APPROVED
by Resolution No. A1.1/4-1
of the Minutes of the Shareholders'
Meeting of SJSC Latvijas dzelzceļš
of 15.04.2026

LATVIJAS DZELZCEĻŠ

CONSOLIDATED ANNUAL REPORT FOR 2025

TABLE OF CONTENTS

Name of the Group Parent Company	**LATVIJAS DZELZCEĻŠ**
Legal status of the Group Parent Company	State Joint Stock
Address	Emīlijas Benjamiņas iela 3, Riga, LV-1547
Unified registration number	40003032065
Date of registration Enterprise Register	1 October 1991
Date of registration with the Commercial Register	10 September 2004
Place of registration	Riga
Date of issue of the certificate of registration	10 September 2004
Shareholder	Republic of Latvia (100%)
Shareholder representing the state	Ministry of Transport of the Republic of Latvia, Emīlijas Benjamiņas iela 3, Riga, LV-1743
Supervisory body	Council of the Company
Council	Zlata ELKSNIŅA-ZAŠČIRINSKA, Chairwoman of the Council from 6 January 2026 Andis VEINBERGS, Member of the Council from 12 February 2025 Andris LIEPIŅŠ, Chairman of the Council until 31 December 2025 Reinis CEPLIS, Member of the Council until 31 December 2025
Managing body	Management Board of the Company
Board 2024	Artis GRINBERGS, Chairman of the Management Board Rinalds PĻAVNIEKS, Member of the Management Board Mārtiņš ĶEŅĢIS, Member of the Management Board until 31 October 2025
Name and address of the auditor and the sworn auditor in charge	KPMG Baltics SIA registration No. 40003235171 Latvian Association of Certified Auditors (LACA) Commercial Company Licence No. 55 Roberta Hirsa iela 1, Riga, LV-1045, Latvia Sworn Auditor in Charge Armine Movsisjana Certificate No. 178
Reporting year	1 January 2025 – 31 December 2025

Subsidiaries	
SIA LDZ CARGO	
Unified registration number	40003788421
Address	Dzirnavu iela 147, k-1, Riga, LV-1050
Shareholding, %	100% shareholder – VAS Latvijas dzelzceļš
Reporting year	1 January 2025 - 31 December 2025
SIA LDZ ritošā sastāva serviss	**On 3 October 2025, merged with SIA LDZ CARGO via reorganisation**
SIA LDZ Loģistika	**On 3 October 2025, merged with SIA LDZ CARGO via reorganisation**
SIA LDZ apsardze	
Unified registration number	40003620112
Address	Zasas iela 5-3, Riga, LV-1057
Shareholding, %	100% shareholder – VAS Latvijas dzelzceļš
Reporting year	1 January 2025 - 31 December 2025
AS LatRailNet	
Unified registration number	40103361063
Address	Pērses iela 8, Riga, LV-1011
Shareholding, %	100% shareholder – VAS Latvijas dzelzceļš
Reporting year	1 January 2025 - 31 December 2025

MANAGEMENT REPORT
ON THE ECONOMIC ACTIVITY OF LATVIJAS DZELZCEĻŠ GROUP IN 2025

1 Overview of Latvijas Dzelzceļš Group

Latvijas Dzelzceļš Group ("the Group") manages the public-use railway infrastructure and provides rail transportation services and related services.

The Group includes: the Group Parent Company – State Joint Stock Company Latvijas dzelzceļš ("LDz"), SIA LDZ CARGO, SIA LDZ apsardze, and AS LatRailNet. Until 3 October 2025, LDz also owned SIA LDZ ritošā sastāva serviss and SIA LDZ Loģistika, which were merged into SIA LDZ CARGO via reorganization. As a result, the reorganization of the Group that began in the spring of 2025 has been completed. Its aim was both to simplify the Group's structure and reduce costs, as well as to establish SIA LDZ CARGO as a unified, strong, competitive, and profitable company. The reorganization was carried out on the basis of the Cabinet of Ministers Order No. 373 of 25 June 2025, On the termination of the decisive influence and participation of the state joint-stock company Latvijas dzelzceļš in the limited liability company LDZ ritošā sastāva serviss and the limited liability company LDZ Loģistika. On 3 October 2025, the Enterprise Register of the Republic of Latvia adopted Decision No. 6-12/86409, On the entry of the reorganization in the Commercial Register.

The share capital of LDz as at 31 December 2025 amounts to EUR 374 420 thousand and is comprised of 374 419 791 shares. All shares are held by the Republic of Latvia and are fully paid up. The holder of the state shares is the Ministry of Transport.

To ensure the development and competitiveness of the Group's business lines, a unified Group strategy and objectives have been developed, ensuring optimal allocation of production and investment resources between business lines and Group companies, coordination of decision-making and effective control of their implementation. LDz represents the Group's interests at the international level.

LDz provides services referred to in the Section 12[1], Paragraph 1 of the Railway Law, i.e. the public-use railway minimum access service package and access to the public-use railway infrastructure connecting it with the service points, as well as freight wagon sorting and assembly, wagon technical maintenance and inspection services (until 1 November 2025), electricity distribution and trade services, rental services, information technology services, electronic communication services, as well as other services.

As the manager of the railway infrastructure in public use, LDz owns, as at 31 December 2025, a rail network with an extended length of 3 176.76 km, including technologically connected station tracks and sidings, as well as other infrastructure facilities.

The merged company **SIA LDZ CARGO**, which until now has offered international and domestic freight transport services, including the transport of dangerous and oversized goods, as well as other services related to railway freight transport, now also provides rolling stock repair, modernization, maintenance, and outfitting services, as well as freight forwarding services. In this way, the company is becoming one of the largest and most comprehensive transport and logistics service providers in the region, with clear ambitions to strengthen its leading position in the Baltic market and expand its operations in Europe and other markets. SIA LDZ CARGO provides freight transport services within the territories of Latvia and Estonia, and in 2025, freight transport operations were launched in the territory of Lithuania.

SIA LDZ apsardze provides physical security services for various objects and railway cargoes, designs and assembles various security, fire safety, and video surveillance systems, which are subject to technical maintenance and maintenance during operation, as well as monitor the received alarm signals.

AS LatRailNet provides the following essential functions of LDz: decision-making on capacity allocation, allocation of train paths, including both access determination and assessment and allocation of individual train paths; decision-making on infrastructure charges, including determination of charges and collection; as well as other functions that are delegated by legislation to the infrastructure manager performing essential functions.

Since 2016, LDz has been preparing a Sustainability Report to improve good corporate governance practices and develop awareness of social responsibility within the Group, as well as to strengthen sustainable yet innovative thinking in the tradition-rich railway sector. The Group Sustainability Report has been prepared since 2024. The Group Sustainability Report of Latvijas dzelzceļš for 2025 and the Corporate Governance Statement are included in the next section of this report, GROUP SUSTAINABILITY REPORT OF LATVIJAS DZELZCEĻŠ FOR 2025.

In the light of freight transport trends, the review of the Group companies' processes initiated in previous years continued in 2025, which also led to a reduction in the number of employees.

In 2025, the Group had an average workforce of 4 959 employees, which was 783 employees less compared to 2024.

employees

4 959

Average number of employees in the Group **in 2025**

5 742

Average number of employees in the Group **in 2024**

2 Operating performance

In recent years, the Group has undergone a significant transformation from its historical focus on freight transport towards the development of a modern passenger infrastructure.

The Group's business activities since March 2022 have been significantly affected by external factors related to changes in the geopolitical situation and international economic sanctions imposed against Russia and Belarus as a result of the hostilities in Ukraine.

The Group's consolidated revenue in 2025 totalled 201 189 thousand euros (EUR). Compared to 2024, consolidated revenue has decreased by EUR 32 549 thousand EUR or 13.9%.

In 2025, LDz public use infrastructure was used to transport 21 334 thousand passengers (AS Pasažieru vilciens) by 7 843 thousand train-km in passenger traffic (including 48.3 thousand train-km by SIA Gulbenes-Alūksnes bānītis and 56.1 thousand train-km by UAB LTG Link) and 9 454 thousand tonnes of freight by 1 935 thousand train-km.

In 2025, the number of train-kilometres (including technological train-kilometres but excluding train-kilometres operated for the internal needs of Latvijas dzelzceļš) decreased overall by 3.4% compared with 2024. In passenger transport, the number of train-kilometres increased by 3.1%, while in freight transport the number of train-kilometres decreased by 22.9%.

In 2025, the number of passengers carried by JSC Pasažieru vilciens on the broad-gauge railway lines reached 21 334 thousand, an increase of 9.7% compared to the previous year.

The volume of freight transported in 2025 was 9 454 thousand tonnes, a decrease of 2 013 thousand tonnes (17.6%) compared to 11 467 thousand tonnes in 2024.

volume of freight transport	**9 454 thousand tonnes**	2025
cereals, processed cereal products, seeds, and fruit	**39.8%**	2025
oil and petroleum products	**22.5%**	2025
fertilizers	**10.2%**	2025
wood	**5.5%**	2025
other freight	**22%**	2025

Imports constituted the majority of freight transportation, representing 56.2% of the total freight volume. Its volume in 2025 was 5 314 thousand tons, which is a 25.3% decrease compared to the previous year.

In 2025, the most significant share of transport is accounted for by grain, grain processed products, seeds, and fruit (39.8%) and oil and petroleum products (22.5%). In the total volume of transport, the share of fertiliser transport is 10.2%, and the share of timber and timber product transport is 5.5%. The share of other cargo is 22.0%. No coal was transported in 2025.

The Group's loss after tax amounts to EUR 7 823 thousand, and compared with 2024, the loss has decreased significantly — by EUR 31 154 thousand, or 79.9%.

The consolidated equity of the Group as at 31 December 2025 was EUR 345 429 thousand, which is EUR 7 823 thousand less than on 31 December 2024.

The Group companies follow prudent liquidity risk management policy, ensuring that adequate credit resources are available to settle liabilities when they fall due. As at 31 December 2025, the Group's current assets exceed its current liabilities by EUR 2 681 thousand, as a result of which the total liquidity - current assets against current liabilities was 1.0. Current liabilities include deferred revenue of EUR 13 556 thousand related to the European Union (EU) project and state budget fund investments in railway public infrastructure, so there is a low-risk possibility that financial resources will be required to cover these liabilities. The total liquidity ratio, excluding future revenues related to investments of EU projects and state budget funds in the public railway infrastructure, is 1.2. As at 31 December 2025, no borrowings were in default.

Despite declining rail freight volumes, the Group continued to ensure the quality of infrastructure and provided services, as well as the required level of safety. In 2025, the total amount of capital investments executed by the Group reached EUR 65 094 thousand, (excluding intra-Group capital expenditure). Financial resources have been invested in the restoration, modernization, and purchase of property, plant and equipment, and intangible assets, as well as in the construction of new facilities. Of these, the most significant:

- The amount of capital expenditure in 2025 was EUR 62 712 thousand. A total of EUR 47 193 thousand was invested in infrastructure development, of which EUR 395 thousand was allocated to the introduction of innovative technologies, and EUR 46 798 thousand to other development activities. Investments in renovation totalled EUR 15 519 thousand, of which EUR 13 352 thousand were invested in capital repairs, EUR 1 096 thousand were invested in the renewal of existing IT systems, EUR 1 071 thousand were spent to purchase machinery for repair and maintenance of railway tracks, as well as in equipment for the further development of information systems and means of communication and intangible assets.
- The total capital expenditure of SIA LDZ CARGO in 2025 was EUR 2 222 thousand, which were invested in the renovation, modernisation, and acquisition of property, plant and equipment and intangible assets. In 2025, the company invested EUR 430 thousand in the medium overhaul of a ČME3M-series locomotive, and EUR 1 461 thousand in the capital overhaul of 88 wagons.
- Prior to the merger with SIA LDZ CARGO, capital investments of EUR 97 thousand were made into SIA LDZ ritošā sastāva serviss.
- The total capital expenditure of SIA LDZ apsardze in 2025 amounted to EUR 71 thousand, which was invested in the renewal, modernisation, and acquisition of property, plant and equipment. All capital expenditure was financed from the company's own funds.
- The amount of capital expenditure of AS LatRailNet in 2025 was EUR 16 thousand, invested in property, plant and equipment.

Construction in progress includes materials purchased for investment projects amounting to EUR 3 469 thousand.

3 Objectives and future development

With the declining freight transportation volumes, the Group continues its efforts to improve its operational efficiency by reviewing business, organisational, and technological processes to increase the Group's operational efficiency and reduce costs, as well as to ensure the Group's competitive and sustainable operations in the future.

On 11 November 2025, the Cabinet of Ministers approved the Indicative Railway Infrastructure Development Plan for 2025–2029 (Protocol No. 47/29.§) (hereinafter – the Indicative Plan), which establishes a unified and strategically aligned framework for the development of railway infrastructure across the entire national public-use railway network. The Indicative Plan sets out the directions for the development and renewal of railway infrastructure, giving priority to the development of passenger transport in order to improve regional connectivity and meet future mobility needs. It outlines a targeted transition towards a more modern, efficient, and sustainable railway infrastructure, providing for technical modernisation and electrification, the development of passenger infrastructure, an increase in line speeds, as well as the integration of Rail Baltica with the LDz's network. At the same time, significant attention is devoted to strengthening freight transport capacity and developing multimodal transport solutions. The total investment volume planned for the implementation of the measures under the Plan for the period 2025–2029, including contributions from European Union funds, the state budget, and LDz, amounts to approximately EUR 784 million. This financing enables both the renewal and modernisation of existing infrastructure and the implementation of new development projects, thereby reinforcing the role of railways within Latvia's transport system and the national economy as a whole.

The Group's business model is based on the existing assets – high-quality infrastructure, competent team, and long-standing experience, while significantly expanding the Group's existing areas of activity, developing forwarding activity, including sea forwarding, road transport forwarding, warehousing services, additional post-processing services, etc.

The future priorities of the freight transportation and logistics business are freight transportation, specialised freights, close cooperation with port authorities and terminals, and a single logistics offer.

In order to increase the efficiency and productivity of the Group companies, emphasis will continue to be placed on the prudent use of the human and material resource base to reduce costs. Consequently, technological processes and functions will continue to be reviewed, and the Group's management options will be evaluated.

LDz and the entire transport and logistics sector of the country are in direct competition with the nearest neighbouring countries – Lithuania and Estonia – for providing transport services to the Latvian transit corridor. The efficiency of infrastructure services will be one of the decisive factors in the competition for freight transport by rail.

In 2026, the main priorities and objectives of the Group and the Company will focus on a significant increase in the efficiency of the Company's operations and the recovery and strengthening of the financial stability, as well as to the introduction and stabilization of the newly developed organizational and technological processes.

Along with the review of the Group's activities and promotion of efficiency in 2026, significant attention will be paid to the diversification of target markets and freight segments, attracting freight transport in new markets, developing new services, etc.

Alongside these objectives, the Group will also work actively to develop a comfortable and efficient infrastructure for the needs of passengers and will continue to promote safety on and along the tracks.

In light of the intensive change processes that have taken place in 2025, the Group's management team will ensure effective financial and personnel management, as well as implement comprehensive and transparent communication both within the Group and with customers, cooperation partners, stakeholders, and the general public.

- **VAS Latvijas dzelzceļš** will continue to ensure the management of the public railway infrastructure and safe, high quality, and efficient railway services in the interests of the Latvian state and economy, in order to promote the growth in the number of railway passengers, developing the railway as a central element of the public transport system in Latvia.

Strategic objective and development

Under Cabinet Order No. 421 of 6 June 2021, the general strategic objective of LDZ is the following: "To ensure efficient, safe and sustainable management of railway infrastructure, offering also competitive logistics, railway rolling stock repair and maintenance services, security services of strategically important objects, promoting the development of environmentally friendly rail transport". In 2026, the updated general strategic objective is expected to be approved by a decision of the Cabinet of Ministers, and no significant changes are anticipated.

The objectives and tasks to be achieved in 2026 and the following years will be implemented in accordance with the planning and regulatory documents of LDz.

On 30 December 2025, in order to ensure the implementation of the Indicative Plan, and following its approval by the Cabinet of Ministers, the Ministry of Transport and LDz concluded a Multi-Annual Agreement for the planning and financing of the maintenance and development of the state public-use railway infrastructure for 2025-2029, in accordance with Section 10 of the Railway Law ("the Multi-Annual Agreement"). The Multi-Annual Agreement sets out specific performance indicators expected by the state in relation to the railway infrastructure. It also defines the structure of payments for financing the public-use railway infrastructure manager, and establishes clear cooperation principles and stable financing mechanisms for the entire planning period, creating a predictable environment for planning and implementing infrastructure works.

On 30 December 2025, the shareholder (the Ministry of Transport) issued a Shareholder's Expectations Letter (No. A1.1/6-1), providing a clear mandate from the shareholder and defining the medium-term targets to be achieved over a three-to-seven year horizon.

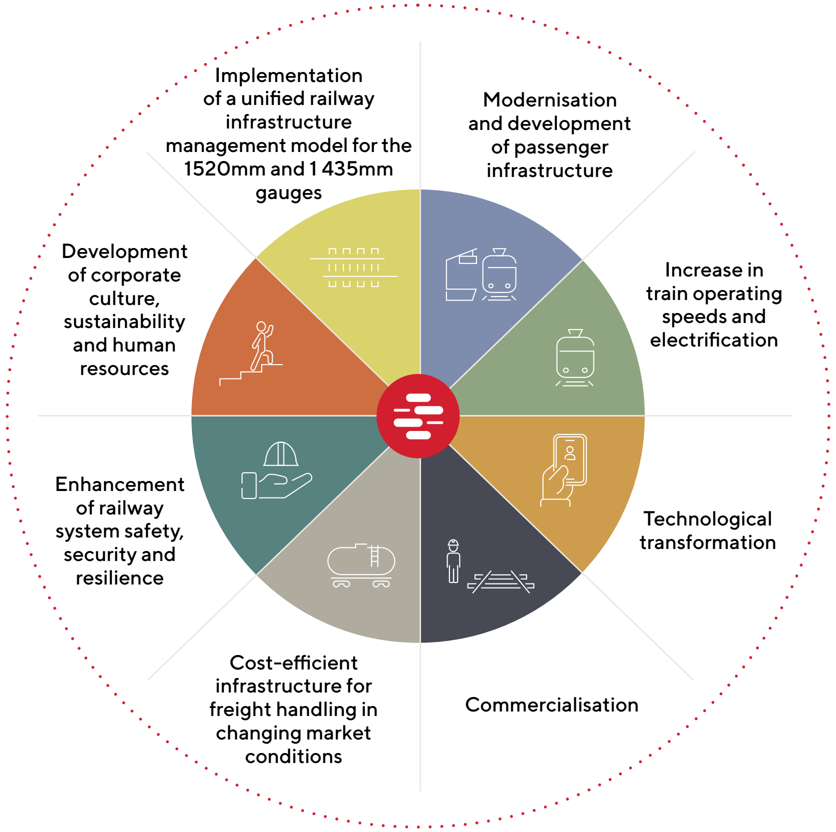
Taking into account the approved Indicative Plan, the concluded Multi-Annual Agreement, and the mandate set out in the Shareholder's Expectations Letter, a draft LDz Medium-Term Operational Strategy 2026–2030 was prepared at the end of 2025 and approved by the Management Board through Decision No. VL-1.6/433-2025 of 16 December 2025. On 13 February 2026, the draft Medium-Term Operational Strategy was approved by the Council and submitted to the Ministry of Transport and the Cross-Sectoral Coordination Department of the State Chancellery for their opinions. It is planned that the final version of the LDz Medium-Term Operational Strategy 2026-2030 will be approved during 2026.

The draft LDz Medium-Term Operational Strategy defines the following main strategic development directions in line with the shareholder's letter of expectations:

- governance and risk management;
- quality of infrastructure for mobility needs;
- commercial activity;
- sustainability and human capital.

The strategic development directions are closely aligned with national policy priorities and the sustainable development objectives of LDz.

To implement the strategy, eight priority development goals have been defined, which elaborate and reinforce each of the strategic development directions, ensuring not only a comprehensive but also a targeted approach focused on concrete improvements. These goals help to effectively utilise the potential of existing capital and support the sustainable transformation of the company.



Project execution

VAS Latvijas dzelzceļš makes significant investments in the modernisation and development of railway infrastructure with the support of EU and state budget funds.

The geopolitical situation, the need to coordinate technical solutions with third parties, as well as other unforeseen circumstances, have had a significant impact on the delivery of construction timelines.

The projects Railway Passenger Infrastructure Modernisation and Railway Infrastructure Modernisation for Increasing Train Speeds were phased across two EU structural fund programming periods.

Within the project Railway Passenger Infrastructure Modernisation, by the end of 2025, the value of works completed reached 66%, with 16 stations handed over for final operational use and 15 stations placed into temporary operation. Despite the progress achieved during 2025, an unsatisfactory pace of construction works is evident across all construction contracts.

The slowest pace of works is on the Rīga – Krustpils line, where the value of works completed by the end of 2025 had reached only 10%. A decision is being advanced regarding the termination of the contract with the construction contractor. In parallel, on 15 August 2025, LDz announced a procurement procedure for the completion of construction works on the Rīga – Krustpils line. Two bids were received, both exceeding the planned contract value. LDz does not have the financial resources available to enter into the contract. To facilitate the implementation of the project, LDz has prepared a proposal for the reallocation of financing between LDz projects.

Within the project Modernisation of railway infrastructure to increase the speed of train movement, Stage 2, the project performance indicator was achieved in December 2025 — 74% of the planned overhead contact line was constructed, with 68 km of renewed/modernised contact line placed into temporary operation on the Rīga – Jelgava and Rīga – Aizkraukle lines. The project is scheduled for completion in 2026, with all works to be handed over for final operational use.

At the same time, the Ministry of Transport, in cooperation with LDz and the Rail Baltica project implementing bodies RB Rail AS and the limited liability company EIROPAS DZELZCEĻA LĪNIJAS, develop proposals for the development of a unified railway network in Latvia for the 2021–2027 European Union multiannual budget period. These proposals include improvements and modernization of the railway network to ensure competitive passenger rail transport, as well as the necessary investments in railway infrastructure, while ensuring synergy between the 1 520 mm network and Rail Baltica infrastructure, and gradually reallocating Recovery and Cohesion Fund resources for 2021–2027.

LDz has proactively commenced activities for the preparation and implementation of two further projects within the 2021–2027 EU programming period – Development of the Connecting Infrastructure of the Rīga Railway Hub (RIX-RCS – Aizkraukle direction) and Railway Passenger Infrastructure Modernisation (Platform 2), providing for the modernisation of an additional 23 stations and stopping points.

Procurement documentation is being prepared for both projects, and procurement procedures are being launched gradually.

Within the Platform 2 and RIX-RCS – Aizkraukle direction projects, five procurement procedures have been announced, providing for the modernisation of passenger infrastructure at 17 stations and stopping points, as well as the renewal of passenger infrastructure and the modernisation of the overhead contact line on the Torņakalns – Imanta section. Results have been announced for two of the procurement procedures, while the results of the remaining three will be announced in the first half of 2026.

In 2025, substantial construction works were carried out under the Recovery and Resilience Facility-financed project Modernisation and Development of the Electrified Railway Network, with 38% of the works completed. Within the project, zero-emission railway infrastructure is being improved in the Rīga hub and on the Rīga – Tukums line, and the electrified zone Zasulauks – Bolderāja is being expanded through the replacement and construction of overhead contact lines.

In line with the informative report On the Integration of Railway Sector State-Owned Companies (considered by the Cabinet of Ministers on 10 June 2025), it is foreseen within the railway sector reform that LDz will be designated as the manager of the railway infrastructure constructed within the Rail Baltica project. To facilitate the establishment of high-quality public-use railway infrastructure within the shortest possible timeframe, and to ensure synergies and savings associated with designating a single public-use railway infrastructure manager and introducing a unified management model, a comprehensive and in-depth management, financial, economic, technological, and legal assessment of the implementation of the Rail Baltica project in Latvia has been launched, with the aim of completing it by mid-2026.

Following receipt of the results of the in-depth study, a proposal will be submitted to the Cabinet of Ministers concerning the termination of the state's direct decisive influence and participation in SIA Eiropas dzelzceļa līnijas, by contributing the shares of SIA Eiropas dzelzceļa līnijas to the share capital of LDz, thereby granting the state indirect decisive influence, and LDz direct decisive influence and participation in SIA Eiropas dzelzceļa līnijas.

- **SIA LDZ CARGO** (also LDZ CARGO) is actively working to develop freight transport both in Latvia and in the neighbouring countries of Lithuania and Estonia by participating in tenders, attracting new customers, and offering new routes.

The main objective of the Group reorganisation carried out in 2025 was to establish SIA LDZ CARGO as a unified, strong, competitive, and profitable company. To achieve this objective, in 2026 LDZ CARGO will continue to focus on the previously defined priorities – enhancing operational efficiency by optimising business, organisational, and technological processes in order to increase the efficiency of LDZ CARGO's operations and reduce costs, as well as to ensure the company's competitive and sustainable operation in the future, including by leveraging the synergies generated by the reorganisation. LDZ CARGO will strengthen cooperation with its major strategic customers by improving business functions based on customer satisfaction and the quality of services offered, thus contributing to its performance.

LDZ CARGO is working on the implementation of new IT solutions to automate existing processes and improve resource management. In order to modernise the IT systems used within the company and to improve their security level, the experience of carriers in other countries and the products offered by suppliers are being examined, and the technical requirements documentation is being prepared.

To improve the effectiveness of the Safety Management System, a Safety Management System training programme will be developed and implemented in 2026, which will update employees' knowledge of the system's nature and objectives.

- **SIA LDZ apsardze** works in accordance with the Group's strategy and its goals, which provides for a change in the business model of the Group and its companies.

In 2025, the Company fulfilled the primary financial goal regarding the payment of dividends to the Company's shareholder in the amount of EUR 249 thousand. The positive growth of 2025 and the profitability of the core business will also ensure that the set goal is met next year.

- The development of **AS LATRAILNET** is based on the medium-term Strategy. The medium-term Strategy defines the main directions of economic activity and development of AS LatRailNet, plans the activities of AS LatRailNet, the share of profit to be paid in dividends and the budget. In developing the Strategy, the long-term goals of AS LatRailNet were defined, taking into account the business direction of VAS Latvijas dzelzceļš, the management process and the development strategies of its dependent companies for the period up to 2030.

The further development of LatRailNet is directed toward strengthening an independent, transparent, and efficient railway infrastructure management environment, creating an effective system for infrastructure management. In 2025, a draft of the LatRailNet medium-term strategy for the period 2026–2028 was developed and discussed with the shareholders, and it is planned to be approved in the first six months of 2026.

LatRailNet continues to strengthen the independence of its essential functions, improve capacity allocation processes, and enhance the quality of network operations in order to ensure stable and predictable service provision to market participants. The development direction also includes the use of more advanced data, improvements in risk management, and the optimization of operational processes, enabling LatRailNet to respond flexibly to industry changes and the Group's strategic decisions. LatRailNet aims to maintain a professional, independent, and sustainable operating model that ensures balanced infrastructure use and supports the long-term growth of the railway sector.

4 Research and development activities

In 2025, **SIA LDZ CARGO** carried out research and development activities for EUR 98 thousand, of which the company's internal expenses were EUR 90 thousand, expenditure on research and development works commissioned by other institutions, companies, organizations – EUR 8 thousand.

LDZ CARGO and Riga Technical University (RTU) have concluded a cooperation agreement under which both parties agreed to collaborate with the aim of developing their respective activities, improving the quality of existing resources, advancing knowledge and technologies, and promoting railway sector specializations. In 2025, LDZ CARGO expressed interest in the advancement of the RTU project VIBRIS-AI – Vibration-based Immune System for Preventive Vehicle Diagnostics. The project aims to develop new innovative vibration-based diagnostic methods for rolling stock to enable timely detection of rolling stock defects, thereby reducing the number of equipment failures and extending their service life.

In 2025, the conversion of the engine cooling systems for all ČME3 series diesel locomotives in operation – from technical water to antifreeze – was completed. As a result, the specific diesel fuel consumption during idling for ČME3 series locomotives decreased by 34%. At the end of the year, this project was also implemented for the 2TE116 series locomotives in operation.

Various research and preparatory work continued in 2025 to develop the provision of freight services in Lithuania, thereby expanding its territory of operation. A contract has been concluded with LTG INFRA for the use of the public railway infrastructure of Lithuania, and other steps have been taken to conclude cooperation agreements and attract customers. Since, in accordance with the requirements of the Lithuanian public infrastructure manager, traction units must be equipped with GSM-R type radio stations, the 2M62UM and ČME3M series diesel locomotives were fitted with GSM-R radio stations to enable their use for transport operations in Lithuanian territory. A certification centre has issued an opinion confirming that these radio stations comply with the requirements for use on both the Latvian and Lithuanian infrastructure.

In order to enhance competitiveness, in 2025 an Authorised Consignor permit was obtained, allowing LDZ CARGO to prepare transit declarations and submit summary declarations in accordance with customs requirements. Work continues on preparing documentation to obtain AEO status (Authorised Economic Operator).

As a result of the LDZ CARGO reorganisation, since 3 October 2025 rolling stock repair, maintenance, and outfitting functions have also been provided, which has correspondingly increased LDZ CARGO's responsibilities in the field of environmental protection. In order to safeguard the environment and monitor the impact generated by its operations, regular monitoring of groundwater, soil, and air quality is carried out, forming the basis for determining whether remediation work is required.

AS LatRailNet continues to actively engage in several official dialogue platforms of the European Commission and with infrastructure managers, while also contributing to scientific conferences to promote knowledge exchange. In the reporting year, AS LatRailNet participated in the European Commission's consultative working group SERAF, as well as in the action group established by the PRIME platform — the European Union's infrastructure coordination platform — which is working on the implementation of the new governance model following the entry into force of the Capacity Regulation.

In line with the Strategy, AS LatRailNet in collaboration with research institutions has developed a transport model that enables users to propose public interventions in transport infrastructure through online tools, including suggestions on infrastructure charge levels. A digital prototype of this tool was created in 2023 and was discussed on several public dialogue platforms. The prototype was further developed in a test environment during 2025.

Managing human capital was a key priority for AS LatRailNet in 2025. During the reporting period, AS LatRailNet implemented its publicity policy.

5 Key Risks

The Group's most significant risks are related to global external factors that are beyond its control, and the objective of managing such risks is to minimise negative impacts in the most cost-effective manner, find alternatives, expand existing activities, and develop new ones.

Market risk
The risk that changes in market structure and volumes will result in a decline in the volume of services provided by the Group and impact revenues. The structure and volume of the rail freight market is affected by international sanctions imposed against Russia and Belarus, which prohibit the import and export of a number of traditional rail freight commodity groups. Political risks add to the uncertainty of transit through Russia and Belarus, increasing the likelihood of risk occurrence.

To mitigate the impact of market risk, the Group optimises costs by revising and changing technological and administrative processes, increasing their efficiency. To increase demand for railway infrastructure services, the Group is promoting domestic and Baltic-region transport services, as well as freight transport between Central Asia and Latvia. In addition to the primary cargo groups — grain, fertilisers, and metallurgical products — active work is being carried out on other cargo segments and on attracting container freight flows between Europe and China. The development of railway infrastructure construction services is continuing.

Changes in the market structure continue to increase the share of passenger transport. Also, the use of publicly-owned railway infrastructure for domestic passenger transport by AS Pasažieru vilciens in 2025 has also increased by 37.5% compared to 2019. As the use of infrastructure for passenger transport is subsidised by the State at direct cost, such changes in the market structure continue to have a negative impact on the performance of Latvijas dzelzceļš.

Market risk increases the likelihood of liquidity risk due to uncertainty about freight revenues. To address this risk, credit resources have been mobilised, longer payment deadlines have been set and the responsible units have been monitored for compliance with these deadlines, cash flow is being monitored more closely and a rolling forecast is being carried out, and a more detailed and frequent review of the investment plan calendar schedule has been introduced seeking to ensure the most accurate possible cash-flow forecasting for the next 12 months.

Risk of compliance with international and national sanctions
The Group's cooperation with Russia and Belarus has decreased significantly, but still exists due to the technological characteristics of rail transport. Since the Russian invasion of Ukraine on 24 February 2022, international sanctions against Russia and Belarus have been increasingly strengthened: the number of natural and legal persons subject to sanctions has been increased, additional restrictions on the movement of goods and restrictions on the activities of financial institutions have been imposed.

To ensure compliance with sanctions, the Council of LDz has approved a Group-wide policy, which is implemented by the LDz Sanctions Department. The Sanctions Department ensures the operation and oversight of the sanctions management system within the Group. The control system includes the verification of cargo applications, enhanced due diligence prior to transactions involving apparent risk indicators, as well as reinforced controls at all stages of the procurement process. All employees are subject to mandatory transaction-screening procedures and daily sanctions-screening guidelines. The Sanctions Department ensures prompt communication of changes in sanctions lists and related explanations on the LDz intranet site, and it provides regular employee training.

Investment project execution risks
In the implementation of LDz investment projects, the most significant risks relate to delays in the execution of works under EU-funded projects, which must be completed in 2026. Opportunities to accelerate the execution of delayed works are highly limited, as construction works under railway infrastructure modernisation projects must be coordinated with the passenger train timetable, with minimal disruption. This requires timely and precise planning and organisation of works. The main causes of delays are shortages of contractor resources, issues with subcontractors, and insufficient availability of machinery and equipment.

To manage investment project risks, LDz ensures continuous monitoring of project implementation, conducts assessments and improvements of project management processes, and updates the Group's investment project planning and execution control regulations, as well as the fundamental principles of project risk management. As at the date of these financial statements, none of the European Union funded projects face any risk related to the repayment of funds, nor is such a risk expected to materialise during the 2026 reporting year.

6 Foreign branches and representative offices

SIA LDZ CARGO has a branch in Estonia. LDz and other Group companies have no branches or representative offices abroad.

