legal Entities, Individual Entrepreneurs and Public Organisations
The head of the Company:	**Saulius Stasiūnas**

Performance results, thousand EUR	2025	2024	2023
Revenue	428	1,083	773
Expenses	526	426	481
Net profit / loss	(98)	657	292
	31/12/2025	**31/12/2024**	**31/12/2023**
Assets	1,186	1,499	759
Equity	405	956	316
Liabilities	781	543	443
Number of employees as at the end of the period	**5**	**6**	**5**

In 2025, LTG Cargo Ukraine changed its business model from a forwarding and train organization operator to a rolling stock leasing operator to utilize unused rolling stock in Lithuania. It is planned that over 600 wagons will be transferred to Ukraine by the end of 2027. With the assumptions for locomotive leasing proving successful, plans are in place to transfer over 40 mainline and shunting locomotives for leasing by the end of 2030. All rolling stock in Ukraine is insured. The company also implemented tools for analysing and controlling completed repairs and will soon introduce a repair quality control system to ensure the maintenance of the technical condition of leased rolling stock.

(all amounts are in EUR thousand unless otherwise stated)

UAB LTG Wagons

Lease of wagons used for freight transportation

Company code:	305651295
Legal form:	Private limited liability company
Registered office:	Geležinkelio g. 12, Vilnius
Telephone:	+380 68 1769673
E-mail:	info@ltgwagons.lt
Website:	http://ltgcargo.lt
Shareholder:	100% of shares are owned by AB LTG Cargo
Authorized capital:	EUR 270,000
Number of shares:	270
Par value per share:	EUR 1000
Date and place of registration:	4 November 2020, the Register of Legal Entities of the Republic of Lithuania
The head of the Company:	**Mindaugas Skunčikas**

LTG Wagons did not perform sales operations during the reporting period. On 18 August 2025, the Company, as the sole shareholder of UAB LTG Wagons, adopted the decision to liquidate UAB LTG Wagons. On 31 December 2025, a request was submitted to the State Enterprise Center of Registers for the deregistration of UAB LTG Wagons from the Register of Legal Entities and it was deregistered on 20 January 2026.

6.3. Information on compliance with the guidelines on transparency in state-owned enterprises

The Company complies with the requirements of the Guidelines for Ensuring Transparency of State-Owned Enterprises (link), approved by the Government of the Republic of Lithuania by Resolution No 1052 of 14 July 2010, by disclosing the required information in the Company's annual and interim management reports and by ensuring disclosure of the information on its website http://ltgcargo.lt/.

(all amounts are in EUR thousand unless otherwise stated)

Structured information of the compliance with the guidelines on transparency

Point in the description of the Guidelines on Transparency of State-Owned Enterprises		Disclosure
Section II. Disclosure of information of a state-owned enterprise		
5.	The following data and information must be announced in the internet website of a state-owned enterprise:	
5.1.	Name;	Yes
5.2.	Code and register, where data about the company is filed and stored;	Yes
5.3	headquarters (address;)	Yes
5.4.	legal status, if a state-owned enterprise is under reformation, reorganisation (indicate the way of reorganisation), liquidation, is becoming or has become bankrupt;	Legal status not registered
5.5.	the name of the institution representing the State and a link to its website;	
5.6.	operating goals, vision and mission;	Yes
5.7.	structure;	Yes
5.8.	data about the head of the enterprise;	Yes
5.9.	data about the chairman and members of the Board, if formed according to the Articles of Association;	Yes
5.10.	data about the chairman and members of the Supervisory Council, if formed according to the Articles of Association;	No
5.11.	names of committees, if formed; data about their chairmen and members;	Supervisory Council is not formed
5.12.	the sum of the nominal values of the state-owned shares (in euro to the nearest euro cent) and the share (in percentage) in the authorised capital of the state-owned enterprise;	Disclosed in the website of the parent LTG
5.13.	special obligations shall be carried out in accordance with the guidelines approved by the Minister of Economy and Innovation of the Republic of Lithuania: the purpose of the special obligations is specified, the state budget appropriations allocated for their execution in the current calendar year and the legal acts, by which the state-owned enterprise is entrusted with the execution of the special obligation, are indicated, the terms and conditions for the execution of the special obligation and/or the regulated pricing shall be specified;	Yes, information on shares is disclose in respect to the parent LTG
5.14.	information on social responsibility initiatives and measures, important ongoing or planned investment projects.	The Company does not perform any special liabilities
6.	In order to ensure publicity regarding the professionalism of the members of the management and supervisory bodies, as well as of the committees, of State-owned enterprises, the following data is published for the persons referred to in sub-paragraphs 5.8 to 5.11 of the Description: name, surname, date of commencement of the current position, any other managerial positions held in other legal entities, education, qualifications, professional experience. If the person referred to in points 5.9 to 5.11 of the Description is elected or appointed as an independent member, this shall be indicated in addition to his details.	Yes
7.	The following documents shall be announced in the website of a State-owned enterprise:	Yes
7.1.	Articles of Association;	
7.2.	statement from an institution representing the State regarding the establishment of the goals and expectations of the State in a state-owned enterprise;	Yes

(all amounts are in EUR thousand unless otherwise stated)

Point in the description of the Guidelines on Transparency of State-Owned Enterprises		Disclosure
Section II. Disclosure of information of a state-owned enterprise		
7.3.	the business strategy or a summary thereof in cases where the business strategy contains confidential information or information which is considered a commercial (industrial) secret;	Yes
7.4.	document establishing the remuneration policy, setting out the remuneration of the head of a state-owned enterprise and the remuneration of members of collegial bodies and committees formed in a state-owned enterprise, as detailed in the Code of Corporate Governance;	Yes
7.5.	annual and interim reports of a state-owned enterprise, annual and interim activity reports of a state-owned enterprise for a period of at least five years;	Yes
7.6.	annual and interim financial statements and auditor‘s reports on annual financial statements for a period of at least five years;	Yes
8.	If the State-owned company is the parent company, its website shall publish the structure of the group of companies, as well as the particulars referred to in points 5.1 to 5.3 of the Description, the website addresses, the percentage of the parent company's shareholding in the share capital of the subsidiaries, the annual consolidated financial statements and the consolidated annual reports.	Yes
9.	If the State-owned company is a participant in legal entities other than those referred to in point 8 of the Description, the data and website addresses of those legal entities referred to in points 5.1 to 5.3 of the Description shall be published on its website.	Yes
9.1.	If the company is a subsidiary or a secondary row subsidiary of a State-owned company, the website shall contain the information specified in points 5.1 to 5.3 of the Description and a link to the website of the parent company.	Yes
10.	Any change or publication of incorrect data, information and documents referred to in points 5 and 6, 7.1 to 7.4, 8, 9 and 91 of the Description shall be immediately amended and published on the website.	Yes
11.	A set of annual financial statements of a state-owned enterprise, an annual report of a state-owned enterprise, an auditor’s report on the annual financial statements of a state-owned enterprise must be posted on the website of the state-owned enterprise within 10 business days after their approval.	Yes
12.	Sets of interim financial statements of a state-owned enterprise, interim reports of a state-owned enterprise must be posted on the website of the state-owned enterprise within 2 months after the end of the reporting period.	Yes
13.	Documents specified in Clause 7 of the Description must be posted in the PDF format with the option of printing.	Yes
Section III. Preparation of sets of financial statements, reports and activity reports		
14.	State-owned enterprises maintain their accounts in a manner that ensures the preparation of financial statements in accordance with international accounting standards.	Yes
15.	In addition to a set of annual financial statements, a state-owned enterprise must prepare a set of interim financial statements for periods of 6 months, and a state enterprise prepares sets of interim financial statements for periods of 3, 6 and 9 months.	Yes
16.	A State-owned company classified as a public-interest entity under the Law on Audit of Financial Statements of the Republic of Lithuania prepares, in addition to the annual report, a 6-month interim report. A State company classified as a public-interest entity under the Law on Audit of Financial Statements of the Republic of Lithuania prepares, in addition to the annual activity report, a 6-month interim activity report.	Yes
17.	The following additional details must be provided in an annual report of a state-owned enterprise or an annual activity report of a state enterprise:	
17.1.	a short description of the operating model of the state-owned enterprise;	Yes
17.2.	information about major events, which had occurred during a fiscal year and later (prior to the preparation of the annual report or the annual activity report) and which were of primary importance to the activities of the state-owned enterprise;	Yes

(all amounts are in EUR thousand unless otherwise stated)

Point in the description of the Guidelines on Transparency of State-Owned Enterprises		Disclosure
Section III. Preparation of sets of financial statements, reports and activity reports		
17.3.	the results of implementation of the targets specified in the established business strategy of the state-owned enterprise;	Yes
17.4.	the profitability, liquidity, assets negotiability, and debt indicators;	Yes
17.5.	the fulfilment of the specific obligations;	The Company does not perform any special liabilities
17.6.	the implementation of the investment policy, planned investment projects and investments as well as those under implementation during the reporting year;	Yes
17.7.	the implementation of the risk management policy applicable at the state-owned enterprise;	Yes
17.8.	the implementation of the dividend policy at state-owned enterprises;	Yes
17.9.	the implementation of the remuneration policy;	Yes
17.10.	the total annual payroll fund, the average monthly salaries according to the positions held and (or) divisions;	Yes
17.11.	information on the compliance with the provisions of Chapters II and II of the Description, including the information on how they are being implemented, what provisions have not been complied with and why.	Yes
18.	State-owned enterprises, which are not imposed a duty to prepare a social responsibility report, are recommended to respectively provide information in their annual reports on the issues of environment protection, social and personnel-related issues, the protection of human rights, anti-corruption and anti-bribery measures.	Yes
19.	If the information specified in point 17 of the Description is considered a commercial (industrial) secret or confidential information of a state-owned enterprise, the state-owned enterprise is entitled not to disclose such information; however, it must specify in its annual report or the annual activity report that this information is not being disclosed and specify reasons for non-disclosure.	Yes
20.	Other information not specified in the Description may be provided in an annual report of a state-owned enterprise.	Yes
21.	A State-owned company which is the parent company shall disclose in its consolidated annual report or, if it is not required by law to prepare a consolidated annual report, in its annual report, the structure of the group of companies, as well as, for each of its subsidiaries and for each of its subsidiaries in subsequent rows, the particulars referred to in points 5.1 to 5.3 of the Description, the percentage of the shareholding held in the subsidiary's authorised capital, and the financial and non-financial performance of its operations in the financial year. If a state-owned company which is a parent company prepares a consolidated annual report, the requirements of point 17 of the Description shall apply *mutatis mutandis* to it.	Yes
22.	An interim report of a state-owned enterprise or an interim activity report of a state enterprise must contain a short description of the operating model of the state-owned enterprise, the analysis of financial performance for a reporting period, information on major event, which had occurred during the reporting period, and also profitability, liquidity, assets negotiability, debt indicators and their changes in comparison with the respective period of the previous year.	Yes

6.4. Information about sustainability report

Sustainability management and sustainability priorities within the LTG Group

During the reporting period, the Company did not have any financial commitments related to ESG (Environmental, Social and Governance) indicators and was not a party in any legal proceedings or complaints related to climate change or similar events and has not incurred any additional costs that have had a material impact on the financial statements.

Details, goals and indicators related to environmental protection, personnel, human rights, anti-corruption and anti-bribery is disclosed in the LTG Group's Consolidated Management Report for 202, where the Sustainability Report forms part thereof, covering information on sustainability related matters both of the parent company and the subsidiaries. The LTG Group's Sustainability Report for 2025 is prepared in accordance with the European Sustainability Reporting Standards (ESRS), the Law on Reporting by Lithuanian Companies and Groups of Companies and taking into account the recommendations of the Governance Co-ordination Centre as well as best practices. LTG Cargo does not prepare a sustainability report as all its activities directly contribute to LTG Group's overall sustainability goals and commitments.

Sustainability management in the LTG Group

LTG envisions a future grounded in sustainability culture, where all business decisions align with rigorous sustainability principles and values. Therefore, a separate sustainability strategy is not approved within the LTG group; instead, the consolidated "LTG Strategy 2030: Sustainable Integration into Europe" is based on sustainability principles and commitments. In the updated strategies of the LTG Group and LTG Cargo for 2025, a new strategic direction – decarbonisation – is introduced. The decarbonisation plan aims to consistently reduce greenhouse gas emissions and thus mitigate the impact on the climate.

The LTG Sustainability Policy is an important document that sets out the goals and objectives of LTG's sustainability activities, as well as sustainability principles and priorities. The policy establishes long-term environmental, social and governance priorities in areas where LTG's operations have the greatest environmental impact and potential to create significant value and change. Sustainability management in LTG is centralised and is equally important for all LTG companies and activities.

Activities of the LTG group are based on the operating principles set out in the United Nations Global Compact, the resolutions of the Paris Agreement, objectives of the European Green Deal. Additionally, the sustainability framework incorporates the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and recommendations of the Governance Coordination Centre established by the Government of the Republic of Lithuania, ensuring implementation of good governance principles in state-owned enterprises.