7 Geopolitical situation and its impact on the Group's ability to continue as a going concern

The Group's loss after tax amounts to EUR 7 823 thousand, and compared with 2024, the loss has decreased significantly — by EUR 31 154 thousand, or 79.9%.

The external factors relating to the geopolitical situation, the war in Ukraine and the international economic sanctions imposed on Russia and Belarus, as well as the inclusion of Russia in the list of low-tax or tax-free countries and territories indicate that the situation in terms of freight volumes will not improve significantly in the foreseeable future.

Following Russia's invasion of Ukraine on 24 February 2022, Russia and Belarus have been subject to extensive economic and political sanctions. The sanctions had a significant impact on the Group's operations, requiring a review of internal sanctions management processes as well as additional resources to be allocated to sanctions inspections, both on business partners and on the freight transported.

Given the Group's cooperation with Russian and Belarusian partners in previous years, as well as the nature of its operations, the war in Ukraine has undoubtedly had and will continue to have an impact on the Group's operations in 2026 and beyond. The restrictions enacted to date have contributed to the freight turnover decline and it is difficult to predict the possible impact of additional sanctions on the Group's activities in the future. In view of the risks associated with sanctions, the following measures have been taken:

1. LDz has established a separate Sanctions Department and Sanctions Committee responsible for sanctions reviews, strengthening the exchange of information on sanctions reviews within the Group.
2. The Group has developed and implemented the Sanctions Policy of Latvijas Dzelzceļš Group, ensuring a uniform approach to sanctions checks throughout the Group.
3. In assessing the risks related to significantly expanded lists of sectoral sanctions, LDz strengthened freight inspection procedures by increasing the assessment of freight types and their compliance with the established sectoral sanctions.
4. All persons included in the sanctions lists are reflected in the Sanctions Information System (IS) maintained by LDz, which ensures daily automatic verification of all clients and cooperation partners for coincidence with the lists of sanctioned persons. The lists of IS Sanctions are updated daily automatically from the official sites that maintain news about the sanctions of the Republic of Latvia, the European Union, the UN, and OFAC.
5. In 2026, work continued to upgrade IS Sanctions system, as well as on strengthening the LDz's sanctions monitoring function through several technical improvements.

The Group's Management is aware of the uncertainty associated with the further development of the situation and continues to monitor the development of events daily, as well as their possible impact on the LDz's activities.

However, despite the difficult situation, LDz management is confident that the going concern basis is applicable to the preparation of the consolidated financial statements based on the implementation of the Group's new business model, the review of organisational and technological processes, which has resulted and will continue to result in cost reductions, as well as the receipt of the necessary public funding pursuant to Section 9(4) of the Railway Law and the Multi-Annual Agreement.

The main objective of LDz is to ensure the management of the state public-use railway infrastructure and safe, high-quality and efficient railway and logistics services in the interests of the state and the Latvian national economy.

To mitigate the impact of market risk, the Group optimises costs by changing technological and administrative processes, increasing their efficiency. In order to diversify the freight nomenclature and reduce dependence on Russian and Belarusian exporters, the Group is focused on entering new markets and attracting freight, as well as actively working on increasing the services provided to other market segments, including: increasing the volume of domestic freight transport.

The aim of the reorganization of the Group completed in 2025 was both to simplify the Group's structure and reduce costs, as well as to establish SIA LDZ CARGO as a unified, strong, competitive, and profitable company. While the reorganisation was initially expected to generate savings of approximately EUR 3 million at the Group level, the actual savings amounted to around EUR 5 million. However, the positive impact of these savings on the improvement of the financial result was significantly offset by a decline in revenue from freight transportation and freight wagon leasing services.

In parallel with cost-cutting measures, the Group is working to increase revenues – both from the rental of facilities and from the provision of services outside the Group. SIA LDZ CARGO is actively working to develop freight transport both in Latvia and in the neighbouring countries of Lithuania and Estonia by participating in tenders, attracting new customers, and offering new routes. Other Group companies are also actively working on customer acquisition. No significant further decline in revenue is expected in 2026 compared with 2025.

In 2025, to ensure financial balance, LDz received a state budget payment of EUR 26 013 thousand for 2024.

On 30 December 2025, the Ministry of Transport and LDz concluded a Multi-Annual Agreement for the planning and financing of the maintenance and development of the state public-use railway infrastructure for 2025-2029. In accordance with the agreement, under normal operating conditions over a five year period starting from 2025, the State will ensure that, in the infrastructure manager's statement of profit or loss, revenue from infrastructure charges, profit from other commercial activities, non-refundable revenue from private sources, as well as State funding, including, where applicable, advance payments received from the State, are at least in balance with infrastructure related expenses. Funds to ensure the financial stability of the Infrastructure Manager are planned as part of the State budget preparation process, taking into account the State budget's financial capacity.

The state budget funds to ensure the financial stability of LDz for 2025 in the amount of EUR 24 498 thousand are foreseen in the law On the State Budget for 2026 and Budget Framework for 2026, 2027, and 2028.

In 2025, the funding required to ensure financial stability was recognised as revenue in accordance with the recognition principles laid down in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. These principles require the recognition of a government grant at the point in time when there is reasonable assurance that the conditions attached to the receipt of the grant have been fulfilled. In addition, grants relating to the recovery of costs should be recognised in the period in which the costs are incurred, provided there is reasonable assurance that the grant will be repaid in the future. As a result of the economic activity, the funds necessary for the financial stability of the national public railway infrastructure manager, as defined by national legislation, amounting to EUR 24 498 thousand are recognised in 2025. The financial stability has been recognised following the guidelines of the IFRS® Accounting Standards and in the amount provided for in Section 72 of the law On the State Budget for 2026 and Budget Framework for 2026, 2027, and 2028. The request for financial stability will be made after approval of the annual report of LDz in accordance with the procedure set out in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement.

The criteria for LDz to receive the financial stability payment are the non-fulfilment of the financial stability conditions provided for in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement. Given that in 2025 LDz did not meet the conditions for financial stability set out in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement, the criteria for receiving financial stability payments set out in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement were therefore met. The fact that the financial stability payment from previous years has been received confirms the validity of the revenue recognition for 2025.

Although there is confidence in the receipt of financial resources, there is uncertainty regarding the timing of receipt of additional financial resources required by LDz. This uncertainty stems from paragraph 3.3 of the Multi-Annual Agreement, which provides that financial stability allocations are planned in accordance with the State budget's financial capacity, which may in turn affect the timing of receiving the financial stability funding for 2025.

In addition, to ensure the liquidity of SIA LDZ CARGO, a credit line of EUR 5 million for short-term cash-flow financing has been provided by OP Corporate Bank plc branch in Latvia since 2024, and it remained fully available as at 31 December 2025.

Events after the date of preparation of the annual report for 2025

On 3 March 2026, LDz sent a notice to General Partnership BMGS-FIMA regarding the termination of the construction contract. Construction was terminated under only one contract among several contracts concluded for the implementation of the project Modernisation of Railway Passenger Infrastructure, Phase 2. Work under the remaining contracts continues. With regard to the terminated contract, it is planned to launch a new procurement procedure during 2026, while in parallel approaching the funding providers with a request to extend the project deadline until 2029.

There have been no events since the end of the reporting year, that have had a material impact on the information presented in the consolidated financial statements for 2025.

Statement on the responsibility of the Management Board

The Board of the Group Parent Company ("Management") is responsible for preparing the Group's consolidated financial statements.

The consolidated financial statements on pages 218 to 271 have been prepared based on the accounting records and supporting documents and give a true view of the Group's financial position as at 31 December 2025, and of its performance and cash flows for 2025.

The above-mentioned consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards adopted in the European Union (EU) on a going concern basis. In the preparation of the financial statements Management has made prudent and reasonable judgements and estimates.

The Management is responsible for the maintenance of proper accounting records, the safeguarding of the Group's assets and the prevention and detection of fraud and other irregularities in the Group. The Management is responsible for fulfilling the requirements of the legislation of the Republic of Latvia.

Riga, see the timestamp for the date.

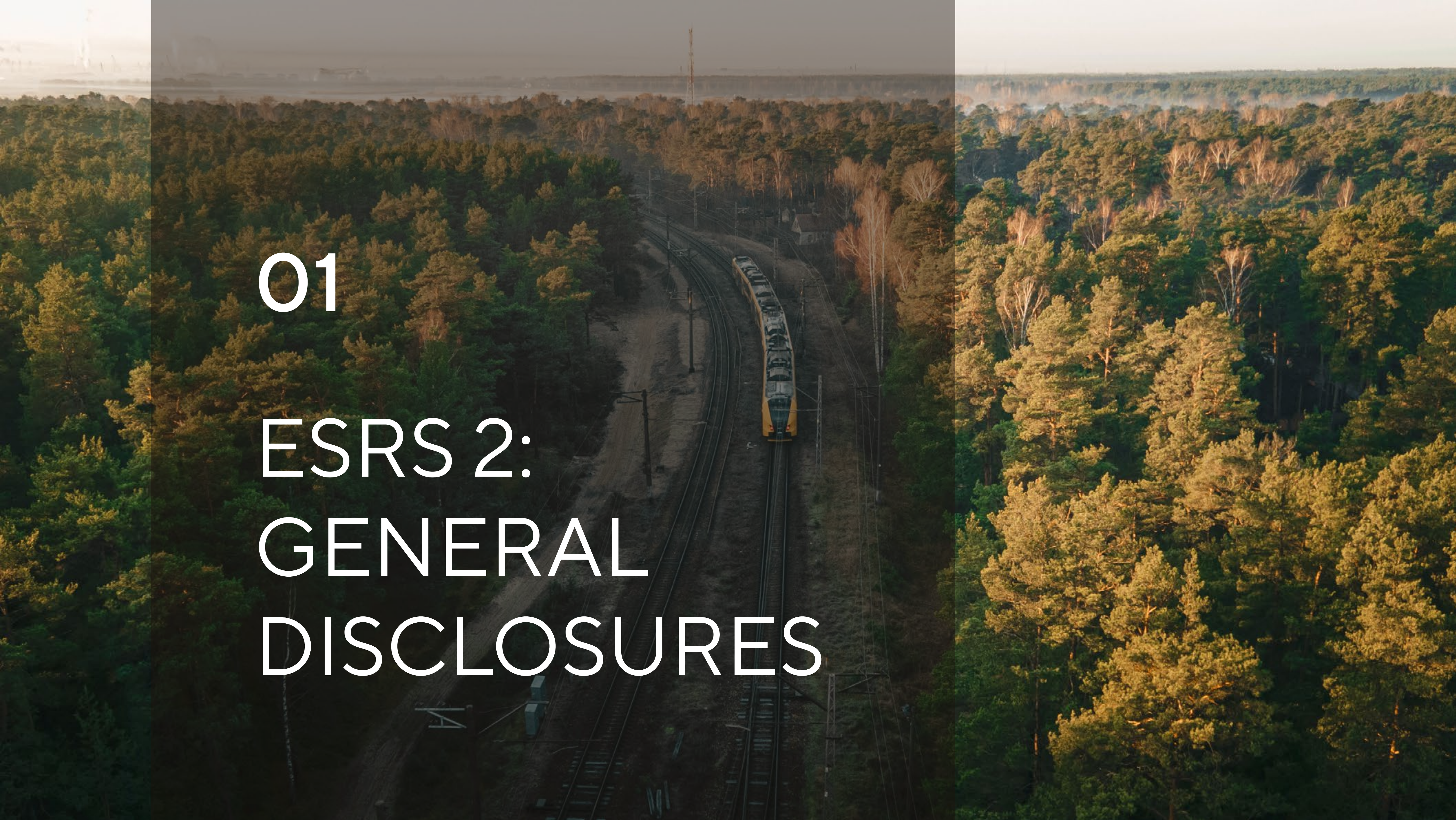
The original document prepared in Latvian has been signed electronically with a secure electronic signature and contains a timestamp.

A.Grinbergs
Chairman of the Management Board

R.Pļavnieks
Member of the Management Board

GROUP SUSTAINABILITY STATEMENT OF LATVIJAS DZELZCEĻŠ FOR 2025

Table of Contents of the Sustainability Statement



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ESRS 2: GENERAL DISCLOSURES

ESRS Table of Contents

ESRS Table of Contents

ESRS Table of Contents

ESRS Table of Contents

ESRS Table of Contents

BASIS FOR PREPARATION

General basis for the preparation of the Sustainability Statement

The Sustainability Statement has been prepared in accordance with the Corporate Sustainability Reporting Directive (EU) 2022/2464 (CSRD) and the related European Sustainability Reporting Standards (EU) 2023/2772 (ESRS). In view of the reporting-threshold changes discussed within the European Commission's Omnibus initiative, the Latvijas Dzelzceļš Group (hereinafter – the Group) may not be subject to a mandatory reporting requirement in the future. However, the Group intends to continue sustainability reporting on a voluntary basis. The level of reporting detail will be determined once the final version of the revised ESRS standards is published.

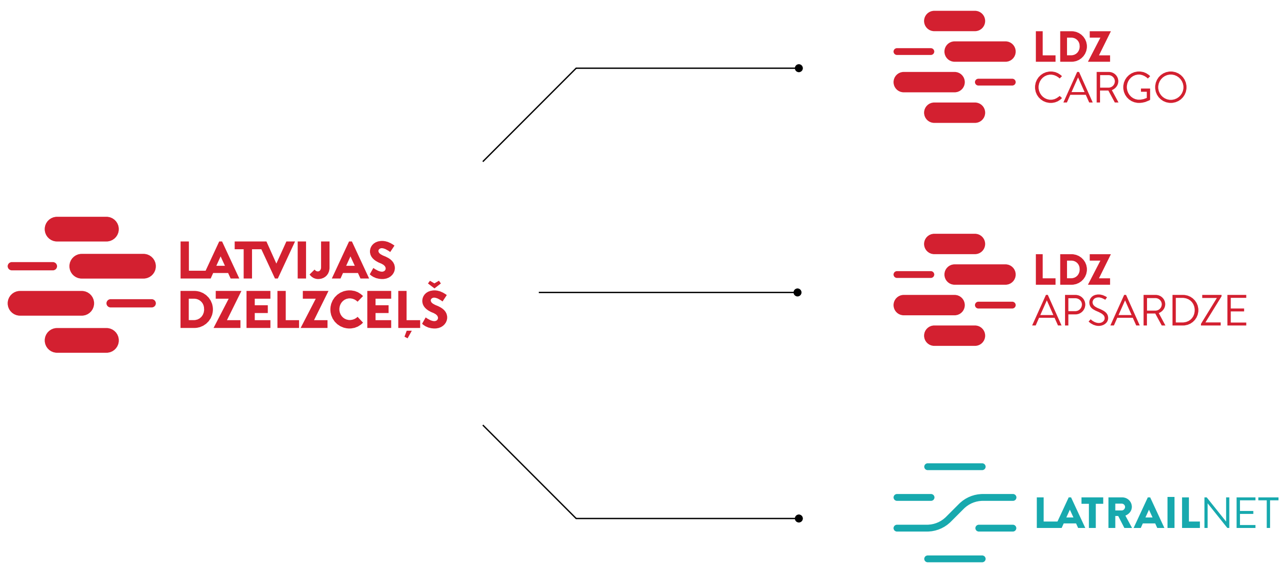
The Sustainability Statement of the Group (hereinafter also referred to as the Report) has been prepared on a consolidated basis, including all companies of Latvijas Dzelzceļš Group that are listed on the next page of this Report and that are within the scope of the financial statements.

This Sustainability Statement includes information on the performance of the Group Parent Company VAS Latvijas dzelzceļš and its subsidiaries (SIA LDZ CARGO and SIA LDZ apsardze) in 2025. On 3 October 2025, the Register of Enterprises adopted a decision on the reorganisation of three subsidiaries of VAS Latvijas dzelzceļš. As a result, SIA LDZ ritošā sastāva serviss and SIA LDZ Loģistika were merged into SIA LDZ CARGO. The information of the independent group company AS LatRailNet is included in the Report in a reduced scope. The Group's Sustainability Statement also covers the company's upstream and downstream value chain, which is discussed in more detail on page 76.

The Group's registered office is at 3 Emīlijas Benjamiņas Street, Riga, and its structural units and subsidiaries operate throughout Latvia – in places where there are important railway junctions and passenger transport organisation and cargo handling are ensured. VAS Latvijas dzelzceļš (hereinafter also referred to as LDz) and its other subsidiaries do not have branches or representative offices abroad, except for SIA LDZ CARGO, which opened a branch in Estonia in 2023.

The Auditor's Limited Assurance Report on the Sustainability Statement and the information contained therein is attached on page 213.

Structure of the Group as at 31 December 2025



LATVIJAS DZELZCEĻŠ

VAS Latvijas dzelzceļš manages the railway infrastructure and provides the minimum access service package and access to the public use railway infrastructure connecting the railway infrastructure with service points; freight wagon handling, wagon maintenance and inspection services, electricity distribution and trading services, rental services, information technology services and electronic communications services.

LDZ APSARDZE

SIA LDZ apsardze provides physical security services for various objects and railway cargoes, designs and assembles various security, fire safety, and video surveillance systems, which are subject to technical maintenance and maintenance during operation, as well as monitor the received alarm signals.

LATRAILNET

AS LatRailNet is the performer of essential functions of the railway infrastructure manager, including decisions on railway infrastructure capacity allocation, train path allocation, access charge calculation system, charging, assessment and collection, as well as cooperation with other performers of essential functions on international connections.

LDZ CARGO

In June 2025, the Cabinet of Ministers adopted a decision to merge three subsidiaries of the LDz Group, whereby SIA LDZ ritošā sastāva serviss and SIA LDZ Loģistika were reorganised and added to SIA LDZ CARGO. Effective from 3 October 2025, SIA LDZ CARGO has fully taken over all commercial activities of the merged companies and has become an even stronger and more competitive company in the Baltic region.

In the field of freight transportation, SIA LDZ CARGO provides domestic and international rail freight services, traction services, freight wagon leasing, and other freight-related services.

SIA LDZ CARGO transports a wide range of goods in both containers and rail wagons, covering almost all commodity categories listed under the Harmonised Commodity Description and Coding System (HS Code), including oil, coal, metals, timber, foodstuffs, fertilisers, chemical products, and others. Domestic freight transportation and its development form a key part of the company's operations.

In addition to freight services, SIA LDZ CARGO carries out rolling stock repairs, modernisation, maintenance, and equipping, offers mainline and shunting locomotive leasing, and is engaged in fuel storage and supply for railway undertakings and other customers. Furthermore, SIA LDZ CARGO provides freight forwarding and logistics services, including integrated intermodal solutions that combine various modes of transport and infrastructure to offer comprehensive cargo transport solutions.

Disclosures in relation to specific circumstances

The Sustainability Statement was prepared by gradual application of the Corporate Sustainability Reporting Directive (EU) 2022/2464 and related European Sustainability Reporting Standards, and the environmental section of the Report also includes information on EU Taxonomy (EU) 2020/852 compliant business activities. Unless stated otherwise, the content of the Report follows the definitions of short-, medium- and long-term in ESRS 1 Section 6.4:

- Short-term period - the period assumed in the financial statements for the current reporting period (1 January 2025 to 31 December 2025);
- medium term - from the end of the specified short-term reporting period to five years;
- long-term period - more than 5 years.

To ensure data comparability and transparency, adjustments have been made, as part of the preparation of the 2025 Sustainability Statement, to the comparative information for 2024 that was disclosed in the Group Sustainability Report of Latvijas Dzelzceļš for 2024. The following adjustments have been made:

- **EU Taxonomy tables (CapEx):**
  The EU Taxonomy capital expenditure allocation table included in the section 'EU Taxonomy Report' of this report has been updated to include, within capital expenditure, right-of-use assets recognised in the statement of financial position during the reporting period. This approach has also been applied consistently in the preparation of the EU Taxonomy capital expenditure table for 2025. As a result of the adjustments, the allocation of EU Taxonomy activities across categories A.1, A.2 and B has been revised, as reflected in the table presented below.

Group CapEx proportion in 2024	As reported in the Group's 2024 Sustainability Statement	Adjusted value
Taxonomy-aligned activities (A.1)	88.1%	84.8%
Taxonomy-eligible but not Taxonomy-aligned activities (A.2)	0.4%	0.4%
Taxonomy-non-eligible activities (B)	11.5%	14.9%

In 2025, an adjustment was made to the 2024 capital expenditure amount. Capital expenditure was revised because intra-group transactions had previously been erroneously excluded, which resulted in an understatement of the Group's total capital expenditure (see the corrected EU Taxonomy capital expenditure table on page 117).

- **Employee turnover rate:**
  In 2025, a recalculation of the Group's employee turnover rate for 2024 was performed. The previously disclosed Group employee turnover rate for 2024 was 16.5%; following the recalculation and data refinement, it has been revised to 20.5% (see the section "Own workforce" of this report, page 150).
- **GHG emissions calculation results table (Section E1-6) and energy consumption and energy mix table (Section E1-5):**
  In 2025, the Group's GHG emissions calculation results for 2024 were updated (see page 102), as well as the data presented in the energy consumption and energy mix table for 2024 (see page 99). These adjustments were made after duplicate accounting was identified in the energy resource data and the redundant item was removed.
- **In the performance indicators of the Parent Company's Environmental and Energy Management Programme 2022–2028 for 2024:**
  In 2025, the 2024 electricity consumption data for switch heating, as well as for the operation of signalling, control and communication (SCB) equipment, were updated. The adjustments were made because the data collection process has been improved (see page 95).

The corrections were made to refine the methodology in order to ensure comparability of data across reporting periods. The 2025 data have been calculated using a methodology consistent with that applied for the calculation of the 2024 data.

In the calculations of Scope 3 GHG emissions, assumptions are used for specific categories based on the data available to the Group. For example:

- For the calculation of Scope 3 Category 7 'Employee commuting' GHG emissions for 2025, the results of the 2024 Group employee mobility survey were applied. The survey was completed by 537 Group employees, representing 12% of the total number of Group employees as at 31 December 2025, of whom 351 were employees of VAS Latvijas dzelzceļš. Based on the survey results, the calculation assumed that one Group employee, considering their commuting patterns to and from work, generates on average 0.55 tCO_2e per year, while one VAS Latvijas dzelzceļš employee generates on average 0.57 tCO_2e per year.

Some sections of the Report use information provided by value chain actors, e.g. on waste management (as the Group does not have access to primary data on downstream waste management streams of collected waste). A methodology for supplier sustainability risk assessment was also developed in 2024. This methodology uses information provided by suppliers in the value chain to calculate residual risk but the Group does not verify its veracity or relevance.

In relation to the Group's environmental impact, the Report also uses information and data obtained from environmental and energy management or other management systems implemented in the Group's companies. VAS Latvijas dzelzceļš and SIA LDZ CARGO have implemented a certified environmental and energy management system (continuous analysis of significant energy consumption areas and environmental impacts) under ISO 50001:2018 and ISO 14001:2015 standards requirements. SIA LDZ apsardze is certified in accordance with the requirements of ISO 14001:2015. The management systems of SIA LDZ CARGO and SIA LDZ apsardze are certified in accordance with the requirements of ISO 9001:2015. All these systems are subject to regular recertification and surveillance audits by an external competent certification organisation.

This report includes also the Statement on Corporate Governance of VAS Latvijas Dzelzceļš Group (see page 42) prepared in accordance with Section 58[1] of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the Cabinet of Ministers Regulation No 175 of 15 March 2022 Regulation on corporate governance recommendations applicable in the capital company of a public person and in the public privately-held capital company, which stipulates that a capital company of a public person should apply the Latvian Code of Corporate Governance Recommendations on good corporate governance for companies in Latvia.

GOVERNANCE

The role of the administrative, supervisory and management bodies

The management model of the Group and VAS Latvijas dzelzceļš as the Group Parent Company is based on the principles of good corporate governance practice.

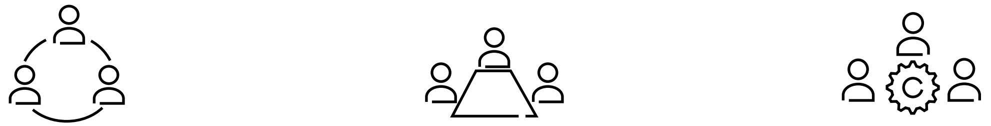
The governing bodies are the Shareholders' Meeting, the Council, and the Management Board. The Shareholders' Meeting elects the Council, which in turn elects the Management Board and acts as its supervisory body.

Depending on the scale of their operations and compliance with the status of a large capital company in accordance with the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, the subsidiaries either have a Council (SIA LDZ CARGO) and the highest level of management is the Shareholders' Meeting, or only a Management Board and the highest decision-making body is the Shareholders' Meeting (SIA LDZ apsardze). The independent company AS LatRailNet has a Council.

To ensure effective management, decision-making and the achievement of objectives, the strategic and operational management of the Group companies is separated. Development and strategic planning are carried out by the Management Board, while operational management is carried out by the heads of the business units of each company, in accordance with the specific organisational structure in place.

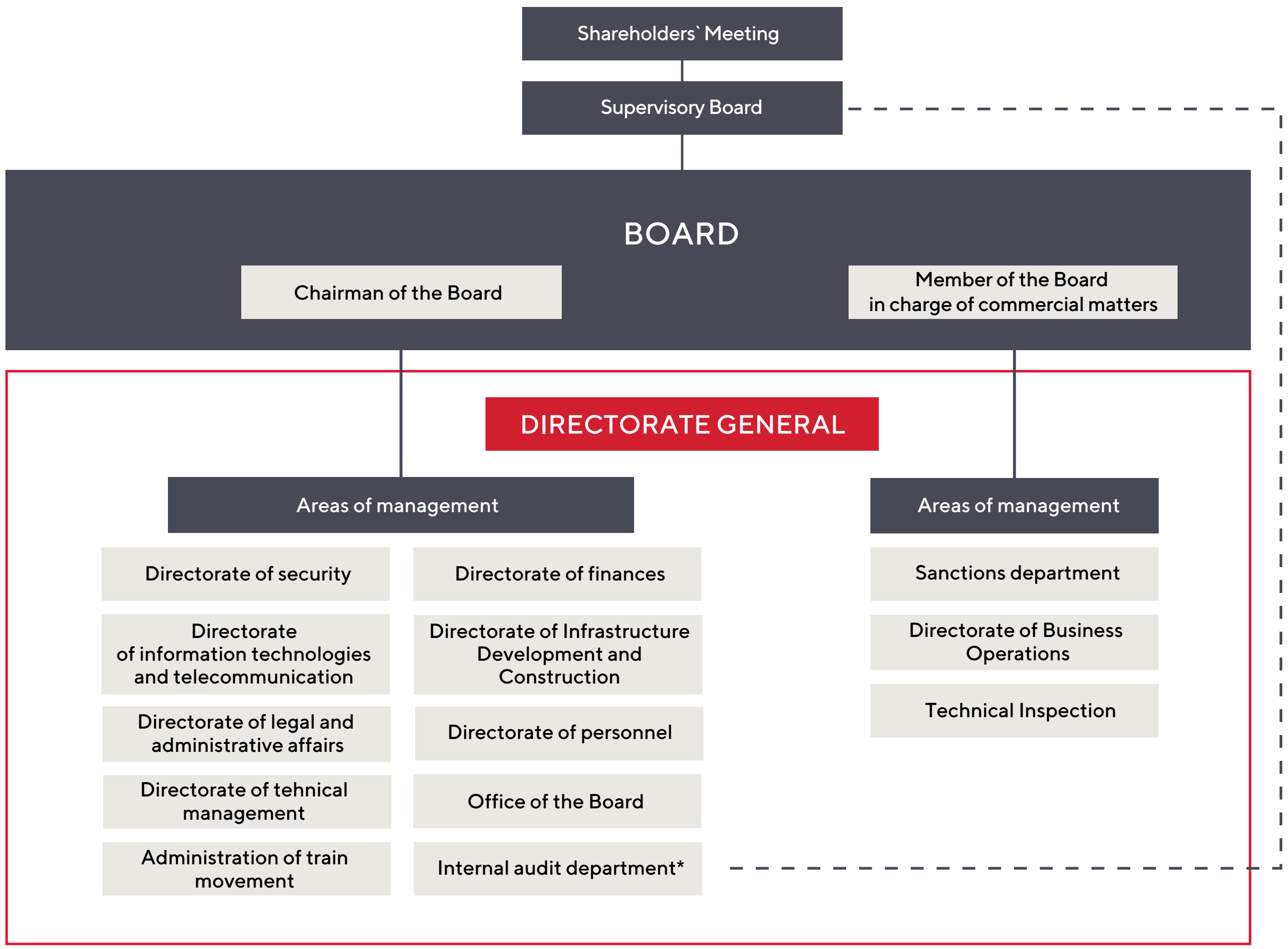
In order to ensure coordinated operation and management of the Group and all subsidiaries, the Policy for the Management of Limited Liability Companies of the Group has been developed and approved by VAS Latvijas dzelzceļš on 18 June 2021. VAS Latvijas dzelzceļš ensures its implementation and supervision throughout the Group, thereby exercising strategic management of the Group as a whole.

VAS Latvijas dzelzceļš has the following management bodies:



Shareholders' Meeting   Council   Management Board

Organisation chart of VAS Latvijas dzelzceļš as at 31 December 2025



*Internal audit department - functionally subordinated to the Council of the Company, administratively subordinated to the Board of the Company

In April 2025, several significant changes to the organisational structure of VAS Latvijas dzelzceļš entered into force. These changes were introduced with the aim of improving management efficiency, strengthening cooperation among structural units, and ensuring a unified direction towards achieving strategic objectives.

By consolidating several existing directorates and departments, new directorates were established:
- Directorate of Technical Operations – the former Directorate of Technical Management now operates as the Directorate of Technical Operations. The main task of the Directorate is to ensure the maintenance and technical development of the railway infrastructure;
- Directorate of Infrastructure Development and Construction – a new directorate that has taken over part of the functions of the former Directorate of Development and the Directorate of Technical Management. The key responsibilities of the Directorate include strategic development, investment planning, project management, technological development, and oversight of construction processes;
- Directorate of Business Operations – established by merging several existing structural units: the Directorate of International Relations, the Directorate of Communications, and part of the Real Estate Department. The Directorate is responsible for the development of the company's commercial activities and customer service, including international cooperation, corporate and digital communications, preservation of historical heritage, as well as the development and sale of real estate, construction and infrastructure use services.

Considering that Management Board member Mārtiņš Ķeņģis stepped down from his position on 1 November 2025, and in order to ensure continuity of processes and operations, the LDz Management Board decided that, as from 3 November of this year until a new Management Board member is elected or amendments are made to the Rules of Procedure of the Management Board, the Chairman of the Management Board, Artis Grinbergs, will assume additional areas of responsibility and oversight of certain structural units.

Shareholder

The interests of the shareholder are represented at the LDz Shareholders' Meeting by the State Secretary of the Ministry of Transport or by another Ministry official designated by order of the State Secretary, who has all the rights, duties, and responsibilities of a shareholder's representative provided for in the legislation. Oversight of the activities of VAS Latvijas dzelzceļš is exercised in accordance with the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof, which clearly defines the mechanisms of cooperation between shareholders for holding meetings and exchanging information.

In 2025, six Shareholders' Meetings were held, at which the following matters were reviewed: the 2024 sustainability statement, annual report and consolidated annual report of VAS Latvijas dzelzceļš, as well as the consolidated operating results of the Group. In addition, the shareholder's letter of expectations for the VAS Latvijas dzelzceļš medium-term strategy for the period 2026–2030 was approved.

In subsidiaries, the interests of the shareholder are exercised by the Shareholders' Meeting. In 2025, the following were held:
- 7 Shareholders' Meetings of SIA LDZ CARGO;
- 3 Shareholders' Meetings of SIA LDZ ritošā sastāva serviss;
- 2 Shareholders' Meetings of SIA LDZ apsardze.

The interests of the shareholder of AS LatRailNet are exercised by the Shareholders' Meeting. Two Shareholders' Meetings were held in 2025.

In the case of VAS Latvijas dzelzceļš, the management of impacts, risks, and opportunities is not overseen by the Shareholder, but by the Council. In the case of subsidiaries, the Shareholders' Meeting considers the objectives of the Management Board of the subsidiaries, which include, among other things, objectives related to, for example, risk management, improving energy efficiency, improving customer service, etc., which also relate to impacts, risks, and opportunities in the areas of sustainability.

Councils of Group companies

Gender breakdown of Council members	100%	0%
Proportion of independent members of the Council	62.5% Council members (excluding independent members)	37.5% Independent Council members

At the end of 2025, the Group companies have a total of eight Council members – eight men (100%) and zero women (0%). Other diversity indicators for Council members are not collected to ensure the protection of personal data and privacy. The Management Boards have a total of three independent members, representing 37.5% of the total number of Management Board members.

The Council of VAS Latvijas dzelzceļš approves the Group's key management policies, including the approval of the new version of the Group's Sustainability Policy in 2025. The Council also approves and monitors the implementation of the Corporate Governance Improvement Plan, which provides for annual measures to improve the Group's governance, as well as for the review of material policies in accordance with the deadlines set out therein (e.g. every three years).

The Council twice a year reviews the report on the implementation of the medium-term operational strategy of VAS Latvijas dzelzceļš (see page 70 for details on the medium-term operational strategy for 2021-2025), as well as engages in the strategy development process and approves the strategy for the new period. The Council regularly monitors the execution of major investment projects and reviews and gives prior approval to transactions (including procurement contracts) with a value of at least EUR 300 000.

Once a year, the Council approves the performance indicators (KPIs) for the Management Board for the calendar year (e.g. the Management Board's KPIs for 2025), which include, among other things, indicators related to sustainability areas and their management.

The Audit Committee of the Council monitors internal audits and hears reports from the Internal Audit Department on the risks in certain areas of activity and the need to improve their control measures.