LTG sustainability priorities, goals

In 2025, LTG conducted a comprehensive double materiality assessment (DMA) aimed at understanding and managing impacts, risks, and opportunities in the field of sustainability. Among the key topics highlighted are the reduction of GHG emissions, improvement of energy efficiency, assurance of human rights, health and safety at work, diversity and non-discrimination, contribution to community well-being, ensuring data security and privacy, business ethics, and prevention of corruption and bribery.

The priorities and goals of LTG Cargo, as well as the entire LTG group, in environmental, social, and governance areas are set for the strategic period, taking into account where and how LTG, through its activities, has the greatest impact on the environment and society, can create the greatest value, and make a significant and measurable change. The priorities also contribute to the implementation of LTG's mission and vision, correspond to the values of organisation and expectations of stakeholders. When determining LTG's sustainability priorities and goals, reliance is placed on the double materiality assessment, the Corporate Sustainability Reporting Directive (CSRD), relevant national and EU policies, and best governance practices.

Detailed information about the LTG group's sustainability priorities, goals, and indicators is provided in the Sustainability Report section of the LTG group's Consolidated Annual Management Report. The Report is available on the group's website www.ltg.lt.

Environmental protection

Environment-related initiatives and projects of the company

The Environmental Area section of the LTG Group's Sustainability Report discloses targets and priorities of the LTG Group aimed at contributing to reduction of environmental impact and climate change mitigation as well as becoming a climate-neutral organisation by 2050; in addition, it also discloses the initiatives and projects carried out by the LTG Group, and the Company, aimed at reducing the impact on the climate and the environment, and the environmental indicators monitored. The key environmental initiatives of LTG Cargo in 2025 are as follows:

- **Fuel saving program.** LTG Cargo continued to implement its diesel fuel saving plan. In 2025, by applying certain measures and increasing locomotive operational efficiency, approximately 700,000 liters or about 3% of the total planned fuel usage was saved. This not only reduced CO2 emissions but also increased the company's efficiency.
- **Plant-based diesel pilot.** In July, LTG Cargo, along with other subsidiaries of the LTG group, began testing plant-based diesel (HVO100) fuel. Upon completion of the pilot, the efficiency of this fuel and its impact on the wear of diesel locomotive components will be evaluated. If the assumptions are confirmed, the use of this fuel in daily operations will be considered.
- **Design of electric locomotives.** The design of freight electric locomotives was implemented: 97% of technical coordination work was completed by 2025. 17 new electric locomotives will transport freight on the electrified section between Vilnius and Klaipėda (Corridor IX B) from 2028 onwards, using electricity from renewable energy sources. These locomotives will become a key enabler of LTG Cargo's decarbonization efforts, allowing for a reduction in Scope 1 and 2 GHG emissions per unit of CO2 revenue by more than twice by 2030.
- **Green Kilometre Certificates.** LTG Cargo presented Green Kilometer certificates to businesses that chose to shift part of their freight transportation from road to railand use intermodal transport services. These certificates indicate the amount of greenhouse gas saved as a result of their decision.
- **New intermodal transportation routes.** To expand international intermodal transportation opportunities, LTG Cargo introduced a stop in Łódź on the regular Kaunas–Duisburg route. This means that intermodal transportation organized by LTG Cargo was supplemented with two routes: Kaunas–Łódź and Łódź–Duisburg.
- **Protection of small bird populations.** The Radviliškis Chemistry Laboratory team implemented an initiative aimed at protecting the local small bird population. Predator bird silhouette stickers were applied to the building's windows, serving as a deterrent and helping birds avoid collisions with glass surfaces.

Well-being of employees and organisational culture

Initiatives and projects of the company related to employee engagement

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

Employee engagement and safety remain among the Company's key social priorities. More information on LTG Cargo's employee-related indicators, targets and achievements in this area is provided in the Employees section of this annual management report, while the measures to maximise performance in this area are detailed in the LTG Group report. LTG Cargo's key employee-related initiatives for 2025 are:

Increasing employee motivation and engagement

- To increase employee engagement, the Company organizes quarterly events in regions where employees can meet with leaders, learn about the Company's results, projects, and news. Special attention was given to Radviliškis region: relationships were established with training institutions and the Employment Service, participation in city festivals was undertaken, and open-door days were organized at Radviliškis depots.
- To strengthen the competencies and engagement of leaders, middle management, and team leaders, Coffee with HR meetings were organized to discuss personnel management topics and analyse relevant topics and situations. Leadership Days continue to be held to encourage inter-departmental collaboration and strengthen competencies necessary to achieve company goals. In developing the Lean culture, training sessions for managers on Whiteboards, problem-solving, Gembas, and other topics were organized.
- Collaboration between LTG Cargo subsidiaries is being strengthened by involving LTG Cargo Polska's leaders in activities.
- Volunteer initiatives have been implemented to promote engagement and community.

Improving employee welfare and health/safety

Projects aimed at improving the well-being, health, and safety of employees of traction rolling stock repair depot were implemented:

- Design and installation of exhaust gas removal systems at Radviliškis and Klaipėda depots.
- New service vehicles adapted for mobile locomotive repair activities.
- The Šeštokai workshop was renovated: insulated and sealed, with four ceiling air conditioners/heaters installed, two heat deflectors (to ventilate heat from the ceiling downwards), thermal blinds for the gates, new lift gates, and fans for air/ CO_2 extraction from the workshop.
- A CO_2 extraction system was installed at the Vilnius depot, and the gates were replaced.
- Infrastructure at the Kaunas workshop was updated: railway sleepers, rails, and thresholds leading into the workshop were replaced.

- **Projects aimed at improving the well-being, health, and safety of employees of freight wagon repair depot** were implemented:
  - In the renovated AKP section premises, two zero-gravity cranes were installed, the physical strain on employees was reduced and the environment was made safer and more comfortable.
  - Old diesel and gas forklifts were replaced with new electric ones, resulting in cleaner air in workshops and warehouses.
  - Ventilation systems were updated, and an additional air conditioner was installed in the axle box washing area.
- In managing changes in the rolling stock repair system, experts from the Compliance and Quality department were trained to apply Regulation (EU) No. 402/2013 by focusing on the Common Safety Method (CSM) for risk assessment in the railway sector.
- With special attention to **ensuring train traffic safety and improving the safety and health of employees of the Train Control Division**, the following projects/measures were implemented:
  - Education: Additional traffic safety training sessions are organized by discussing past incidents, causes, consequences, and prevention; screen savers on traffic safety topics are installed on employees' phones.
  - Process control: a checklist for employees before starting work and a systematic incident registry of the Train Control Division (incidents, causes, prevention plans in one place) were implemented.
  - Analytics: the 5 WHY methodology is used to identify the causes of incidents.
  - Visualization and Engagement: boards displaying the number of days without incidents are installed in visible places in all divisions; information about incidents caused by Train Control employees is broadcast on screens in common rest areas; workshops with production employees are organized to hear their suggestions for improving safety and quality.

Anti-corruption

The LTG Group follows the **principle of zero tolerance for corruption**, which means that Group companies do not tolerate any form of corruption.

In the Governance Area section of the LTG Group's Sustainability Report, internal documents which, in addition to the laws and regulations of the Republic of Lithuania, regulate corruption prevention within the LTG Group, as well as conclusion of business transactions and public procurements, and which are followed by each LTG Group company in the course of their activities. It identifies corruption risks and measures to manage them, measures to educate employees on corruption prevention, and monitors corruption resilience indicators.

It should be noted that the LTG Group for several years has been working in accordance with the international standard 37001:2016 *Anti-corruption management systems. Requirements and Guidelines for Use*, and focuses on the review and improvement of internal business processes.

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

(all amounts are in EUR thousand unless otherwise stated)

6.5 definitions

Indicator	Definition of calculation
Revenue	Sales revenue + Other operating income (excluding income from financial activities)
Sales revenue	Revenue, excluding income from other activities and income from financial activities
Expenses	Expenses, excluding the corporate tax and income from financial activities
Financial debt	Long-term loans + Long-term lease liabilities + Current portion of long-term loans + Short-term loans + Current portion of lease liabilities
Net debt	Financial debt - Cash and cash equivalent investments
Return on equity (ROE)	Net profit (loss) for the last 12 months / Average of equity at the beginning and end of the reporting period
Return on assets (ROA)	Net profit (loss) for the last 12 months / Average of assets at the beginning and end of the reporting period
Return on investments (ROI)	Net profit (loss) for the last 12 months / Average of assets at the beginning and end of the reporting period – Average of current liabilities at the beginning and end of the reporting period
EBIT	Profit (loss) before the corporate tax – the result of financial activities
EBITDA	Profit (loss) before the corporate tax – the result of financial activity + depreciation and amortisation
Adjusted EBITDA	Profit (loss) before taxation + Interest expenses - Interest income + Depreciation and amortisation + Increase (decrease) in the value of non-current assets, inventories and investments + Increase (decrease) in the value of amounts receivable and contract assets + Expenses of provisions not related to ordinary activities
EBIT margin*	EBIT / Sales revenue
EBITDA margin*	EBITDA / Sales revenue
Adjusted EBITDA margin*	Adjusted EBITDA / Sales revenue

Indicator	Definition of calculation
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
Loan servicing ratio	Net profit/(loss) for the last 12 months + amortisation, depreciation and grant costs of the last 12 months + interest expenses of the last 12 months (adjusted considering the non-monetary items) / Amortisation of debt for interest + Interest payable for the last 12 months
Asset turnover ratio*	Sales revenue for the period of the last 12 months / Assets at the end of the reporting period
Financial debt / EBITDA	Financial debt / EBITDA of the last 12-month period
Financial debt / Equity (D/E)	Financial debt / Equity at the end of the reporting period
Net debt / EBITDA	Net debt / EBITDA of the last 12-month period
Quick liquidity rate	Current assets at the end of the reporting period / current liabilities 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
Turnover of freight transportation (ton/km)	Freight transport indicator, which is the product of the amount of transported freight (tonnes) and the distance travelled (kilometres)
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	The average gross salary per employee

6.6. Abbreviations

AS	Average salary
CO_2	Carbon dioxide
CSI	Customer Satisfaction Index
ESG	Environmental, Social and Corporate Governance
EU	European Union
GHG	Greenhouse gas
Government of RoL	Government of the Republic of Lithuania
IFRS	IFRS accounting standards
IT	Information technologies
LTG	AB Lietuvos Geležinkeliai
LTG Cargo, the Company	AB LTG Cargo
LTG Cargo Group	AB LTG Cargo and its subsidiaries
LTG Cargo Polska	LTG Cargo Polska Sp.zo.o.
LTG Cargo Ukraine	LLC LTG Cargo Ukraine
LTG Group	AB Lietuvos Geležinkeliai and its subsidiaries
LTG Link	AB LTG Link
LTG Infra	AB LTG Infra
LTG Wagons	UAB LTG Wagons
SOE	State-owned enterprise

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Independent Auditor's Report

To the Shareholders of AB "LTG Cargo"

Opinion

We have audited the separate financial statements of AB "LTG Cargo" ("the Company"). The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2025,
- the separate statement of profit or loss and other comprehensive income for the year then ended,
- the separate statement of changes in equity for the year then ended,
- the separate statement of cash flows for the year then ended, and
- the notes to the separate financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the non-consolidated financial position of the Company as at 31 December 2025, and of its non-consolidated financial performance and its non-consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as adopted by the European Union.

Basis for Opinion

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

Other Information

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

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

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

Company code: 111494971
VAT code: LT114949716

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

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

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

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

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

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

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

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

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

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

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

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

On behalf of KPMG Baltics, UAB

Vilmantas Karalius
Certified Auditor
Auditor's Certificate No. 000371

Vilnius, the Republic of Lithuania
13 March 2026

The electronic auditor‘s signature applies only to the Independent Auditor‘s Report on pages 85 to 87 of this document.

LTG CARGO

Company code 304977594, geležinkelio g. 12, Vilnius, lithuania
SEPARATE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2025
(All amounts are in eur thousand unless otherwise stated)

(All amounts are in eur thousand unless otherwise stated)

Separate statement of financial position

	Notes	31/12/2025	31/12/2024
NON-CURRENT ASSETS			
Property, plant and equipment	7	247,551	215,535
Right-of-use assets	8; 18	10,450	24,217
Intangible assets	9	2,242	2,595
Investment property		66	-
Financial assets	10	18,567	17,621
Loans to related and other companies	26	3,912	-
Trade and other receivables.	12	21	1,017
Total non-current assets		**282,809**	**260,985**
CURRENT ASSETS			
Inventories	11	4,105	4,747
Non-current assets held for sale	11	2,399	1,486
Loans to related and other companies	26	31	-
Trade and other receivables.	12	19,663	12,906
Prepayments	13	5,499	972
Cash and cash equivalents	14	42,149	53,504
Total current assets		**73,846**	**73,615**
TOTAL ASSETS		**356,655**	**334,600**

	Notes	31/12/2025	31/12/2024
EQUITY			
Authorised capital		44,087	44,087
Legal reserve	15	4,420	3,260
Other reserves	15	66,736	58,615
Retained profit (losses)	16	26,466	23,202
Total equity		**141,709**	**129,164**
LIABILITIES			
Non-current liabilities			
Loans and other financial debts	17	109,927	94,571
Lease liabilities	18	9,277	21,391
Employee benefits	19	1,847	1,844
Deferred income tax liabilities	25	20,973	17,965
Total non-current liabilities		**142,024**	**135,771**
Current liabilities			
Loans and current portion of non-current loans	17	22,374	19,764
Lease liabilities	18	1,426	3,141
Income tax liabilities		4,134	1,841
Employee benefits	19	8,152	8,271
Trade and other payables	19	36,806	36,441
Provisions	(21)	30	207
Total current liabilities		**72,922**	**69,665**
Total liabilities		**214,946**	**205,436**
TOTAL EQUITY AND LIABILITIES		**356,655**	**334,600**

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

The financial statements and the explanatory notes on pages 89 - 121 were approved and signed on 13 March 2025:

Eglė Šimė
Chief Executive Officer

Arūnas Žilys
Chief Financial Officer

Darius Saladžius
UAB LTG Kompetencijų centras
Financial Controller, acting under Decision
No. SPR-L1(KC)-1/2026 of 5 February 2026

(All amounts are in eur thousand unless otherwise stated)

Separate statement of profit or loss and other comprehensive income

	Notes	2025	2024
Sales revenue	22	298,384	306,278
Revenue from other activities		440	113
Total revenue		298,824	306,391
Infrastructure services		(105,046)	(101,051)
Employee benefits costs	33	(45,291)	(43,528)
Depreciation and amortisation	7;8;9	(29,349)	(25,681)
Fuel		(28,712)	(32,418)
Management services		(14,948)	(14,615)
Intermediary services		(10,756)	(13,352)
Increase (decrease) in the value of non-current assets		(6,594)	(6,068)
Materials		(5,256)	(4,475)
Services rendered by other foreign railway companies		(4,512)	(6,777)
Repairs and maintenance		(1,525)	(1,216)
(Decrease) increase in the value of non-current assets held for sale		(1,426)	(95)
Electricity		(383)	(524)
(Decrease) increase in the value of investments		826	(8,623)
(Write down) of inventories to net realisable value		331	(525)
(Decrease) increase in value of receivables		19	(357)
Change in provisions		177	109
Other expenses		(9,482)	(11,550)
Total expenses:		**(261,927)**	**(270,746)**
Operating profit (loss)		**36,897**	**35,645**
Income from financing activities	24	996	1,731
Expenses from financing activities	24	(4,844)	(6,238)
Net result of financing activities		(3,848)	(4,507)
Profit (loss) before taxation		**33,049**	**31,138**
Income tax	25	(6,583)	(7,928)
Net profit (loss)		**26,466**	**23,210**
Other comprehensive income (expenses)		-	-
Total comprehensive income (expenses)		**26,466**	**23,210**

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

(All amounts are in eur thousand unless otherwise stated)

Separate statement of changes in equity

	Notes	Authorised capital	Legal reserve	Other reserves	Retained profit (loss)	Total
Balance as at 31 December 2023		**44,087**	**2,382**	**52,470**	**17,557**	**116,496**
Net profit (loss)		-	-	-	23,210	23,210
Other comprehensive income, after tax		-	-	-	-	-
Total comprehensive income (expenses)		*-*	*-*	*-*	*23,210*	*23,210*
Unrecognised profit (loss) in the statement of profit or loss and other comprehensive income		-	-	-	(8)	(8)
Transfers between reserves	15	-	878	6,145	(7,023)	-
Dividends	16	-	-	-	(10,534)	(10,534)
Total transactions with owners of the Company		*-*	*-*	*-*	*(10,534)*	*(10,534)*
Balance as at 31 December 2024		**44,087**	**3,260**	**58,615**	**23,202**	**129,164**
Net profit (loss)	16	-	-	-	26,466	26,466
Other comprehensive income, after tax		-	-	-	-	-
Total comprehensive income (expenses)		*-*	*-*	*-*	*26,466*	*26,466*
Unrecognised profit (loss) in the statement of profit or loss and other comprehensive income		-	-	-	-	-
Transfers between reserves	15	-	1,160	8,121	(9,281)	-
Dividends	16	-	-	-	(13,921)	(13,921)
Total transactions with owners of the Company		*-*	*-*	*-*	*(13,921)*	*(13,921)*
Balance as at 31 December 2025		**44,087**	**4,420**	**66,736**	**26,466**	**141,709**

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

(All amounts are in eur thousand unless otherwise stated)

Separate statement of cash flows

	Notes	2025	2024
Cash flows from operating activities			
Net profit (loss)		26,466	23,210
Adjustments			
Depreciation and amortisation	7, 8, 9	29,349	25,681
(Profit) loss from disposal of non-current assets		565	3,579
Change in impairment of receivables		(19)	357
Impairment (reversal) of the value of non-current assets, inventories and investments		6,743	15,311
Change in accrued expenses		115	(2,060)
Interest (income) expenses		3,634	4,336
Interest on lease liability		392	426
Increase (decrease) in provisions		(177)	(109)
Impact of currency exchange fluctuations		(50)	(33)
Income tax expenses (income)	25	6,583	7,928
Cash flows from operating activities after adjustments		73,601	78,626
Changes in working capital			
Decrease (increase) in inventories		1,200	1,773
Decrease (increase) in trade and other receivables and prepayments		(11,432)	1,071
Increase (decrease) in current and non-current trade payables and received prepayments		1,287	2,759
Increase (decrease) in employment-related liabilities		(116)	816
Increase (decrease) in other non-current and current payables		812	3,142
Income tax (paid)		(1,597)	-
Net cash flows from operating activities		63,755	88,187
Cash flows from investing activities			
(Acquisition) of non-current assets;		(86,496)	(51,161)
(Acquisition) disposal of financial assets		1	(16,805)
Income from sale of non-current assets and investments		278	134
Dividends received		239	-
Interest received		455	1,450
Loans (granted) repaid		(3,912)	-
Net cash flows from investing activities		(89,435)	(66,382)
Cash flows from financing activities			
Repayment of loans (cash pool)		36,196	-
Interest (paid)		(5,171)	(12,147)
Lease liability interest		(392)	(426)
Payments of lease liabilities		(2,387)	(3,248)
Cash flows related to owners	16	(13,921)	(10,534)
Net cash flows from financing activities		14,325	(26,355)
Net increase (decrease) in cash flows		(11,355)	(4,550)
Cash and cash equivalents at the beginning of the period		53,504	58,054
Cash and cash equivalents at the end of the period	**14**	**42,149**	**53,504**

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

(All amounts are in eur thousand unless otherwise stated)

Explanatory notes to the separate financial statements

1. General information

AB LTG Cargo (hereinafter referred to as the Company) was registered in the Register of Legal Entities of the Republic of Lithuania on 28 December 2018. In its activities the Company follows 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 valid regulations of the Republic of Lithuania.

The Company is a private legal entity of limited civil liability independently organising economic, financial, organisational, and legal activities. AB LTG Cargo is the company of the AB Lietuvos Geležinkeliai Group. AB Lietuvos Geležinkeliai is its sole shareholder. The Company's code: 304977594, VAT code: LT100012103918, legal (registration) address: Geležinkelio St. 12, LT-02100 Vilnius.

The main activities of the company are freight transport and logistics, loading and unloading, wagon rent, coordination of locomotives and crews, manufacture of new locomotives, auto-drains and infrastructure road machinery, overhaul and technical maintenance of railway rolling stock, manufacture of freight wagons and depot repair, overhaul repair and servicing of freight wagons. Repair and maintenance works of railway locomotives and rolling stock are also performed.

As at 31 December 2025 and 31 December 2024, the sole shareholder of the Company was the parent company AB Lietuvos Geležinkeliai. As at 31 December 2025, the sole shareholder of AB Lietuvos Geležinkeliai was the Republic of Lithuania, the property rights of which are exercised by the Ministry of Transport and Communications of the Republic of Lithuania (100% of shares).

The Company has no branches and representative offices.

As at 31 December 2025, the listed number of active employees at the end of the period (excluding the employees on parental leave, employees doing military service, employees on long-term incapacity) was 1,521 (as at 31 December 2024 – 1,658 employees).

Investments in subsidiaries are as follows:

Company	Registered address	Owned share, %		Main activity
		2025	2024	
LTG Cargo Polska Sp. Zo.o.	Świętojerska 5/7. 1, Warsaw	100	100	Freight transportation and provision of related services in Poland
UAB LTG Wagons	Geležinkelio g. 12, Vilnius	100	100	Liquidated
LLC LTG Cargo Ukraine	Puškino St. 21, Kiev	100	100	Operations of rolling stock rental operator in Ukraine

2. BASIS OF PREPARATION

Basis of preparation The Company's financial statements for the year ended 31 December 2025 have been prepared in accordance with IFRS Accounting Standards as adopted by the EU. These financial statements have been prepared on a going concern basis and valued using the historical cost method unless otherwise stated.

The consolidated financial statements of the Company are not prepared because, according to the applicable financial reporting requirements, the Company is permitted not to prepare and submit consolidated financial statements when the consolidation is carried out by its controlling parent company, AB Lietuvos Geležinkeliai, and when it provides consolidated statements in accordance with the legal requirements.

Changes in accounting policies. The accounting policies applied in the preparation of these financial statements are consistent with those used for the preparation of the Company's annual financial statements for the year ended 31 December 2024, with the exception of the new standards which became effective during 2025.

Functional and presentation currency. The functional currency of the Company is euro. In these financial statements, all amounts have been expressed in thousands of euros unless stated otherwise; figures between tables may not coincide as a result of rounding. Such inconsistencies are considered insignificant in the financial statements.

Foreign currency. Transactions in foreign currency are measured in functional currency by applying the currency exchange rate applicable at the time of the transactions. Profit and loss arising from the settlement of these transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in the statement of profit or loss and other comprehensive income.

Property, plant and equipment. The initial cost of property, plant and equipment comprises the acquisition cost, including non-refundable acquisition taxes, capitalised borrowing costs and any directly attributable costs incurred in preparing the asset for use or bringing it to the place of use. Costs incurred after the property, plant and equipment was taken into use are generally charged to the profit or loss in the period in which they are incurred.

The cost of an item of property, plant and equipment includes the cost of replacing parts of property, plant and equipment as incurred, provided that these costs meet the criteria for recognition. The carrying amount of the replaced part of the asset is written off. Repair costs are added to the residual value of an asset if it is probable that future economic benefits will flow to the Company from those costs and they can be measured reliably. All other repair and maintenance costs are recognised in the statement of profit or loss and other comprehensive income.

Property, plant and equipment include spare parts, spare plant and maintenance equipment when they meet the definition of property, plant and equipment. The assets' residual values and useful lives are reviewed at least annually and, if necessary, adjusted.

Depreciation. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives.

Groups of property, plant and equipment	Useful life
Buildings and structures	8-25
Machinery and equipment	5-25
Road vehicles	4-8
Rolling stock (including wagons)	8-42
Computers and hardware	3-11
Other fixtures, fittings and tools	6-15

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

Construction in progress. Construction in progress is accounted for at the cost of acquisition less impairment losses. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction in progress is not depreciated until construction is completed and assets are ready for service. Inventories intended for repair of property, plant and equipment and complying with the provisions of IAS 16 are transferred from inventories to construction in progress. Construction in progress is reclassified to the appropriate groups of non-current assets when construction in progress is completed and asset is asset is ready for its intended use. Prepayments for non-current assets are classified as non-current assets due to their usage in a long-term operation, and are shown under construction in progress in the statement of financial position. The item of construction in progress includes property, plant and equipment under construction. The acquisition cost of such assets includes design, construction work, plant and equipment transferred for installation and other direct expenses. Tangible non-current assets are recorded at acquisition (production) cost.

Intangible assets. The Company's intangible assets have definite useful lives. Intangible assets include capitalised computer software, patents, trademarks and licenses. Acquired computer software, licences, patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use.

Expenditures related to development of unique software controlled by the Company, are recorded as intangible assets, where it is expected that future economic benefit will exceed expenditures incurred. The Company's capital expenditures include costs of a software development team and related overhead costs. Any other software-related costs, e.g. software maintenance works, are recognised costs when incurred.

The Company's intangible assets are amortised on a straight-line basis over their estimated useful lives, which can be from 3 to 15 years respectively. The amortisation period is reviewed at the end of each financial year.

Investments in subsidiaries. Investments in a subsidiary are accounted for in the parent company's statement of financial position at cost less impairment losses when the residual value of investment exceeds its estimated recoverable value. After the value adjustment, the difference is written-down in the statement of profit or loss. If, at the date of the statement of financial position, the basis for the write-down can no longer be substantiated, the amount of write-down must be reversed. In case of an existing liability to cover a loss arising in subsidiaries, a provision is recognised for the amount of such loss.

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

The Company does not have any property, plant and equipment with unlimited useful life.

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

If the estimated recoverable amount of an asset (or group of income-generating assets) is less than its carrying amount, the carrying amount of the asset is reduced to the recoverable amount of the asset (or group of income-generating assets). Impairment losses are recognised immediately in the statement of profit or loss and other comprehensive income.