The Audit Committee also monitors the annual financial reporting process and, from 2024, the preparation of the Sustainability Statement. The Council examines the Annual Report before it is submitted to the Shareholders' Meeting for approval.

The Councils of the subsidiaries monitor the work of their boards, setting performance indicators, overseeing the development and execution of business plans and other relevant matters.

In 2025, the following were held:

- 22 meetings of the Council of VAS Latvijas dzelzceļš;
- 22 meetings of the Council of SIA LDZ CARGO;
- 16 meeting of the Council of SIA LDZ ritošā sastāva serviss.

Changes in the composition of the Council of Group companies in 2025:

VAS Latvijas dzelzceļš:

- On 12 February 2025, the Shareholders' Meeting appointed Andis Veinbergs as a member of the Council of VAS Latvijas dzelzceļš.
- On 11 December 2025, the Chair of the Council of VAS Latvijas dzelzceļš, Andris Liepiņš, and member of the Council Reinis Ceplis announced their resignation from their positions. Both continued to serve on the LDz Council until 31 December 2025.
- On 6 January 2026, the Shareholders' Meeting appointed Zlata Elksniņa-Zaščirinska as the Acting Chairwoman of the Council of VAS Latvijas dzelzceļš.

SIA LDZ ritošā sastāva serviss:

- In June 2025, the Cabinet of Ministers adopted a decision to merge three subsidiaries of the LDz Group, whereby SIA LDZ ritošā sastāva serviss and SIA LDZ Loģistika were reorganised and added to SIA LDZ CARGO. On 3 October 2025, the Register of Enterprises adopted a decision on the reorganisation of three subsidiaries of VAS Latvijas dzelzceļš. As a result, SIA LDZ ritošā sastāva serviss and SIA LDZ Loģistika were merged into SIA LDZ CARGO. Based on the decisions adopted, the following individuals ceased their work on the Council of SIA LDZ ritošā sastāva serviss: Guntis Stafeckis (Chairman of the Council), Baiba Beatrise Sleže (Council member), and Āris Dandens (independent Council member).

Composition of the Group's Councils as at 31 December 2025

VAS Latvijas dzelzceļš

Zlata Elksniņa – Zaščirinska

Independent Chairwoman of the Council of VAS Latvijas dzelzceļš

Ms Elksniņa-Zaščirinska graduated from the Faculty of Economics of the University of Latvia with a bachelor's degree in accounting and business analysis and has also obtained an internationally recognised ACCA qualification.

Ms Elksniņa-Zaščirinska has extensive and international experience in corporate management, as well as in the development and implementation of strategy in both the public and private sectors. She has worked with companies as a lead partner in the public, financial, and telecommunications sectors, providing advisory services in tax, legal, and financial planning projects. She has also provided professional support to companies in achieving competitiveness and development objectives, assisted in preparation for IPO processes, and led process efficiency assessment projects across various organisations.

From 2013 to 2025, Ms Elksniņa-Zaščirinska served as Chairwoman of the Management Board and Lead Partner of SIA PwC Latvija, with responsibility for the firm's strategy, financial results, business growth, introduction of new services, and advisory engagements. In parallel, she served as Vice-Chair of the PwC Central and Eastern Europe Partner Council (PwC CEE Partner Council). Since 2014, Ms Elksniņa-Zaščirinska has been Chairwoman of the Management Board of the Foreign Investors' Council in Latvia.

Independent Chairwoman of the Council of VAS Latvijas dzelzceļš since 2026.

Her term of office runs from 6 January 2026 until a new Chair of the Council is elected through the Nomination procedure.

Andris Liepiņš

Chairman of the Council of VAS Latvijas dzelzceļš, Independent Member of the Council

Graduated from Riga Technical University Riga Business School with a Master's degree in Business Administration, as well as from Columbia University (USA) with a Master's degree in International Relations. He holds a Master's degree in Public Administration and a Bachelor's degree in Economics from the University of Latvia.

Mr Liepiņš was Deputy Chairman of the Council of AS Latvenergo, member of the Audit Committee and the Human Resources Committee, Chairman of the Management Board of Riga International Airport, Chairman of the Council of Air Baltic Corporation AS, Deputy State Secretary of the Ministry of Economics from 2001 to 2014.

Independent Member of the Council of VAS Latvijas dzelzceļš since 2019.

Term of office: 07.06.2024-31.12.2025

VAS Latvijas dzelzceļš

Reinis Ceplis

Independent Member of the Council of VAS Latvijas dzelzceļš

Graduated from the Faculty of Economics, University of Latvia, with a Bachelor's degree in Economics, and a Chartered Financial Analyst degree from the CFA Institute of the USA.

Mr Ceplis is the Chairman of the Council of Baker Tilly Baltics and a member of the Management Board of Stārķa Ligzda Family Health Centre, as well as the Chair of the Management Board of Good Health SIA and the Head of Healthcare Product Development at Respectful Consulting SIA.

Former Head of the Latvian subsidiary of the Finnish public company Lassila & Tikanoja PLC, L&T, A.C.B. CFO, Corporate Finance Specialist at the investment bank SUPREMA, Corporate Finance Specialist at the investment bank Trasta komercbanka, as well as Head of the Listing Department at the Riga Stock Exchange.

Independent Member of the Council of VAS Latvijas dzelzceļš since 2019.

Term of office: 07.06.2024-31.12.2025

Andis Veinbergs

Independent Member of the Council of VAS Latvijas dzelzceļš

Mr Veinbergs graduated from the BA School of Business and Finance with a master's and bachelor's degree in business and management.

Mr Veinbergs has worked in the logistics sector for nearly 20 years, holding senior positions in local and international companies, including the Spanish logistics group SIA Raminatrans Baltics, the transport and logistics company SIA SONORA RW, and others, focusing on strategy development, business planning, team leadership, and the establishment of international relations in various markets.

Independent Member of the Council of VAS Latvijas dzelzceļš since 2025.

His term of office runs from 12.02.2025 until a new Council member is elected through the Nomination procedure.

SIA LDZ CARGO

Andris Ozoliņš

SIA LDZ CARGO
Member of the Council

Mr Ozoliņš holds a Master's degree in Business Administration from the Riga Business Institute and has furthered his knowledge at the University of Wales in the United Kingdom, the International Management Development Institute in Switzerland and the European School of Management and Technology in Germany.

Mr Ozolins has a long professional experience in the financial sector, having worked for 13 years at the Management Board of DnB Banka, where he served as Chair of the Management Board since 2004. From 2010 to 2011, he was also a member of the Management Committee of DNB NORD Bank ASA, responsible for sales and corporate business in the Baltics, Poland, and Denmark. Since 2013, he has served on the boards of various companies in both the private and public sectors.

Term of office: from 7 December 2024 for a term not exceeding one year, until the moment when he or another candidate is elected to the office by the Shareholders' Meeting in accordance with the Nomination procedure set out in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

Mikus Ozols

SIA LDZ CARGO
Member of the Council

Mr Ozols holds a Master's degree in Finance from the BA School of Business and Finance, a Master's degree in Economics from the University of Latvia, and an MBA Major: Global Finance and Banking from SBS Swiss Business School.

Mr Ozols has many years of experience working in the boards of the Latvian Information and Communication Association, the Latvian Telecommunication Association and the Latvian Internet Association. From 2006 to 2022, he was the CEO and Chairman of the Management Board of Telia Latvija SIA. In January 2024, he was elected to the Council of Pasažieru vilciens AS.

Term of office: from 11 October 2024 for a term not exceeding one year, until the moment when he or another candidate is elected to the office by the Shareholders' Meeting in accordance with the Nomination procedure set out in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

AS LatRailNet

Edmunds Beļskis

Chairman of the Council of LatRailNet AS

Mr Beļskis holds a Master's degree in Social Sciences and Public Management from the University of Latvia, a Master's degree in Mechanical Engineering Technology from Riga Technical University, and an engineering qualification in Technological Processes and Production Automation.

Mr Beļskis has worked in companies and state institutions related to electronic communications, railway infrastructure, conformity assessment and standardisation, gained work experience in boards and Councils of state capital companies, was Deputy State Secretary for Information and Communication Technologies at the Ministry of Environmental Protection and Regional Development and member of the Council of VAS Latvijas Gaisa satiksme, Member of the Council of AS VRC Zasulauks, Member of the Management Board of LGS Mācību centrs, Director of the Department of Entrepreneurship and Industrial Competitiveness of the Ministry of Economy and Member of the Management Board of Standardisation, Accreditation and Metrology Centre.

Term of office: 16.02.2021-15.02.2026 (5 years)

Mārtiņš Bičevskis

Deputy Chairman of the Council of LatRailNet AS

Mr Bičevskis has worked as State Secretary in the Ministries of Finance and Justice, participated in and chaired Councils of state capital companies in the energy and real estate sectors, and was President of the Association of Latvian Commercial Banks. Career in public administration and extensive experience in representing private business interests. Start-up ecosystem enthusiast and Latvian sports ecosystem activist. Member of the Executive Committee of the Latvian Olympic Committee, President of the Handball Federation, Member of the Management Board of the Latvian Venture Capital Association.

Co-investor of the Commercialization Reactor Foundation, mentor in .Cocoon (Tartu's first de-acceleration programme for startup founders), co-founder of Edtech Evolution and She Loves Tech Eastern European selection.

Term of office: from 16.02.2021 to 15.02.2026 (5 years)

AS LatRailNet

Andrejs Pančenko

Member of the Council of LatRailNet AS

Professional Master's degree in Law from the University of Latvia, as well as Professional Bachelor's degree in Arts from the Liepāja Pedagogical Academy.

Mr Pančenko's professional activity for the last 20 years has been closely related to the financial services sector, the last 15 of which he has been a member of the Management Board of Directors of the international car leasing company ALD Automotive and a member of the Baltic management team of ALD Automotive. From 2013 to 2015, he managed ALD Automotive's business in Lithuania.

Prior to that, he worked for Swedbank Group companies. He gained experience in public capital companies as a member of the Council of SIA Rīgas Satiksme.

He is currently CEO and management consultant of AJKC SIA.

Term of office: 16.02.2021–15.02.2026 (5 years)

Management Boards of Group companies

At the end of 2025, the Group companies have a total of 7 Management Board members – one woman (14%) and six men (86%). Other diversity indicators for Management Board members are not collected to ensure the protection of personal data and privacy.

Gender breakdown of Management Board members

The Management Boards of the companies consider all relevant matters relating to the management of the company, including the approval of internal regulatory documents and monitoring their implementation. The Management Board of VAS Latvijas dzelzceļš approves internal regulatory documents applicable to the management of the entire Group (e.g. guidance for calculating GHG emissions of the Latvijas Dzelzceļš Group). In 2025, 63 meetings of the Management Board of VAS Latvijas dzelzceļš were held.

Management Board members participate together or according to their area of activity and competence in the work of committees that decide on the management of specific areas, such as the Investment Committee, and others.

Changes in the composition of the Management Boards of Group companies in 2025:

VAS Latvijas dzelzceļš:

- On 28 February 2025, at the end of the Nomination process with an open competition for the vacant position of Chair of the Management Board of VAS Latvijas dzelzceļš, the Council of LDz elected Artis Grinbergs to this position.
- Mārtiņš Ķeņģis, a member of the Management Board of VAS Latvijas dzelzceļš, submitted a resignation letter and, as of 1 November 2025, was relieved of his duties as a member of the Management Board.

SIA LDZ ritošā sastāva serviss un SIA LDZ Loģistika:

- In June 2025, the Cabinet of Ministers adopted a decision to merge three subsidiaries of the LDz Group, whereby SIA LDZ ritošā sastāva serviss and SIA LDZ Loģistika were reorganised and added to SIA LDZ CARGO. On 3 October 2025, the Register of Enterprises adopted a decision on the reorganisation of three subsidiaries of VAS Latvijas dzelzceļš. As a result, SIA LDZ ritošā sastāva serviss and SIA LDZ Loģistika were merged into SIA LDZ CARGO. Based on the decisions adopted, Anda Sīviņa (Chairwoman of the Management Board) and Raitis Apinis (Management Board member) ceased their duties on the Management Board of SIA LDZ ritošā sastāva serviss, while Māris Bertmanis (Chair of the Management Board) ceased his duties on the Management Board of SIA LDZ Loģistika.

Management Boards of Group companies as at 31 December 2025

VAS Latvijas dzelzceļš

Artis Grinbergs

Chairman
of the Management Board
of VAS Latvijas dzelzceļš

Mr Grinbergs previously served as Chairman of the Council of AS Pasažieru vilciens and Deputy Chair of the Council of AS Sakret Holdings. Previously, he worked at the Management Board of the Freeport of Riga and in other senior positions in the private and public sectors. Mr Grinbergs holds a Master's degree in Management from the Faculty of Business Administration and Economics of the University of Latvia and is pursuing his doctoral studies in the Business Administration programme at the BA School of Business and Finance.

Term of office: from 10.06.2024 until the election of a new member of the Management Board, but not exceeding one year.

On 28 February 2025, at the end of the nomination process with an open competition for the vacant position of Chair of the Management Board of VAS Latvijas dzelzceļš, the Council of LDz elected Artis Grinbergs to this position.

Term of from 28.02.2025 to 27.02.2030 (5 years)

Rinalds Pļavnieks

Member
of the Management Board
of VAS Latvijas dzelzceļš

Mr Plavnieks has worked for GEFCO SA Group (France) for many years, managing various business units in the Baltic States (GEFCO Baltic SIA), Business Development Manager in the United Kingdom (GEFCO United Kingdom LTD), and Global Account Manager at the Group Headquarters in France (GEFCO SA). Mr Plavnieks is also a lecturer at Riga Technical University and the Latvian Maritime Academy. Since 2021 he has been a member of the Management Board of VAS Latvijas dzelzceļš, from 9 February 2023 to 10 June 2024 he was the Chairman of the Management Board of the company.

Term of office: 20.07.2023-19.07.2028 (5 years)

SIA LDZ CARGO

Raimonds Freimanis

SIA LDZ CARGO
Chairman of the Management Board

Mr Freimanis graduated from the University of Latvia with a master's degree in law. Over more than 20 years, his professional career has been associated with senior positions at SIA Skonto Plan, SIA Skonto Group, SIA Skonto Prefab, SIA Sakret, and other companies. Since 2022, he has served as an independent Council member of SIA LDZ CARGO.

Term of office: from 15 October 2024 for a period not exceeding one year, until a Council member is nominated and elected in accordance with the nomination procedure stipulated in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

Member of the Management Board from 15 October 2024 to 8 February 2026, Chairman of the Management Board from 9 February 2026.

Artūrs Cīrulis

SIA LDZ CARGO
Member of the Management Board

Artūrs Cīrulis holds an engineering degree from the Faculty of Manufacturing Technologies, Mechanical Engineering and Transport of Riga Technical University. Mr Cīrulis has held senior positions in local and international companies, focusing on business development, budgetary and resource management, team leadership, as well as operational management and the development of international relations across various markets.

Term of office: from 23 February 2026 for a period not exceeding one year, until a Council member is nominated and elected in accordance with the nomination procedure stipulated in the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof.

SIA LDZ CARGO

Aļģirds Miķelsons

SIA LDZ CARGO
Chairman of the
Management Board

Mr Miķelsons has extensive and international experience in managing transport companies. Since 2019, he has served as Chief Executive Officer (CEO) of MAU Technic LLC in Ukraine, and prior to that he was Vice President for Technical Affairs (CTO) at Ukraine International Airlines, the national airline of Ukraine.

Mr Miķelsons holds a bachelor's degree in law from the University of Latvia, a master's degree in Business Administration from Oxford University in the United Kingdom, and a bachelor's degree in engineering (mechanical engineering) from the Aeronautics Institute of Riga Technical University.

Chairman of the Management Board of SIA LDZ CARGO since 18 March 2024.

Chairman of the Management Board from 18 March 2024 to 8 February 2026, member of the Management Board from 9 February 2026 to 23 February 2026.

SIA LDZ apsardze

Arnis Maculēvičs

Chairman of the
Management Board of LDZ
Apsardze SIA

Mr Maculēvičs has worked at VAS Latvijas dzelzceļš since 5 October 1995. On 24 December 2004, he was elected Chairman of the Management Board of the company Dzelzceļa apsardze; from 4 March 2011 he continued his work on the Management Board of SIA LDZ apsardze, and on 1 March 2012 he was elected Chairman of the Management Board.

Term of office: 22.12.2021–21.12.2026 (5 years)

AS LatRailNet

Justīna Hudenko

Chairwoman of the Management Board of AS LatRailNet

Justīna Hudenko holds a doctoral degree in economics from the Faculty of Engineering Economics and Management of Riga Technical University.

Previously, she has worked in subsidiaries of the Latvijas Dzelzceļš Group, holding the positions of Chief Financial Officer at AS LatRailNet and Chief Economist at SIA LDZ infrastruktūra. She is a member of the international working group CHRISTINE on railway infrastructure charging, a member of PRIME (the Platform of Rail Infrastructure Managers in Europe), and a Management Board member of the North Sea-Baltic Rail Freight Corridor.

Term of office: 22.07.2021-23.07.2026 (5 years)

Guntars Lapiņš

Member of the Management Board of AS LatRailNet

Guntars Lapiņš obtained a professional master's degree in customs and tax administration from the International Economic Relations and Customs Institute of Riga Technical University.

Previously, he has served as a Management Board member and Director of Legal and Administrative Affairs at SIA LDZ infrastruktūra, a subsidiary of VAS Latvijas dzelzceļš.

Before joining the Group, he held senior positions in various structural units of the State Revenue Service.

Term of office: 08.08.2021-09.08.2026 (5 years)

VAS LATVIJAS DZELZCEĻŠ STATEMENT ON CORPORATE GOVERNANCE IN LATVIJAS DZELZCEĻŠ GROUP IN 2025

The Statement on Corporate Governance of VAS Latvijas dzelzceļš (hereinafter "Latvijas dzelzceļš" or "the Company" or "LDz") in "Latvijas dzelzceļš" Group (hereinafter "the Group") has been prepared in accordance with the provisions of Section 58.[1] of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and in compliance with the Cabinet of Ministers Regulation No 175 Regulations Regarding Corporate Governance Recommendations Applicable to a Capital Company of a Public Person and a Public-Private Capital Company of 15 March 2022, which stipulates that a capital company of a public person should apply the Latvian Corporate Governance Code – Recommendations for Good Corporate Governance for Companies in Latvia ("the Code"). The Code is applied in accordance with the "explain how you comply" principle, which requires companies to take into account all principles set out in the Code and to disclose how each principle has been complied with, or to appropriately explain any deviation from the application of a principle or its partial implementation. The rules of application of the Code state that a company fulfils the requirements of the Code even if it does not comply with certain principles, provided that the deviation from a particular principle is effectively communicated and explained.

For each principle, specific criteria are defined to assist in assessing whether the principle has been complied with. When assessing compliance with a principle, the "traffic-light approach" is applied, based on three colour indicators –red, yellow and green – providing a clear and easily understandable visual representation of the level of implementation of each principle:

- Green indicates that the company fully complies with the principle and all criteria established for that principle;
- Yellow indicates that the company partially implements the principle and that one or more, but not all, of the criteria established for the principle have been implemented in practice;
- Red indicates that the company does not comply with the relevant principle and its criteria.
  The commentary titled 'Facts' accompanying each principle explains the significance of the principle and provides examples of its application within the Latvijas Dzelzceļš Group in 2025.

Summary

The governance of Latvijas dzelzceļš and its subsidiaries adheres to the Latvian Corporate Governance Code Corporate Governance Code – Recommendations for Good Corporate Governance for Companies in Latvia. In 2025, of the 70 criteria defined under the Code's 18 principles that help assess whether each principle is complied with, the Group fully complied with 68 criteria and partially complied with 2 criteria.

[1] The Rules of Procedure of the Council of the State Joint Stock Company Latvijas dzelzceļš have been approved by the Decision of the Council of Latvijas dzelzceļš VAS No PA1.2./13-10 of 20 October 2021

Corporate strategy

Principle 1. The company has developed an up-to-date strategy that defines the company's goals and progress towards its long-term value growth.

Criteria		Facts
1.1.	The company has an up-to-date strategy, the draft of which is developed by the Management Board.	The Medium-term Operational Strategy of Latvijas dzelzceļš for 2021-2025 sets out the objectives of Latvijas dzelzceļš and the Group and a focus on its long-term value growth. In 2025, a draft of the Medium-Term Operational Strategy of Latvijas dzelzceļš for the period 2026-2030 was prepared and approved by Decision No VL-1.6/433-2025 of the Management Board of Latvijas dzelzceļš dated 16 December 2025.
1.2.	The Council is engaged in the strategy development process and approves the strategy at a Council meeting.	The Medium-term operational strategy of Latvijas dzelzceļš for 2021-2025 approved by Council Decision No PA 1.2/8-6 of 14.07.2021. In 2025, the Council of Latvijas dzelzceļš was involved in the development process of the Medium-Term Operational Strategy for 2026–2030: progress on the draft Medium-Term Operational Strategy for 2026–2030 was reported at a meeting of the Council on 02.12.2025. Subsequently, following Decision No VL-1.6/433-2025 of the Management Board of Latvijas dzelzceļš, the draft Medium-Term Operational Strategy for 2026–2030 was submitted to and included on the agenda of the Council meeting held on 18.12.2025.
1.3.	The Council oversees the implementation of the strategy.	The Council of Latvijas dzelzceļš oversees the implementation of the strategy. Once every six months, a report on the implementation of the action plan for the implementation of the strategy is submitted to the holder of capital shares reviewed and approved at the Council meeting[2]. The Councils of subsidiaries (in companies where a Council has been established) perform quarterly status reviews of the action plans for the implementation of strategic planning documents. Subsidiaries submit to LDz quarterly reports reviewed by the Management Board and Council (in companies where a Council has been established) on the execution of action plans for the implementation of strategic planning documents[3].
1.4.	The company's Management Board implements the strategy and reports regularly to the Council on the progress made in the implementation of the strategy.	Latvijas dzelzceļš's Management Board regularly reports to the Council on the strategy implementation progress. The Management Boards of subsidiaries are required, once a quarter, to submit to the Council (if established in the company) or VAS Latvijas dzelzceļš as the sole shareholder, a report on the execution of action plans for the implementation of strategic planning documents.

[2] Internal Regulations of the Ministry of Transport of 27 September 2021. No. 01-02/31 Procedures for the Management of State Capital Shares
[3] The Policy for Management of Limited Liability Companies of the Latvijas dzelzceļš Group, approved by the decision of the Council of Latvijas dzelzceļš VAS No. PA1.2./7-14 on 18 June 2021.

Internal culture and ethical behaviour

Principle 2. The company develops a code of internal culture and ethical conduct that serves as a standard of behaviour for management and employees.

Criteria		Facts
2.1.	The Council defines the company's core values.	The corporate values of the Group, as well as the principles of professional conduct and ethics, which ensure that they are directed against corruption, conflict of interest, illegal use of inside information and any other illegal and unethical actions, are set out in the Code of Ethics of Latvijas Dzelzceļš Group[4]. The core values of Latvijas Dzelzceļš Group included in the Code of Ethics: development, cooperation, reliability, have been defined by the Council with the involvement of representatives of all Group companies.
2.2.	The Management Board prepares and the Council approves a policy that includes the principles of internal culture and ethical conduct.	The Code of Ethics is approved by the Council.
2.3.	The Management Board ensures compliance with the internal culture and ethical behaviour in the daily activities of the company and reacts if a violation of the code of ethical behaviour is found.	The Management Boards of Group companies ensure that the principles of the Code of Ethics are upheld in the company. Anyone has the right to report possible breaches of the Code of Ethics by sending an e-mail to info@kn.ldz.lv. The Group has an Ethics Committee in place which operates in accordance with the Regulations of the Ethics Committee[5] approved by the Management Board of LDz. To promote compliance with ethical conduct in day-to-day operations, in accordance with an order[6] issued by the Chairman of the Management Board of Latvijas dzelzceļš, 2742 employees received training in 2025. The Management Board has responded to violations of the Code of Ethics.

[4] „Code of Ethics of Latvijas Dzelzceļš Group, approved by the decision of the Council of Latvijas dzelzceļš VAS No PA PA1.2/17-2 dated 27 September 2024.
[5] Regulations of the Ethics Committee of Latvijas Dzelzceļš Group were approved by the Decision of the Management Board of Latvijas dzelzceļš VAS No VL-1.6/272-2024 of 20 August 2024.
[6] Order No D-1.14/43-2025 of 19 March 2025 on training and knowledge assessment related to the Code of Ethics for employees of VAS Latvijas dzelzceļš.

Internal control system, risk management and internal audit

Principle 3. The company has established an internal control system, the effectiveness of which is monitored by the Council.

Criteria		Facts
3.1.	The company has established a documented internal control system, the establishment of which is the responsibility of the Management Board.	The Group's internal control system consists of a set of policies and related regulations[7] approved by the Council or the Management Board of the parent company. The policies establish unified management guidelines for a specific area of activity, the general principles of decision-making and the division of responsibilities between the parent company and its subsidiaries. For the implementation of the policies, policy documents are developed, in addition, the fundamentals of the polices are included in bylaws, work organisation documents, and job descriptions for employees. In accordance with the Group's policies, an internal control and risk management system is established and continuously improved in the subsidiaries, which is managed by the Management Board of the subsidiary. Latvijas dzelzceļš, as the parent company, coordinates the implementation of internal control in its subsidiaries. The Council oversees the functioning, adequacy and effectiveness of the internal control and risk management systems of Latvijas dzelzceļš[8].
3.2.	The Internal Auditor assesses the effectiveness of the internal control system using a risk-based approach and reports the results of the assessment to the Council.	The main function of internal audit is to provide an independent and objective assessment[9] of the adequacy and effectiveness of the internal control system. The Head of Internal Audit regularly reports to the Audit Committee on the progress of the implementation of the Internal Audit Plan and once a year provides a report to the Management Board, Council and the Shareholders' Meeting of Latvijas dzelzceļš on the activities of the Internal Audit Department in the previous year and the implementation of the internal audit plan, including also a general opinion on the effectiveness of the Group's internal control and risk management system[10].
3.3.	The Council reviews the assessment of the effectiveness of the internal control system.	The Management Board monitors the functioning of the internal control and risk management systems in accordance with the rules of procedure and reviews the internal audit assessment of the effectiveness of the internal control system on an annual basis.

[7] The Policy for Management of Limited Liability Companies of the Latvijas dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No PA1.2./7-14 on 18 June 2021.
[8] The Rules of Procedure of the Council of the VAS Latvijas dzelzceļš have been approved by the Decision of the Council of VAS Latvijas dzelzceļš No PA1.2./13-10 of 20 October 2021
[9] Regulations of the Internal Audit Department approved by the Decision of the Management Board of Latvijas dzelzceļš VAS No 1.6.60/2025-2024 dated 11 February 2025.
[10] Internal Audit Policy of Latvijas Dzelzceļš Group, approved by decision of the Council of Latvijas dzelzceļš VAS No PA1.2/19-9 of 20 October 2022

Principle 4. The company identifies, assesses, and monitors the risks related to its activities.

Criteria			Facts
4.1.	The Management Board develops and the Council approves the company's risk management policy.	●	The Council of Latvijas dzelzceļš has approved the Group's risk management policy approved by the Management Board of the Group's parent company[12].
4.2.	The Management Board develops, and the Council approves, the appetite for the most significant risks – i.e. the level and types of risks the company is willing to assume in order to achieve its operational objectives.	●	The Management Board of Latvijas dzelzceļš submits proposals regarding the appetite for the most significant risks to the Council.[13] The Council defines and approves the risk appetite of the Group and Latvijas dzelzceļš on an annual basis.
4.3.	Based on the assessment of the identified risks, the Management Board takes risk management measures.	●	Based on the risk assessment, the Management Board implements risk-management measures and oversees their implementation.
4.4.	At least once a year, the Council reviews the Management Board's reports on the risk management activities and the implementation of the risk management policy.	●	Once a year, the Council of Latvijas dzelzceļš reviews the annual report provided by the Management Board on the progress of the risk management process and the implementation of the risk management plan in the Company and the Group as a whole. Once a quarter, the Council of Latvijas dzelzceļš examines the Management Board's report on the significant risks of the companies of the Group, their control mechanisms, and the implementation of the risk management plan.

[12] The Risk Management Policy of Latvijas Dzelzceļš Group was approved by the decision of the Council of VAS Latvijas dzelzceļš dated 15 October 2020 No PA 1.2./22-6
[13] The Risk Appetite of Latvijas Dzelzceļš Group for 2025 approved by VAS Latvijas dzelzceļš Council Decision No PA1.2./4-1 of 16.04.2025

Principle 5. There is an internal auditor in the company who independently and objectively evaluates the company's performance.

	Criteria	Facts
5.1.	The company has an internal auditor who is functionally independent from the Management Board and reports to the Council.	The internal audit function in the Group is performed by the Latvijas dzelzceļš Internal Audit Division, which is functionally independent from the Management Board and reports directly to the Council of Latvijas dzelzceļš [14]. The Head of Internal Audit regularly reports to the Audit Committee and the Council on the progress of the implementation of the Internal Audit Plan and once a year provide a report to the Management Board, Council and the Shareholders' Meeting of Latvijas dzelzceļš on the activities of the Internal Audit Department in the previous year and the implementation of the internal audit plan.
5.2.	Internal auditors are appointed to and dismissed from their position by the Council.	The appointment of the candidate for the head of the Internal Audit Department to the position is approved by decision of the Council. Compliance is partial, because the rules of procedure of the Council stipulate that the Management Board needs the prior consent of the Council to establish or terminate the employment legal relations with the Head of the Internal Audit Department, which is not applicable to other internal auditors.
5.3.	The internal auditor develops a risk-based internal audit plan, which is approved by the Council	The head of the Internal Audit Department shall, based on the risk assessment performed, develop a medium-term internal audit strategic plan and an annual internal audit plan[15]. The medium-term internal audit strategic plan and the annual audit plan are approved by the Management Board, having received prior consent from the Shareholders' Meeting[16] and the Council of VAS Latvijas dzelzceļš. It is within the competence of the Council, if necessary, to order other unscheduled audits or inspections[17].
5.4.	The internal auditor informs the Management Board and the Council on the implementation of the internal audit work, strategy and plan, the results of the audit and the recommended actions to remedy deficiencies, if any have been identified.	Once a year the Internal Audit Department submits to the Management Board and the Council for review and to the holder of State capital shares a report on the results of the implementation of the audit plan of the previous calendar year, as well as on the statuses of implementation of the internal audit recommendations[18]. Once a year, a report on the implementation of the internal audit plan for the previous year is submitted for consideration to the Shareholders' Meeting[19].

[14] Regulations of the Internal Audit Department (new wording) approved by the Decision of the Management Board of Latvijas dzelzceļš VAS No VL-1.6/204-2024 dated 11 June 2024
[15] Internal audit policy of Latvijas Dzelzceļš Group, approved by decision of the Council of Latvijas dzelzceļš VAS No PA1.2/19-9 of 20 October 2022
[16] The Articles of Association of Latvijas dzelzceļš VAS, approved by decision No A1.1./1-1 of the extraordinary Shareholders' Meeting of Latvijas dzelzceļš VAS of 13 January 2023
[17] The Rules of Procedure of the Council of the State Joint Stock Company Latvijas dzelzceļš have been approved by the Decision of the Council of Latvijas dzelzceļš VAS No PA1.2./13-10 of 20 October 2021
[18] Regulations of the Internal Audit Department approved by the Decision of the Management Board of Latvijas dzelzceļš VAS No VL-1.6/204-2024 dated 11 June 2024
[19] Internal Regulations of the Ministry of Transport of 27 September 2021 No 01-02/31 Procedures for the Management of State Capital Shares

External auditor

Principle 6. The company has an independent external auditor.

Criteria		Facts
6.1.	The Management Board and the Audit Committee, if established, determine the criteria for the selection of the external auditor.	The Council and the Audit Committee of Latvijas dzelzceļš, as well as the Councils of the Group's subsidiaries, have no responsibility to determine the selection criteria for the external auditor. The Shareholders' Meeting of Latvijas dzelzceļš decides on the election of an auditor and determination of remuneration[20]. After decision on the results of the procurement in relation to dependent limited liability companies, the decision on the election of an auditor is taken by the Shareholder's Meeting[21]. In the case of AS LatRailNet, the auditor is elected on the basis of Section 268 (1d) (3) and (9) of the Commercial Law, Section 9 (3) and (8) of the Articles of Association of AS LatRailNet, the Shareholders' Meeting decides on the election of the auditor and the determination of the remuneration of the auditor.
6.2.	The company has an independent external auditor with appropriate qualifications and reputation.	SIA KPMG Baltics, License No. 55, was elected as the auditor of LDz's financial statements for 2024-2026, consolidated financial statements for 2024-2026 and the Sustainability Statement for 2024-2026 by the resolution of the Shareholders' Meeting of 16 May 2024.
6.3.	The term of office of a single external auditor does not exceed five years, thereby ensuring the rotation of audit firm representatives.	In 2024, a 3-year contract was awarded to SIA KPMG Baltics. Prior to that, the Annual Reports of the Latvijas Dzelzceļš Group companies and the Consolidated Annual Report of VAS Latvijas dzelzceļš was audited by the company of certified auditors SIA PricewaterhouseCoopers, License No. 5.

[20] Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof
[21] The Policy for Management of Limited Liability Companies of the Latvijas dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No.PA1.2./7-14 on 18 June 2021

Election of the members of the Council

Principle 7. The company ensures transparent procedures for the election and removal of Council members.