Assets held for sale. Assets (or groups of assets) held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Assets held for sale are reclassified if they meet the criteria for such assets under IFRS 5. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income.

Financial instruments

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

The Company recognises a financial asset in the statement of financial position only when it becomes a party to the contractual provisions of the financial instrument and the purchase or sale of the financial asset is recognised or derecognised using trade date accounting. On initial recognition, the Company measures financial assets at fair value, except for trade receivables that do not include a significant financing component. Financial assets, if not measured at fair value through profit or loss, are initially measured at fair value, including the fair value of an instrument and transaction costs directly attributable to the acquisition of the financial asset.

The financial asset, which is subsequently measured at amortised cost, is measured by using the effective interest method. Amortised cost is reduced by impairment losses. Interest income, foreign exchange profit and loss are accounted for through profit (loss). Any derecognition profit or loss are accounted for in the statement of profit or loss and other comprehensive income.

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

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

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

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

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

The expected credit losses on loans receivable and trade receivables throughout the period are recognised in the statement of profit or loss and other comprehensive income.

Losses on financial assets measured at amortised cost are recognised as provisions having impact on the gross carrying amount of such assets.

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

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

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

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

Financial liabilities. The Company's financial liabilities comprise loans and other borrowings, liabilities under the contracts with customers, trade and other payables.

Financial liabilities are carried at fair value less transaction costs at initial recognition. In subsequent periods, financial liabilities are carried at amortised cost, calculated using the effective interest rate method. Interest expense is recognised using the effective interest method.

Financial liabilities are classified as non-current if a financing agreement entered before the statement of financial position date provides evidence that the liability was non-current in nature at the statement of financial position date.

Trade payables are obligations to pay for goods and services purchased from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if they are due for payment within one year. Otherwise, they are shown as non-current liabilities.

Derecognition of financial liabilities. The Company derecognises a financial liability when the contractual obligations are discharged, cancelled, or expire, the terms are modified and the cash flows of the modified liability are materially different. The new financial liability is recognised at fair value in accordance with the amended contractual terms.

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

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

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

Trade and other payables At initial recognition on trade and other payables are recognised when the Company becomes a party to the contractual terms. Trade and other payables are initially measured at fair value plus directly related transaction costs.

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

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

Right-of-use assets

Lease

Lease means a contract or part of a contract that gives the right to use the asset (leased property) for a certain period of time for consideration.

Leases, where the Company is a lessee.

On the commencement date the Company shall measure a lease liability at the present value of the lease payments outstanding at that date. Lease fees shall be discounted using the interest rate provided for in the lease contract, if that rate can be readily determined. If that rate cannot be readily determined, the Company shall use the borrowing rate charged by the lessee. The borrowing rate to be charged by the lessee shall be recorded by the Company at the beginning of each year and used for all new contracts signed in that year and for contracts the terms of which (not all but only for which the lease liability must be reassessed) have changed during that year. A reassessment of a lease liability occurs when the cash flows change from the original conditions of the lease, for example, when changes in the lease term or lease payments change based on an index or interest rate. Changes that were not part of the original lease contract are considered to be lease changes. In recognising lease liabilities, determining lease terms, the Company evaluated the probability of extension and early termination of the contracts.

The Company has concluded lease contracts for premises, production buildings, and other non-current assets used for ensuring the Company's activities. Such contracts are concluded for 6-10 years, other tangible assets - for 2-3 years.

Short-term lease and lease of low-value assets. The Company applies recognition exemption on short-term leases (i. e. on leases that expire within 12 months from the commencement date and there is no purchase option). In addition, recognition exemption on low-value assets is applied to leases that are considered to be low-value leases. The Company evaluates each asset unit individually. In deciding whether the value of an asset is low, lease fees over the entire lease period are not assessed. Assets with a value of up to EUR 4 thousand are considered low value assets. Short-term lease fees and lease fees of low-value assets are recognised as costs on a time proportion basis over the entire lease period.

Income taxes. Income tax assets and liabilities for current and prior periods are recorded at the amount expected to be recovered from, or paid to the tax authority. The applicable income tax and tax laws are those that are enacted or substantively enacted at the date of the statement of financial position. The income tax rate applicable to companies in the Republic of Lithuania in 2025 - 16% and in 2024 - 15%. From 2026, the corporate income tax rate is 17%.

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

Deferred income tax.

Deferred tax is accounted for using the liability method. Deferred tax assets and liabilities are recognised for future tax purposes by marking the differences between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are recognised for all temporary differences that will subsequently increase taxable profit, and deferred tax assets are recognised only to the extent that it is probable that they will reduce taxable profit in the future.

The carrying amount of deferred tax assets is reviewed every time a set of financial statements is prepared, and it is reduced if it is not probable that sufficient taxable profits will be generated in the future to realise the asset or part of it. The amount of the deferred tax asset is reduced to the amount that is probable of reducing future taxable profit. Deferred tax is calculated using the tax rates that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax relates to the same tax authority.

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

Provisions for retirement benefits. Every worker is entitled to a benefit of 2 months' salary if he/she leaves the job at retirement age, in accordance with Lithuanian law. The historical cost is recognised as expenses in the Statement of Profit or Loss immediately after the assessment of such liability. Any profit or losses which have appeared as a result of a change in benefit conditions are recognised in profit (loss) immediately. The above-mentioned employment benefit obligation is calculated based on actuarial assumptions, using the projected unit credit method. The obligation is recorded in the statements of financial position and reflects the present value of these benefits on the preparation date of the statements of financial position. Present value of the non-current obligation to employees is determined by discounting estimated future cash flows using the discount rate which reflects the interest rate of the Government securities of the same currency and similar maturity as the employment benefits. Actuarial profit and losses are recognised in other comprehensive income. Therefore, provisions are formed for the possible benefits. Actuarial estimates are carried out in order to assess the liability of such retirement payments. The liability is accounted for at present value discounted using the market interest rate.

Provisions for warranty repairs. The Company's rolling stock warranty repair liabilities are recognised as a provision under the signed contracts and the main requirements for the repair and modernisation of traction rolling stock, units and aggregates. The company has a legal obligation to provide warranty repair services for rolling stock and in order to fulfil this obligation it must use economic resources and cannot avoid future costs. The Company's repair costs are recognised in the period in which the repair service is sold rather than in the period in which the vehicle is repaired and are, therefore, recognised in the period in which they are earned. The amount of the provisions is determined on the basis of experience of similar activities, expert findings, and after-balance-sheet events. In calculation of the provisions for warranty repairs, the following is taken into account: the Company's experience in vehicle repair services, the established practice of knowing which repairs have been carried out and which vehicles and parts are most likely to be damaged, and the additional work to be carried out after the sale of the repair service, based on expert assessments and calculations. Provisions for warranty repair of rolling stock are allocated to short-term liabilities and its formation costs are allocated to operating costs.

Revenue recognition. Revenue is recognised applying a uniform principle, based on a five-step model that applies to all customer contracts (IFRS 15).

Revenue is recognised (at a point in time or over a period of time) when the performance obligations have been fully discharged and control has passed to the customer. Revenue is measured at the consideration specified in the contract with the customer and does not include amounts collected on behalf of third parties. The contractual consideration with the customer may include fixed amounts, variable amounts or both.

Operating revenue generated by the Company includes the following:

Income from freight transportation, services related to freight transportation

Freight transportation includes import, export and transit.

International freight transportation service: rail freight transportation service, where a train with all rail cars crosses a border of at least one EU member state.

Local freight transportation service: rail freight transportation service, where a train crosses no border of the EU member state.

Income earned from services related to freight transportation is recognised upon provision of a service, receipt of a benefit from rendered services by a customer or a customer's representative.

- Other income from operating activities.

The following are other operating revenue generated by the Company:

- Property lease;
- Locomotives and work of locomotive crews abroad;
- Maintenance and repair;
- Other services.

(All amounts are in eur thousand unless otherwise stated)

	Nature, timing and payment conditions of operating liabilities	Revenue recognition under IFRS 15
Income from freight transportation, services related to freight transportation	Invoices for freight transportation and related additional services are issued at intervals agreed with a buyer in a contract (daily, every ten days, monthly) by forming them on the basis of primary freight transportation and additional services documents upon provision of a service: for transit freight transportation – according to the date of export from Lithuania, for import – on the date of transfer of delivered freight to a consignee, for export and transportation in Lithuania - on the date of freight dispatch, for additional services – on the actual date of provision of a service. Upon evaluation of reliability of a service buyer payment conditions are established in contracts: • Prepayment; • After the provision of services by means of payment security measures (monetary deposit, bank guarantee, trade credit); • After provision of services without security measures (up to 30 days, mostly 7 to 10 days); • A common term for payment of invoices is 30 days.	Income earned from services related to freight transportation is recognised at a certain moment after services have been rendered, i.e. upon delivery of freight to a place agreed in a shipping document. Most often freight carriage lasts up to 24 hours, so income is recognised immediately. Revenue from freight transportation on international routes is recognised immediately upon provision of services. Revenue from services related to freight transportation on domestic routes is recognised immediately upon provision of services,. The amount of revenue recognised shall be estimated at the price indicated in the consignment note and in the accompanying service note. Prepayments received are included in contractual obligations. If services under one agreement are provided at different reporting periods, remuneration is distributed according to their relative individual sales prices. A separate sales price is established based on service prices specified in a contract.
Income from repairs and maintenance	Invoices are issued after the service has been provided and the deed of acceptance-transfer of the performed works has been signed. Standard invoice payment term is 30 days. A 10-day term is applied for uncoupling repairs of private rail cars; cash collateral may be additionally applied.	Revenue related to locomotives and locomotive crews working abroad are recognised as soon as the services are rendered. Revenue from maintenance and repair is recognised at a certain moment because the customer gains control of the goods and services when the goods are loaded from the warehouse and the services have been provided. Services are considered provided when the deed of acceptance-transfer of the performed works is signed. The customer acquires the control over the good and service when he receives all benefits related to the good and service. Revenue is recognised on a monthly basis over time when the services are rendered. Wholesale revenue is recognised immediately. Related costs are recognised in the statement of profit or loss and other comprehensive income when incurred. Probable loss arising from a contract is recognised immediately in the statement of profit or loss and other comprehensive income. Prepayments received are included into contractual obligations. If services under one agreement are provided at different reporting periods, remuneration is distributed according to their relative individual sales prices. A separate sales price is established based on service prices specified in a contract.
Other additional income	Invoices for ancillary services provided are issued immediately after the services are provided. Revenue from the sale of goods is recognised upon loading of goods from the warehouse. Standard payment term is 30 days. Invoices are issued after the service has been rendered and the deed of acceptance and transfer has been signed. Standard invoice payment term is 30 days. Payments for one-off works are subject to a 7-to-30-day term, a cash deposit may also be applied.	Revenue from the lease of assets is recognised on a monthly basis over time when the services are rendered. Revenue is recognised directly using the cost method, which can be applied to the Company's progress seeking to fully satisfy performance obligation and measure it over time, on the basis of measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

Recognition of expenses. Expenses are recognised in the statement of profit or loss and other comprehensive income on an accruals basis when incurred.

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

Events after the reporting period. These are events that provide additional information about the Company's position at the date of the Statement of Financial Position. Adjusting events are reported in the financial statements. Non-adjusting subsequent events are described in the notes, when material. All events that are significant but are not adjusting events are disclosed in Note 28.

Related parties. Related parties are defined as shareholders, employees, members of the board, their close relatives and companies that directly, or indirectly through one or more intermediaries, control the Company or are controlled by the Company, provided the listed relationship empowers one of the parties to exercise the control or significant influence over the other party in making financial and operating decisions.

3. MATERIAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the Company's management to make estimates and judgements that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. The estimates and related assumptions are continually revised and rely upon historical experience and other factors, including expectations on future events based on existing circumstances.

Significant judgements

Date of putting the equipment into operation. The asset is put into operation and its impairment begins when the asset is ready for its intended use, i.e. when it is in that place and conditions which enable it to be used in the manner intended by management are guaranteed. The assets are put into operation after they have been properly tested and all permits for operation have been obtained.

Duration of the lease period. In determining the lease term, management considers all facts and circumstances that give rise to an economic incentive to exercise the option to renew or not to exercise the option to terminate. The possibility of extending the contract (or the periods after the possibility of terminating the contract) is provided for in the leases only if it can be reasonably expected that the lease will be extended (or not terminated).

Significant estimates and assumptions

Review of impairment of investments in subsidiaries. The investments in subsidiaries are accounted for by the Company at the acquisition cost less impairment. At the date of each annual financial statements, the Company determines whether there is any indication that the investments may be impaired. If any such indication exists, the Company calculates impairment as the difference between the subsidiary's carrying amount and its recoverable amount and the result is accounted for in the item of profit or loss. The Company performed impairment tests on its investments in subsidiaries and the results are disclosed in Note 10.

Useful lives of intangible assets and property, plant and equipment. The useful lives are reviewed on an annual basis and, if necessary, are adjusted to reflect the current estimate of remaining useful life, considering technological changes, future economic use of assets and their physical condition. If the expectations differed from previous estimates, the change would be accounted for as a change in an accounting estimate in accordance with IAS 8.

Impairment losses of 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 asset's recoverable amount is estimated. For the purpose of impairment testing, assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units) are grouped at the lowest levels for which there are currently no cash flows.

The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use of the asset. The value in use of an asset 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 the asset. The recoverable amount of an asset that does not generate cash inflows on its own is determined by reference to the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment losses of amounts receivable. The Company assesses receivables for impairment on a monthly basis. In order to determine whether it is necessary to recognise an impairment loss in profit or loss, the Company assesses whether there is any indication that future cash flows from receivables may be impaired until the impairment of a specific receivable is determined.

Such indications include information that indicates a negative change in the financial condition of customers, economic conditions in the country or region that affect the Company's receivables. The 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 their timing are reviewed regularly to minimise differences between the estimated and actual amount of loss.

Write down of inventories to net realisable value. The Company reviews its inventory list at least annually to determine the net realisable value of inventories. Inventories acquired earlier than a year ago are reviewed to determine whether they can be realised in the future. In the case of slow-moving spare parts and other materials, impairment is recognised taking into account detailed operational plans according to each unit of inventories, their potential realisation period and preliminary realisation cost.

During the assessment, the Company's management analysed whether there have been any significant changes; in addition, the reassessed assumptions applied in the assessment of the recoverable amount have had an insignificant effect on the change in the carrying amount. After the impairment test, an additional impairment shall be applied to: A 75% impairment allowance is applied to the Company's stationary inventories and inventories acquired more than two years ago. Inventories that meet the recognition criteria of IAS 16 are reclassified to property, plant and equipment under construction.

Provisions and contingent liabilities.

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

Provisions are recognised at an amount that reflects management's best estimate of the expenditure that would be required to restore the asset. Further details on provisions are disclosed in Note 21.

Contingent liabilities are not recognised in the financial statements. They are described in the financial statements, except where it is not probable that resources will be available to meet them.

Contingent assets are not recognised in the financial statements but are described in the financial statements when it is probable that income or economic benefits will be received.

Climate change management measures and impact on the Company's activities.

The Company pays particular attention to environmental protection as part of the strategic objectives and sustainability management priorities set out in the LTG Sustainable Growth Strategy 2040 of LTG Group. One of the main strategic activity areas of the LTG Group and its individual companies is the Green Deal.

In 2021, the LTG Group approved the Environmental Strategy 2030+, which identifies the LTG Group's environmental priorities and the areas on which the LTG Group companies, through their activities have or could potentially have an impact on, and sets out specific targets to reduce this impact. The strategy has been developed in the light of national legislation, international agreements (Paris Agreement on Climate Change, European Green Deal) related to the environment protection, including climate change.

One of the objectives identified in the Environmental Strategy, of particular importance to the Company, is climate change mitigation and adaptation - the LTG Group commits to ensure sustainable development, reduction of CO2 emissions and adaptation to climate change.

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

During the reporting period, the Company did not have any financial commitments related to ESG (Environmental, Social and Governance) indicators. It has also not been exposed to any legal proceedings or complaints related to climate change events and has not incurred any additional costs that have had a material impact on the financial statements.

4. STANDARDS AND INTERPRETATIONS OF STANDARDS NOT YET EFFECTIVE

The new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 January 2025 and have not been applied in the preparation of these financial statements are set out below:

When preparing these financial statements, the Company did not apply new IFRS Accounting Standards (IFRS), their amendments, and interpretations that have been announced but have not yet come into effect.

The main amendments are as follows:

- Amendments to IFRS 9 „Financial Instruments" and IFRS 7 „Financial Instruments: Disclosures", amendments to the "Classification and Measurement of Financial Instruments" replace the requirements in IFRS 9 and IFRS 7 regarding the derecognition of financial liabilities, the classification and disclosure of financial assets (effective for annual reporting periods beginning on or after 1 January 2026);
- Annual IFRS improvements – 11th edition amendments Introduced minor improvements to IFRS 1 „First-time Adoption of International Financial Reporting Standards", IFRS 7 „Financial Instruments: Disclosures", IFRS 9 „Financial Instruments", IFRS 10 „Consolidated Financial Statements", and IAS 7 „Statement of Cash Flows" (effective for annual reporting periods beginning on or after 1 January 2026);
- Amendments to IFRS 9 „Financial Instruments" and IFRS 7 „Financial Instruments: Disclosures" regarding „Nature-dependent Electricity Agreements" were developed to improve the disclosure of such agreements in financial statements. These standards include new disclosure requirements aimed at helping investors understand the impact of such agreements on operational results and cash flows, increasing transparency and consistency in the renewable energy market (effective for annual reporting periods beginning on or after 1 January 2026);
- IFRS 18 „Presentation and Disclosure of Financial Statements" replaces IAS 1 „Presentation of Financial Statements". IFRS 18 sets out significant new requirements for the presentation of financial statements (effective for annual reporting periods beginning on or after 1 January 2027):
  - Companies must classify all income and expenses into five categories in the statement of profit or loss: operating, investing, financing, discontinued operations, and income tax. Additionally, there is a mandatory newly defined operating profit intermediate measure, which will become the basis for the indirect method in the cash flow statement. The net profit of companies will not change, but the presentation of information will become more structured and comparable.
  - Management Performance Measures (MPM) must be disclosed in one note to the financial statements, explaining why they are useful, how they are calculated, and providing a reconciliation with IFRS indicators. These requirements will increase transparency and provide users with better information about companies' financial results.
  - Detailed guidelines are provided on grouping information in financial statements to avoid classifications such as „other". This means that companies will have to provide meaningful breakdowns and clearly disclose significant elements.

The Company is still assessing the impact of the new accounting standard, particularly in relation to the structure of the statement of profit or loss, the statement of cash flows, and additional disclosures required for Management Performance Measures (MPM). The impact on information grouping in financial statements, including elements currently marked as „other", is also being evaluated.

- IFRS 19 „Subsidiaries without Public Accountability: Disclosure" allows for reduced disclosure requirements while adhering to other IFRS recognition, measurement, and presentation requirements for subsidiaries not required to have public accountability, but whose parent company applies IFRS accounting standards in its consolidated financial statements (effective for annual reporting periods beginning on or after 1 January 2027).

The effective date of amendments to IFRS 10 „Consolidated Financial Statements" and IAS 28 „Investments in Associates and Joint Ventures" related to the sale or contribution of assets between an investor and its associate or joint venture has been indefinitely postponed (early application is permitted).

The Company is currently evaluating the impact of these amendments on its financial statements. The Company does not expect these amendments to have a significant impact on its results and financial position.

(All amounts are in eur thousand unless otherwise stated)

5. SIGNIFICANT CHANGES IN THE ACCOUNTING POLICY

Standards and amendments which became effective as of 1 January 2025 did not have a significant impact on the annual financial statements for 2024.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments. Fair value

The Company's main financial instruments not carried at fair value are trade and other receivables, trade and other payables, cash and long-term and short-term borrowings. According to the management of the Company, the carrying amounts of these financial instruments are close to their fair values because the borrowing costs are linked to the interbank borrowing rate EURIBOR, while other financial assets and liabilities are short-term and therefore their fair value fluctuation is not significant.

The close fair value of financial instruments is the value at which, at the valuation date, an asset or liability would be sold under current market conditions under a transaction on the underlying (or most advantageous) market, regardless of whether this price is directly monitored or determined by the valuation methodology.

The Company's financial instruments according to their types:

	2025	2024
Financial assets		
Loans to related and other companies	3,912	-
Trade and other receivables.	18,409	11,323
Cash and cash equivalents	42,149	53,504
Total	**64,470**	**64,827**

	2025	2024
Financial liabilities		
Loans and other financial debts	132,301	114,335
Lease liabilities	10,703	24,532
Trade and other payables	22,967	22,340
Total	**165,971**	**161,207**

The fair value is allocated according to the hierarchy which reflects the materiality of inputs used. The fair value hierarchy includes the following levels:

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

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

LEVEL 3 – original inputs for the asset or liability that are not based on observable market data

The Company did not have any financial assets evaluated at fair value.

The carrying amounts of the Company's financial assets and financial liabilities are accounted for at amortised cost which approximates their fair value.

(All amounts are in eur thousand unless otherwise stated)

Risk management

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

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

Credit risk. Credit risk arises from the credit risk incurred by money banks and trade receivables.

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

The Company manages the credit risk through procedures. The basis of credit risk management of trade receivables is the assessment of customer reliability. The Company constantly assesses the creditworthiness of both potential and existing buyers/suppliers of services. If the buyer of the services is assessed as risky or the customer is new and does not have a history of cooperation with the Company, the terms of advance payment apply. When payments with customers are deferred, legal credit risk mitigation measures are used, such as credit insurance or pledging. Various credit risk management and mitigation measures are provided for in bilateral agreements between the Company and service buyers/suppliers: restrictions, guarantees for the fulfilment of contractual obligations and other measures protecting the Company's interests. Credit risk is monitored on an ongoing basis.

The Company assesses probability of non-fulfilment of obligations during the initial recognition of financial assets and on each date of preparation of a balance sheet, considering whether the credit risk has not grown substantially since initial recognition. In order to assess whether there has been a significant increase in credit risk, the Company compares the risk of default related to the asset at the reporting date with the risk of default at the time of initial recognition.

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

The Company's trade amounts receivable from main customers comprised:

	2025	2024
Customer A	8,134	564
Customer B	667	542
Customer C	520	507
Customer D	526	503
Customer E	277	460
Customer F	203	306
Other	3,922	5,891
Total	**14,249**	**8,773**

The Company distinguishes each level of the credit risk considering information based on which it is possible to reliably establish the impairment risk (including but not limited to external ratings, audited financial statements, managerial accounting, cash flow forecasts, and available press information about customers) and applying an opinion on creditworthiness. Credit risk levels are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions. For each of the credit risk level, the rate of expected credit loss is determined, which is calculated based on the experience of actual impairment.

(All amounts are in eur thousand unless otherwise stated)

The Company's exposure to credit risk and ECLs for trade and other receivables as at 31 December 2025:

	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	17,638	0.01%	(2)	17,636
Fair risk	735	0.39%	(2)	733
Increased risk	0	0.00%	-	-
High risk	1,562	97.43%	(1,522)	40
Total	**19,935**		**(1,526)**	**18,409**

The Company's exposure to credit risk and ECLs for trade and other receivables as at 31 December 2024 is as follows:

	Gross carrying amount	Expected credit losses, %	Impairment	Net carrying amount
Low risk	10,055	0.01%	(1)	10,054
Fair risk	630	0.37%	(2)	628
Increased risk	55	3.22%	(2)	53
High risk	2,718	78.37%	(2,130)	588
Total	**13,458**		**(2,135)**	**11,323**

Low risk
the buyer does not have any past due invoices

Fair risk
at least one of the customer's invoices is past due up to 30 days

Increased risk
at least one of the customer's invoices is past due up to 120 days

High risk
at least one of the customer's invoices is past due over 120 days

The Company uses a simplified method to calculate expected life credit losses over its life and uses a provision matrix for all trade and other receivables. In order to calculate expected credit losses, trade and other receivables are divided into separate groups according to the general characteristics of credit risk using a provision matrix. The amounts for each group is analysed according to the number of days past due. As trade receivables and other receivables do not normally include collateral or other credit protection, the expected loss ratio is consistent with the probability of default.

The Company determines credit risk based on historical data, taking into account overdue payments.

(All amounts are in eur thousand unless otherwise stated)

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December 2025:

	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.01%	17,638	(2)	17,636
1-30 days past due	0.39%	735	(2)	733
31-60 days past due	0.00%	-	-	-
61-120 days past due	0.00%	-	-	-
More than 120 days past due	97.43%	1,562	(1,522)	40
Total		**19,935**	**(1,526)**	**18,409**

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables as at 31 December 2024:

	Expected credit losses, %	Gross carrying amount	Impairment	Net carrying amount
Not past due	0.01%	10,055	(1)	10,054
1-30 days past due	0.37%	630	(2)	628
31-60 days past due	0.33%	46	-	46
61-120 days past due	22.94%	9	(2)	7
More than 120 days past due	78.37%	2,718	(2,130)	588
Total		**13,458**	**(2,135)**	**11,323**

The impairment recorded by the Company reflects the estimated losses on doubtful trade receivables. Impairment of receivables - expected credit losses - is recognised on an aggregate basis. The Company uses a loss ratio matrix to calculate the expected credit losses. The loss ratio matrix is based on historical data on customer settlements over the life of the trade receivables and is adjusted to reflect future projections. The Company applies the principle of leverage to the oldest customer debt when calculating expected credit losses. This results in an individual assessment of the customer‘s debt in objective circumstances.

Provision measurement methods are revised on an ongoing basis in order to minimise differences between estimated losses and actual losses.