Criteria		Facts
7.1.	The company has established a procedure for the selection and removal of the Council members.	The procedures for the selection and removal of Council members of Latvijas dzelzceļš as a capital company of a public person and its subsidiaries are determined by external legal acts[22] and acts issued on their basis[23], and they are followed.
7.2.	The company provides timely and sufficient information to its shareholders about the members of the Council who are standing for election or re-election.	The nomination for election or re-election of the Council members is carried out by the shareholder in accordance with external laws and regulations, hence no such disclosure is required.
7.3.	The size of the Council is appropriate to the specific nature of the company.	The Articles of Association of Latvijas dzelzceļš stipulate that the Council is composed of three members. In 2025 (as from 12.02.2025), the Council of Latvijas dzelzceļš operated with its full composition. From 1 January 2026, however, the Council operated with a single member until 06.01.2026, when an additional interim Council member was appointed. The number of members of the Council of the subsidiary determined by the Articles of Association, taking into account the number of members of the Management Board and the Council set by the Cabinet of Ministers[24] according to the indicators characterising the size of the company, but not more than 3 (three) members of the Management Board of the dependent company[25]. In 2024, the Management Board of SIA LDZ CARGO was composed of only two persons, while the Management Boards of SIA LDZ ritošā sastāva serviss and AS LatRailNet were of an appropriate size. Up-to-date information on the Council members is available on the website of Latvijas dzelzceļš.
7.4.	A member of the Council is elected for a term of office of not more than 5 years.	A member of the Council of Latvijas dzelzceļš is elected for a term of five years. The term of office of a member of the Council set out in the Articles of Association of subsidiaries is five years.

[22] Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof
[23] Cabinet Regulation No. 20 of 7 January 2020 Procedures for nominating members of the Management Board and Council in capital companies in which capital shares are owned by the State or a derived public person
[24] Regulations on the Number of Members of the Management Boards and Councils of Publicly Owned Capital Companies and Publicly Owned Private Capital Companies, as well as the Maximum Monthly Remuneration of the Members of the Management Boards and Councils Cabinet of Ministers Regulation No 63 of 4 February 2020.
[25] The Policy for Management of Limited Liability Companies of the Latvijas dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No.PA1.2./7-14 on 18 June 2021.

Principle 8. The members of the Council together have appropriate experience and competence.

Criteria		Facts
8.1.	The Council collectively possesses the skills, experience, and knowledge, including in the relevant sector, to be able to fully perform its duties.	The Council shall be nominated in accordance with the procedures set up by external legislation. Members of the Council are assessed against professional criteria. Information on the education and experience of the members of the Council of Latvijas dzelzceļš and its subsidiaries is available on the website of Latvijas dzelzceļš.
8.2.	The composition of the Council is based on the principles of diversity.	The Council of Latvijas dzelzceļš and the Councils of subsidiaries are nominated in accordance with the procedure established by external legislation.
8.3.	Both genders are represented on the Council.	In 2025, one of the four Councils of the Group companies, SIA LDZ ritošā sastāva serviss, represented both genders.
8.4.	The Management Board develops an induction training programme and provides induction training for the new members.	Introductory training is organised for newly appointed Council members at Latvijas dzelzceļš to provide information on the structure of the Group and the specifics of its operations, thereby enabling them to fully perform the duties set out in the approved Regulations of the Council of Latvijas dzelzceļš.

Principle 9. The company's Council includes independent members

Criteria			Facts
9.1.	The company evaluates and shareholders determine the proportion of independent members of the Council.	●	The proportion of independent Management Board members is determined by external legislation[26].
9.2.	At least half of the Council members are independent.	●	In 2025, at least half of the Group companies' Council members were independent. Information on the status of an independent Council member is indicated on the website of Latvijas dzelzceļš.
9.3.	Independent Council member candidates submit a declaration confirming their compliance with the independence criteria, and a Council member is obliged, during their term of office, to notify of any changes in their independence status.	●	During the nomination process, candidates for independent Council members have submitted proof of their compliance with the independence criteria.
9.4.	Before the Council elections, the company assesses the independence of the Council members according to the available information.	●	The nomination committee assesses the independence of Council members based on the information available.

[26] Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof

Principles for determining the remuneration of Council and Management Board members

Principle 10. The company has established a remuneration policy for the Management Board and Council

Criteria		Facts
10.1.	The company has established a remuneration policy, developed by the Management Board, reviewed by the Council and approved by the general meeting of shareholders.	The principles for determining remuneration for members of the Management Board and Council are laid down in external legislation[27] and the internal regulations of the Ministry of Transport[28]. The Council of Latvijas dzelzceļš has approved the guidelines on remuneration and motivation for Management Board members[29]. Latvijas dzelzceļš, as the Parent Company of the Group, establishes uniform procedures (guidelines)[30] For determining the remuneration of members of the Council and Management Board of subsidiaries. In accordance with the Articles of Association of Latvijas dzelzceļš, the Management Board coordinates with the Shareholders' Meeting the key conditions for determining employee remuneration developed by the Management Board, on which the employee compensation system of Latvijas dzelzceļš is based[31]. Latvijas dzelzceļš Group's personnel management and remuneration policy is approved by the Council of Latvijas dzelzceļš[32].
10.2.	Once a year, the Council sets the financial and sustainability targets to be achieved by the Management Board, including by each individual Management Board member, determines their impact on the variable component of remuneration, and monitors their implementation.	Once a year, the Council of Latvijas dzelzceļš sets the financial and non-financial objectives to be achieved by the Management Board, the individual goals (KPIs) of the members of the Management Board for the next period and supervises their implementation[33]. The Management Board of a subsidiary requires the prior approval of the Council (if established) or, if no Council has been established, the Parent Company as the Sole Shareholder, for the projected annual financial performance and non-financial targets and performance indicators individually set for the members of the Management Board[34].
10.3.	The members of the Council are not paid a variable remuneration or any compensation in the event of removal or resignation.	Council members of Latvijas dzelzceļš and Council members of the Group's subsidiaries are not entitled to any variable component of remuneration, nor are they paid any compensation in the event of dismissal or resignation.
10.4.	Once a year, the Management Board reports on the remuneration granted to each current and former member of the Management Board and Council.	The website of Latvijas dzelzceļš provides information on the remuneration granted to each current and former member of the Management Board and Council of Latvijas dzelzceļš from 2022 onwards.

[27] Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof
[28] Internal Regulations of the Ministry of Transport of 27.09.2021. No. 01-02/31 Procedures for the Management of State Capital Shares
[29] The guidelines for remuneration and motivation of the members of the Council and the Management Board of VAS Latvijas dzelzceļš approved by the Decision of the Council No. PA1.2/14-1 of 18.07.2024
[30] The guidelines for remuneration and motivation of the members of the Council and the Management Board of Subsidiaries of Latvijas Dzelzceļš Group have been approved by the Decision of the Management Board No. VL-1.6/219-2022 of 13 July 2022
[31] Regulations regarding the most important conditions for determining compensation of employees, approved by the Decision of the Management Board No. VL-1.6/400-2024 of 18 December 2024, approved by the Council Decision No. PA1.2/22-4 of 19 December 2024, coordinated with the decision of the Shareholders' Meeting No. A1.1/7-1 of 19 December 2024.
[32] The personnel management and remuneration policy of Latvijas Dzelzceļš Group approved by the Council Decision No.PA1.2/21-18 of 12 December 2022
[33] The Rules of Procedure of the Council of the State Joint Stock Company Latvijas dzelzceļš have been approved by the Decision of the Council of Latvijas dzelzceļš VAS No.PA1.2./13-10 of 20 October 2021
[34] The policy for managing the limited liability companies of Latvijas Dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No.PA1.2./7-14 on 18 June 2021.

Organisation of the Council's work and decision-making

Principle 11. The company has established a defined and understandable framework of the work of the Council.

Criteria		Facts
11.1.	The Council organises its work in accordance with its bylaws and work schedule.	Rules of Procedure approved for the Council of Latvijas dzelzceļš[35]. The Council approves the calendar of meetings of the Council for the current calendar year. In 2024, 22 Council meetings took place, where 147 decisions were reviewed and taken. The Councils of the subsidiaries of the Group draw up and approve the rules of procedure of the Council and submit them to the sole shareholder for information[36]. The work of the Councils of subsidiaries is organised in accordance with the rules of procedure and the annual work schedule.
11.2.	The Council holds at least one separate meeting per year to discuss the company's strategy and its implementation.	The Council of Latvijas dzelzceļš oversees the implementation of the strategy[37]. Once every six months, a report on the implementation of the action plan for the implementation of the strategy is submitted to the holder of capital shares reviewed and approved at the Council meeting[38]. The Councils of subsidiaries review quarterly the implementation of the action plans for the implementation of the strategic planning documents[39].
11.3.	The company's budget provides for reasonable funding to ensure the effective functioning of the Council.	The financing necessary to ensure the operation of the Council is provided for in the budget of the respective company of the Group.
11.4.	The Council conducts an annual self-evaluation of its work, the results of which shall be examined at a meeting of the Council.	The Council of Latvijas dzelzceļš performs an annual self-assessment. Information on the Council's self-assessment and the main conclusions on the results of the Council's self-assessment are submitted for consideration at the Shareholders' Meeting[40]. Subsidiaries shall, simultaneously with the annual report, submit to the Shareholder a report reviewed by the Council on the assessment of the performance of the Council members (including self-assessment)[41].
11.5.	The Council annually assesses whether its composition has the appropriate experience and competence, including whether it has sufficient capacity and complies with diversity principles.	The Council of Latvijas dzelzceļš performs an annual self-assessment.
11.6.	The Council has evaluated the need for committees (if a committee has been established, see principle # 12[1]).	The Council of Latvijas dzelzceļš has assessed the need for committees and established an Audit Committee[42]. For subsidiaries, Council committees are not required under law, nor are they provided for in the Management Board's rules of procedure.

[35] The Rules of Procedure of the Council of the State Joint Stock Company Latvijas dzelzceļš have been approved by the Decision of the Council of VAS Latvijas dzelzceļš No.PA1.2./13-10 of 20 October 2021
[36] The policy for managing the limited liability companies of Latvijas Dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No.PA1.2./7-14 on 18 June 2021.
[37] The Rules of Procedure of the Council of the State Joint Stock Company Latvijas dzelzceļš have been approved by the Decision of the Council of VAS Latvijas dzelzceļš No.PA1.2./13-10 of 20 October 2021
[38] Internal Regulations of the Ministry of Transport of 27 September 2021. No. 01-02/31 Procedures for the Management of State Capital Shares
[39] The Policy for Management of Limited Liability Companies of the Latvijas dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No PA1.2./7-14 on 18 June 2021.
[40] Internal Regulations of the Ministry of Transport of 27 September 2021. No. 01-02/31 Procedures for the Management of State Capital Shares
[41] The Policy for Management of Limited Liability Companies of the Latvijas dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No PA1.2./7-14 on 18 June 2021.
[42] Council Decision No. PA 1.2./4-2 of 6 March 2020

Principle 12. The decisions the Council takes are informed and well-considered.

Criteria			Facts
12.1.	The Council has timely and sufficient access to information prepared by the Management Board for decision-making.	●	Information for taking of decisions shall be submitted to the Council of Latvijas dzelzceļš a week before the day of the meeting or within a shorter time period in accordance with the decision of the Chair of the Council[43]. The rules of procedure of the Councils of subsidiaries set out the deadlines for the submission of information necessary for decision-making.
12.2.	The Council determines the procedures for the circulation of information, including the right of the Council to request information from the Management Board necessary for the Council to make decisions.	●	The rules of procedure of the Council of Latvijas dzelzceļš determine the procedures for the circulation of information and the right of the Council to request information from the Management Board, which is necessary for the Council to take decisions. The rules of procedure of the Councils of subsidiaries determine the procedures for the circulation of information and the right of the Council to request information from the Management Board, which is necessary for the Council to take decisions.
12.3.	Council members analyse information and prepare proposals for decisions by the Council.	●	The rules of procedure of the Council of Latvijas dzelzceļš stipulate that when taking decisions, a member of the Council shall act in the best interests of the public, in good faith, with due diligence and care. The minutes of the Council meeting, inter alia, indicate the course and content of the discussion of agenda items; at the request of a member of the Council, his or her dissenting opinion; the questions raised for consideration, if any. At meetings of Councils of subsidiaries, the course of the Council meeting specified in the rules of procedure of the Council shall be observed, upon request of a Council member the different opinion of the Council members shall be indicated in the minutes.
12.4.	When making decisions, the Council considers risks, short- and long-term impacts on corporate value, sustainability and responsible development.	●	In taking decisions, the Council of Latvijas dzelzceļš promotes the achievement of the objectives included in the Medium-term operational strategy, evaluates risks, short-term and long-term impact on the value, sustainability and responsible development of the capital company. The annotations/ explanatory notes to the decisions of the Council of LDz and its subsidiaries include information on the impact of the decision.

[43] The Rules of Procedure of the Council of the State Joint Stock Company Latvijas dzelzceļš have been approved by the Decision of the Council of VAS Latvijas dzelzceļš No PA1.2./13-10 of 20 October 2021

Principle 12.[1] The committee prepares proposals for decision by the Council

Criteria			Facts
12.[1]1.	The Council determines the tasks of the committee and the procedures for the organisation of its activities.	●	The Council of Latvijas dzelzceļš has approved the by-laws of the Audit Committee, which determine the tasks of the Committee and the procedures for organising its activities[44]. The by-laws of the Audit Committee are available on the website of Latvijas dzelzceļš.
12.[1]2.	The Council establishes a committee composed of at least three Council members who have appropriate experience and expertise in the relevant area of the committee's activities (remuneration, nomination, audit or other areas).	●	The Council has established an Audit Committee composed of three members of the Council in 2025, chaired by Reinis Ceplis.
12.[1]3.	The committee analyses information and prepares proposals for decision-making in the Council, as well as informs the Council about the work of the committee.	●	The Audit Committee provides support to the Council in supervising the company's annual report preparation process, performing internal control and risk management system performance supervision tasks and operates in accordance with the requirements of the legislation, observing the principles of good corporate governance. The Audit Committee shall, not less than once a year, provide a written report to the Council regarding the performance of its activities and tasks. The Audit Committee is responsible for reporting to the Council any deficiencies identified in: the preparation and/or review of the financial statements and consolidated financial statements; the effectiveness of internal control and risk management and internal audit; and promptly reporting any non-compliance by the certified auditor with the Law on Audit Services. During 2025, three meetings of the Council Audit Committee were convened, at which a total of 14 matters were considered.

[44] The By-laws of the Audit Committee of the Council of the State Joint Stock Company Latvijas dzelzceļš approved by the Council Decision No PA 1.2./22-10 of 15 October 2020

Prevention of conflict of interest

Principle 13. The members of the Management Board and the Council are fully aware of the conflict of interest indicators and are informed of the necessary action in the event of a conflict of interest.

Criteria		Facts
13.1.	The Council defines the indications of a conflict of interest and establishes procedures for the prevention and management of conflicts of interest.	The Code of Ethics of Latvijas dzelzceļš Group defines the signs of a conflict of interest and the actions to prevent a conflict of interest[45]. The members of the Management Board and Council of the companies of the Group are public officials, therefore conflict of interest situations and issues of combining positions shall be resolved in accordance with the external laws and regulations regarding prevention of conflict of interest situations in activities of public officials[46]. The rules of procedure of the Management Board and Council of the companies of the Group set out obligations regarding compliance with the external regulation and action if a conflict of interest or potential conflict of interest has been identified[47]. Consent to combine positions is provided by applying external regulations. The handling of conflicts of interest and the combination of positions of state officials of Latvijas dzelzceļš, which are matters within the competence of the Management Board and Council, is monitored by a designated representative of the holder of state shares[48].
13.2.	The members of the Council or the Management Board do not take part in decisions on matters where the interests of the company conflict with the interests of the Council, members of the Management Board or persons related to them.	The rules of procedure of the Management Board and Council of the companies of the Group set out obligations regarding compliance with the external regulation and action if a conflict of interest or potential conflict of interest has been identified.
13.3.	Persons subject to conflict of interest obligations get regular training on how to deal with conflict of interest situations.	In 2025, training in the prevention of corruption and conflicts of interest was provided to 2878 employees of the Group from various structural units of Group companies.

[45] Code of Ethics of Latvijas Dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No PA PA1.2/17-2 dated 27 September 2024.
[46] Law On Prevention of Conflict of Interest in Activities of Public Officials
[47] The Policy for Management of Limited Liability Companies of the Latvijas dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No PA1.2./7-14 on 18 June 2021.
[48] Internal Regulations of the Ministry of Transport of 27 September 2021. No. 01-02/31 Procedures for the Management of State Capital Shares

Shareholders' Meeting

Principle 14. The company provides shareholders with information about the conduct of the Shareholders' Meeting in a timely manner, providing all the necessary information for making decisions.

Criteria		Facts
14.1.	The company informs shareholders in good time of the agenda, proceedings and voting procedure of the general meeting of shareholders, as well as of any changes thereto.	Shareholders' Meetings are organised in accordance with the internal regulations of the Ministry of Transport Procedures for the Management of State Capital Shares[49]. Latvijas dzelzceļš complies with the requirements of this Regulation. Subsidiaries of Latvijas dzelzceļš submit information on the agenda of the Shareholders' Meeting within the established deadlines. The Rules of Procedure for Shareholders' Meetings of subsidiaries determine how shareholder meetings of the Group's limited liability companies[50] are organised, with the exception of AS LatRailNet, which is subject only to the provisions of the Commercial Law governing the organisation and conduct of shareholders' meetings.
14.2.	The company ensures that shareholders are able to familiarise themselves with draft decisions and the accompanying documentation in a timely manner, including through the use of digital tools.	The notification on convening of the Shareholders' Meeting shall be sent at least two weeks before the meeting (except for extraordinary meetings). Concurrently with the notification on convocation of the Shareholders' Meeting, the capital company shall submit all documents justifying the issue to be examined at the Shareholders' Meeting and related thereto, ensuring an opportunity for the shareholder's representatives to become acquainted with the submitted documents.
14.3.	The company provides shareholders with the opportunity to submit questions on the issues included in the agenda and draft decisions before the Shareholders' Meeting.	After identifying the opinions and evaluating the issue, the State Capital Share Management Department of the Ministry of Transport shall co-ordinate the draft decision, propose clarifications or inform the capital company that there are no grounds to bring the matter forward for consideration at the shareholders' meeting. The Department of State Capital Share Management prepares draft resolutions of the Shareholders' Meeting two working days before the Shareholders' Meeting and submits them for approval to the representative of the holder of state capital shares and the State Secretary. The representative of the holder of state shares may determine another deadline for the preparation and coordination of decisions of the Shareholders' Meeting[51].
14.4.	Draft decisions and the documents attached thereto provide detailed, clear and complete information on the matter under consideration.	Latvijas dzelzceļš ensures that the draft decisions and the documents attached thereto provide detailed, clear and complete information on the issue under consideration. The Rules of Procedure of the Management Board include provisions for the preparation and submission of documents to the Council, the Shareholders' Meeting and the holder of capital shares[52].

[49] Internal Regulations of the Ministry of Transport of 27.09.2021 No. 01-02/31 Procedures for the Management of State Capital Shares
[50] The rules of procedure of the Shareholders' Meetings of subsidiaries were approved by the decision of the Management Board No. VL -25/154 of 14 April 2020.
[51] Internal Regulations of the Ministry of Transport of 27.09.2021 No 01-02/31 Procedures for the Management of State Capital Shares
[52] The Rules of Procedure of the Management Board of VAS Latvijas dzelzceļš approved by the Decision of the Management Board of VAS Latvijas dzelzceļš No VL-41/164 of 17 October 2019

Principle 15. The company promotes effective engagement of shareholders in decision-making and the largest possible participation of shareholders in Shareholders' Meetings.

	Criteria	Facts
15.1.	The company ensures that shareholders have the opportunity to participate in Shareholders' Meetings either in person or remotely, subject to the necessary security and technical arrangements.	Shareholders' meetings may be held both onsite and remotely via electronic means of communication[53]. Meetings of members/ shareholders of subsidiaries of Latvijas dzelzceļš are held in person and may also be conducted remotely[54].
15.2.	The company determines the appropriate duration of the Shareholders' Meeting and gives shareholders right to express their opinion during the meeting and obtain the necessary information for making decisions.	The duration of the meeting is determined depending on the items on the agenda and the expected progress of the discussion. The requirements for the preparation of documents for Shareholders' Meetings are laid down in the internal regulations of the Ministry of Transport and the internal regulations of the Latvijas Dzelzceļš Group, respectively[55]. The Shareholders' Meeting of LDz is chaired by a representative of the shareholder, so there is no doubt about the shareholder's ability to express their opinion and obtain the necessary information for decision-making. The Shareholders' Meetings of the subsidiaries of Latvijas dzelzceļš are chaired by the Chairman of the Management Board of Latvijas dzelzceļš, therefore there is no doubt about the possibility of the shareholder to express an opinion and obtain the necessary information for decision-making.
15.3.	The company invites the members of the Management Board and Council, the candidates for the Council, the auditor and the internal auditor, as well as other persons to participate in the general meeting of shareholders in accordance with the matters to be considered at the meeting.	Members of the Council and the Management Board participate in the Shareholders' Meeting. The auditor participates in the Shareholders' Meeting when considering the issue of approval of the annual report. Other persons shall be invited in accordance with the instructions of the representative of the shareholder and the issues to be discussed at the meeting.
15.4.	The Shareholders' Meeting takes decisions in accordance with previously announced draft decisions.	The Shareholders' Meeting typically adopts decisions in accordance with the previously announced draft resolutions; where necessary, a shareholder may propose editorial amendments or an alternative decision.

[53] Internal Regulations of the Ministry of Transport of 27.09.2021 No 01-02/31 Procedures for the Management of State Capital Shares
[54] The rules of procedure of the Shareholders' Meetings of subsidiaries were approved by the decision of the Management Board No VL -25/154 of 14 April 2020.
[55] The rules of procedure of the Shareholders' Meetings of subsidiaries were approved by the decision of the Management Board No VL -25/154 of 14 April 2020.

Principle 16. The company develops and discusses a dividend policy with shareholders.

Criteria			Facts
16.1.	The company has developed and published an up-to-date dividend policy.	●	The amount of dividends of LDz and subsidiaries is determined in accordance with the provisions of binding legislation[56] and the law On the State Budget for 2026 and Budget Framework for 2026, 2027, and 2028.
16.2.	Dividend policy is discussed with shareholders during the Shareholders' Meeting.	●	The amount of the dividend is discussed with the Council and the shareholder. The amount of the dividend of Latvijas dzelzceļš subsidiaries is discussed with the shareholder.

[56] Procedures for Forecasting, Determining and Making Payments for the Use of State Capital

Transparency of the Company's activities

Principle 17. The company regularly and timely informs shareholders and other stakeholders about the company's economic activity, financial results, management and other topical issues

Criteria			Facts
17.1.	The company discloses complete, accurate, objective, current, and truthful information in a timely manner.	●	Latvijas dzelzceļš discloses complete, accurate, objective, up-to-date and truthful information about the Group's companies on its website in accordance with the requirements of external legislation[57] and company news. Information is updated in accordance with the LDz Group's information disclosure procedure[58].
17.2.	The company provides information to all shareholders simultaneously and on an equal basis and, for this purpose, uses pre-agreed communication channels, taking into account both technological capabilities and shareholders' needs.	●	Latvijas Dzelzceļš has only one shareholder. Similarly, subsidiaries have only one shareholder. Agreed communication channels are used for the provision of information.
17.3.	A company discloses on its website information about the enterprise's management, strategy or lines of business and publishes its financial statements and other information in accordance with Appendix 1 of the Code.	●	Latvijas dzelzceļš and subsidiaries publish information in accordance with Section[58] of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies thereof, as well as publish information in accordance with Annex 1 to the Code. Latvijas dzelzceļš has been preparing and publishing a Sustainability Statement on its website since 2016 in accordance with the international Global Reporting Initiative (GRI) Standards. Starting from 2024, the company has additionally applied, on an early and voluntary basis, the sustainability reporting approach set out in the Corporate Sustainability Reporting Directive and the related Sustainability Disclosure Law.
17.4.	The company ensures that the information is made available both in Latvian and in at least one other official language of a Member State of the European Union.	●	Information on the website of Latvijas dzelzceļš is available in Latvian and English.

[57] Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof
[58] The procedure for disclosure of information by Latvijas Dzelzceļš Group was approved by decision of the Management Board No VL-1.6/400-2023 of 19 December 2023

Governance of groups of companies

Principle 18. A transparent governance system has been established within the Group, ensuring the implementation of corporate governance principles across subsidiary companies.

Criteria		Facts
18.1.	Members of the Management Board and the Council of subsidiaries belonging to the Group act primarily in the interests of the respective subsidiary.	Members of the Management Board and the Council of subsidiaries within the Latvijas Dzelzceļš Group act primarily in the interests of their subsidiary.
18.2.	A transparent framework for the implementation of Group-level strategy, financial targets and policies has been established within the Group.	Within the Latvijas Dzelzceļš Group, a transparent framework and reporting arrangements have been implemented for the execution of Group-level strategy, financial targets and policies[59].
18.3.	The company provides comprehensive and transparent information on its operations within the Group.	Subsidiaries of the Latvijas Dzelzceļš Group provide comprehensive and transparent information on their activities, which is available on the Latvijas dzelzceļš website.

[59] The Policy for Management of Limited Liability Companies of the Latvijas dzelzceļš Group, approved by the decision of the Council of VAS Latvijas dzelzceļš No PA1.2./7-14 on 18 June 2021.

Disclosures by the company

Corporate Governance Code requirement		Availability of information on the www.ldz.lv website
Company		
Company information – history of establishment and operations, registration details, address, industry profile, principal business activities, and the company's position within the Group structure	●	See section About us
Information on the company's strategic objectives	●	See Mission, Vision, and Strategy
Articles of Association	●	See Mission, Vision, and Strategy
Information on the company's corporate governance structure	●	Governance policies: Corporate Governance Code of the Latvijas Dzelzceļš Group
Company Code of Internal Culture and Ethical Conduct	●	Governance policies: Code of Ethics of the Latvijas Dzelzceļš Group
Information on the company's compliance with applicable good business practice standards (e.g. in the areas of sustainability, environmental protection and information technology)	●	See section LDz and Environment
Key corporate policies	●	See Governance policies
Shareholders and ultimate beneficial owners		
Information on the company's shareholders/members holding at least 5% of the company's share capital (indicating the date as at which the information was prepared)	●	See the section About us – Shareholder
Information on the company's ultimate beneficial owners (indicating the date as at which the information was prepared)	●	Not applicable
Number of issued, paid-up and voting shares, bonds or other financial instruments issued by the company	●	Not applicable
Council and Management Board		
Structure of the Management Board and the Council	●	Regulations of the Management Board, Regulations of the Council
Information on each member of the Council and the Management Board	●	See under Management Board and Council
Information on the independent members of the Council	●	See under Council
Remuneration policy and remuneration report for the Management Board and Council	●	See sections Management Board and Council
Company-approved procedure for the selection and removal of Council and Management Board members	●	See the sections Rules of Procedure of the Management Board and Rules
Information on Council committees and the Audit Committee	●	See the section Council and the Audit Committee Regulations

Disclosures by the company

Corporate Governance Code requirement	Availability of information on the website www.ldz.lv
Financial and sustainability reports and information	
Company financial statements and reports for at least the last three financial years: • Annual reports (including consolidated financial statements, where applicable) and auditor's reports (where prepared) • Interim and quarterly reports	See the section Financial and performance indicators
Company financial statements and reports	See the section Financial performance indicators
Company sustainability statements for at least the last three financial years, where applicable	See the section Financial and performance indicators – Audited annual reports and Sustainability Statements
Statements of Corporate Governance for at least the last three financial years, where applicable	See the section Financial and performance indicators – Audited Annual Reports For 2022 and 2023 – included in the Consolidated Annual Report of Latvijas dzelzceļš. For 2024 – included in the Consolidated Annual Report of the Latvijas Dzelzceļš Group for 2024 and the Sustainability Statement
Company financial calendar or other calendar of significant and planned communication activities	Not published
Information for shareholders and investors	
Information on planned Shareholders' Meetings: • notices convening Shareholders' Meetings • draft decisions	Not published
Information on held Shareholders' Meetings	Undisclosed since 2024
Company dividend policy and information on dividends paid (for at least the last 10 years of the company's operations)	See the section Financial and performance indicators
Information on related party transactions	See the section Financial performance indicators
Corporate announcements and material information for investors, including investor presentations, video recordings of investor events, forecasts (where disclosed), announcements regarding mergers or acquisitions, and other relevant information.	Not applicable
Person responsible for communication with the company (e.g. investor relations officer)	Not applicable

Key company policies

Key policies included in corporate governance principles or criteria		
Risk Management Policy	●	Latvijas Dzelzceļš Group Risk Management Policy
Remuneration Policy	●	Latvijas Dzelzceļš Group Personnel Management and Remuneration Policy
Dividend policy	●	See Statement of Corporate Governance 16.1
Code of Internal Culture and Ethical Conduct	●	Code of Ethics of the Latvijas Dzelzceļš Group
Management Board and Council selection policy	●	See Section 7.1 of the Statement of Corporate Governance
Conflict of Interest Policy	●	Included in the Group Code of Ethics
Other key policies mentioned in the Code		
Internal Audit Policy	●	VAS Latvijas dzelzceļš Group Internal Audit Policy
Information Management and Security Policy	●	Procedure for Disclosure of Information by Latvijas Dzelzceļš Group
Whistleblowing Policy	●	Latvijas Dzelzceļš Group Fraud Prevention Policy
Fair Competition Policy	●	Included in the Code of Ethics of the Latvijas Dzelzceļš Group
Diversity policy	●	Included in the Code of Ethics of the Latvijas Dzelzceļš Group
Sustainability Policy	●	Latvijas dzelzceļš Group Sustainability Policy
Crisis Management and Business Continuity Policy To ensure the company's preparedness for unforeseen events and the continuity of operations, including in health, supply chain and cybersecurity crises.	●	Cybersecurity Policy of the Latvijas Dzelzceļš Group Traffic Safety Policy of the Latvijas Dzelzceļš Group Security Policy of the Latvijas Dzelzceļš Group
Key compliance assurance policies		
Transaction Partner Due Diligence Policy	●	Instruction Transaction Review Procedures at Latvijas Dzelzceļš Group
Sanction Risk Management Policy	●	Latvijas Dzelzceļš Group Sanction Policy
Personal Data Processing Policy	●	Privacy Policy for Natural Persons of the Latvijas Dzelzceļš Group Personal Data Protection Policy of the Latvijas Dzelzceļš Group

Sustainability management in the Group

The Rules of Procedure of the Management Board of VAS Latvijas dzelzceļš stipulate that the Chairman of the Management Board is responsible for matters related to the planning and management of sustainability processes and, until a new Management Board member is elected or amendments to the Rules of Procedure of the Management Boards are made, also bears additional responsibility for matters related to investment planning, environmental and energy management, as well as for other areas associated with the management of impacts, risks and opportunities within the company. Under the authority of the Chair of the Management Board are the directorates and bodies (see figure on page 29) that help to ensure effective management of these areas. Sub-paragraph 1.2.13 of the Rules of Procedure of the Council of VAS Latvijas dzelzceļš states that one of the tasks of the Council is to approve the key policies defining the principles of the company's operations with regard to risk management, sustainability, and other issues related to impacts, risks and opportunities and to review the reports set out in the key policies to the Council on an annual basis. The Councils of VAS Latvijas dzelzceļš and AS LatRailNet have laid down in their rules of procedure that the Council, when making decisions, shall contribute to the achievement of the objectives included in the medium-term operational strategy, assess the risks, short-term and long-term impact on the value, sustainability and responsible development of the capital company.

The other subsidiaries have not mentioned in their Management Board and Council regulations their responsibilities for sustainability issues and related areas, including impacts, risks, and opportunities.

On 10 October 2023, the Group-level Sustainability Committee was established by a decision of the Management Board, chaired by the Chairman of the Management Board of VAS Latvijas dzelzceļš and attended by all members of the Management Board of LDz, representatives from various LDz structures and departments, as well as delegated representatives of the Group's subsidiaries. The aim of the Committee was to ensure a common initial approach to the planning, implementation, and monitoring of the Group's sustainability priorities and related activities, including the disclosure of sustainability-related information.

Two Sustainability Committee meetings were held in 2024 to discuss the Group's sustainability policy, CO2 calculations at Group level, sustainability requirements of the financial sector, LDz's participation in external sustainability initiatives and activities, developments in sustainable infrastructure management and other issues. The 2024 Sustainability Action Plan, which includes 40 activities related to the Group's key sustainability areas, was also reviewed and approved.

On 22 October 2024, the Management Board of VAS Latvijas dzelzceļš adopted a resolution On amendments to the Rules of Procedure of the Management Board and changes in the Group Committees of Latvijas dzelzceļš, providing for the termination of the Group Sustainability Committee. **Sustainability-related issues are discussed in working groups of the Investment Committee, the Risk Management Committee or in another governance format appropriate to the issue**.

In 2024, the Sustainability and Environmental Management Division of the LDz Development Directorate was responsible for coordinating the work of the Sustainability Committee and other issues related to sustainability management. It was also responsible for preparing sustainability statements and organising or supporting training for employees of LDz and subsidiaries in sustainability-related areas. Employees of both LDz and the subsidiaries could consult the staff of the Sustainability and Environmental Management Department, if necessary, for answers to questions related to sustainable development, sustainability trends, requirements and their practical application. **In 2025, sustainability management was transferred to the LDz Finance Directorate, ensuring a unified approach to the compilation of information to be included in the Group's annual reports**. On 27 March 2024, the Council of VAS Latvijas dzelzceļš approved the Group's Sustainability Policy (the current version was approved by the LDz Council on 16 October 2025), the aim of which is to establish a unified approach to the management of sustainability processes within the Group. The policy is binding for LDz and all subsidiaries and affects every area of their operations, setting out a common model for managing sustainability processes, identifying and managing material sustainability areas, including reporting on sustainability issues. The Sustainability Policy applies to AS LatRailNet to a limited extent.

Some sustainability-related areas have policies and designated staff responsible for their implementation. For example, the Group's **Environmental and Energy Resources Management Policy, Occupational Health and Safety System and Policy, Human Resources Management and Remuneration Policy, Personal Privacy Policy, Fraud Prevention Policy, Road Safety Policy**, and other internal regulations and related processes have been approved. Priorities and tasks to be carried out in these areas are identified and reported to the Management Board by the responsible staff at regular intervals. For example, the performance of the Environment and Energy Management System and the related programme is reported annually by management and reviewed by the Management Board.

The Council monitors the overall execution of the strategy by reviewing the Management Board's report on the execution of the strategy twice a year before it is submitted to the shareholder, and by reviewing matters related to the progress of strategic issues at regular Council meetings. In recent years, however, the focus has largely been on the Group's economic performance and its ability to ensure continued operational continuity as well as to implement the necessary investment projects to improve passenger infrastructure.

The Council and the Management Board do not have experts with expertise in environmental or social sustainability issues, but the selection of Council and Management Board members – especially in the Group's holding company – requires expertise in corporate governance, risk management, internal control and financial management, which is critical given LDz's status as a state-owned company. No specific training is organised for Council or Management Board members on sustainability issues, but these issues are discussed at Council and Management Board meetings as required.

Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Group does not have a detailed procedure for informing the Council or the Management Board of all sustainability impacts, risks, and opportunities and their progress, while each specific area of activity has a specific procedure for providing information - especially in the context of negative impacts and/or new risks or risks that have actually occurred. This includes quarterly reporting by the Risk Manager on the Group's material risks to the LDz Management Board (the reporting may also include sustainability risks depending on their assessment), with the Management Board reporting to the Council. Operational issues in each area are discussed at weekly meetings of the heads of the entities with the responsible members of the Management Board.

In areas related to financial and investment decision-making or strategic issues, the Council and the Management Board take decisions in accordance with their respective competences. In 2025, the following sustainability-related issues (including strategic development with sustainability elements) were considered and decided at LDz Council meetings:

- On approval of Latvijas Dzelzceļš Group Personal Data Protection Policy;
- On the 2024 Sustainability and Annual Report and Consolidated Annual Report 2024 of VAS Latvijas dzelzceļš;
- On approval of the Sustainability Policy of the Latvijas Dzelzceļš Group;
- On the report on the implementation of the Action Plan of the Medium-Term Operational Strategy 2021-2025 of Latvijas dzelzceļš VAS in the first half of 2025;
- On the concept of the project Construction of BEMU charging infrastructure.

In 2025, the following sustainability-related issues (including strategic development with sustainability elements) were considered and decided at LDz Management Board meetings:

- Approval of the Sustainability Policy and sustainability-related documents of the Latvijas Dzelzceļš Group;
- The report on the management of the environmental and energy management system of VAS Latvijas dzelzceļš and the implementation of the Environmental and Energy Management Programme 2022-2028 in 2024 was approved;
- Approved Guidelines for the Calculation of GHG emissions of the Latvijas Dzelzceļš Group;
- The progress of the action plan for implementing the Medium-Term Operational Strategy 2021–2025 of Latvijas dzelzceļš VAS in the first half of 2025 was reviewed;
- Approved Cybersecurity Policy of the Latvijas Dzelzceļš Group;
- Approved draft Medium-Term Operational Strategy of VAS Latvijas dzelzceļš for 2026–2030 and the draft action plan;
- Approved Latvijas Dzelzceļš Group Personal Data Protection Policy;
- An updated standard for universal design of passenger infrastructure of Latvijas dzelzceļš VAS was approved.

In addition, the Management Board and Council meetings also addressed sustainability issues such as employee well-being and social protection, supplier management, passenger infrastructure improvement projects, etc.

Sustainability issues are taken into account in the development of the strategy - certain elements of the strategy are embedded in the medium-term operational strategy for 2021-2025, and the Group plans to take into account the key sustainability areas identified by the Group when developing the strategy for the next period. The Group does not have a specific mechanism or procedure for the Council or the Management Board to act or make decisions in cases where there is a conflict between the different sustainability areas and their performance, but the Council and Management Board members act in such cases in accordance with common sense, their experience and understanding of the Group's priorities and the resources available to take certain steps. For example, a long-term issue to be addressed is the mitigation of LDz's legacy historical pollution in Rīga, Škirotava, Vagonu Parks, as well as in several other areas across Latvia (see page 121 for more details). However, due to the high cost of abatement measures and the Group's financial capacity, urgent works are being carried out and pollution elimination and control works are gradually being implemented where feasible. Similarly, the upgrading of passenger infrastructure generates GHG emissions during the construction process, but the priority is to reduce GHG emissions in the transport sector in the long term, so that improvements to passenger infrastructure have a lasting and long-term positive impact on reducing emissions in people's daily mobility - as opposed to emissions from short-term construction.

Integration of sustainability-related performance in incentive schemes

In 2025, the Council set the key performance indicators (KPIs) to be achieved by the Management Board of VAS Latvijas dzelzceļš and tasked the Management Board with achieving them by the respective KPI deadlines, with a particular focus on the following areas: achievement of financial targets, absorption of investments, ensuring business continuity, and development of commercial activities. The following KPIs related to sustainability have been identified:

- Achieve a 'Platinum' category rating in the Sustainability Index assessment of the Corporate Sustainability and Responsibility Institute;
- Reduction in the number of serious accidents per million train-kilometres;
- Development of an Employee Succession Plan;
- Development of infrastructure required for passengers with reduced mobility and limited accessibility, and improvement of related procedures.

The achievement of KPIs has an impact on the overall assessment of the Management Board's performance in the reporting year and on the level of potential bonuses.

In order to significantly increase efficiency and progress towards strategic objectives, the Performance, Goal Management and Competency Appraisal Rules were approved in early 2023 and provide for one appraisal per calendar year, including the possibility of an extraordinary appraisal and career development discussions.

For employees whose job responsibilities are related to sustainability matters, annual sustainability-related objectives are set. These include, for example, the preparation of various sustainability-related documents, the calculation of GHG emissions, ensuring compliance with the ISO 14001:2015 (environmental management) and ISO 50001:2018 (energy management) environmental and energy management systems during surveillance audits, traffic safety (including the reduction in the number of serious accidents), and other sustainability-related areas. The results of achieving these objectives are subsequently taken into account in the employee's performance evaluation. The objectives are set by the employees together with their direct managers and in line with the overall objectives of their organisation and the company.

Statement on due diligence

In all cases where the activities carried out by the Group affect or are likely to affect stakeholders, the Group observes the principle of due diligence in the maintenance, development, and commercial operation of railway infrastructure in public use. The most important aspects of due diligence are:

Consultations with the Latvian Railway and Transport Industry Trade Union on employment, working conditions, remuneration, and other employee-related issues

The selection and evaluation of tenderers under the public procurement framework and, from 2024, the gradual assessment of the sustainability risk level of selected suppliers to ensure transparent supplier selection as well as the successful management of cooperation risks

Consultations, public discussions, working groups, or joint projects with representatives of various social groups to ensure that their interests are taken into account as far as possible in the provision of railway infrastructure and related services and in the early identification and prevention of negative impacts (e.g. in the field of accessibility)

Regular environmental monitoring of soil, groundwater, wastewater and air, and, where necessary, geo-ecological or detailed investigations of contaminated sites, including historically contaminated areas, with the aim of reducing the spread of pollution, ensuring its control and, where possible, its remediation.

Periodic strategic railway noise mapping, with the aim of identifying areas where noise causes discomfort to residents and, where feasible, planning measures to mitigate the spread of noise.

Identifying and assessing risks for new investment projects to identify, in a timely manner, risks that may not only jeopardise or delay project implementation, but also cause inconvenience, confusion, or resistance on the part of the affected population

As well as other due diligence measures to identify and mitigate potential negative impacts at an early stage

Where the due diligence process generates information about significant views and/or concerns of external stakeholders, the Management Board of the company concerned or the Group's management are informed of these matters. The Management Board is most often actively involved and proactive in discussions with the trade union, customers, and strategic business partners.

For information on specific aspects of due diligence in the content of the Sustainability Statement, see the sections below:

Key elements of due diligence	Page of the report
Embedding due diligence in governance, strategy and business model	77.-78., 121.-122., 130., 140., 158., 162., 169.-171.
Engaging with affected stakeholders in all key steps of the due diligence	79.-81., 83., 96., 122., 140., 145., 158., 160., 165., 177.-179., 191.
Identifying and assessing negative impacts	65.-66., 82.-83.
Taking actions to address those adverse impacts	92.-93., 146., 161., 166., 180.
Tracking the effectiveness of these efforts and communicating	148., 166., 180.

Risk management and internal controls over sustainability reporting

The Group follows the following quality and control principles in sustainability reporting, which allow for timely mitigation of potential priority risks identified in accordance with sustainability reporting requirements, good practices and potential deviations that may arise from the participation of a large number of internal stakeholders in the reporting process, the scope of multiple entities, as well as the presentation of data that has not been previously addressed and analysed in the entity and Group reports:

A systemic approach. In order to ensure a uniform approach and understanding of the duties, responsibilities, and reporting process of the parties involved in sustainability reporting, the Management Board of VAS Latvijas dzelzceļš has approved the Procedure for the Preparation of the Sustainability Statement of the Latvijas Dzelzceļš Group, which is binding for the entire Group.

Data accuracy. To ensure data accuracy and consistency with the Group's other reporting channels and obligations, the data required for sustainability reporting is sourced as far as possible from the resource management system SAP or other internal information systems and registers for which the data is traceable. To mitigate risks related to data accuracy, data obtained from the SAP system for sustainability reporting purposes are compiled and subject to repeated verification by reconciling them with supporting documentation.

Quality and consistency of information. To ensure a coordinated sourcing of information from Group companies, each company has a designated person responsible for collecting and reporting sustainability information for sustainability reporting purposes. A list of required information and data is made available to those responsible at the beginning of the year so that it can be obtained and compiled in a timely manner, and training and internal support is provided to ensure a common understanding of the need, nature and information requirements for reporting.

Sourcing information from third parties. To ensure that information provided by third parties is relevant and comparable, unified questionnaires are developed to obtain information, e.g. from suppliers, and professional external sources are used where possible (e.g. for emission factors needed for GHG emission calculations).

Timeliness. In order to ensure that every relevant area of sustainability and related information can be promptly collected, analysed, and described at the beginning of the year, the preparation of the Sustainability Statement starts at the end of the first half of the year, with data for the first six months or three quarters of the year, and the qualitative part of the Sustainability Statement is prepared in good time.

The "four-eyes" principle. To ensure the accuracy of the information and descriptions compiled and to ensure that the data is correctly presented, parts of the report are reconciled with the information providers after the content has been drafted, with clarification where necessary.

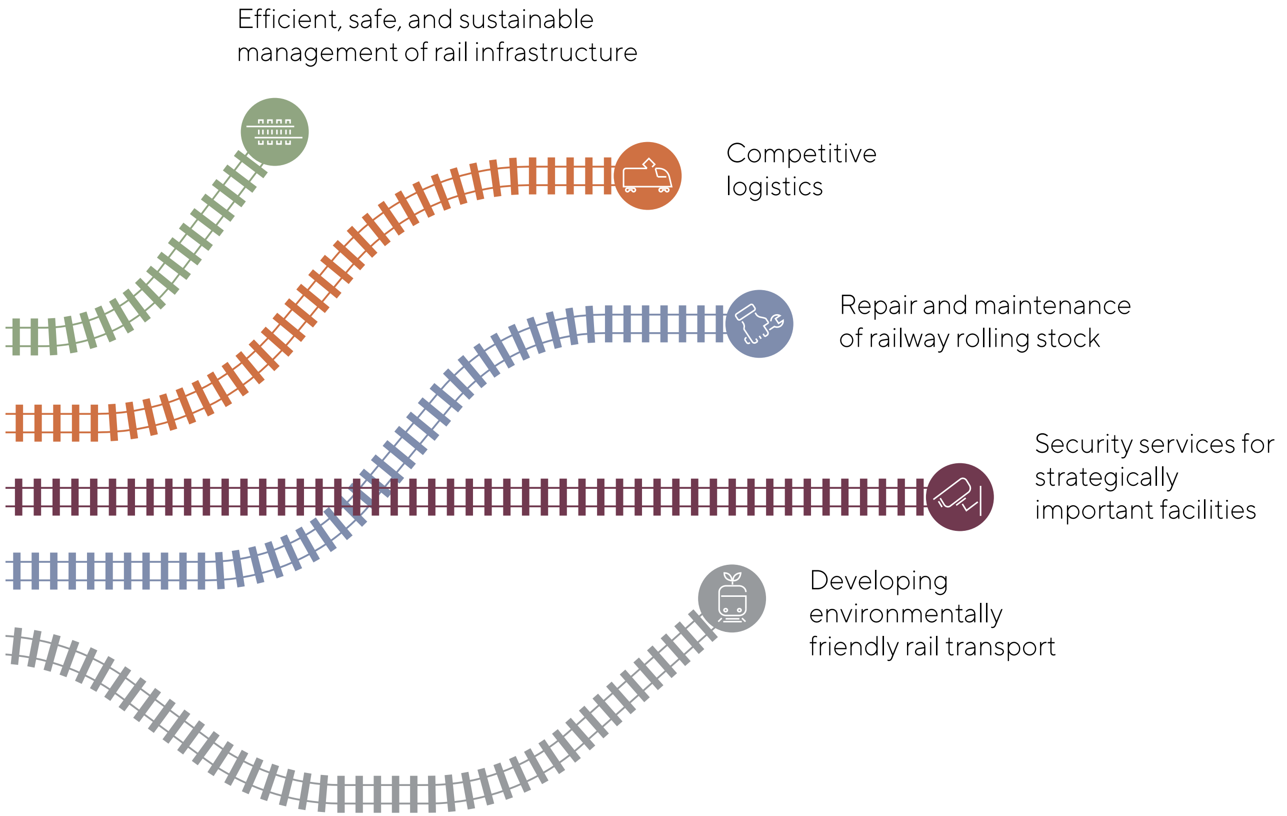
Management approval. Before the Sustainability Statement is approved by the Management Board, it is reviewed by the management of the parent company, where necessary to clarify the context and accuracy of the information contained in the report.

Independent verification. The Sustainability Statement is independently verified by an external auditor. Engagement with the auditor is initiated early to ensure a compliant approach to sustainability reporting. The Sustainability Statement, together with the auditor's Limited Assurance Review Report, is reviewed by the Management Board, Council of the parent company and approved by the shareholder, including by considering and taking into account if the auditor's opinion identifies risks that should be addressed in future reports.

STRATEGY

Strategy, business model and value chain

The operating model and strategic development of Latvijas Dzelzceļš Group is primarily determined by the overall strategic objective of the Group's parent company approved by the Cabinet of Ministers. In accordance with the Cabinet of Ministers' Order No 421 of 16 June 2021, the overall strategic objective of VAS Latvijas dzelzceļš **includes the following areas of activity:**



The overall strategic objective underpins the Medium-Term Operational Strategy 2021-2025 of VAS Latvijas dzelzceļš and cascades into the business models and action plans of its subsidiaries accordingly.

LDz mission, vision, and values as set out in the Medium-Term Operational Strategy 2021-2025:

MISSION

We safely, efficiently, and sustainably manage and continuously develop the railway infrastructure, providing competitive rail and logistics services in the interests of the Latvian economy and society.

VISION

We will be an efficient, competitive, and value-adding company, responding flexibly to changes in the transport sector.

VALUES

The values of the Latvijas Dzelzceļš Group are a high reflection of what we are today and what we want to be in the future - both every LDz employee and the entire LDz team together.

Growth

Our goal is sustainable and sound business development. We value the courage to take on challenges and the initiative to find solutions. We believe that only through constant change can the most ambitious goals be achieved.

Safety

We know that safety is important at every turn. We are able to identify and effectively mitigate risks. We care about our employees, our customers, our communities and the environment.

Synergy

We are a united team. We are proud of what we have achieved and are open to discussions on how to improve our work. We work with partners, clients, and institutions towards common goals.

The most important directions of activity identified in the Medium-Term Operational Strategy of VAS Latvijas dzelzceļš:

Governance

Ensuring the efficient and economic use of available resources:

- Ensure high operational efficiency.
- Ensure stable financial performance.
- Continue to manage the railway infrastructure in Latvia for public use in line with the Multiannual Agreement and the needs of the economy.
- Continue to ensure effective governance, security, and risk management.

Mobility

Increase the importance of rail in Latvia's transport system:

- Develop rail infrastructure to meet passenger transport needs.
- Maintain the competitiveness of rail infrastructure for transit.
- Promote growth in domestic rail freight transport.

Commercial activity

Increase revenue and value added from commercial services:

- Improve the profitability of services provided to external customers.
- Ensure a high level of customer service.
- Diversify service segments.
- Increase the range of services provided to external customers.

Sustainability and Human capital

Improve the LDz Group's positive impact on the environment and society:

- Reduce the impact of railways on the environment.
- Build a professional and loyal team and ensure the development and progress of our staff.
- Build and develop a reputation and image as a sustainable and socially responsible company.

The following non-financial objectives have been set to implement the strategic directions:

Strategic direction	Performance indicators	Baseline for the strategy (2019)	Value to be achieved by 2025 according to the strategy	2024 indicator	2025 indicator	Achievement status
Governance	Operating costs of railway infrastructure per km of track, EUR thous.	75.1	61.9	58.9	54.2	
	Number of serious accidents per million train-km, number*	1.24	1	1.3	1.37	
Mobility	Average speed of a passenger train section, km/h	53.5	64.2	54.0	54.9	
	Share of rail passenger transport in total public transport, %	7.6	11	10.2	11.2	
Commercial activity	Market share of LDZ CARGO in the Baltics, %	25.5	25.8	20.7	19.3	
	Transported rail freight using LDz infrastructure network, million t	41.5	28.7	11.5	9.5**	
Sustainability and Human capital	Sustainability Index, level	Platinum	Diamond	Platinum***	Platinum***	
	Employee satisfaction rating, %	70	80	No employee survey was carried out in 2024	74	

* The number of serious accidents per million train-km is one of the non-financial targets set in the strategy, which was not met in 2025 due to a decrease in train kilometres and an increase in accidents (in 2025, 14 accidents occurred; in 2024 – 14; in 2023 – 7), so the rate of serious accidents per million train kilometres has increased.
** The freight transport target set at the beginning of this strategy period is not being met in the long term and is not expected to be met in the coming years. Rather, the opposite trend is expected, influenced by the war in Ukraine, the sanctions imposed on the aggressor countries and the overall reorientation of the Baltic States in the transport and logistics sector. The assumptions on freight volumes originally set out in the strategy are therefore no longer valid and consequently have a negative impact on the Group's financial targets.
*** In 2025, the Sustainability Index assessment of the Corporate Sustainability and Responsibility Institute was not conducted; therefore, the most recent result is the Platinum category rating obtained in 2024.

Strategic planning for the coming periods, as well as the implementation of the strategy in force in 2025, are affected by the significant changes that have taken place in the railway sector in recent years, in particular as a result of geopolitical circumstances and the resulting international sanctions. The freight segment, which in previous periods accounted for the majority of the railway infrastructure manager's revenues and ensured its financial stability, continues to decline and has a negative future outlook, thus affecting LDz's performance. Whereas in previous periods around three quarters of the rail network's traffic was freight and only one quarter – passenger transport, by 2025 the trend is reversed, with passenger transport accounting for around 77% of the total train kilometres travelled on publicly used rail infrastructure.

At the same time, it should be noted that under European Union law and the highest national legislation in the sector – Railway Law – primarily the development strategy of LDz is determined by the Indicative Railway Infrastructure Development Plan, which is developed by the Ministry of Transport and provides for the basic principles and the most important needs (state orders) of the railway sector development for the next five years. On 11 November 2025, the Cabinet of Ministers reviewed and approved the Indicative Railway Infrastructure Development Plan for the period 2025–2029. The Plan sets out the directions for the development and renewal of railway infrastructure, giving priority to the development of passenger transport in order to improve regional connectivity and meet future mobility needs. Taking into account that railway capacity utilisation for passenger services currently accounts for 80%, while only 20% is used for freight services, the indicative plan prioritises investments in railway lines with high passenger traffic volumes and future growth potential. This implies a reorientation of railway infrastructure from freight to passenger transport, focusing on the development of safe, accessible and convenient infrastructure for different passenger groups. Under the implementation of the development plan, by 2029 it is envisaged that 70% of passenger infrastructure will be modernised, and 64% or 330 km of the overhead contact line network will be modernised and newly constructed. The remaining 36% or 188 km of the contact line network is planned to be renewed by 2034. It is expected that the planned measures will improve regional connectivity and labour mobility. This will be further supported by the new passenger station RIX Riga Airport, the modernised Riga Central Station, and the integration of Rail Baltica into the national railway system.

The Medium-Term Operational Strategy of VAS Latvijas dzelzceļš for the period 2026–2030 is currently in the coordination phase.

Key indicators of train operations

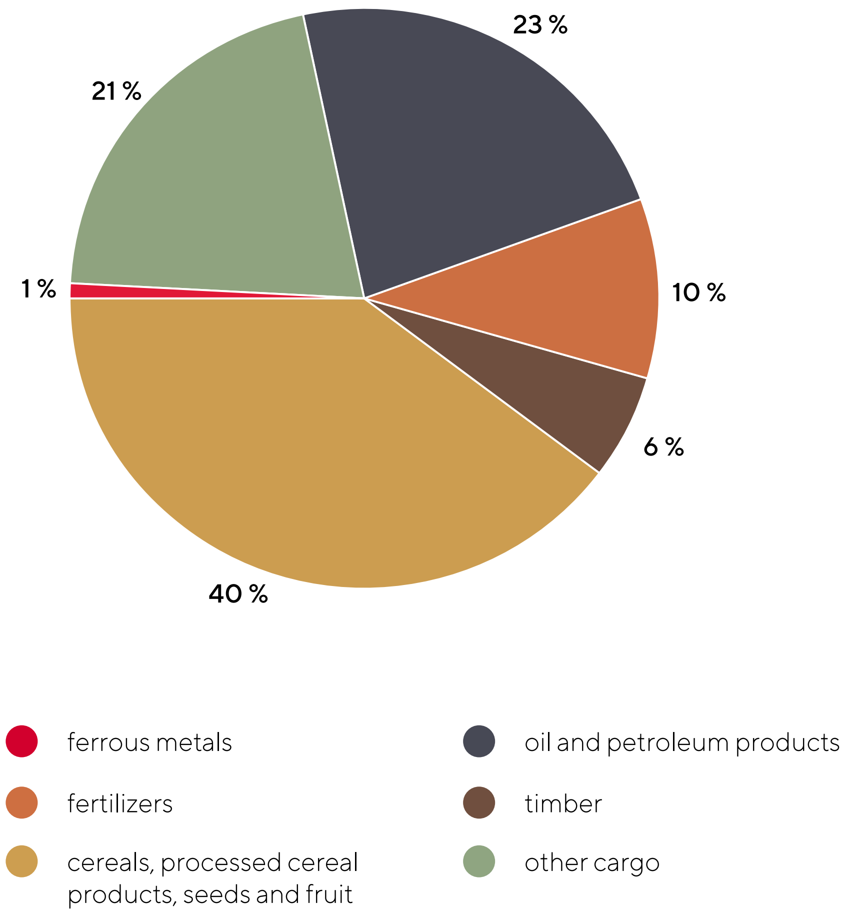
	2018	2019	2020	2021	2022	2023	2024	2025
1. Total train-km, thous., including:	**16 759**	**15 320**	**11 501**	**11 131**	**11 206**	**10 230**	**10 581**	**10 214**
1.1. Train-km in passenger transport	6 116	6 135	5 969	6 037	6 283	6 543	7 608	**7 843**
1.2. Train-km in cargo transport	9 989	8 571	4 994	4 638	4 463	3 225	2 509	**1 935**
1.3. Technological needs	654	614	538	456	460	462	464	**436**

Freight transportation services by type of freight

	2018	2019	2020	2021	2022	2023	2024	2025
1. Freight transported, thous. tonnes, including:	**49 260**	**41 490**	**24 113**	**21 963**	**21 588**	**15 636**	**11 467**	**9 454**
1.1. coal	22 669	17 473	4 041	2 045	4 799	1 679	151	-
1.2. oil and petroleum products**	11 183	9 398	6 409	6 298	4 355	2 668	2 197	**2 128**
1.3. fertilizers	2 980	2 766	2 283	2 480	889	239	612	**965**
1.4. timber	1 635	1 979	2 062	1 770	975	416	401	**523**
1.5. cereals, processed cereal products, seeds and fruit*	2 878	1 818	4 359	4 463	4 324	5 735	4 943	**3 760**
1.6. ferrous metals**	1 520	1 186	572	521	272	603	310	**70**
1.7. other cargo	6 395	6 870	4 387	4 386	5 974	4 296	2 853	**2 008**

* Up to 2019, the cargo category: grain and flour products.
** In 2020, the system for recording indicators was changed; part of the above-mentioned cargo was transported in containers and consequently included in the category: other cargo.

Share of freight transported in 2025

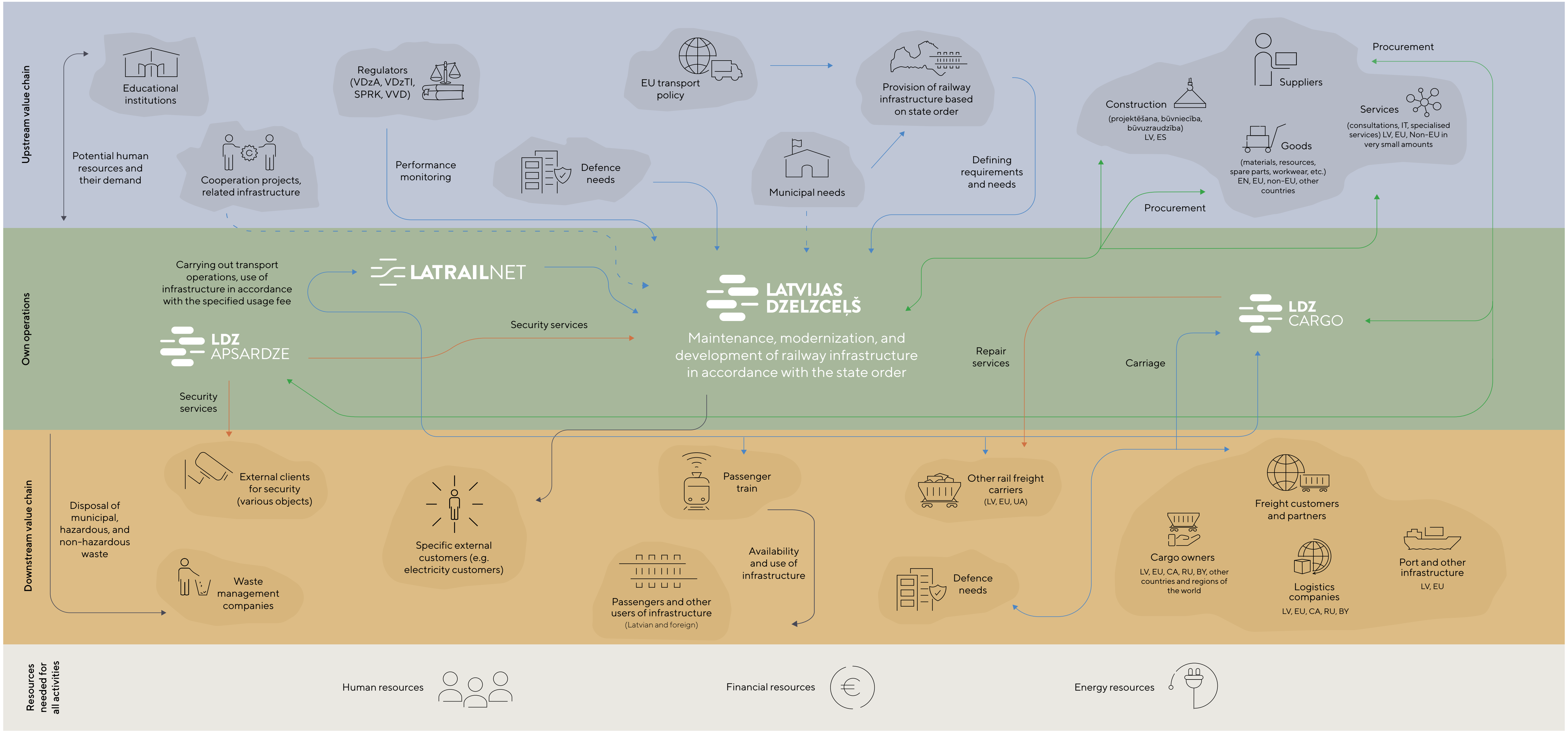


Transport volumes and changes therein, in turn, affect the financing model of LDz, as in previous periods the Group was able to fully finance its operations from commercial revenues generated by high volume freight transportation and related activities. However, since 2024 LDz has been included in the general government sector, and funding for the maintenance of railway infrastructure is provided for in the State budget. It should be noted that the maintenance of railway infrastructure cannot be reduced in proportion to changes in commercial transport volumes, as the infrastructure is necessary for passenger transport and to ensure compliance with safety requirements (including the safe operation of switches, level crossings and other crossings, signalling and communication systems, etc.).

LDz has been implementing cost reduction measures since 2020 and continued to do so in 2025, which include a review of working hours and other business processes at freight stations, a rethinking of the human and material resource base and other measures. However, opportunities for cost reductions are limited, as it is necessary to ensure the minimum maintenance and safety requirements for railway infrastructure required for the fulfilment of the State mandate, as well as for achieving the transport policy objectives of Latvia and the European Union. This includes strengthening rail as the backbone of public transport and ensuring an integrated and sustainable transport system that promotes accessible and safe mobility for passengers and freight.

LDz value chain

From a **value chain perspective**, several value chains can be identified in the Group's operations, taking into account the specific nature and scope of each individual company's activities; however, all Group companies support the operation of one interconnected process – the rail transport ecosystem. The Group's overall value chain thus distinguishes between **upstream activities**, which mainly consist of (1) institutions and processes that determine the requirements for the operation of the railway ecosystem (e.g. in the field of sector policy, in the context of the development of the national defence system, in the context of municipal mobility needs, etc.) and (2) suppliers that provide the necessary resources for the Group's operations. The Group companies' **own activities** consist of both inter-company processes, which include the development of infrastructure, the setting of infrastructure charges, the operation of transport and the provision and equipping of rolling stock for that purpose, and activities in which the Group companies provide external services to other industry participants or external customers. The **downstream value chain** consists mainly of the end beneficiaries and end users of these services (e.g. passengers or cargo owners), as well as certain processes that utilise the resources consumed by the Group.


Upstream value chain
Educational institutions
Potential human resources and their demand
Cooperation projects, related infrastructure
Regulators (VDzA, VDzTI, SPRK, VVD)
Performance monitoring
Defence needs
EU transport policy
Municipal needs
Provision of railway infrastructure based on state order
Defining requirements and needs
Construction
(projektēšana, būvniecība, būvuzraudzība) LV, ES
Suppliers
Goods
(materials, resources, spare parts, workwear, etc.) EN, EU, non-EU, other countries
Services
(consultations, IT, specialised services) LV, EU, Non-EU in very small amounts
Procurement
Procurement
Own operations
Carrying out transport operations, use of infrastructure in accordance with the specified usage fee
LATRAILNET
LDZ APSARDZE
Security services
Security services
LATVIJAS DZELZCEĻŠ
Maintenance, modernization, and development of railway infrastructure in accordance with the state order
Repair services
Carriage
LDZ CARGO
Downstream value chain
Disposal of municipal, hazardous, and non-hazardous waste
External clients for security (various objects)
Waste management companies
Specific external customers (e.g. electricity customers)
Passenger train
Availability and use of infrastructure
Passengers and other users of infrastructure
(Latvian and foreign)
Other rail freight carriers
(LV, EU, UA)
Defence needs
Freight customers and partners
Cargo owners
LV, EU, CA, RU, BY, other countries and regions of the world
Logistics companies
LV, EU, CA, RU, BY
Port and other infrastructure
LV, EU
Resources needed for all activities
Human resources
Financial resources
Energy resources

The most important areas of LDz's own activity are:

- **Maintenance, modernisation, and development of railway infrastructure for public use**, which is carried out both with own resources, using the machinery at LDz's disposal (various track machines and equipment to keep the infrastructure in good order) and purchased materials (rails, sleepers, crushed stone, various equipment related to the operation of the railway system, etc.), and by purchasing construction works from suppliers. LDz is also aware that it is the construction works and not the operation of the railway infrastructure that constitute the Group's most significant environmental impact, including GHG emissions, and that they also pose significant human rights risks (in the context of traffic and occupational safety). These areas are therefore given special attention;
- **Organisation and performance of freight transport services** provided by the subsidiary SIA LDZ CARGO. Freight transport volumes have decreased significantly over the last five years (see pages 73 to 74), and thus the activities of these companies have also decreased. Geographical considerations should also be taken into account: the majority of freight volumes have so far been transported from or via Russia and Belarus, and the international sanctions regime has led to a very significant drop in these volumes. At the same time, freight from Russia and Belarus still accounts for a significant proportion of the total volume of freight transported on LDz infrastructure. The cargo nomenclature is also important: although the transport of fossil resources has decreased in recent years, coal and petroleum products still account for around 22.5% of total freight transport. In financial terms, freight accounts for 34% of the Group's revenue. At the same time, the transport of grain has been on the rise in recent years, with volumes increasing over the past six years from 1 818 thousand tonnes in 2019 to 3 760 thousand tonnes in 2025. The Group is aware that the transport of fossil resources forms part of the ecosystem of exploitation of these resources, while Latvia is a very small part of this transport chain, and therefore has virtually no potential impact on reducing the availability of these resources to us. At the same time, internal processes identify and manage risks related to environmental and social impacts – including occupational and road safety, energy consumption from transport, etc.;
- In order to ensure that the rolling stock required for freight transport is available and in working order, the Group's subsidiary SIA LDZ CARGO provides both **major and routine repairs and maintenance of rolling stock**. Given that only diesel locomotives are used for freight transport in Latvia and that passenger rolling stock is currently independently maintained by passenger carriers, SIA LDZ CARGO is not specialised in the maintenance of electric rolling stock, but sees the potential to do so in the future. In terms of potential environmental and social risks, rolling stock maintenance processes are practically comparable to production processes, so that occupational safety and the potential pollution caused by the use of various chemicals, lubricants and hazardous waste are important aspects that the company manages;
- At the same time, SIA LDZ CARGO also **sells fuel to railway undertakings** (including passenger carriers) and equips them (fuelling their traction units). Special outfitting points have been set up for this purpose. Diesel sales represent 1.7% of the Group's total revenue. Here too, special attention is paid to avoiding pollution at the equipment sites and during the equipment operation;
- **Security of railway infrastructure facilities and**, where applicable, **transport** is provided by SIA LDZ apsardze. At the same time, the company also provides security services to the external market, including customers and facilities not connected to the railway ecosystem. The security activities are less related to environmental impacts, but social factors are important, in particular the safety of the employees and also of the surrounding community;
- AS LatRailNet, as mentioned above, is an independent joint stock company within the Group, whose main tasks are related to independent, neutral **calculation of infrastructure charges, capacity allocation and development of methodologies** that do not create unjustified competitive advantages or restrictions on the market, but at the same time strengthen the overall competitiveness of the railway sector and efficient use of railway infrastructure.