(All amounts are in eur thousand unless otherwise stated)

The Company's movement of impairment of doubtful trade and other receivables:

	2025	2024
Opening balance of the period	(2,135)	(2,598)
Change in provision of trade and other receivables	19	(357)
Impairment for written down debts	590	820
Balance at the end of the period	**(1,526)**	**(2,135)**

The change in impairment of trade and other receivables at the Company has been reflected in the statement of profit or loss and other comprehensive income, in the items of Increase (decrease) in the value of receivable amounts.

Cash and cash equivalents consist of cash and cash on hand, so the credit risk associated with them is minimal. The Company's cash resources are subject to the principle of diversification, the funds are held in banks with an international long-term borrowing rating of not less than Baa3, BBB. If the credit rating is lower, the amount of cash in the bank cannot exceed the maximum amount of deposits insured by the state (EUR 100 thousand). EUR

	2025	2024
Aa3,AA credit rating	42,118	51,385
Baa1 credit rating	6	-
Baa2; BBB credit rating	-	6
Lower than BBB-/Baa3	25	2,113
Total	**42,149**	**53,504**

The carrying amount of cash and cash equivalents approximates their fair value. Expected credit losses are not accounted for due to insignificance of the expected risk of change in their value.

Although economic circumstances may affect the recovery of debts, in the opinion of the Company's management, the Company is not exposed to a significant risk of incurring losses that would exceed the already recognised impairment.

Liquidity risk. Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. Risk management ensures that the Company always has sufficient liquid assets and is able to meet liabilities in a timely manner. Liquidity and solvency risk management involves the planning and control of cash flows and the forecasting of unforeseen events that may adversely affect cash flows and pose a threat to solvency and liquidity. Liquidity and solvency risk is assessed by monitoring and analysing the relative liquidity and solvency ratios, which assess the condition of both current and non-current liabilities and the effectiveness of cash flow management. According to the Company's standard policy, the payment period for suppliers is 45 days.

The Company used the LTG Group's cash pool to balance its working capital. The parent company of the LTG Group has an agreement with a credit institution for servicing the Group's account and, accordingly, the Company has an inter-lending agreement for one year. The terms and conditions of the agreement are in line with normal market conditions. The Company enters into mutual lending and borrowing agreements respectively for each calendar year.

The Company did not incur liquidity issues as at the date of the financial statements.

(All amounts are in eur thousand unless otherwise stated)

The maturities of the Company's financial liabilities using the not discounted cash flow method as at 31 December 2025:

Financial liabilities	Total	Within one year	From one to five years	After five years
Loans and other financial debts	144,790	24,933	92,664	27,193
Lease liabilities	11,807	1,721	9,957	129
Trade and other payables	22,967	22,967	-	-
Total	**179,564**	**49,621**	**102,621**	**27,322**

The maturities of the Company's financial liabilities using the not discounted cash flow method as at 31 December 2024:

Financial liabilities	Total:	Within one year	From one to five years	After five years
Loans and other financial debts	127,227	21,878	59,918	45,431
Lease liabilities	26,799	3,498	11,472	11,829
Trade and other payables	22,340	22,340	-	-
Total	**176,366**	**47,716**	**71,390**	**57,260**

Payment specification of the Company's loans and other financial debts, including interest, as at 31 December 2025:

Financial liabilities	Up to 2 months	From 2 months to 1 year	From one to five years	After five years
Loans and other financial debts	12,040	12,893	92,664	27,193
Total	**12,040**	**12,893**	**92,664**	**27,193**

Payment specification of the Company's loans and other financial debts, including interest, as at 31 December 2024:

Financial liabilities	Up to 2 months	From 2 months to 1 year	From one to five years	After five years
Loans and other financial debts	11,330	10,548	59,918	45,431
Total	**11,330**	**10,548**	**59,918**	**45,431**

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

During 2025 and 2024, the Company did not enter into derivative financial transactions to manage the risk of exchange rate fluctuations with servicing banks. Most transactions are made in euros; impact of exchange rate fluctuations is low.

Interest rate risk. Variable interest, related to EURIBOR, is charged on all loans granted to the Company and other financial debts.

Long-term loans mostly affect increase in the interest rate risk. As at 31 December 2025, the value of the Company's long-term loan portfolio was EUR 132,301 thousand (as at 31 December 2024 – EUR 114,335 thousand).

If interest rate goes up by 0.5 percentage point during the year 2026, annual interest costs will increase by EUR 598 thousand.

Capital management. Capital includes equity attributable to shareholders. The main objective of capital management is to ensure that the Company meets its external capital requirements. The objectives of the Company's capital management are to ensure the Company's ability to continue as a going concern in order to generate a return to shareholders and to maintain an optimal capital structure by reducing the cost of capital. To maintain or adjust the capital structure, the Company may pay out capital to shareholders or issue new shares.

In addition, the Company, by managing capital risk in the long-term, aims to maintain an optimum capital structure which would ensure a harmonised implementation of objectives for capital costs and risk minimisation. The Company's capital structure is formed by assessing the internal factors of its regular operations, planned investments and growth, as well as by taking into account the Company's business strategy and the external regulatory and market environment factors relevant to the Company's operations, both current and anticipated.

During 2025 and 2024, the Company complied with the requirements of the provisions of the Law on Companies of the Republic of Lithuania.

(All amounts are in eur thousand unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

The Company's property, plant and equipment consisted of:

	Buildings and structures	Machinery and equipment	Vehicles	Other equipment, fittings and tools	Construction in progress and prepayments	Total
Acquisition cost						
31 December 2023	630	4,116	289,346	1,382	21,245	316,719
- acquisitions	-	-	-	-	42,159	42,159
- assets sold, written off, disposed	-	(30)	(4,904)	(28)	-	(4,962)
- reclassification from/(to) current assets	-	(19)	(796)	(35)	(3,040)	(3,890)
- reclassifications	-	531	32,927	96	(33,554)	-
31 December 2024	630	4,598	316,573	1,415	26,810	350,026
- acquisitions	-	-	-	-	70,751	70,751
- assets sold, written off, disposed	-	(59)	(4,245)	(8)	(28)	(4,340)
- reclassification from (to) current assets	(64)	(2,559)	954	(4)	(239)	(1,912)
- reclassifications	6,294	6,012	58,368	299	(71,040)	(67)
31 December 2025	6,860	7,992	371,650	1,702	26,254	414,458
Accumulated depreciation and impairment losses						
31 December 2023	(236)	(1,636)	(102,605)	(556)	(1,357)	(106,390)
- depreciation	(50)	(476)	(22,916)	(192)	-	(23,634)
- impairment	-	6	(5,176)	-	(898)	(6,068)
- assets sold, written off, disposed	-	19	1,205	25	-	1,250
- reclassification (from)/ to current assets	-	7	316	28	-	351
- reclassifications	-	-	-	-	-	-
31 December 2024	(286)	(2,079)	(129,176)	(695)	(2,255)	(134,491)
- depreciation	(157)	(935)	(26,395)	(193)	-	(27,680)
- impairment	-	-	(5,508)	-	(1,086)	(6,594)
- assets sold, written off, disposed	-	32	2,472	8	-	2,512
- reclassification (from)/to current assets	39	14	(712)	4	-	(655)
- reclassifications	1	(159)	159	-	-	1
31 December 2025	(403)	(3,127)	(159,160)	(876)	(3,341)	(166,907)
Carrying amount						
31 December 2023	394	2,480	186,741	826	19,888	210,329
31 December 2024	344	2,519	187,397	720	24,555	215,535
31 December 2025	**6,457**	**4,865**	**212,490**	**826**	**22,913**	**247,551**

Depreciation and amortisation expenses included in the Statement of Profit or Loss and Other Comprehensive Income amounted to EUR 29,349 thousand (2024 – EUR 25,681 thousand). This amount includes EUR 27,680 thousand (2024 – EUR 23,634 thousand) of depreciation of property, plant and equipment, EUR 2,566 thousand (2024 – EUR 3,426 thousand) of depreciation of right-of-use assets, EUR 640 thousand (2024 – EUR 634 thousand) of amortisation of intangible assets, and EUR 1 thousand of depreciation of investment property. Capitalised depreciation amounted to EUR 1,538 thousand (in 2024 – EUR 2,013 thousand).

The major portion of construction in progress and prepayments consists of inventories for overhaul amounting to EUR 9,690 thousand (in 2024 – EUR 11,122 thousand).

Following the analysis of non-current assets, a decrease in the value of unused rolling stock amounting to EUR 5,508 thousand was accounted for.

The cost of the Company's fully depreciated property, plant and equipment still in use amounted to EUR 10,764 thousand (in 2024 – EUR 11,242 thousand). The majority of fully depreciated property, plant and equipment consisted of transport vehicles.

(All amounts are in eur thousand unless otherwise stated)

8. Right-of-use assets

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

	Buildings and structures	Other assets	Total
Acquisition cost			
31 December 2023	32,872	451	33,323
- acquisitions	3,649	319	3,968
- assets sold, written off, disposed	(5,258)	(235)	(5,493)
- reclassifications	-	-	-
31 December 2024	31,263	535	31,798
- acquisitions	1,249	287	1,536
- assets sold, written off, disposed	(18,240)	(152)	(18,392)
- reclassifications	-	-	-
31 December 2025	14,272	670	14,942
Accumulated amortisation and impairment losses			
31 December 2023	(4,812)	(272)	(5,084)
- depreciation	(3,290)	(136)	(3,426)
- assets sold, written off, disposed	732	197	929
- reclassifications	-	-	-
31 December 2024	(7,370)	(211)	(7,581)
- depreciation	(2,412)	(154)	(2,566)
- assets sold, written off, disposed	5,561	94	5,655
- reclassifications	-	-	-
31 December 2024	(4,221)	(271)	(4,492)
Carrying amount			
31 December 2023	28,060	179	28,239
31 December 2024	23,893	324	24,217
31 December 2025	**10,051**	**399**	**10,450**

The discount rate applicable to lease contracts is 6-month EURIBOR and the market margin estimated by a market survey in accordance with applicable market conditions.

9. Intangible assets

The Company's intangible assets consisted of:

	Software	Other intangible assets	Total
Acquisition cost			
31 December 2023	2,433	1,004	3,437
- acquisitions	-	285	285
- sold, written off, disposed assets	-	-	-
- reclassifications	842	(842)	-
31 December 2024	3,275	447	3,722
- acquisitions	-	355	355
- sold, written off, disposed assets	(61)	(94)	(155)
- reclassifications	442	(442)	-
31 December 2024	3,656	266	3,922
Accumulated amortisation and impairment losses			
31 December 2023	(419)	(74)	(493)
- amortisation	(583)	(51)	(634)
- sold, written off, disposed assets	-	-	-
- reclassifications	-	-	-
31 December 2024	(1,002)	(125)	(1,127)
- amortisation	(572)	(68)	(640)
- sold, written off, disposed assets	33	64	87
- reclassifications	-	-	-
31 December 2024	(1,551)	(129)	(1,680)
Carrying amount			
31 December 2023	2,014	930	2,944
31 December 2024	2,273	322	2,595
31 December 2025	**2,105**	**137**	**2,242**

The Company's fully amortised intangible assets still in use amounted to EUR 82 thousand (31 December 2024 – EUR 4 thousand).

(All amounts are in eur thousand unless otherwise stated)

10. Investments

Movement of investments in subsidiaries and other companies consisted of:

Company		Controlled share, %	31/12/2025			31/12/2024		
			Investment value	Impairment	Carrying amount	Investment value	Impairment	Carrying amount
Shares of subsidiaries								
LTG Cargo Polska Sp. Zo.o.	a)	100	25,755	(7,677)	18,078	25,755	(8,623)	17,132
UAB LTG Wagons	b)	100	269	(269)	-	150	(150)	-
LLC LTG Cargo Ukraine	c)	100	489	-	489	489	-	489
Total			**26,513**	**(7,946)**	**18,567**	**26,394**	**(8,773)**	**17,621**

On 20 July 2020, the company LTG Cargo Polska Sp. Zo.o. was established issuing 2,225 ordinary registered shares with par value of PLN 1,000.00, the formed and paid share capital amounted to PLN 2,225 thousand (EUR 507 thousand). The agreement to increase the authorised capital by PLN 32,173 thousand (EUR 7,230 thousand) was signed on 18 July 2023 and on 21 August 2023 an increase in the authorised capital was registered. In October 2024, the Company made an additional investment into LTG Cargo Polska Sp. Zo.o. by transferring 4 locomotives (EUR 1,215 thousand) and increasing the authorised capital of the latter. In December 2024, the Company invested EUR 16,805 thousand and increased the capital reserve of LTG Cargo Polska Sp. Zo.o., which is the authorised capital of this company, to cover the accumulated losses in the financial statements.