Looking to the future, passenger transport is expected to play an increasingly important role in the railway ecosystem. While the Group companies do not provide passenger transport, VAS Latvijas dzelzceļš retains responsibility for developing an adequate and suitable infrastructure for this type of transport. Thus, a number of investment projects are currently in the pipeline, which are being implemented with co-financing from the European Union as far as possible:

- **Modernisation of passenger infrastructure** – reconstruction of passenger platforms at stations and stopping points throughout Latvia, building raised platforms and equipping platforms in accordance with the Passenger Infrastructure Universal Design Standard, developed by LDz in cooperation with the Foundation "Association of Disabled People and Their Friends "Apeirons"", which takes into account both environmental accessibility requirements and other passenger needs. This will contribute to making rail passenger infrastructure more and more convenient and modern, becoming an additional convenience factor in passengers' choice of a particular mode of transport;
- **Increasing the speed of trains** – not only to make stations and stops more convenient, but also to get you to your destination as quickly as possible. Historically, railway lines in Latvia have often been built with curves that do not allow higher speeds than today. Therefore, one of the priorities is to make infrastructure improvements to make this possible. Priority for such action is given to the Riga-Lugaži and Jelgava-Liepāja lines;
- **Electrification of the rail network** – only 14% of public rail infrastructure in Latvia is electrified (compared to a European average of over 57%). The lines around Riga are mainly electrified, but future development plans also foresee electrification of other lines to facilitate a gradual transition to electric traction and thus reduce GHG emissions from railways (which, even today, are significantly lower than those from road transport, even when diesel traction is used). This in turn means that operators will adapt to the use of electrified infrastructure, mainly through a larger fleet of passenger trains that can use electrified lines or battery train solutions with charging at specific points. The use of more environmentally friendly fuels in freight transport is a consideration, but is not economically feasible in the coming years (carriers are operating with significantly lower revenues than before or even losses).
- **Construction of charging infrastructure for Battery Electric Multiple Units (BEMU)** – by 2029, it is planned to build charging infrastructure at three strategically significant railway stations Sigulda, Līvāni and Daugavpils, thereby enabling the operation of new BEMU trains on non-electrified railway lines on the routes Rīga-Cēsis and Rīga-Daugavpils.
- **Development of the interconnected infrastructure of the Riga railway hub (RIX – RCS – Aizkraukle direction)** – by 2029, it is planned to establish a railway connection between Riga Airport and Riga Central Station and to modernise the railway infrastructure in the electrified zone in the Aizkraukle direction up to Ogre, with the aim of improving traffic functionality and enhancing mobility opportunities, safety and passenger comfort.

Accordingly, the implementation of all these projects is linked to LDz's key sustainability areas – climate change (solutions to reduce emissions in the transport sector by promoting the use of rail instead of road and switching to more environmentally friendly traction solutions) and **care for end users, or increasingly – passengers and their comfort.**

The development of the Rail Baltica project is also considered to be an important factor influencing the Group's future development. The development of the European broad gauge infrastructure is not part of LDz Group's activities, but LDz has a number of important points of contact with this project. These include the reconstruction of Riga Central Railway Station, which is being carried out as part of the Rail Baltica project, and certain intersections between the two infrastructures.

Ensuring military mobility and adequate rail infrastructure is also essential.

In the area of freight transport, **it is expected that inland and regional (Baltic) freight transport will be the primary modes of transport in the future, but at the same time it is important to assess the inter-competitiveness of road and rail freight transport at the policy planning level**. According to the LatRailNet study, the side effects of road transport (GHG emissions, noise, traffic safety incidents) have a significantly higher negative environmental impact on society than rail transport, but road transport is cheaper because it does not have to pay for the use of infrastructure in the same way as rail infrastructure. Working with policy makers to promote the competitiveness of rail is therefore also seen as a priority, as is being done elsewhere (e.g. Germany is reorganising its road tax and toll system from 2023 to encourage the use of rail instead of road and to finance the development of rail infrastructure[61]).

These changes in the Group's operations are expected to have a positive impact on the overall environmental and climate change impact of the Latvian transport sector, but at the same time will require a realignment and adaptation of the Group's operating model, a change in mindset (from a focus on freight transport to passenger convenience), and the development of new competencies among employees.

[61] https://www.railtech.com/policy/2023/03/30/germany-breaks-with-road-finances-road-money-will-go-to-rail/

Interests and views of stakeholders

In the course of its activities, the Group cooperates with various external stakeholders who use the infrastructure or services of the Group's companies, influence the Group's operating conditions, provide resources (including both goods and services and financial resources) and other parties that are essential to the Group's operations. The Group's entities identify and take into account the views of these stakeholders both on a day-to-day basis and in specific cases where the interests of an external party may be affected.

For the Group's purposes, stakeholders are those who have the ability to exercise significant influence over the Group's activities or who can influence the Group both positively and negatively through their activities and services. The Group's stakeholders are divided into two groups, as defined in paragraph 22 of ESRS 1*:

1. Affected stakeholders whose interests are or could be affected, positively or negatively, by the company's direct or indirect action
2. The main users of the general purpose annual report are: credit institutions, insurance companies, business partners, trade unions, non-governmental organisations, public authorities, etc.

*Some stakeholders may belong to both of the above groups.

A form of stakeholder involvement and integration of views into the Group's activities:

Stakeholder (category)	Type of involvement	Areas of action where views are taken into account
Suppliers and cooperation partners	• Surveys • Meetings • Direct communication (to the extent permissible under the procurement framework)	• Ensuring a clear and transparent procurement process, fair competition, and compliance with the law • Setting and enforcing requirements for suppliers (e.g. working conditions and safety, road safety, setting up quality control mechanisms, etc.) • Involvement in the planning and implementation of major transport projects
Clients	• Service quality surveys • Individual meetings • Meetings with sectoral representative organisations • Identifying customer needs	• Improving the efficiency and quality of infrastructure and services – infrastructure availability, train speed, safety, passenger information, freight service delivery, etc. • Working together to plan and improve the efficiency of infrastructure development • Improving access to information on the use of rail infrastructure, possible disruptions, etc.
Financial institutions	• Individual meetings • Cooperation projects (e.g. joint involvement in the Business Sustainability Council) • Surveys	• Group governance and financial management • Planning and implementation of investment projects (e.g. with regard to Taxonomy-related aspects) • Promoting sustainability issues together
National institutions	• Involvement in drafting or examining legislation • Participation in working groups • Giving your opinion • Meetings on specific issues	• Operational compliance with Latvian and EU legislation • Strategic planning, the development of the rail sector and its role in passenger and freight mobility • Critical infrastructure security • Data security • Contributing to the economy
Municipalities	• Surveys • Meeting • Involvement in joint working groups or projects	• Cooperation in promoting people's mobility – parking, bike racks, etc. in municipalities with railway stations

Stakeholder (category)	Type of involvement	Areas of action where views are taken into account
International institutions	• Involvement in working groups • Participation in international meetings • Surveys • Involvement in drafting opinions or legislation	• Representing the interests of the Latvian rail sector in EU policy-making • Obtaining and compiling information on key developments, documentation and draft legislation – to anticipate legal and technical changes in good time
Non-governmental organisations	• Surveys • Meetings • Involvement in joint projects • Advice on issues where the organisation has specific competence • Testing solutions • Involvement in working groups	• Accessibility of passenger infrastructure for people with different needs (including with impaired mobility, vision, hearing, etc.) • Developing safety solutions and safety campaigns to reduce the number of victims and fatalities in rail accidents
Educational institutions	• Developing joint programmes • Involvement in curricula (as lecturers) • Joint projects • Scholarships	• Talent development, employee competency planning • Organising information and education events on rail-related issues (including road safety)

The work on the Group Sustainability Statement for 2024 was launched by seeking the views of external and internal stakeholders on the areas of sustainability important to the Group and the most material impacts, risks, and opportunities identified therein.

In 2025, in preparing the Sustainability Statement, the views of stakeholders on sustainability matters material to the Group were not reassessed, as the double materiality assessment conducted in 2024 remains relevant. During the reporting period, the Medium-Term Operational Strategy of VAS Latvijas dzelzceļš for 2021–2025 was in force, cascading into the business models and action plans of subsidiaries, and no material changes occurred in the Group's operating model or areas of activity that would have an impact on the results of the materiality assessment.

MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

The assessment of the Group's material sustainability areas is based on a double materiality assessment covering two main aspects: impact materiality and financial materiality. An area of sustainability is material from an impact perspective if the Group's activities in that area have an actual or potential, positive or negative impact on society or the environment in the short, medium or long term. Financial materiality, on the other hand, refers to areas of sustainability that may have a significant positive (opportunities) or negative (risks) financial impact on the Group's operations.

The following steps were taken to identify the Group's key sustainability areas and assess them against the principle of double materiality:

1. Exploring the Group's lines of business (including lines of business, geography of operations, business relationships and other factors that may play a role in the context of sustainability, including negative impacts) and identifying potential areas for sustainability based on the areas identified in the European Sustainability Reporting Standards
2. Interviews with internal stakeholders (representatives of the Group companies' management) and discussion of potentially relevant sustainability areas
3. Initial identification of material sustainability areas, identifying for each the most significant impacts, risks, and opportunities, and developing an approach to their assessment and materiality threshold
4. Survey of external stakeholders (see pages 80-81 for more details) and identification of views on key areas of sustainability and the relevance of actions to be taken in these areas for external stakeholders
5. Compilation and refinement of sustainability areas, identifying material topics to LDz Group

Impacts, risks, and opportunities were assessed at the Group level and along its value chain (upstream and downstream), and their likely timing and magnitude of occurrence were identified.

The impact, risk, and opportunity (IRO) assessment process was carried out by adapting the existing risk management evaluation process and evaluation scale of the Latvijas dzelzceļš Group for IRO assessment. Therefore, sustainability-related risks are neither less nor more prioritized than other existing types of risks but are assessed on the same basis as any other strategic, operational, or other types of risks, applying the level of detail required by the European Sustainability Reporting Standards. The integration of IROs into the development of future proposals for sustainability management within the Group and the development of proposals for specific targets in material sustainability areas are the responsibility of the responsible committees or working groups.

The significance of impacts, risks, and opportunities was assessed against the following parameters, on a scale from 1 (immaterial) to 5 (critical):

- Scale – How grave the negative impact is or how beneficial the positive impact is for people or the environment?
- Scope How widespread the negative or positive impacts are? In the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected.
- Irreversibility – Whether and to what extent the negative impacts could be remediated, i.e., restoring the environment or affected people to their prior state? (Applicable only to negative impacts)
- Likelihood of occurrence (only applicable to potential positive or negative effects and to all risks and opportunities)
- Potential financial impact – How much is the availability of funding, the volume of services, etc. affected?

Each IRO factor was assessed according to the above parameters, with the following approach to determining the value of the factor and the corresponding materiality thresholds (i.e. thresholds at or above which a particular IRO factor is considered material):

- The value of a positive existing impact is the average of the scale and scope. Materiality threshold – 3
- The value of a positive potential impact is the average of the scale and magnitude multiplied by the likelihood ratio. Materiality threshold – 9
- The value of a negative existing impact is the highest of the scale, scope or irreversibility indicators. Materiality threshold – 3
- The value of a potential adverse effect is the highest of the scale, magnitude or irreversibility indicators multiplied by the likelihood ratio. In addition, the scale/scope/irreversibility indicators are weighted at 60% and the probability at 40% in the calculation, given that in the case of a negative impact, the consequences of its occurrence are more important to assess than the actual probability of occurrence, as required by ESRS standards. Materiality threshold – 2.2
- For risk and opportunity, the product of probability and impact. Materiality threshold – 9

Based on the materiality of the IRO factors, the topics and sub-topics of the ESRS standards that correspond to these factors and are therefore considered material have been identified.

The Group's stakeholder survey, based on the initial IRO assessment already carried out, included eight sustainability areas and 92 activities that they could cover. Respondents were asked to rate all activities according to their perception of sustainable railway development and given the opportunity to add to the list of activities they considered desirable.

A total of 41 respondents, representing state, municipal, and international institutions, as well as business partners, customers, and suppliers of the Group, took part in the survey, which was available in Latvian and English. Overall, all 92 areas included in the survey were considered sufficiently important by the stakeholders, however, some respondents rated as less important, for example, the assessment of climate risks in the Group's operations, the reduction of fossil resource transport, the promotion of diversity in the workplace, etc.

In addition to their assessment of the sustainability activities proposed in the survey, respondents also offered their recommendations on where the Group should focus (e.g. more active involvement and cooperation with other stakeholders in promoting passenger transport, including the development of mobility solutions).

According to the topical (environmental, social and governance) standards defined in the ESRS categories, **the Group has identified the following as material to the Group's operations, following a double materiality assessment:**

Environmental	Social	Governance
ESRS E1: Climate change	ESRS S1: Own workforce	ESRS G1: Business conduct
ESRS E2: Pollution	ESRS S2: Workers in the value chain	
ESRS E3: Water and marine resources	ESRS S3: Affected communities	
ESRS E4: Biodiversity and ecosystems	ESRS S4: Consumers and end-users	
ESRS E5: Resource use and circular economy		

• • • • • • • • Topical Sustainability Standards material for Latvijas dzelzceļš Group

In addition to the areas identified in the ESRS, the Group has prioritised these areas, defining the most strategically important areas and areas where impacts and risks need to be managed, but without significant emphasis on capturing opportunities.

The Group has identified two of the above areas as strategically important:

- **Climate change** – the use of rail infrastructure is one way to reduce emissions from both passenger and freight transport overall and contribute to meeting national emission reduction targets. At the same time, rail infrastructure and related services are exposed to climate risks, requiring early consideration of resilience solutions;
- **Consumers and end-users** – the end-user of rail services is the passenger or cargo owner who needs to get or deliver goods to their final destination on time and as efficiently as possible. Thus, although these people or companies are not necessarily the Group's direct customers, their needs are very important to the Group. This is particularly true for passengers and the infrastructure that historically has not been sufficiently developed for them.

Two additional areas without which it is not possible to set and achieve objectives in strategically important areas are:

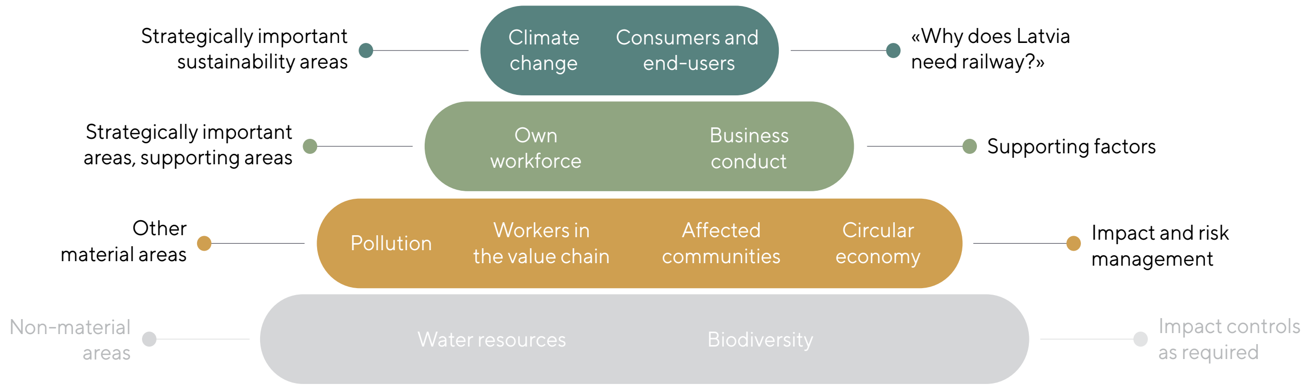
- **Own workforce** – socially protected, competent and provided with an appropriate working environment, on whom the Group's development and ability to adapt to new challenges depend;
- **Business conduct** – an internal culture that is transparent, fair, and appropriate to the current situation and future development challenges, and relationships with business partners who are interested in achieving common goals.

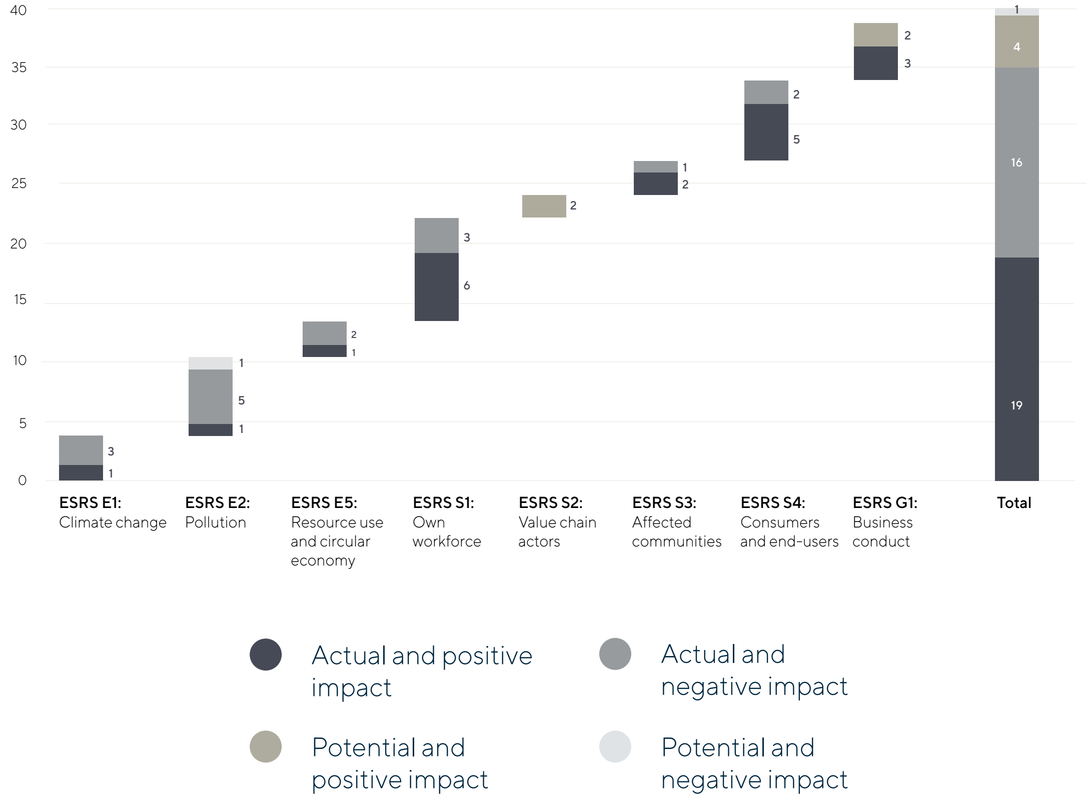
For the other four areas – Workers in the Value Chain, Affected Communities, Pollution and Circular Economy – the Group recognises its responsibility and the need to manage its impacts and risks effectively, but does not identify these areas as strategic priorities for development.

For the eight topical standards above, an assessment has been carried out, identifying a total of 40 impacts (17 negative and 23 positive, further grouped into actual and potential impacts), 38 risks and 26 development opportunities.

ESRS E3: Water and marine resources and ESRS E4: Biodiversity and ecosystems were also assessed, as in other areas, by reviewing the Group's operations, assets and business lines, analysing their potential linkages with water consumption and biodiversity, and identifying potential IRO factors in both their own operations, However, the areas and sub-areas included in these topical standards did not meet the materiality threshold and were assessed as not significant according to the Group's methodology, and therefore the impacts, risks, and opportunities identified in these areas are not reflected in the figures below. No stakeholder consultation was carried out in relation to these areas. With regard to biodiversity, it should be noted that LDz's activities do not involve impacts on ecosystems or the use of ecosystem services, so such factors are not relevant to the Group's activities.

The assessment takes into account the results of a survey of external stakeholders on areas of sustainability material to the Group, with the weighting of impacts, risks, or opportunities adjusted as a result of the survey for certain material areas.





The material impacts, risks, and opportunities for the areas concerned are reflected in the content of the report that follows in the introduction to each topical section.

Information presented in the report in line with the topical standards

Topical ESRS	Topic	Sub-topic	Page No
E1	Climate change	Climate change adaptation	89.–92., 104.
		Climate change mitigation	92.–93., 101.–103.
		Energy	99.–100.
E2	Pollution	Pollution of air	127.–128.
		Pollution of water and soil	127.–128.
		Substances of concern	129.
E5	Resource use and circular economy	Resource inflows, including resource use	133.–134.
		Waste	134.–137.
S1	Own workforce	Working conditions	149.–154., 156.
		Equal treatment and opportunities for all	152.–155., 156.
		Other work-related rights	157.
S2	Workers in the value chain	Working conditions	161.
		Equal treatment and opportunities for all	160.
S3	Affected communities	Communities' economic, social and cultural rights	162.–168.
S4	Consumers and end-users	Information-related impacts on consumers and/or end-users	173.–174., 180.
		Personal safety of consumers and/or end-users	175., 183.–185.
		Social inclusion of consumers and/or end-users	176., 181.–183.
G1	Business conduct	Corporate culture	191.
		Protection of whistle-blowers	191.
		Political engagement and lobbying activities	193.
		Management of relationships with suppliers including payment practices	193.–194.
		Corruption and bribery	193.

02

ENVIRONMENT

CLIMATE CHANGE

Climate-related impacts, risks, and opportunities

The activities of Latvijas Dzelzceļš are mainly related to transport and its ancillary activities, including the provision of adequate infrastructure. Activities in this sector are associated with significant consumption of energy resources and consequent greenhouse gas (GHG) emissions. At the same time, recent experience has shown that rail infrastructure, transport and related activities are exposed to increasing climate risks. These include both physical risks (acute and chronic risks from weather changes and extreme events) and transitional risks, mainly related to emission reduction targets for the transport sector and its infrastructure.

The Group's climate change risks are thus related to the impact of external climate risks, as well as the Group's ability to ensure stable, predictable energy flows and increasing energy efficiency in the Group's business areas and facilities.

Following a double materiality assessment, the following impacts, risks, and opportunities have been identified as material for the purposes of the topical standard ESRS E1: Climate Change:

Sub-topic	Impact	Risks	Opportunities
Climate change adaptation		Damage to railway infrastructure caused by extreme weather conditions (physical risks)	Assessing climate adaptation and integration into infrastructure and development projects
			Potential broader use of railway infrastructure, thereby enabling society to adapt in accordance with climate change processes
Climate change mitigation	− The Group's direct and indirect GHG emissions	Changes in external legislation and/or policy planning documents that impose new requirements on railways in the context of climate change (transition risk)	Increased focus on modernisation and development projects promoting energy efficiency, electrification, etc.
	− Insufficient electrification of railway infrastructure	Limited financial and technical capacity to implement emission reduction solutions	Use of alternative, less CO_2 intensive products (e.g. in construction, passenger infrastructure)
	+ Enabling the public to use a more climate-friendly mode of transport with lower GHG emissions than most other modes		
Energy	− Significant energy consumption for day-to-day operations, including fossil fuel consumption	Dependence on fossil resources and potentially limited availability in the future	Diversifying energy sources, switching to renewable resources (self-generation or purchase of green energy)
		Inadequate energy efficiency of existing facilities	Gradual, targeted implementation of energy efficiency measures and heat exchangers
			Investigating energy consumption patterns and identifying potential improvements within existing resources

+ positive impact − negative impact Parts of the value chain where the impact, risk, or opportunity manifests itself are coloured according to the colour code of the value chain illustration on page 76

With a detailed focus on the identification of physical and transition risks in the Group's operations, five workshops were held in spring 2024 to assess climate risks in the following areas of LDz's operations:

rail infrastructure

- Tracks
- Electrical infrastructure
- Railway crossings
- Passenger infrastructure

rail transport

- Sale of fuel
- Rolling stock
- Traffic control
- Customer engagement and solutions
- Information technology solutions

real estate

- Maintenance and renovation of buildings
- Property rental
- Heat supply
- Maintenance of the railway right-of-way

The causes of climate risks and their potential impacts on LDz's business lines were identified, in line with the approach to climate risk assessment aligned with the overall risk management procedures of the Latvijas Dzelzceļš Group. Climate risks have been identified based on the climate change projections for Latvia developed by the Latvian Environmental, Geological and Meteorological Centre (LEGMC) and updated for 2023, which in turn are based on the studies and modelled climate scenarios conducted by the Intergovernmental Panel on Climate Change (IPCC). The analysis of LEGMC is based on three climate change scenarios – SSP1-2.6, SSP2-4.5 and SSP3-7.0 – whose projections have been taken into account in the climate risk analysis carried out by LDz.

The LDz risk analysis took into account both the general climate change forecasts for Latvia and the projected threats at specific locations (for example, the likelihood of flood risk at major railway junctions in Latvia), as well as the actual assets available to LDz, their condition, energy consumption levels, usage specifics, and other factors. Most of the assets exposed to climate risks are designed for long-term use (at least several decades) – this applies both to railway infrastructure and its elements and to real estate. Shorter term impacts are for transport and repair activities which may be affected by the occurrence of acute risks.

While climate risk aspects are considered in investment planning, they are not currently integrated into CapEx planning as an independent and meaningful investment planning and selection category. Thus, capital investments directly related to climate risk mitigation and adaptation cannot be separately identified.

For the identified transition risks (energy efficiency requirements and requirements to reduce emissions from transport and industrial processes), their identification takes into account the expected changes in policy/regulatory and partner requirements related to the Paris Agreement commitment to limit emissions to a level that ensures that the global average temperature does not increase by more than 1.5°C.

Climate risks in the value chain are not currently assessed separately and are expected to be assessed in future periods. Risks related to the maintenance and operation of railway infrastructure have an indirect impact on the downstream value chain, as they affect the availability of infrastructure and also the performance of carriers outside the Group and the mobility of their customers.

All these climate risks are assessed according to the scale below, where the risk score is determined by multiplying the probability of the risk occurring by the higher of the three other parameters – exposure to risk, vulnerability, or financial loss. Climate risks were assessed, such as heavy or prolonged rainfall, flooding, extreme snowfall, prolonged or extreme heat, spread of invasive plant species, spontaneous combustion, bush and forest fires, storms, frost and other climate risks. The potential manifestation and impact of each risk has been assessed in all of the above-mentioned areas of activity of LDz.

Methodology for assessing climate risks

	Likelihood	Exposure	Vulnerability	Loss
5	It is almost certain that the risk will materialise. Signs of climate change / specific weather events are observations every year. Due to climate change, such events are expected to increase	In the event of an occurrence, the weather conditions in question may affect several areas of the company's operations at the same time and / or cause complex damage to several areas of the company's operations	The company's operations may even be suspended completely	> 150 000 EUR
4	It is more than likely that the risk will materialise. Signs of climate change / specific weather events occur at least once every two years. Due to climate change, such events are expected to increase.	In the event of an occurrence, the weather conditions in question may affect several areas of the company's operations at the same time and / or cause complex damage to an area of the company's operations	The ability of the company as a whole to operate may be significantly impaired. Trains on major routes delayed for less than 6 hours	50 000 - 150 000 EUR
3	There is a possibility that a risk could materialise. Signs of climate change / specific weather events can be observed or predicted on average every 3–5 years	The specific weather conditions may affect one or more areas of the company's operations, cause damage to individual installations and / or structures	The company's operations may be significantly disrupted locally. Trains on the affected section disrupted for less than 6 hours	10 000 - 49 999 EUR
2	Low likelihood of risk. Signs of climate change / specific weather events can be observed or predicted on average every 5–10 years	The risk may affect a single asset (e.g. equipment, building)	Temporary disruption and localised disruption of operations may occur	5 000 - 9 999 EUR
1	Unlikely. Signs of climate change / specific weather events occur less frequently than 10 years or are projected to occur in more than 10 years	In the event of a risk occurring, the company as a whole, its operating locations or specific assets may not be exposed to it	The occurrence of the risk cannot affect the company's operations	below 5 000 EUR

To assess climate risks, the likelihood of occurrence included a condition on the timing of climate change events / weather events, where a score of "1" means that they occur less frequently than every 10 years or that they will occur in more than 10 years, and a score of "5" means that the specific climate change event / weather event is an annual event and will occur more frequently due to climate change.

Section E1-9 (page 104) describes how the financial impact of significant physical and transition risks is taken into account.

According to the assessment, climate risks rated as "critical" (20–25) or "high" (13–19) are considered to be significant. The initial risk assessment identified 14 risks as high and critical, of which 12 are physical risks and two are transitional risks:

Risk category	Risk sub-category	Risk (acute or chronic climate event or transition risk)	Sub-risk (which operation / system / equipment affected)
Security risks	Physical risks	Frost, cold wave -25 and colder	Rail fracture
Operational risks	Physical risks	Icing	Icing of overhead contact lines, disruption of electric trains
Operational risks	Physical risks	Icing	An employee may be injured by slipping, all activities requiring human work outdoors are affected
Operational risks	Physical risks	Extreme snowfall and blizzard	An employee could suffer life-threatening injury in collision with train; all activities requiring human work outdoors near the track are affected
Operational risks	Physical risks	Heavy or prolonged rainfall	Damage to the subgrade: washouts, landslides
Operational risks	Physical risks	Storm, whirlwind	Damage to power lines, overhead wires
Operational risks	Physical risks	Storm, whirlwind	Injuries in the work environment
Operational risks	Physical risks	Floods, wind gusts, hail, snow melt, ice melt, ice jams	Damage to engineering structures, track embankment, subgrade
Operational risks	Physical risks	Heat, heatwave +30 and hotter	Heat-induced rail ejection
Operational risks	Physical risks	Heat, heatwave +28 and hotter	Rapid deterioration in workers' health can affect all activities requiring human labour
Operational risks	Physical risks	Spontaneous combustion, wildfires, forest fires	Damage to railway infrastructure, disruption to train movements
Operational risks	Physical risks	Storm, whirlwind	Storm-induced injury to a worker. Impact on shunting work, wagon repair work, technical and commercial inspection of trains
Strategic risks	Transition risks	Requirements to reduce GHG emissions	Failure to ensure GHG emission reductions in line with rail transport requirements
Strategic risks	Transition risks	Requirements to reduce GHG emissions	Failure to ensure GHG emission reductions in line with property management requirements (heating, energy efficiency)

Given that the Group's core assets consist of infrastructure with an operational lifespan spanning several decades, that no material changes occurred during the reporting period, and that the impact of climate risks on such assets materialises over the long term, the climate risk assessment carried out in 2024 is also considered applicable for the 2025 reporting period. A reassessment of climate risks is planned for 2026.

Opportunities and impacts related to climate change adaptation

At the same time, the need to promote the increased use of rail infrastructure has been identified as a key climate change opportunity to ensure a reduction in overall transport sector emissions (as rail transport on average produces fewer emissions than road transport). For example, the German Federal Environment Agency estimates that rail transport has emissions per passenger 3-5 times lower than private road transport and 1.6-3 times lower than local bus transport; the situation is similar in other countries, with the share varying slightly depending on the distances travelled and the extent of rail electrification). There are also significant opportunities in incorporating climate risks into infrastructure development projects in a timely manner to ensure that newly built or upgraded facilities are resilient to these risks - especially physical risks. There is also an opportunity to focus on improving energy efficiency and electrifying infrastructure, modernising and electrifying rolling stock, using less CO_2 intensive products in construction and infrastructure provision, and gradually shifting to more non-fossil freight transport.

These measures are also linked to the Group's most material impact factors. The negative impact of the Group companies on climate change is linked to their high consumption of energy resources, in which fossil fuels - mainly diesel and natural gas - still play a relatively important role. The Group's activities therefore result in significant GHG emissions. Although smaller than the road transport network, the Latvian railway network is generally under-electrified (about 14% of the total track length is electrified), so diesel locomotives still play a relatively important role.

At the same time, the role of rail in wider societal mobility is seen as having a positive impact, in particular by encouraging passengers to travel by rail rather than choosing higher-emission modes of transport. Further investment in infrastructure, improving its quality (including passenger comfort) and promoting electrification is needed to ensure an increasing public preference for rail. Such measures are linked to climate change mitigation measures, which are discussed below.

Transition plan and targets

In 2023, in preparation for the implementation of the Corporate Sustainability Reporting Directive and related European Sustainability Reporting Standards (ESRS) requirements, LDz started work on calculating GHG emissions in accordance with the GHG Protocol methodology.

In 2024, the Latvijas Dzelzceļš Group commenced the calculation of greenhouse gas (GHG) emissions generated under Scope 1 and Scope 2. The calculation of Scope 3 emissions within the Group was initiated in 2025, and the Scope 3 emissions calculation includes six of the fifteen categories defined by the GHG Protocol methodology.

Further details on the GHG emissions calculation methodology and results for LDz and the Group are provided in Section E1-6 of this report (pages 101–103).

At the national level, Latvia's National Energy and Climate Plan (hereinafter - NECP) sets the GHG emission reduction targets for 2030. The NECP targets a GHG emission reduction of -21.2% in 2030 compared to 2005 in the transport sector, while the use of renewable energy sources (hereinafter - RES) in the energy sector is planned to reach 100% in 2030 for final consumption of electricity and 68.2% for heating and cooling, thus reducing GHG emissions in the energy sector by 34.7% by 2030.

Transition plan of the parent company VAS Latvijas dzelzceļš

On 10 December 2024, a report on the establishment of a Scope 1 and Scope 2 baseline for greenhouse gas (GHG) emissions and reduction targets for VAS Latvijas dzelzceļš by 2030 was approved. The report models scenarios for possible GHG emission reduction targets for 2030 to be set in line with the national recommendations and targets in the NECP, including but not limited to GHG emission reductions. External stakeholders are not involved in the target setting. The base year for emission reductions for VAS Latvijas dzelzceļš (the parent company) is 2022, the year in which the company's resource management system SAP was switched to a single energy accounting system, so that data are comparable across years. The approach to energy use and needs have not changed significantly over this period.

In analysing possible measures to reduce GHG emissions and setting specific targets for each GHG emission source, both the main development scenarios planned by LDz, the parent company, within the new Medium-Term Operational Strategy 2025-2029 and the environmental impact mitigation factors, as well as the payback and economic viability of the projects were taken into account. The objectives set for the parent company VAS Latvijas dzelzceļš are presented in the table below:

Parent company VAS Latvijas dzelzceļš	GHG emission source	GHG emissions 2022, (base year) tCO_2e	GHG emissions 2023, tCO_2e	GHG emissions 2024, tCO_2e	GHG emissions 2025, tCO_2e	Targets 2030 (under NECP)	Action lines to reduce GHG emissions
Scope 1	Fuel consumption for heating	1 820.68	1 890.67	1 698.46	1 475.78	-34,7% 1 188.90 tCO_2e	Use of RES in self-produced district heating
	Fuel consumption for road transport	4 978.16	5 120.21	5 098.34	4 896.67	-21,2% 3 922.79 tCO_2e	Electrification of the car fleet
	Refrigerant supply (refrigerant leaks)	48.69	32.78	78.31	47.09	-34,7% 31.79 tCO_2e	Use of refrigerants with a lower environmental impact (global warming potential)
Scope 2	Electricity	16 002	16 253	16 776	14 393	-34,7% 10 449.31 tCO_2e	Purchase of green energy Implementation of solar energy solutions (solar panels) Installation of LED lighting
	District heating	3 952	4 014	3 954	3 616	-34,7% 2 580.66 tCO_2e	Improving the energy efficiency of real estate

The company's climate targets are in line with the Paris Agreement's goal of limiting global warming to 1.5°C.

To ensure the achievement of this objective, the following lines of action have been defined at the parent company VAS Latvijas dzelzceļš:

- Explore the possibility of purchasing green electricity with appropriate certificates of origin;
- Evaluate the possibilities to continue the ongoing work on the implementation of solar energy solutions to cover as much self-consumption as possible (in 2023 and 2024, two solar panel sites were built in Daugavpils and Rēzekne with a total energy output of 125 949 kWh in 2025);
- Promote a shift from self-generated heat from fossil-fuelled boilers (e.g. natural gas, LPG or diesel) to renewable boilers (mainly biomass such as wood pellets or wood chips);
- Evaluate the possibility of electrifying the company's fleet as well as the small mechanisation units used in the maintenance of the rail right-of-way (various tools, most of which are currently diesel-powered);
- Improve the energy efficiency of LDz real estate facilities and use energy-efficient electrical equipment (especially lighting).

Currently, the Group has not established a consolidated transition plan towards achieving climate neutrality by 2050.

Section E1-3 (page 97) describes in more detail the environmental protection and energy efficiency improvement measures undertaken in 2025 and the funding allocated to them. For other measures, investments and funding will be planned in future reporting periods according to financial possibilities and available public co-financing. It should be noted that some of the activities aimed at reducing emissions (use of renewable energy for heating, solar panels, electrification of the vehicle fleet and energy efficiency improvement of buildings) are part of the mitigation objective of the EU Taxonomy Regulation. When planning specific investments, their compliance with the Taxonomy is assessed in accordance with the Investment Planning and Execution Control Rules of the Latvijas Dzelzceļš Group (see pages 105-118 for details).
The LDz Environment and Energy Management Programme 2022-2028 sets out measures to reduce energy consumption, while work continued on the revision of the programme in 2025, which will set new baselines and specific indicators for electricity, heat and diesel consumption.

In the next calculation year, it is planned to improve the level of detail in the emissions calculations and to define targets for reducing the Group's emissions.

It should be emphasised that the Group's emission reduction capacity is limited by two factors related to infrastructure and transport: transport emissions (Scope 1 emissions) cannot be reduced quickly and significantly given the relatively low level of rail electrification. Scope 3 emissions from the construction and rehabilitation of railway infrastructure, on the other hand, are due to the substantial use of steel rails and concrete products, which cannot currently be replaced by other alternatives. Therefore, the main focus for reducing emissions in the short and medium term will be on activities outside these two sections, such as reducing energy consumption and improving energy efficiency.

In turn, in the report of VAS Latvijas dzelzceļš on the management of the environmental and energy management system and the implementation of the Environmental and Energy Management Programme 2022-2028 in 2025, the following performance indicators related to the improvement of energy efficiency were specified for 2025:

No	Environmental aspect, key tasks of the programme	Target	Indicator	Measurement	2024	2025	Target performance 2025
1.	Energy consumption: improve the energy efficiency of buildings	Reduce average specific heat consumption below 150 kWh/ m² per year from 2021[62]	Average heat consumption kWh per m² per year	Determined by energy audit or calculation, kWh/m² per year	114.96 kWh/ m² (Heating season 2024/2025) Performance indicator - average specific heat consumption reduced.	*At the time of publication of the Sustainability Statement, no data is available on the achievement of this indicator - the heating season ends on 30 April 2026*	*No performance data is available as at the date of publication of this report.*
2.	Energy consumption: effective electricity consumption	1. Reduction in total electricity consumption 2. Reduction of electricity losses 3. Control electricity consumption for switch heating 4. Control electricity consumption for external lighting 5. Control the electricity consumption for the operation of SCBs and communication equipment	1. Total electricity consumption (MWh/year) 2. Electricity losses in electricity supply installations (MWh/year) 3. Electricity consumption for switch heating (MWh/ year) 4. Electricity consumption for external lighting (MWh/year) 5. Electricity consumption for the operation of SCBs and communication equipment (MWh/year)	1. Determine total electricity consumption (MWh/year) 2. Calculate losses (MWh/year) 3. Determine electricity consumption for switch heating (MWh/year) 4. Determine electricity consumption for external lighting (MWh/year) 5. Determine the electricity consumption for the operation of SCBs and communication equipment (MWh/year)	1. 28 957,8 MWh/year 2. 3 423,9 MWh/year 3. Adjusted value 1 298,8 MWh/year[63] 4. 2 478,2 MWh/year 5. Adjusted value 11 327,2 MWh/year[64]	1. 26 479 MWh/year 2. 2 740.7 MWh/year 3. 375.9 MWh/year 4. 2 252.8 MWh/year 5. 10 871.8 MWh/year	Completed – all electricity consumption indicators have decreased
3.	Energy consumption: effective diesel consumption	1. Reduce total diesel consumption 2. Reduce diesel consumption by purpose of use (for technological and transport purposes)	1. Total diesel consumption (thousand litres/year) 2. Diesel consumption for technological and transport purposes (thousand litres per year)	1. Determine total diesel consumption (thousand litres/year) 2. Determine diesel consumption for technological and transport purposes (thousand litres per year)	1. 1 787.8 thous. l/year 2. Technological needs – 1,109.6 thous. l/year Transport needs – 678.2 thous. l/year	1. 1 735.6 thous. l/year 2. Technological needs – 1 166.9 thous. l/year Transport needs – 568.7 thous. l/year	Partially achieved – total diesel consumption and consumption for transport purposes have decreased, whereas consumption for technological purposes has increased.

[62] In accordance with the Real Estate Development and Management Programme of VAS Latvijas dzelzceļš for the period until 2030.
[63] In 2025, the 2024 electricity consumption data for switch heating were updated following improvements to the data collection process (the value disclosed in the Group's 2024 Sustainability Statement was 1 224.4 MWh per year).
[64] In 2025, the 2024 electricity consumption data for the operation of SCB and communication equipment were updated by improving the data collection process (the value reported in the Group's 2024 Sustainability Statement was 9 059.3 MWh per year).

Integration of sustainability-related performance in incentive schemes

The implementation of environmental protection and energy-efficiency improvement measures (described in more detail in Section E1-3 on page 97) is incorporated into the annual objectives of employees responsible for environmental and/or energy system management, thereby ensuring a linkage between the overarching objectives of the Group's companies and individual employee incentive schemes.

Policies related to climate change mitigation and adaptation

An Environmental and Energy Resources Management Policy has been implemented within the Latvijas Dzelzceļš Group and was initially approved in 2021 (the current version was approved by the Management Board of LDz on 26 August 2025). Its main objective is to define the Group's environmental and energy management principles and tasks, taking into account the requirements of regulatory enactments and the objectives and tasks of the national environmental policy set for the Group companies' business areas, in order to reduce the negative impact of the Group's activities on the environment, promote efficient use of resources, increase energy efficiency, provide human and environmentally safe services, and ensure sustainable, competitive and energy-efficient development of the Group, thereby fostering a positive Group image. Procedures related to the implementation of the policy are also in place:

- Procedure for identification of environmental aspects in Latvijas Dzelzceļš Group;
- Procedure for the preparation of annual plans for environmental protection measures and reports on their implementation in Latvijas Dzelzceļš Group;
- Procedure for the preparation of annual plans for energy efficiency improvement measures and reports on their implementation in Latvijas Dzelzceļš Group.

The Group's Environmental and Energy Resources Management Policy serves as the basis for the development of environmental and/or energy management programmes for companies. The environmental and/or energy management programme based on it is a medium-term document (action plan) of the Group's companies which defines the environmental and/or energy management objectives and targets of the specific company, the timeframe for their implementation and the persons responsible, also defining objectives and targets related to improving energy efficiency, sustainable use of natural and energy resources, reduction of negative environmental impacts, etc.

The annual review of the operation of the environmental and energy management systems and of the implementation of the Environmental and Energy Management Programme for 2022–2028, which is prepared in accordance with the requirements of ISO 14001:2015 and ISO 50001:2018, describes the assessment of the achievement of the objectives, tasks and plans set for the relevant year, the measures implemented, and also defines objectives and prepares environmental protection and energy-efficiency improvement action plans for the following year.

Environmental and/or energy management systems in the Group companies are implemented in accordance with ISO 50 001 (energy management) and ISO 14 001 (environmental management) standards according to the specific nature of their operations. The Group companies hold the following ISO certifications in the field of environmental and/or energy management, which cover, inter alia, energy consumption and its reduction:

- VAS Latvijas dzelzceļš – ISO 50 001 and ISO 14 001 and the Environmental and Energy Management Programme for 2022-2028 developed on their basis;
- SIA LDZ CARGO – ISO 50001 and the Environmental Protection Programme for 2022–2028 developed on its basis; and, for the Production Department of SIA LDZ CARGO – ISO 14001 and ISO 9001.
- SIA LDZ apsardze - ISO 14 001. The environmental management system, together with the quality management system (ISO 9001), is included in the company's overall Integrated Management System policy, which sets environmental management objectives and the tasks to be carried out to achieve them;
- AS LatRailNet – these certificates are not specific and necessary for the operations of this Group company.

In 2025, work continued on the revision of the Environmental and Energy Management Programme of VAS Latvijas dzelzceļš for the period 2022–2028. This document has so far addressed energy management issues, including the energy efficiency improvement action plan, but has not made a direct link to climate change. The updated version is expected to be approved by the LDz Management Board in the first quarter of 2026. Changes will also be encouraged in the programmes of Group companies that are significant energy consumers and thus have a climate impact. The implementation of the programme at VAS Latvijas dzelzceļš is supervised and coordinated by the Technical Operations Directorate, while at the Management Board level responsibility for this area, together with other environmental impact areas, rests with the Chairman of the Management Board until a new Board member is appointed or amendments are made to the Rules of Procedure of the Management Board.

With regard to stakeholder engagement, primarily in the context of climate change, the requirements and expectations of the financial sector are mainly taken into account. These relate to the provision of sustainability- and climate-risk-related information to financial institutions within the framework of financial transactions and risk assessments. This includes, for example, information on resource consumption, volumes of GHG emissions generated and targets set for their reduction, pollution indicators, EU Taxonomy reporting, and related disclosures.

To date, no other external parties have demonstrated significant interest in the volume of emissions generated by LDz or in the measures taken to reduce those emissions.

LDz has not involved external stakeholders in the implementation of the policies at this stage, although in some areas the reduction of emissions and also the implementation of resilience solutions will take time, including, for example, the involvement of suppliers. LDz is currently in the process of development a revised Code of Ethics for Business Partners, which makes it mandatory for a business partner whose business with a Group company amounts to at least EUR 300 000 thousand in a calendar year to complete a business partner sustainability risk assessment questionnaire. The supplier will be required to comply with this requirement at the start of the cooperation, including being prepared to provide information on its GHG emissions as part of the cooperation with the Group companies. LDz will thus firstly encourage cooperation partners to be aware of the importance of these issues and to be prepared to provide the necessary data over time.

Actions and resources in relation to climate change policies

Within the framework of the Energy Efficiency Improvement Measures Plan of VAS Latvijas dzelzceļš, 18 measures were implemented in the most important areas of energy consumption (electricity, heat, and fuel consumption). The measures included replacement and/or introduction of certain equipment, introduction of new technologies, change of transport, improvement of energy efficiency of buildings, including replacement of windows and doors, insulation of walls, etc., replacement of lighting and other measures. Compared with total costs and investments, the measures implemented under the energy efficiency action plan did not result in material costs or investments.

Environmental protection measures are also planned annually in accordance with the Procedure for Preparation of Annual Environmental Protection Plans and Reports on their Implementation in the Group's Environmental and Energy Resources Management Policy. They are based on measures to mitigate significant environmental aspects and to improve and/or remedy the previous year's environmental findings.

Within the framework of the 2025 Environmental Protection Action Plan, VAS Latvijas dzelzceļš implemented 24 measures, such as environmental quality monitoring (ground and groundwater, wastewater and stormwater testing, emission measurements, contaminated sites investigations), hazardous waste management, as well as measures aimed at reducing the company's climate impact, such as allocating funds for GHG emission calculations, auditing the certified environmental and energy management system and other activities.

In 2025, SIA LDZ CARGO (including SIA LDZ ritošā sastāva serviss) implemented 30 measures under the Environmental Protection Action Plan, such as, groundwater and soil monitoring, geo-ecological investigations, wastewater analyses, hazardous-waste management and other related activities.

SIA LDZ apsardze included and implemented three measures for hazardous waste management in its 2025 Environmental Protection Action Plan: disposal of lighting elements and light bulbs containing mercury and other hazardous substances, disposal of acid/alkali/lead batteries and disposal of waste electrical and electronic equipment.

Environmental protection and energy efficiency improvement measures are financed from the Group companies' own resources and are included under operating expenses and capital expenditure in the financial statements. Deferred expenditure is planned at the time of each year's budgeting, depending on available resources.

Where possible, climate-related risks are also taken into account when planning new infrastructure projects. For example, in the application for the BEMU charging infrastructure construction project, which provides for the design and construction of charging stations for BEMU (Battery Electric Multiple Unit) trains at three strategically important railway stations Sigulda, Līvāni and Daugavpils, selected on the basis of passenger flow volumes, geographical location and the strategic significance of the railway lines in the regional and national mobility network – an in-depth assessment of climate risks was carried out.

In addition, LDz is working on policy initiatives to shift transport from road to rail, which would contribute to reducing GHG emissions in the transport sector as a whole. In 2025, rail passenger volumes have continued to increase, while rail freight volumes have continued to decrease.

number of passengers	19.4 million **2024**	+ **13.5% or 2.3 million** passengers more than in 2023
number of passengers	21.3 million **2025**	+ **9.8% or 1.9 million** passengers more than in 2024
freights (tonnes)	11.47 million **2024**	− **26.7% or 4.17 million** tonnes less than in 2023
freights (tonnes)	9.45 million **2025**	− **17.6% or 2.02 million** tonnes less than in 2024

Although the industry does not currently expect a rapid recovery in transit traffic, there is also potential to facilitate the modal shift from road to rail for domestic freight, including grain, timber, wood chips, etc.

The Group recognises the impact of its value chain—specifically suppliers—on the GHG emissions generated. In 2025, a Scope 3 GHG emissions calculation was carried out covering six of the fifteen categories defined by the GHG Protocol.

Energy consumption and mix

Total energy consumption and mix, MWh*

Name of data item***	VAS Latvijas dzelzceļš			Group		
	As reported in the Group's 2024 Sustainability Statement	2024 (adjusted)	2025	As reported in the Group's 2024 Sustainability Statement	2024 (adjusted)	2025
Total energy consumption from fossil energy sources**	**46584.72**	**44 840.68**	**41 623.40**	**60 562.21**	**58 821.26**	**51 407.46**
Share of fossil sources in total energy consumption (%)	83%	83%	81%	84%	84%	83%
Total energy consumption from nuclear sources**	**3 060.20**	**2 828.65**	**4 430.06**	**3 827.32**	**3 595.77**	**4 959.11**
Share of consumption from nuclear sources in total energy consumption (%)	5%	5%	9%	5%	5%	8%
Total energy consumption from renewable sources disaggregated by:**	**6 477.05**	**6 184.94**	**5 213.80**	**7 625**	**7 333**	**5 684**
Fuel consumption for renewable sources	2 557	2 557	2 605	2 723	2 723	2 765
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	3 860.50	3 568.39	2 483.34	4 828.24	4 536.13	2 779.91
Consumption of self-generated non-fuel renewable energy	59.21	59.21	125.95	73.27	73.27	139.00
Share of renewable sources in total energy consumption (%)	12%	11%	10%	11%	11%	9%
Total energy consumption, MWh	**56 121.96**	**53 854.26**	**51 267.26**	**72 014.44**	**69 749.83**	**62 050.84**

* According to data obtained from information recorded in the Group's resource management system SAP; data is not verified but is obtained within the framework of the energy management system, which is certified according to the ISO 50001 standard and recertified according to this standard every three years, with an independent monitoring audit in between
** Calculated using 2024 data on the origin of uncertified electricity supplied, taking into account that data for 2025 is not yet available at the date of this Report[62]
*** The total energy consumption table includes data on electricity and heat consumption but excludes data on fuel consumption for transport. Similarly, the Group does not include consumption of cold and steam energy, as this type of energy use is not specific to the Group's activities.

Group companies are active in the transport sector, which has a significant impact on the climate. High climate impact sectors are those listed in NACE Sections A to H and Section L (as defined in Commission Delegated Regulation (EU) 2022/1288). According to the NACE Rev.2 classification of economic activities, the activities of the Group companies correspond to the following NACE sections and codes:

- VAS Latvijas dzelzceļš – NACE 52.21 – Service activities incidental to land transport (Section H – Transportation and storage);
- SIA LDZ CARGO – NACE 49.20 – Freight rail transport (Section H – Transportation and storage);
- SIA LDZ apsardze, which provides security services, and AS LatRailNet, which is responsible for developing and applying methodologies related to train movements and charging for public use railway infrastructure, do not generate/consume significant energy resources and do not have a significant impact on the climate.

[62] https://latvenergo.lv/lv/par-mums/tirdznieciba

The following is the Group energy consumption by high climate impact sectors*:

	NACE 52.21. Service activities incidental to land transportation VAS Latvijas dzelzceļš*	NACE 49.20 – Freight rail transport SIA LDZ CARGO (incl. SIA LDZ ritošā sastāva serviss)*
Total heat energy consumption from fossil energy sources**	**41 623.40**	**9 564.37**
Share of fossil sources in total energy consumption (%)	81%	91%
fuel consumption from coal and coal products	260.46	46.22
fuel consumption from crude oil and petroleum products	-	-
fuel consumption from natural gas	3 036.49	6 907.27
fuel consumption from other fossil sources	2 999.50	123.41
consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	35 326.95	2 487.48
Energy consumption from nuclear sources, MWh**	**4 430.06**	**506.54**
Share of consumption from nuclear sources in total energy consumption (%)	9%	5%
Total energy consumption from renewable sources, MWh**	**5 213.80**	**444.80**
Share of renewable sources in total energy consumption (%)	10%	4%
Total energy consumption, MWh	**51 267.26**	**10 515.70**
Net revenue, EUR thousand	**142 549**	**77 111**
Energy intensity (total energy consumption per net revenue according to the ESRS formula), MWh/EUR thousand	**0.36**	**0.14**
The Group's total net revenue, EUR thousand (as reported in the consolidated financial statements)***	**201 189**	

* According to data obtained from information recorded in the Group's resource management system SAP; data is not verified but is obtained within the framework of the energy management system, which is certified according to the ISO 50001 standard and recertified according to this standard every three years, with an independent monitoring audit in between
** Calculated using 2024 data on the origin of uncertified electricity supplied[64]
*** The Group's total net revenue also includes the revenue of SIA LDZ apsardze and AS LatRailNet, the energy consumption of which is not considered in this table, as the activities of these companies do not have a significant impact on the climate.

[64] https://latvenergo.lv/lv/par-mums/tirdznieciba

GHG emissions caused by the Group

As indicated on pages 92–93, VAS Latvijas dzelzceļš has designated 2022 as the base year for the calculation of GHG emissions and for the setting of related targets. The base year for the Group's emissions calculation is 2024. With regard to Scope 3 emissions, 2025 has been designated as the base year for both VAS Latvijas dzelzceļš and at the Group level.

The calculation of Scope 3 emissions for VAS Latvijas dzelzceļš was initiated at the end of 2024, while at the Group level the Scope 3 emissions calculation was initiated in 2025. The Scope 3 emissions calculations of LDz and the Group include six of the fifteen categories defined under the GHG Protocol methodology:

- Purchased goods and services (Category 1);
- Capital goods (Category 2);
- Fuel- and energy-related activities (Category 3);
- Waste generated in operations (Category 5);
- Business travel (Category 6);
- Employee commuting (Category 7).

The following methods were used for the calculation of Scope 3 emissions:

- For Categories 1 and 2, a spend-based method was applied;
- For Categories 3, 5 and 7, an activity-based method was applied;
- For Category 6, both the activity-based method and the spend-based method were applied.

The methodologies used for the calculation of GHG emissions are applied consistently across the Group, ensuring a uniform approach to GHG emissions calculation throughout all Group companies.

Due to limited data availability, reliability and quality, the Group has not estimated or disclosed emissions for four Scope 3 GHG emission categories which, based on the Group's assessment, could be material in relation to the Group's total Scope 3 GHG emissions:

- Upstream transportation and distribution (Category 4);
- Downstream transportation and distribution (Category 9);
- Upstream leased assets (Category 8);
- Downstream leased assets (Category 13).

Accordingly, the Latvijas Dzelzceļš Group Scope 3 GHG emissions for 2025 disclosed on page 102 (54 662 tCO_2e), as well as the Group's total GHG emissions for 2025 (100 608 / 86 212 tCO_2e), are not comprehensive.

To ensure comprehensive Scope 3 emissions accounting, the Group will gradually include in its calculations emissions data related to upstream and downstream transportation and distribution activities (Categories 4 and 9), as well as emissions data related to leased assets in upstream and downstream operations (Categories 8 and 13). These categories will be estimated and disclosed in Scope 3 GHG emissions calculations on a phased basis, starting from 2027.

The following GHG Protocol Scope 3 categories– Processing of sold products (Category 10), Use of sold products (Category 11), End-of-life treatment of sold products (Category 12), Franchises (Category 14), and Investments (Category 15) – are considered not applicable or not relevant to the Group's scope of operations and will therefore bot be included in the Scope 3 emissions calculation.

GHG emissions are calculated according to the GHG Protocol methodology[65], taking into account all GHGs covered by the GHG Protocol. An external consultant was engaged to develop the methodology and to calculate emissions for the years 2021 and 2022, as well as to develop the approach for applying this methodology at LDz.

The emissions calculation takes into account emission factors from the following databases or external sources, including Global Warming Potential (GWP) indicators:

- Scope 1 emissions, including emissions from stationary and mobile installations and various processes, are calculated using emission factors from the DEFRA database[66];
- For calculating scope 2 emissions:
  - For electricity purchased from the grid, the Association of Issuing Bodies (AIB) data for the relevant year was used[67];
  - For district heating, given the limitations of obtaining data on emission sources from heat suppliers, the conservative value from the Cabinet of Ministers Regulation No 222[68] was used, which reflects the emission factor of heat produced from non-renewable energy sources (264 gCO_2 eq/kWh).
- For the calculation of Scope 3 emissions, emission factors available in the ClimateIQ database were used, which is the largest emissions-factor database, comprising more than 200 000 emission factors from over 40 sources and 80 datasets.[69]

The GHG emissions calculation tool developed by an external consultant was used to calculate 2025 GHG emissions at the LDz and Group level. The results of the LDz GHG emissions calculations for the years 2022 to 2025 are summarised in the table on page 102.

The decrease in Scope 1 and Scope 2 GHG emissions at the Group level compared with 2024 is largely attributable to a further reduction in transport volumes, resulting in lower fuel consumption as well as a reduced number of rolling-stock repairs.

[65] https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf
[66] https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2025
[67] https://www.aib-net.org/facts/european-residual-mix
[68] https://likumi.lv/ta/id/322436-eku-energoefektivitates-aprekina-metodes-un-eku-energosertifikacijas-noteikumi
[69] https://www.climatiq.io/methodology

Results of the GHG emissions calculation of VAS Latvijas dzelzceļš and the Group

Gross Scopes 1, 2, 3 and total GHG emissions, tCO_2eq*

	VAS Latvijas dzelzceļš					Group			
	2022 (base year)	2023	2024	2025	2025 versus 2022	As reported in the Group's 2024 Sustainability Statement	2024 (base year) adjusted	2025	2025 versus 2024
Gross Scope 1 GHG emissions, tCO_2eq	6 848	7 044	6 875	**6 420**	**-6%**	33 506	33 506	**26 186**	**-22%**
Gross market-based Scope 2 GHG emissions, tCO_2eq	19 954	20 267	20 730	**18 008**	**-10%**	24 982	23 133	**19 760**	**-15%**
Gross location-based Scope 2 GHG emissions, tCO_2eq	5 491	5 383	5 368	**4386**	**-20%**	5 768	5 612	**5 364**	**-4%**
Significant gross Scope 3 GHG emissions, tCO_2eq	Not reported	Not reported	Not reported	**45 743**	**-**	Not reported	Not reported	**54 662**	**-**
Purchased goods and services (Category 1)	Not reported	Not reported	Not reported	**6 168**	**-**	Not reported	Not reported	**9 108**	**-**
Capital goods (Category 2)	Not reported	Not reported	Not reported	**33 349**	**-**	Not reported	Not reported	**33 444**	**-**
Fuel- and energy-related activities (Category 3)	Not reported	Not reported	Not reported	**3 198**	**-**	Not reported	Not reported	**7 869**	**-**
Waste generated in operations (Category 5)	Not reported	Not reported	Not reported	**1 263**	**-**	Not reported	Not reported	**1 591**	**-**
Business travel (Category 6)	Not reported	Not reported	Not reported	**89**	**-**	Not reported	Not reported	**167**	**-**
Employee commuting (Category 7)	Not reported	Not reported	Not reported	**1 677**	**-**	Not reported	Not reported	**2 484**	**-**
Total GHG emissions (market-based), tCO_2eq	26 801	27 311	27 605	**70 171**	**162%**	58 488	56 639	**100 608**	**78%**
Total GHG emissions (location-based), tCO_2eq	12 338	12 427	12 243	**56 549**	**358%**	39 274	39 118	**86 212**	**120%**
GHG Intensity based on net revenue									
Net revenue used to calculate GHG intensity, EUR thousand (as reported in the consolidated financial statements)	153 158	165 410	129 088	**142 549**		233 737	233 737	**201 189**	
Total GHG emissions (market-based) per net revenue, tCO_2eq/EUR thousand EUR	0.17	0.17	0.21	**0.49**		0.25	0.25	**0.50**	
Total GHG emissions (location-based) per net revenue, tCO_2eq/EUR thousand	0.08	0.08	0.09	**0.40**		0.17	0.17	**0.43**	

* Data not externally verified

In addition to the mandatory indicators, LDz has also calculated the emission intensity in relation to industry-specific indicators - kilometres of track and annual train-kilometres, as well as passenger-kilometres, taking into account the growing passenger traffic.

In this 2025 Sustainability Statement, the Group's GHG emissions calculation results for 2024 were adjusted, as well as the data presented in the 2024 energy consumption and energy mix tables. These adjustments were made after duplicate accounting was identified in the energy resource data for 2024 and the redundant item was removed.

GHG intensity based on specific metrics*

	VAS Latvijas dzelzceļš				Group		
	2022	2023	2024	2025	As reported in the Group's 2024 Sustainability Statement	2024 (base year) adjusted	2025
Operating lengths of railway lines used to calculate GHG intensity, km	1 865	1 831	1831	**1 831**	1831	1 831	**1 831**
Total GHG emissions (market-based) per operating length of railway lines, tCO_2eq	14	15	15	**38**	32	31	**55**
Total GHG emissions (location-based) per operating length of railway lines, tCO_2eq	7	7	7	**31**	21	21	**47**
Thousand train-kilometres used to calculate GHG intensity	11 206	10 230	10 581	**10 214**	10 581	10 581	**10 214**
Total GHG emissions (market-based) per train-kilometre, tCO_2eq/thousand t-km	2.4	2.7	2.6	**6.9**	5.5	5.4	**9.8**
Total GHG emissions (location-based) per train-kilometre, tCO_2eq/thousand t-km	1.1	1.2	1.2	**5.5**	3.7	3.7	**8.4**
Thousand passenger-kilometres used to calculate GHG intensity	541 000	612 000	694 000	**741 200**	694 000	694 000	**741 200**
Total GHG emissions (market-based) per passenger-kilometre, tCO_2eq/thousand p-km	0.05	0.04	0.04	**0.09**	0.08	0.08	**0.14**
Total GHG emissions (location-based) per passenger-kilometre, tCO_2eq/thousand p-km	0.02	0.02	0.02	**0.08**	0.06	0.06	**0.12**

* Data not externally verified

Anticipated financial effects from climate change drivers

The Group, in line with the requirements of the European Sustainability Reporting Standard (EU) 2023/2772 (ESRS), uses a phase-in approach to disclosure for E1-9 Anticipated financial effects from climate change drivers, disclosing mainly qualitative information in this reporting year.

Given that natural phenomena such as storms and strong wind gusts (often accompanied by hail or heavy rain) have become more frequent in Latvia in recent years, they can have a significant impact on train movements and punctuality, as well as on the condition of infrastructure. Tree branches and objects blown onto the tracks, trees falling on the overhead contact line and flooding of the tracks have a significant impact on the railway infrastructure and its use. Rail operations are also affected by erratic winter weather conditions - rapid temperature changes can disrupt signalling, traffic lights, points and other equipment, causing delays to train services. Snowfall affects drivers' visibility. And in summer, heat waves have an impact on the track structure, which can deform, posing a risk to rail traffic, where safety is always an absolute priority.

The storm and heavy rainfall on 29 July 2024 caused significant damage to the railway infrastructure, particularly to two electrified lines in central Latvia - the Jelgava and Tukums lines - which are widely used for passenger transport. Train services were suspended on both lines during the storm and heavy rains. On the Jelgava line section Olaine - Jelgava, the storm and heavy rains caused extensive damage to the railway infrastructure, the overhead contact line and its supports were damaged, and falling trees throughout the day prevented the restoration of train services. On the Tukums line section Dubulti - Tukums II, dozens of trees fell during the storm, causing significant damage to the overhead contact line.

More than 350 LDz employees from all regions of Latvia were involved in removing trees from tracks and overhead contact lines, restoring damaged overhead contact lines and their elements, pumping water from flooded tracks and other measures to restore train traffic as soon as possible.

A similar situation was experienced in 2023, when an August storm in the Zemgale region also caused severe damage to the railway infrastructure. Such cases are related both to rail safety and to losses caused by trains not running on time (or at all), but for LDz they are direct losses due to the provision of infrastructure repair works (additional labour costs, including outside normal working hours, materials, transport and other costs related to restoring the infrastructure to working order).

In November 2025, freezing rain and temperature fluctuations caused atypical icing of the overhead contact line on the Tukums and Saulkrasti railway lines, significantly disrupting electric train operations. The icing formed continuously and substantially impeded train movements, as not only the overhead contact line but also the pantographs of electric trains became iced, ultimately causing trains to come to a stop.

The estimated financial cost of extreme weather events (storms, hail, rainfall, icing etc.) in 2024 was EUR 402 041.46 (EUR 109 335.73 in 2023). In 2025, however, financial losses were avoided and recognised as expenses in the amount of EUR 7 233.12.

According to the forecasts of the experts of the Latvian Environmental, Geological and Meteorological Centre, such events are expected to become more frequent in the coming years, therefore LDz is taking measures to ensure a more efficient and faster response in emergency situations and to prepare for emergency works in time in case of warnings of higher severity weather conditions. In future, climate risks will be assessed in more detail when planning new infrastructure projects or upgrading existing facilities, so that solutions that are more resilient to extreme weather events can be incorporated in good time.

*In accordance with ESRS criteria, information on carbon offsetting mechanisms and internal carbon pricing is not presented in this report as LDz does not use such mechanisms.