Calculation of the recoverable amount of the investment into LTG Cargo Polska was carried out by discounting estimated future cash flows of LTG Cargo Polska and was based on the following assumptions:

- The cash flows are assessed for a period of 14 years up to and including 2039, after which continuous growth is assessed (continuing period);
- Data from the approved strategy of LTG Cargo Polska are used in calculation;
- The projected long-term growth rate is 2%;
- Moderate growth in freight transportation services in the Polish market and growth of intermodal flows to north-south, and development into the German market are forecasted;
- Annual growth in freight tariffs is forecast, reflecting the projected increases in energy, wages and other costs. Taking into account changes in freight volumes, tariffs and costs, the EBITDA margin will grow and exceed 18% over the continuing period;
- Depreciation of the continuing period is equal to the investments, taking into account that the Company must maintain the level of assets available to generate cash flows by renewing them accordingly;
- It is expected to get the EU subsidy for the investments into rolling stock. Based on historical EU support approval trends and high demand from third parties, the calculations conservatively estimate a 35% support rate (EUR 7.7 million) rather than the 50% (EUR 11 million) originally envisioned in the strategy. This adjusted figure is applied to the impairment test of LTG Cargo investment to LTG Cargo Polska;
- The calculation of the investment‘s recoverable amount uses a weighted average post-tax cost of capital (WACC post-tax) of 11.49%

a) As at 31 December 2025, calculation of the recoverable value of the Company‘s investment in LTG Cargo Polska Sp. Zo.o., indicates that the investment will pay off over a 14-year period, but not in full. Therefore, a reversal of impairment amounting to EUR 946 thousand was carried out for the investment value.

b) On 4 November 2020, the company UAB LTG Wagons was established issuing 150 ordinary registered shares with par value of EUR 1,000.00, the formed and paid share capital amounted to EUR 150 thousand. On 9 July 2025, by the decision of the shareholders, the authorised capital of UAB LTG Wagons was increased by EUR 120 thousand. Additionally, an impairment of EUR 120 thousand was recorded for the investment value. UAB LTG Wagons was liquidated and deregistered from the Register of Legal Entities of the Republic of Lithuania on 20 January 2026.

c) On 9 December 2020, the company LLC LTG Cargo Ukraine was registered and the capital amounting to UAH 17,027 thousand (EUR 489 thousand).

Movement of the Company's investments in the companies of related parties:

	Investment value
Acquisition value as at 31 December 2023	**8,224**
Acquisition (+)	18,020
Impairment (-)/reversal (+)	(8,623)
Acquisition value as at 31 December 2024	**17,621**
Acquisition (+)	120
Impairment (-)/reversal (+)	826
Acquisition value as at 31 December 2025	**18,567**

(All amounts are in eur thousand unless otherwise stated)

Unaudited financial position of the subsidiaries:

31/12/2025	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity
LTG Cargo Polska Sp. Zo.o.	21,771	8,426	8,872	15,937	5,388
UAB LTG Wagons	-	-	-	-	-
LLC LTG Cargo Ukraine	353	833	127	654	405

31/12/2024	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity
LTG Cargo Polska Sp. Zo.o.	25,141	7,543	14,133	12,114	6,437
UAB LTG Wagons	-	13	-	122	(109)
LLC LTG Cargo Ukraine	1	1,498	-	543	956

The unaudited Statement of Profit or Loss and Other Comprehensive Income of the subsidiaries:

	2025			2024		
	Revenue	(Expenses)	Profit (loss)	Revenue	(Expenses)	Profit (loss)
LTG Cargo Polska Sp. Zo.o.	35,221	(36,345)	(1,124)	39,513	(51,719)	(12,206)
UAB LTG Wagons	0	(14)	(14)	-	(38)	(38)
LLC LTG Cargo Ukraine	428	(526)	(98)	1,083	(426)	657

11. INVENTORIES

The Company's inventories consisted of:

	31/12/2025	31/12/2024
Fuel	904	1,096
Materials	2,081	2,382
Other inventories	1,119	1,266
Total raw materials, supplies and components	4,104	4,744
Purchased goods for resale	1	3
Total goods purchased for resale	1	3
Non-current assets held for sale	2,399	1,486
Non-current assets held for sale, total	2,399	1,486
Total	**6,504**	**6,233**

The carrying amount of the Company's inventories amounting to EUR 4,705 thousand (2024 – EUR 5,679 thousand) was reduced by EUR 601 thousand (31 December 2024 – EUR 932 thousand) to the net realisable value as at 31 December 2025. The change in the write-down of the Company's inventories to net realisable value is reflected in the item of Write down to inventories to net realisable value in the statement of Profit (loss) and other comprehensive income.

Write down to the net realizable value of the Company's non-current assets held for sale, less costs to sell amounting to EUR 2,505 thousand (2024: EUR 1,079 thousand), is represented under costs of impairment of non-current assets held for sale in the statement of profit or loss and other comprehensive income. The majority of the Company's non-current assets held for sale consists of rolling stocks held for sale.

During 2025, the inventories of EUR 5,256 thousand (2024 – EUR 4,475 thousand) (without fuel) were written off at operating costs.

(All amounts are in eur thousand unless otherwise stated)

12. Trade and other receivables.

The Company‘s trade and other receivables included

	31/12/2025	31/12/2024
External trade receivables, gross value	15,775	10,908
Impairment (-)	(1,526)	(2,135)
Total external trade receivables	**14,249**	**8,773**
Receivables from related parties	2,856	1,876
Impairment (-)	-	-
Total receivables from related parties	**2,856**	**1,876**
VAT receivable	-	703
Other receivables from the budget	735	206
Accrued income	287	636
Guarantees paid to external suppliers	35	35
Guarantees paid to related parties	505	1,656
Other receivables	1,017	38
Impairment (-)	-	-
Total other receivables	**2,579**	**3,274**
Total	**19,684**	**13,923**

Guarantees paid to related parties consist of EUR 484 thousand in short term amounts and EUR 21 thousand in long term amounts.

13. Prepayments

The Company‘s prepayments consisted of:

	31/12/2025	31/12/2024
Prepayments to external suppliers	3	37
Prepayments to related parties	5,255	45
Deferred expenses	241	890
Total	**5,499**	**972**

14. Cash and cash equivalents

The Company‘s cash and cash equivalents consisted of:

	31/12/2025	31/12/2024
Cash in bank	42,149	53,504
Total	**42,149**	**53,504**

As at 31 December 2025, the Company had no fixed-term deposits. Cash was not pledged.

(All amounts are in eur thousand unless otherwise stated)

15. Reserves

LEGAL RESERVE

Legal reserve is compulsory in accordance with the Lithuanian legislation. An annual transfer of 5% of net profit to the legal reserve is compulsory until the reserve reaches 10% of the share capital. As at 31 December 2025, the legal reserve amounted to EUR 4,420 thousand. By the end of the year 2024, the compulsory reserve amounted to EUR 3,260 thousand.

OTHER RESERVES

As at 31 December 2025, other reserves amounted to EUR 66,736 thousand. As at 31 December 2024, other reserves amounted to EUR 58,615 thousand.

16. Retained profit (loss)

The Company's retained profit (loss) amounted to EUR 26,466 thousand in 2025 (EUR 23,202 thousand in 2024).

Dividends distributed from the Company's distributable profit for the year 2024 and paid amounted to EUR 13,921 thousand. Dividends distributed from the distributable profit for the year 2023 and paid amounted to EUR 10,534 thousand.

17. Loans and other financial debts

The Company's financial debts consisted of:

	31/12/2025	31/12/2024
Long-term loans	109,927	94,571
Short-term loans	20,841	17,195
Interest	1,533	2,569
Total	**132,301**	**114,335**

The Company's loans consisted of:

	31/12/2025	31/12/2024
AB Lietuvos Geležinkeliai	94,572	111,766
OP Corporate bankas	36,196	-
Interest	1,533	2,569
Total	132,301	114,335
Long-term loans	109,927	94,571
Short-term loans	22,374	19,764
Total	**132,301**	**114,335**

The loan agreement of EUR 163,862 thousand value was made with AB Lietuvos Geležinkeliai (LTG) on 12 March 2019. The purpose of the loan – purchase of railway rolling stocks – rail cars, containers and locomotives under asset sale and purchase agreement of 25 January 2019 made between LTG and the Company. The loan was awarded as non-current asset, repayment term until the year 2031. Interest has been established by applying a variable interest rate that consists of 6-month EURIBOR and the margin established by a market survey. During 2025, the Company repaid EUR 17,195 thousand of the loan and paid EUR 4,673 thousand in interest (in 2024, it repaid EUR 8,598 thousand of the loan and paid EUR 12,138 thousand in interest).

The OP Corporate's loan was allocated for financing the acquisition of new train wagons (grain wagons). As at 31 December 2025, the used amount of the loan was EUR 36,196 thousand. During 2025, the Company paid EUR 498 thousand in interest and EUR 113 thousand in liability and other fees.

Movement of loans:

	2025	2024
Financial liabilities in the beginning of the period	**114,335**	**129,960**
Loans received	36,196	-
Loans repaid	(17,195)	(9,265)
Calculated interest	4,136	5,787
Paid interest	(5,171)	(12,147)
Financial liabilities at the end of the period	**132,301**	**114,335**

The Company's loan payments relating to the repayment of the rolling stock received are shown in the Statement of Cash Flows under acquisition of property, plant and equipment.

No breaches of fulfilment of financial and non-financial terms of the loan agreements were identified as at 31 December 2025.

In 2025, in order to manage funds more effectively and ensure liquidity, the Company was able to use the Group account (Cash-pool).

As at 31 December 2025, the Company had no financial liabilities.

(All amounts are in eur thousand unless otherwise stated)

18. Lease liabilities

The Company rents out buildings and other assets (vehicles). Building rental agreements are usually concluded for a fixed 5-10 years period with a possibility to extend them not more than for 20 years. Vehicle rental agreements are concluded for 36 months without a possibility to extend them. When determining the rental period, the management evaluates all facts and circumstances, which give rise to economic incentives to avail themselves of the possibility to extend or terminate the contract. The possibility of extending the contract (or the periods after the possibility of terminating the contract) is provided for in the leases only if it can be reasonably expected that the lease will be extended (or not terminated).

Possible future cash payments were not included in the lease obligations as there is no reason to be certain that the leases will be extended (or not terminated).

Short-term leases of 12 months or less and lease payments for low-value assets are recognised directly in the Statement of income (loss) and other comprehensive income. During 2025, EUR 748 thousand of such costs were stated under the item of other costs (in 2024 - EUR 175 thousand). A discount rate applied to lease contracts in 2025 comprises 6-month EURIBOR and a market margin determined on the basis of a market research according to effective market conditions.

The Company's lease liabilities and their movement:

	2025	2024
Lease liabilities at the beginning of the period	**24,532**	**28,409**
Lease contracts concluded	1,536	3,968
Lease contracts terminated	(13,371)	(5,023)
Calculated interest	393	426
Lease payments	(2,387)	(3,248)
Lease liabilities at the end of the period	**10,703**	**24,532**
Long-term lease liabilities	9,277	21,391
Short-term lease liabilities	1,426	3,141

If the discount rate applied by the Company increased or decreased by 1%, the amount of lease liabilities at 31 December 2025 would decrease or increase by EUR 254 thousand.

Future lease payments under non-cancellable leases:

	2025	2024
Lease liabilities with maturity		
Within one year	1,426	3,141
From one to five years	9,157	11,058
After five years	120	10,333
Total	**10,703**	**24,532**

(All amounts are in eur thousand unless otherwise stated)

19. Employee benefits

According to the laws of the Republic of Lithuania, an employee of the Company who retires at retirement age is entitled to a benefit in the amount of 2 months' salary. In addition, under a valid collective agreement, an employee with 25 years of service is paid a benefit of up to 1 month's average salary.

The key assumptions used in estimating the Company's long-term employee benefit obligation are set out below:

	31/12/2025	31/12/2024
Discount rate	4.37%	3.67%
Employee turnover rate	10.50%	10.06%
Salary increase rate	5.50%	5.00%

Employee benefits by type:

	31/12/2024	Charged to the Statement of Profit or Loss and Other Comprehensive Income	Calculated capitalised costs	Paid	31/12/2025
Non-current liabilities					
Provisions for pensions and similar liabilities	1,844	432	-	(429)	1,847
Total non-current liabilities:	**1,844**	**432**	**-**	**(429)**	**1,847**
Current liabilities					
Accumulated vacation pay	2,046	2,740	-	(3,079)	1,707
Wages and salaries payable	2,063	18,800	6,969	(25,680)	2,152
Social security contributions payable	996	11,996	128	(12,117)	1,003
Payable personal income tax	684	9,332	-	(9,299)	717
Other employment-related liabilities	2,482	1,991	-	(1,900)	2,573
Total current liabilities:	**8,271**	**44,859**	**7,097**	**(52,075)**	**8,152**
Total	**10,115**	**45,291**	**7,097**	**(52,504)**	**9,999**

(All amounts are in eur thousand unless otherwise stated)

20. Trade and other payables

The Company's trade and other payables consisted of:

	31/12/2025	31/12/2024
Trade accounts payable	5,208	4,222
Trade accounts payable to related parties	11,229	10,280
Prepayments received	6,075	6,453
Prepayments received from related parties	7,350	7,219
Cash guarantees received	138	400
Other taxes payable to the budget	414	429
Accumulated costs of foreign railway services	176	216
Accumulated payables to related parties	1,717	1,569
Accumulated expenses	4,411	5,642
Other accounts payable and liabilities	88	11
Total	**36,806**	**36,441**

The Company accounted for EUR 99 thousand liability for audit and other non-audit services in the accrued costs.

21. Provisions

The Company's provisions consisted of:

Balance as at 31 December 2023	**316**
Accrued	-
Used	(109)
Balance as at 31 December 2021	**207**
Accrued	-
Used	(177)
Balance as at 31 December 2025	**30**

The provisions were formed for warranty repair services.

22. Sales revenue

The Company's revenue consisted of:

	2025	2024
Revenue from domestic freight transportation	119,824	120,419
Revenue from international freight transportation	94,173	110,919
Provision of services related to freight transportation	64,600	55,450
Locomotives and work of locomotive crews abroad	1,378	1,292
Maintenance and repair	8,131	6,275
Wholesale trade	1,377	3,464
Lease of assets	152	336
Other services	8,749	8,123
Total	**298,384**	**306,278**

The Company's income according to the moment of income recognition consisted of:

	2025	2024
Recognised at a point in time	288,724	292,762
Recognised over an ongoing period	9,660	13,516
Total	**298,384**	**306,278**

(All amounts are in eur thousand unless otherwise stated)

23.Expenses related to employee benefits

Employee benefits costs by type:

	2025	2024
Wages and salaries	44,075	42,069
Social security contributions	1,042	971
Accrued vacation reserve (reversal)	148	400
Pensions and similar liabilities (reversal)	26	88
Total	**45,291**	**43,528**

24. Result from financial activity

The result of the Company's financial activity consisted of:

	2025	2024
Total income from financing activities	996	1,731
Penalties and default interest for overdue trade receivables	239	247
Interest	487	1,451
Dividends	270	-
Impact of currency exchange fluctuations	-	33
Total expenses from financing activities	(4,844)	(6,238)
Interest	(4,513)	(5,786)
Impact of currency exchange fluctuations	(50)	-
Other expenses	(281)	(452)
Total	**(3,848)**	**(4,507)**

24. Income tax and deferred tax

Income tax was calculated at a rate of 16%.

	2025	2024
Total income from financing activities	996	1,731
Penalties and default interest for overdue trade receivables	239	247
Interest	487	1,451
Dividends	270	-
Impact of currency exchange fluctuations	-	33
Total expenses from financing activities	(4,844)	(6,238)
Interest	(4,513)	(5,786)
Impact of currency exchange fluctuations	(50)	-
Other expenses	(281)	(452)
Total	**(3,848)**	**(4,507)**

(All amounts are in eur thousand unless otherwise stated)

25. Income tax and deferred tax

Income tax was calculated at a rate of 16%.

	2025	2024
Income tax for the reporting year	4,133	1,840
Adjustment of income tax of the previous year	(579)	(304)
Corporate income tax in foreign countries	21	4
Deferred income tax expenses (income)	3,008	6,388
Total income tax expense (benefit) recognised in profit or loss statement	**6,583**	**7,928**

The Company's income tax costs (benefit) consisted of:

	2025	2024
Profit (loss) before tax	33,049	31,138
Income tax	5,288	4,672
Non-allowable (+) /additional allowable (-) deductions	815	2,376
Non-taxable income	(73)	(34)
Income tax adjustments of the previous year	(579)	(304)
Difference due to percentage change	1,132	1,218
Total income tax expenses (income)	**6,583**	**7,928**
Effective rate	17.64%	25.46%

The Company's deferred income tax was calculated at a rate of 17%. The Company's deferred tax calculation is given below:

	2025	2024
Deferred tax assets:		
Accumulated tax losses	142	-
Impairment of inventories	102	149
Impairment of receivables	259	342
Impairment of investment property held for sale	426	173
Vacation and bonus accruals	724	721
Liabilities of long-term employee benefits	314	295
Accumulated expenses	1,316	1,523
Deferred tax assets	3,283	3,203
Deferred income tax liability:		
Difference in the value of non-current assets with tax value	(24,256)	(21,168)
Deferred income tax liability	(24,256)	(21,168)
Net deferred income tax assets (liabilities)	**(20,973)**	**(17,965)**

Deferred tax assets and deferred tax liabilities are offset to the extent that the deferred tax liability will be realised at the same time as deferred tax assets. In addition, they are affiliated with the same tax administrating authority.

In July 2025, an act was signed on the acceptance and transfer of tax losses of UAB Geležinkelio tiesimo centras, which amounted to EUR 1,403 for 2024, to the Company. Under this act, the compensation for the transfer of the specified tax losses amounted to EUR 210 thousand.

(All amounts are in eur thousand unless otherwise stated)

26. Related party transactions

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

As defined by IAS 24 Related Party Disclosures, the entity is related to a reporting entity if any of the following conditions applies:

- The Government of the Republic of Lithuania acts as the owner of all shares of AB LTG Cargo;
- Companies or institutions are managed by the Government of the Republic of Lithuania;
- Parent company AB Lietuvos Geležinkeliai;
- Subsidiaries of the parent company AB Lietuvos Geležinkeliai;
- AB Lietuvos Geležinkeliai related, non-consolidated associated and joint ventures;
- Board members, their close relatives and companies under their control;
- All key management personnel, their close relatives and companies under their control.

For entities operating in an environment where state control is extensive, most counterparties are also related to the state and are therefore considered to be related parties. IAS 24 permits a reporting entity to reduce disclosures about transactions and balances, including liabilities with:

- The government that controls, has joint control over, or has significant influence over, the reporting entity; and
- another entity that is a related party because the same government controls, has joint control over, or has significant influence over both the reporting entity and the other entity.

Due to the abovementioned reasons, the Company does not disclose transactions with the Government of the Republic of Lithuania and other economic entities controlled by the Government of the Republic of Lithuania.

Related party transactions of the Company:

	2025		2025 12 31	
	Purchases	Sales	Receivables	Payables
AB Lietuvos Geležinkeliai*	38,652	182	646	104,496
AB LTG Infra**	110,296	473	5,383	8,643
AB LTG LINK	521	8,941	2,068	29
UAB Geležinkelio tiesimo centras	-	1,191	28	133
LLC LTG Cargo Ukraine	196	558	405	74
LTG Cargo Polska SP. Zo.o.	10,925	850	4,040	295
UAB LTG Kompetencijų centras	10,828	-	-	2,635
Total	**171,418**	**12,195**	**12,570**	**116,305**

The major part of purchases in 2025 includes the following:

**fuel – EUR 19,449 thousand, management services – EUR 3,090 thousand;*

***Infrastructure services – EUR 102,798 thousand.*

	2024		31/12/2024	
	Purchases	Sales	Receivables	Payables
AB Lietuvos Geležinkeliai	58,793	672	717	127,290
AB LTG Infra.	98,238	468	299	6,186
AB LTG LINK	347	8,442	792	34
UAB Geležinkelio tiesimo centras	-	764	58	-
LLC LTG Cargo Ukraine	324	63	113	1
LTG Cargo Polska SP. Zo.o.	13,175	1,143	1,134	343
UAB voestalpine VAE Legetecha	-	75	-	3
Total	**170,877**	**11,627**	**3,113**	**133,857**

The major part of purchases in 2024 includes the following:

**fuel – EUR 29,985 thousand, management services – EUR 2,906 thousand, general services – EUR 11,799 thousand;*

***Infrastructure services – EUR 98,225 thousand.*

Following the procedure of LTG Group of Companies, all transactions with related parties are made under market conditions and conform to the arm's length principle.

On 12 February 2025 and 27 February 2025, two loan agreements were signed with LTG Cargo Polska SP. Zo.o.; As at 31 December 2025, the amount receivable under the agreements amounted to EUR 3,912 thousand.

(All amounts are in eur thousand unless otherwise stated)

Management remuneration and other benefits

As at 31 December 2025, there were 9 managing positions: General Director, Chief Financial Officer, Service Delivery Manager, Business Support Manager, Manager of Customer Experience Management, Manager of Sales and Intermodality, Manager of International Business Development, Manager of People and Culture, and Manager of Technological Asset Management.

	2025	2024
Management remuneration	940	830
Incentive benefits*	129	118
Accumulated long-term benefits**	3	2
Number of managers	9	8
Benefits to Board members	114	107
Number of Board members	4	5

Incentive benefits are performance bonuses and lump sums.

*** Accumulated long-term benefits are provisions for pensions and similar liabilities accrued as at the end of the reporting period.*

As at 31 December 2025, no loans, guarantees, or other disbursements or accruals or disposals of assets were made to the Company's management other than as set forth above.

27. Contingent assets and liabilities

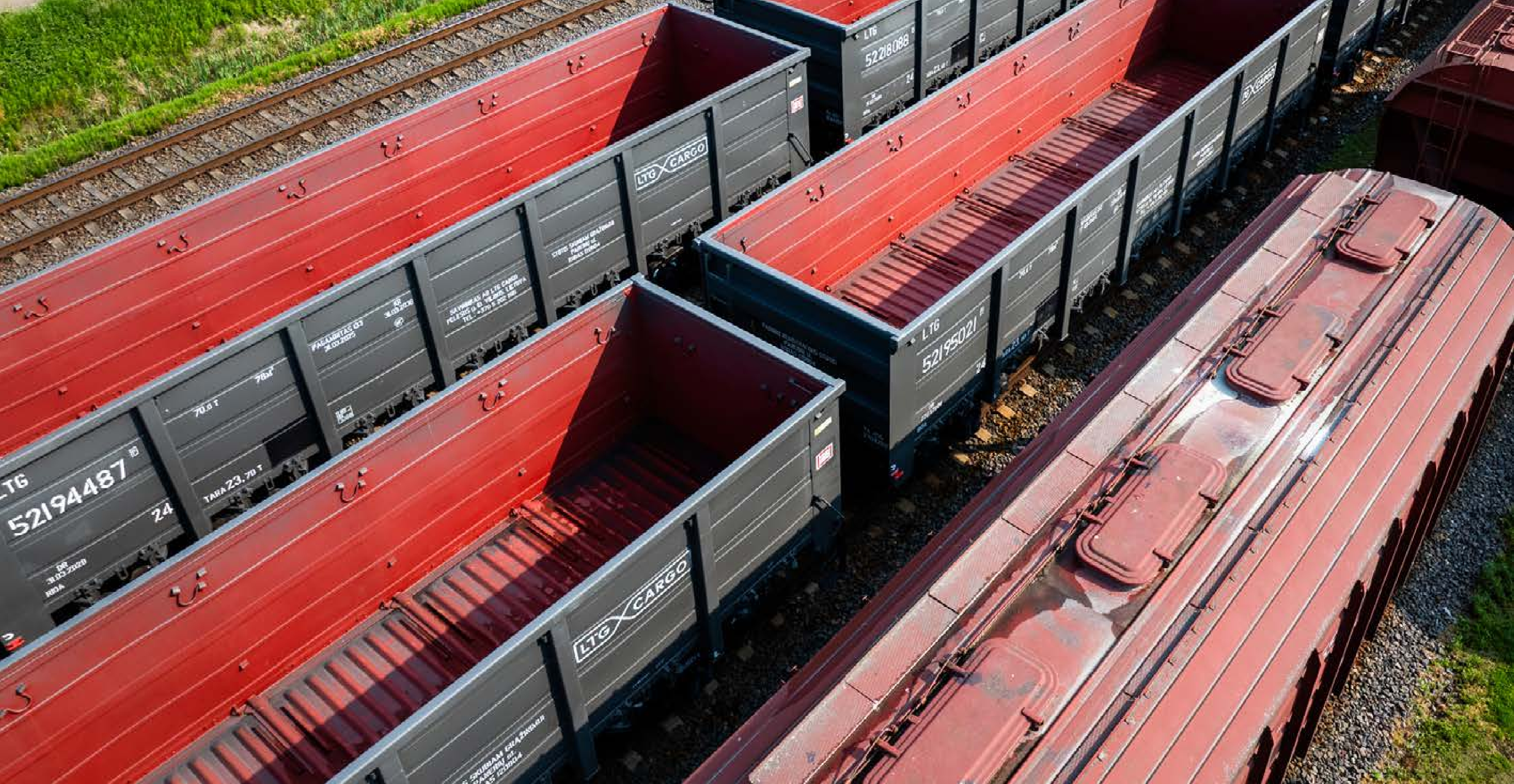
The Tax Authorities have not performed full-scope tax investigations at the Company. The tax authorities may at any time inspect the accounting, transactional and other documents, records and tax returns for the current and the 3 preceding calendar years, and in certain cases for the current and the 5 or 10 preceding calendar years, and may impose additional taxes and penalties. The management of the Company is not aware of any circumstances that could give rise to a potential material liability for unpaid taxes.

The loan agreement made in December 2025 with AB Lietuvos Geležinkeliai is for the financing of the acquisition of electric locomotives intended for freight transportation. The loan amounted to EUR 109,000 thousand. The loan has not been received at 31 December 2025.

28. Events after the reporting period

On 20 January 2026, the Company's subsidiary UAB LTG Wagons was deregistered from the Register of Legal Entities.

On February 18, LTG Cargo signed a new financing agreement worth EUR 13,600 thousand with its subsidiary, LTG Cargo Polska. Under this agreement, EUR 10,579 thousand was disbursed to LTG Cargo Polska on February 25.



LTG CARGO

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