EU TAXONOMY DISCLOSURES

In order to promote more sustainable business operations across sectors and investment in more environmentally sustainable assets, technologies and solutions, Regulation (EU) 2020/852 or the EU Taxonomy Regulation was approved in the European Union in 2020. It contains six environmental objectives and actions to contribute to achieving them:

- Climate change mitigation
- Protection and restoration of biodiversity and ecosystems
- Climate change adaptation
- Transition to circular economy
- Sustainable use and protection of water and marine resources
- Pollution prevention and control

On the basis of the Regulation, a number of delegated Regulations have been adopted by the European Commission detailing the actions that contribute to achieving these environmental objectives. In order to claim that an economic activity complies with the Taxonomy Regulation, companies must follow a sequence of steps:

1. The Taxonomy scope of each business activity or subcategory of business activities must be assessed (i.e. whether the Taxonomy covers the activity in question at all)
2. Taxonomy-eligible activities must be assessed as to whether they make a significant contribution to an environmental objective (i.e. whether the specific technical screening or eligibility criteria of the Taxonomy Delegated Regulations are met). If an activity does not meet these criteria, it is considered to be not Taxonomy-aligned
3. For activities that meet the technical review criteria, an additional assessment must be made of whether they cause significant harm to other environmental objectives ("do no significant harm" criteria)
4. It should also be assessed whether minimum social safeguards are ensured throughout the scope of the operation, thereby ensuring that social aspects are not compromised in favour of environmental objectives

Only if an activity meets all of these criteria can it be deemed to be Taxonomy-aligned.

Companies that are required to publish a Sustainability Statement under the Corporate Sustainability Reporting Directive and the European Sustainability Reporting Standards are also required to disclose information on their compliance with the Taxonomy. In view of this, the preparation of the Taxonomy Report is also binding for Latvijas Dzelzceļš Group.

For the purposes of sustainability reporting, the EU Taxonomy tables have been prepared in accordance with the previously applicable version of the regulatory framework, rather than the latest version published in January 2026.

Compliance with Taxonomy Criteria

In order to assess the operations against the Taxonomy Regulation, VAS Latvijas dzelzceļš developed in 2023 and updated in 2025 the Guidelines for Taxonomy Assessment at Latvijas dzelzceļš Group (the current version approved by the LDz Management Board on 16 October 2025). The Guidelines summarise information on the approach to assessing Taxonomy in relation to the Group companies' operating expenses, turnover indicators and capital expenditure, and identify the areas and criteria of Taxonomy that are potentially most relevant to the Group's operations. In September 2023 and May 2024, several training sessions on the nature, practical application, purpose, and application of the Taxonomy in the LDz Group's operations were organised for the Group's specialists, in particular experts involved in finance and accounting, as well as investment planning. Initially, the Taxonomy assessment process was extended to investment planning (capital expenditure) by adjusting the development and renewal project application forms and the Taxonomy assessment at the end of 2023, taking into account the preparation of the LDz Medium-Term Investment Plan 2024-2028 and recording the Taxonomy-eligibility of each planned investment project and, consequently, its Taxonomy-alignment. In 2024 and 2025, the Taxonomy has also been assessed in the accounting of operating expenditure and turnover, assessing Taxonomy membership and compliance by activity.

In accordance with the assessment carried out at the time of the development of the Guidelines, the criteria primarily relevant to the activities of the Group are discussed on the following pages.

Type of activity according to the classification of the Taxonomy Regulation	Group company to which the activity relates	Taxonomy-eligible activities	Taxonomy-aligned activities
ENVIRONMENTAL OBJECTIVE: CLIMATE CHANGE MITIGATION			
Infrastructure for rail transport (CCM 6.14.)	VAS Latvijas dzelzceļš	Maintenance, modernisation and development of railway infrastructure for public use in accordance with the European Union guidelines, transport policy planning documents of the Republic of Latvia and the medium-term operational strategy of VAS Latvijas dzelzceļš.	Currently, the maintenance, modernisation and development of all railway infrastructure in public use is considered aligned, as according to the Taxonomy Technical Screening Criteria (a) electrified railway infrastructure, (b) infrastructure that is expected to be electrified in the coming years and (c) other railway infrastructure by 2030 are also considered aligned. Infrastructure designed to facilitate the transfer of passengers and freight between modes (passenger stations and stopping points, freight terminals) is also eligible. Although the electrification of Latvia's public railway infrastructure is relatively small (14% of the total network), under these conditions, the rest of the railway infrastructure is also to be considered aligned under the Taxonomy criteria by 2030, with the aim of promoting the use of a more environmentally and climate-friendly mode of transport (rail) as opposed to road transport. The Taxonomy criteria also stipulate that only rail infrastructure that is not designed for the transport of fossil fuels should be considered aligned. The infrastructure managed by LDz also carries fossil freight, but according to the March 2020 report of the Taxonomy authors - technical expert group and its technical annex[69] this criterion essentially means that the infrastructure was not built or acquired with the intention of carrying fossil freight on it. A similar explanation is also provided in Commission Communication C/2023/267 on the interpretation of the Taxonomy Criteria[70]. The Latvian rail network is not built or maintained for this purpose - it also carries other types of freight and passengers (and passenger volumes have become clearly dominant in recent years). Accordingly, this Technical Screening Criteria of the EU Taxonomy is also considered to be met.
Freight rail transport (CCM 6.2.)	SIA LDZ CARGO	All freight transport within the Group on the Latvian railway network and related activities (loading, unloading, shunting, etc.) to the extent that they are performed or organised by the Group company and result in expenses or income.	As the Taxonomy stipulates that only freight transport carried out with emission-free traction (electric locomotives or other alternatives with no direct CO_2 emissions) can be considered aligned, as well as only if no fossil-based freight is transported, it is considered that the Group has no aligned revenue in this section. As the Group provides freight transport services exclusively using diesel-traction locomotives, even in cases where consignments of non-fossil origin goods are transported (such as grain, wood chips, or containers with various goods), these transport services cannot be considered Taxonomy-aligned, as they are still carried out using diesel traction. Under expenditure headings (operating expenditure or capital expenditure), the purchase and maintenance of non-fossil freight wagons that can potentially be leased to other carriers that can transport them by electric traction or may in the future be transported by electric traction in Latvia, may be considered aligned.

[69] https://finance.ec.europa.eu/system/files/2020-03/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf
[70] https://eur-lex.europa.eu/legal-content/LV/TXT/PDF/?uri=OJ:C_202300267

Type of activity according to the classification of the Taxonomy Regulation	Group company to which the activity relates	Taxonomy-eligible activities	Taxonomy-aligned activities
ENVIRONMENTAL OBJECTIVE: CLIMATE CHANGE MITIGATION			
Manufacture of rail rolling stock constituents (CCM 3.19.)	SIA LDZ CARGO	As this section of the Taxonomy covers not only the manufacture of rolling stock, but also various types of repairs, replacement of parts, etc., carried out by SIA LDZ CARGO, it is considered to be relevant to the Group's activities. All repair and related production process activities carried out by a particular Group company as part of routine repairs, overhauls, maintenance and modernisation of locomotives are therefore considered to be eligible activities.	Only activities related to the repair of non-emission locomotives, passenger cars and/or freight wagons of non-fossil origin shall be considered as Taxonomy-aligned. SIA LDZ CARGO does not carry out repairs of passenger trains and wagons. As regards freight locomotives, as mentioned above, only diesel locomotives are used in Latvia, the repairs of which are provided by the Group company but do not meet the Taxonomy criteria. In the freight wagons segment, repairs are carried out on both fossil and non-fossil freight wagons. Thus, only the part of the Group's business that is related to the repair of non-fossil freight wagons (e.g. grain wagons) is considered to be Taxonomy-aligned. SIA LDZ CARGO has developed a methodology for separating these costs and revenues from the overall financial figures and reporting them accordingly in the Taxonomy accounting.
Transmission and distribution of electricity (CCM 4.9.)	VAS Latvijas dzelzceļš	The maintenance of electricity transmission and distribution networks is considered to be Taxonomy-eligible. VAS Latvijas dzelzceļš manages an extensive electricity distribution network throughout Latvia, including supplying electricity not only to the railway infrastructure (including carriers), but also to a large number of households and legal customers - mainly in the immediate vicinity of the railway infrastructure. The costs and revenues related to this activity are therefore Taxonomy-eligible.	An electricity transmission and distribution system in which at least 67% of electricity comes from renewable energy sources is considered to be Taxonomy-aligned. Given that LDz produces virtually no electricity (some exceptions related to solar panels installed on some of the Group's facilities in recent years), the electricity supplied to customers is purchased from other energy producers. LDz does not have a green power purchase agreement and, according to the confirmation received from the electricity trader in 2024, in such a case the total amount of electricity would have been around 76% fossil energy. (Data for 2025 are not yet available during the preparation of this Report). Accordingly, at present only Taxonomy-eligible activities have been identified in this area of activity, while no Taxonomy-aligned activities have been identified.
Acquisition and ownership of buildings (CCM 7.7.)	VAS Latvijas dzelzceļš	LDz owns and manages a large number of real estate assets, including administrative and industrial buildings as well as various engineering structures. Some of the buildings are also rented out to external tenants, so the expenses and income related to the maintenance of the buildings are also Taxonomy-eligible.	As it is considered that Taxonomy-aligned are highly energy-efficient buildings with class A energy performance certificates or those belonging to the 15% of the country's most energy-efficient buildings, the buildings managed by LDz are historic and have not undergone major investments in their energy efficiency, the expenditure and revenue related to the buildings do not meet the Taxonomy criteria.

Type of activity according to the classification of the Taxonomy Regulation	Group company to which the activity relates	Taxonomy-eligible activities	Taxonomy-aligned activities
ENVIRONMENTAL OBJECTIVE: TRANSITION TO CIRCULAR ECONOMY			
Preparation for re-use of end of-life products and product components (CE 5.3)	SIA LDZ CARGO	This activity includes all activities where SIA LDZ CARGO refurbishes existing components (e.g. wheelsets and other components) instead of purchasing new parts for the purpose of repairing locomotives and wagons.	All activities where such parts are refurbished and reused within the Group (e.g. in the rolling stock used by SIA LDZ CARGO) or the refurbished parts are sold on the market to companies outside the Group are considered to comply with the Taxonomy criteria, as the longevity of such parts is ensured and the need to produce new parts is reduced. The acquisition and maintenance of equipment intended for the refurbishment of components could also potentially be considered Taxonomy-aligned; however, no specific, functionally distinct equipment is used for this purpose. Accordingly, the acquisition and maintenance of such equipment are not assessed within the scope of this activity and are instead included under activities related to the manufacturing of railway rolling-stock components (see CCM 3.19 above).
ENVIRONMENTAL OBJECTIVE: POLLUTION PREVENTION AND CONTROL			
Remediation of contaminated sites and areas (PPC 2.4)	VAS Latvijas dzelzceļš SIA LDZ CARGO	The Group manages sites with historical contamination (from the Soviet period) that are subject to ongoing monitoring and/or, in specific areas, investigation and remediation work. (For more details on historical contamination, see page 121 of this Report.) Accordingly, all pollution control and abatement activities and associated costs are Taxonomy-eligible (no revenue is generated from these activities).	All costs related to groundwater monitoring, investigations and/or remediation of contaminated sites are Taxonomy-aligned and in line with this environmental objective.

CCM - Climate Change Mitigation
CE - Transition to Circular Economy
PPC - Pollution Prevention and Control

In addition to the above-mentioned Taxonomy sections specific to LDz, in certain cases (mainly in relation to CapEx) LDz may have activities that are eligible and aligned with the following environmental objective sections on climate change mitigation:

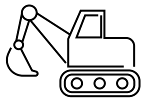
- 4.24. Production of heat/ cold from bioenergy (LDz produces part of the heat used in the Group's operations in its own boiler houses, using either biomass or fossil resources. Part of the heat produced is also sold to external tenants of LDz premises. Depending on the energy source used, the activity is considered either Taxonomy-aligned or merely Taxonomy-eligible);
- 6.5. Transportation by motorbikes, passenger cars and light commercial vehicles (Group companies maintain and periodically renew their fleet of vehicles, ensuring the acquisition and maintenance of the vehicles necessary for the work. As the Group has virtually no zero-emission or ultra-low emission vehicles, most of the related costs are attributable as Taxonomy-eligible but not Taxonomy-aligned);
- 7.3. Installation, maintenance and repair of energy-efficiency equipment (LDz periodically carries out building insulation works, replacement of windows and doors, and other measures aimed at improving the energy efficiency of buildings. Such CapEx is included in the Taxonomy-eligible and Taxonomy-aligned indicators);
- 7.6. Installation, maintenance and repair of renewable energy technologies (Group companies have installed solar panels on a number of sites in recent years, including 2024, which meet the Taxonomy criteria);
- 8.1. Data centres (To ensure the availability of information systems required for the needs of the Group and its cooperation partners, the Group operates its own data centres. However, their energy efficiency requirements do not meet the Taxonomy criteria, so the activity is considered to be Taxonomy-eligible but not Taxonomy-aligned).

Meeting the “do no significant harm” criteria

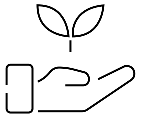
The most relevant "do no significant harm" criteria related to the LDz-specific sections of the Taxonomy are:

- Climate risk assessment and consideration in operational planning and implementation (in 2024, LDz conducted a climate risk assessment for the first time across its areas of operation and has begun gradually applying it in the implementation of infrastructure projects, as well as incorporating it into daily work planning—for example, by regularly monitoring short- and medium-term weather forecasts and accordingly mobilizing the workforce to mitigate potential weather-related impacts. For more details on climate risk assessment, see pages 89-91);
- Protecting water resources;
- Ensuring biodiversity protection;
- Pollution prevention in action;
- Respect for circular economy principles - mainly for construction waste in infrastructure projects.

These criteria are met in one of two ways:



Prior to the implementation of all infrastructure development projects (construction of new objects), an initial environmental impact assessment or a full environmental impact assessment is carried out, during which the responsible authorities indicate the measures to be taken to ensure the achievement of the above environmental objectives and LDz includes them in the project implementation requirements;



As part of daily maintenance and refurbishment activities, as well as other activities, environmental protection, including all the above aspects, is ensured through compliance with ISO 14001 certified systems, which are regularly monitored, as well as annual surveillance and recertification audits to ensure that the system is effective.

Compliance with minimum social safeguards

Compliance with minimum social safeguards in all Taxonomy-related activities (as well as in all other Group activities) is ensured by the Group's policies, which cover:

- The Fundamental Principles of Ethics (see pages 143 and 190 for details of the Group's Code of Ethics);
- Basic principles of business ethics of the Latvijas dzelzceļš Group's cooperation partners (see pages 160 and 191 for details);
- Anti-corruption measures (see page 190 for more details);
- Occupational safety requirements (see page 143 for details);
- The basic principles of traffic safety as well as the requirements not only for the Group's employees but also for business partners working in close proximity to railway infrastructure (see pages 160 and 175 for more details).

Taxonomy disclosures

In line with the assessment described above, the Group's Taxonomy metrics are summarised in three data tables:

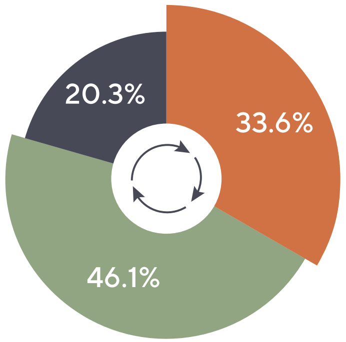
1. Breakdown of **OpEx** according to eligible Taxonomy headings and their criteria. The data are derived from the Group companies' records in SAP by allocating expenses to the activities described in the Taxonomy and, where necessary, distinguishing within an activity (a) expenses that are Taxonomy-aligned and (b) expenses that are Taxonomy-eligible but not Taxonomy-aligned. On consolidation, intra-group expenses have been eliminated, with only those expenses arising from payments to suppliers and business partners outside the Group being allocated (information on costs is included in notes 6, 7 and 9 to the Consolidated Financial Statements);
2. Breakdown of **turnover** according to eligible Taxonomy headings and their criteria. The data are derived from the Group companies' records in SAP by allocating revenue from external customers to the activities described in the Taxonomy and, where necessary, distinguishing within an activity (a) revenue that is Taxonomy-aligned and (b) revenue that is Taxonomy-eligible but not Taxonomy-aligned. On consolidation, intra-group revenue has been eliminated by allocating only revenue received from customers outside the Group (see note 4 to the Consolidated Financial Statements);
3. Breakdown of **CapEx** according to eligible Taxonomy headings and their criteria. Unlike OpEx and turnover, CapEx are assessed at project level by determining their classification and relevance to a specific Taxonomy section and aggregating the projects under the relevant Taxonomy sections in the CapEx table. In 2024 and 2025, the majority of the Group's capital expenditure was made in the development and renewal of public railway infrastructure (including renewal of tracks, level crossings, passenger stations and stopping point equipment, etc., modernisation of passenger infrastructure to accommodate new electric trains of AS Pasažieru vilciens, increase of train speed, etc.). Some capital expenditure has also been made in the insulation of buildings, the installation of solar panels on certain sites and the conversion of heat from fossil to biomass sources (information on the amount of capital expenditure is provided in notes 12, 13 and 14 to the Consolidated Financial Statements).

The EU Taxonomy indicators for 2025 presented in the tables include a comparison with the indicators for the previous financial year (2024).

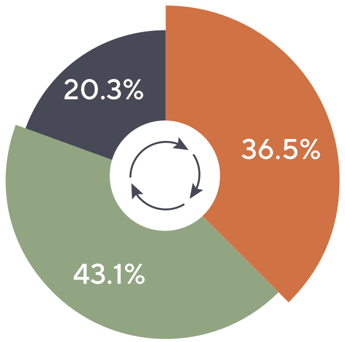
In preparing the 2025 Sustainability Statement, the capital expenditure table for 2024 was revised to include right-of-use assets that were recognised in the statement of financial position during the reporting period. This approach has also been applied consistently in the preparation of the CapEx table for 2025. In addition, capital expenditure was revised because intra-group transactions had previously been erroneously excluded, which had resulted in an understatement of the Group's total capital expenditure.

Turnover

2024

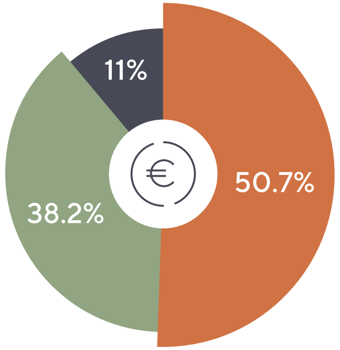


2025

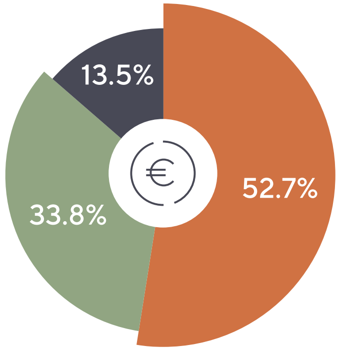


OpEx

2024

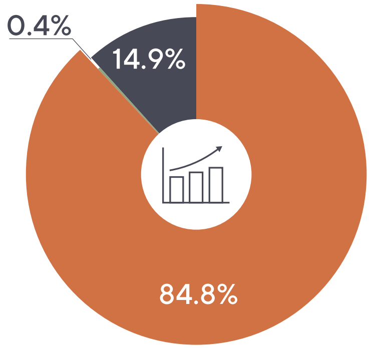


2025

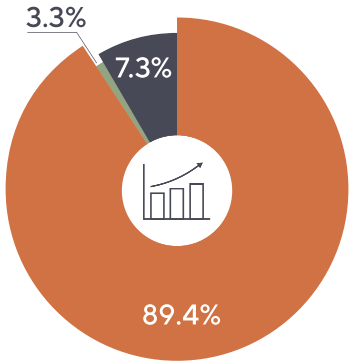


CapEx

2024



2025



- Taxonomy-aligned activities (A.1)
- Taxonomy-eligible but not Taxonomy-aligned activities (A.2)
- Taxonomy-non-eligible activities (B)

A significant part of the Group's turnover is generated by diesel freight transport, as well as fuel sales to external partners for diesel freight and passenger transport by rail. Thus, a significant part of the Group's turnover is generated by Taxonomy-eligible but not Taxonomy-aligned activities. Also, a significant part of OpEx is related to the provision of freight transport. In contrast, in CapEx, the majority of investment projects are investments in rail transport infrastructure, which is a Taxonomy-aligned activity and contributes to climate change mitigation not only in the rail sector but in transport in general.

Proportion of turnover from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2024

				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/ No;	Yes/ No;	Yes/ No;	Yes/ No;	Yes/ No;	Yes/ No;	Yes/ No;	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	77 908 585	33.3%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	
Manufacture of rail rolling stock constituents	**CCM 3.19.**	508 031	0.2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	28 635	0.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	N/A	Yes	Yes	Yes	N/A		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**78 445 251**	**33.6%**	**33.6%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		
Of which: enabling activities		**78 416 616**	**33.5%**	**33.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**	**E**	
Of which: transitional activities		**0**	**0.0%**	**0.0%**						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Freight rail transport	**CCM 6.2.**	88 649 226	37.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Passenger interurban rail transport (sale of fuel to a passenger carrier outside the Group)	**CCM 6.1.**	4 606 239	2.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Manufacture of rail rolling stock constituents	**CCM 3.19.**	4 283 855	1.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Transmission and distribution of electricity	**CCM 4.9.**	7 792 742	3.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Production of heat/cool	**CCM 4.24.**	16 897	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Acquisition and ownership of buildings	**CCM 7.7.**	2 432 720	1.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**107 781 679**	**46.1%**	**46.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
TOTAL (A.1 + A.2)		**186 226 930**	**79.7%**	**79.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		47 510 576	20.3%																
Turnover of Taxonomy-non-eligible activities (B)		**47 510 576**	**20.3%**																
TOTAL (A+B)		**233 737 506**	**100.0%**																

Proportion of turnover from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2025

				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A.TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	72 915 114	36.2%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	33.3%	E	
Manufacture of rail rolling stock components	**CCM 3.19.**	520 487	0.3%	N/EL	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	14 689	0.0%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	N/A	Yes	Yes	Yes	0.0%		
Preparation of end-of-life products for reuse	**CE 5.3.**	39 302	0.0%	N/EL	N/EL	Yes	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**73 489 591**	**36.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**33.6%**		
Of which: enabling activities		**73 435 601**	**36.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**33.5%**	**E**	
Of which: transitional activities		**0**	**0.0%**							**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Freight rail transport	**CCM 6.2.**	68 518 740	34.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								37.9%		
Passenger interurban rail transport (sale of fuel to a passenger carrier outside the Group)	**CCM 6.1.**	4 454 580	2.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.0%		
Manufacture of rail rolling stock constituents	**CCM 3.19.**	3 330 636	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.8%		
Transmission and distribution of electricity	**CCM 4.9.**	8 034 513	4.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.3%		
Production of heat/cool	**CCM 4.24.**	22 949	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Acquisition and ownership of buildings	**CCM 7.7.**	2 440 252	1.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**86 801 670**	**43.1%**	**43.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**46.1%**		
TOTAL (A.1 + A.2)		**160 291 262**	**79.7%**	**79.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**79.7%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		40 897 339	20.3%																
Turnover of Taxonomy-non-eligible activities (B)		**40 897 339**	**20.3%**																
TOTAL (A+B), including elimination of intercompany transactions		**201 188 601**	**100.0%**																

Proportion of OpEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2024

				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	102 103 007	50.1%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	
Freight rail transport	**CCM 6.2.**	492 846	0.2%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	N/A	Yes	Yes	N/A	Yes	N/A		
Manufacture of rail rolling stock constituents	**CCM 3.19.**	421 295	0.2%	N/EL	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	T
Production of heat/cool from bioenergy	**CCM 4.24.**	209 335	0.1%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	N/A	Yes	Yes	Yes	N/A		
Remediation of contaminated sites and areas	**PPC 2.4.**	104 987	0.1%	N/EL	N/EL	N/EL	Yes	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A		
Expenditure on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**103 331 470**	**50.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		
Of which: enabling activities		**102 524 302**	**50.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**	**E**	
Of which: transitional activities		**492 846**	**0.2%**							**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Freight rail transport	**CCM 6.2.**	38 877 105	19.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Passenger interurban rail transport (sale of fuel to a passenger carrier outside the Group)	**CCM 6.1.**	4 162 275	2.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Manufacture of rail rolling stock components	**CCM 3.19.**	24 194 211	11.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Transmission and distribution of electricity	**CCM 4.9.**	7 513 869	3.7%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Production of heat/cool	**CCM 4.24.**	572 473	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Acquisition and ownership of buildings	**CCM 7.7.**	2 483 776	1.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Data processing, hosting and related activities	**CCM 8.1.**	105 141	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**77 908 850**	**38.2%**	**38.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
TOTAL (A.1 + A.2)		**181 240 320**	**89.0%**	**89.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		22 490 509	11.0%																
OpEx of Taxonomy-non-eligible activities (B)		**22 490 509**	**11.0%**																
TOTAL (A+B)		**203 730 829**	**100.0%**																
TOTAL (A+B), including elimination of intercompany transactions		**206 360 461**																	

Proportion of OpEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2025

				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	94 149 489	52.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	50.1%	E	
Freight rail transport	**CCM 6.2.**	410 262	0.2%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	Yes	Yes	N/A	Yes	0.2%		T
Manufacture of rail rolling stock constituents	**CCM 3.19.**	528 962	0.3%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	170 416	0.1%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	N/A	Yes	Yes	Yes	0.1%		
Remediation of contaminated sites and areas	**PPC 2.4.**	99 128	0.1%	N/EL	N/EL	N/EL	N/EL	Yes	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%		
Preparation of end-of-life products for reuse	**CE 5.3.**	8 795	0.0%	N/EL	N/EL	N/EL	Yes	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A		
Expenditure on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**95 367 052**	**52.7%**	**52.7%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**50.7%**		
Of which: enabling activities		**94 678 451**	**52.3%**	**52.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**50.3%**	**E**	
Of which: transitional activities		**410 262**	**0.2%**	**0.2%**						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Freight rail transport	**CCM 6.2.**	31 850 325	17.6%	EL	EL	N/EL	N/EL	N/EL	N/EL								19.1%		
Passenger interurban rail transport (sale of fuel to a passenger carrier outside the Group)	**CCM 6.1.**	3 869 804	2.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.0%		
Manufacture of rail rolling stock constituents	**CCM 3.19.**	15 723 604	8.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11.9%		
Transmission and distribution of electricity	**CCM 4.9.**	7 695 888	4.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.7%		
Production of heat/cool	**CCM 4.24.**	504 892	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Acquisition and ownership of buildings	**CCM 7.7.**	1 459 856	0.8%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.2%		
Data processing, hosting and related activities	**CCM 8.1.**	94 692	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**61 199 060**	**33.8%**	**33.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**38.2%**		
TOTAL (A.1 + A.2)		**156 566 112**	**86.5%**	**86.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**89.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		24 428 576	13.5%																
OpEx of Taxonomy-Non-eligible activities (B)		**24 428 576**	**13.5%**																
TOTAL (A+B), including elimination of intercompany transactions		**180 994 688**	**100.0%**																

Proportion of CapEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2024

Economic activities (1)	Taxonomy code (-i) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution criteria: Climate change mitigation (5)	Substantial Contribution criteria: Climate change adaptation (6)	Substantial Contribution criteria: Water and marine resources (7)	Substantial Contribution criteria: Circular economy (8)	Substantial Contribution criteria: Pollution (9)	Substantial Contribution criteria: Biodiversity and ecosystems (10)	DNSH criteria (Does Not Significantly Harm): Climate change mitigation (11)	DNSH criteria: Climate change adaptation (12)	DNSH criteria: Water and marine resources (13)	DNSH criteria: Circular economy (14)	DNSH criteria: Pollution (15)	DNSH criteria: Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES		As reported in the Group's 2024 Sustainability Statement		2024 (base year) adjusted																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Infrastructure for rail transport	CCM 6.14.	53 976 756	87.5%	55 978 131	84.2%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6.	28 085	0.0%	28 085	0.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	N/A	N/A	N/A	Yes	N/A	E	
Installation, maintenance, repair of energy efficiency equipment	CCM 7.3.	255 867	0.4%	255 867	0.4%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	N/A	Yes	N/A	Yes	N/A	E	
Production of heat/cool from bioenergy	CCM 4.24.	67 705	0.1%	67 705	0.1%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	N/A	Yes	Yes	Yes	N/A		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**54 328 413**	**88.1%**	**56 329 788**	**84.8%**	**84.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		
Of which: enabling activities		**54 260 708**	**87.9%**	**56 233 998**	**84.6%**	**84.6%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**	**E**	
Of which: transitional activities		**0**	**0.0%**	**0**	**0.0%**	**0.0%**						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)						**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Manufacture of rail rolling stock constituents	CCM 3.19.	200 022	0.3%	200 022	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Carriage by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	51 021	0.1%	51 021	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**251 043**	**0.4%**	**251 043**	**0.4%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
TOTAL (A.1 + A.2)		**54 579 456**	**88.5%**	**56 580 831**	**85.1%**	**85.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Taxonomy-non-eligible activities		7 119 557	11.5%	9 871 234	14.9%																
CapEx of Taxonomy-non-eligible activities (B)		**7 119 557**	**11.5%**	**9 871 234**	**14.9%**																
TOTAL (A+B)		**61 699 012**	**100.0%**	**66 452 065**	**100%**																
TOTAL (A+B), including elimination of intercompany transactions		**63 901 770**																			

In 2025, an adjustment was made to the 2024 capital expenditure amount. Capital expenditure was revised because intra-group transactions had previously been erroneously excluded, which resulted in an understatement of the Group's total capital expenditure, and because right-of-use assets recognised in the statement of financial position during the reporting period were included.

Proportion of CapEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2025

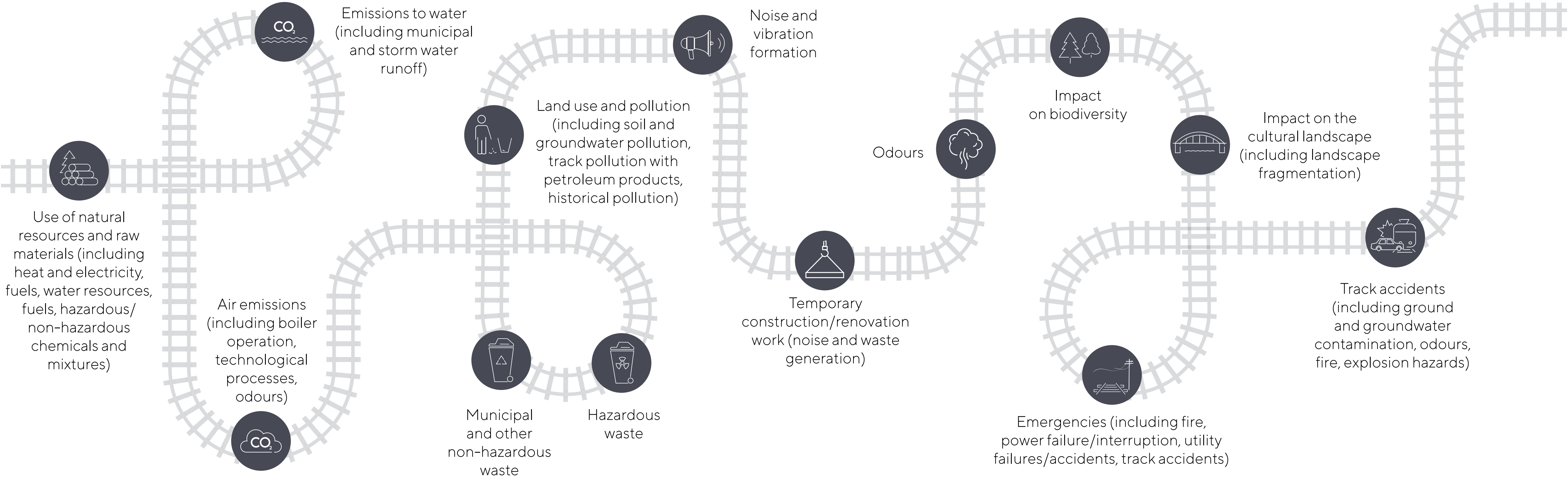
				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2024 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	60 427 265	89.3%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	84.2%	E	
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6.**	0	0.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	N/A	N/A	N/A	Yes	0.0%	E	
Installation, maintenance, repair of energy efficiency equipment	**CCM 7.3.**	64 718	0.1%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	N/A	Yes	N/A	Yes	0.4%	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	0	0.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	N/A	Yes	Yes	Yes	0.1%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**60 491 983**	**89.4%**	**89.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**84.8%**		
Of which: enabling activities		**60 491 983**	**89.4%**	**89.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**84.7%**	**E**	
Of which: transitional activities		**0**	**0.0%**	**0.0%**						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Manufacture of rail rolling stock constituents	**CCM 3.19.**	2 130 542	3.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Carriage by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5.**	115 254	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2 245 796**	**3.3%**	**3.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.4%**		
TOTAL (A.1 + A.2)		**62 737 779**	**92.7%**	**92.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**85.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		4 950 060	7.3%																
CapEx of Taxonomy-non-eligible activities (B)		**4 950 060**	**7.3%**																
TOTAL (A+B)		**67 687 839**	**100%**																

POLLUTION

Pollution-related impacts, risks, and opportunities

The Group has developed and approved procedures for identifying environmental aspects, assessing their relevance and documenting the process. This procedure is binding on all Group companies. In order to identify environmental aspects, the Group company first identifies its activities, products, and services, taking into account past, current, and planned activities, and identifying not only the company's core activity(ies) but also ancillary activities or activities related to the rest of the company's business. For those aspects of the normal operating environment that are material and are also included in the calculation of the Group's or Group companies' GHG emissions, GHG emissions are additionally assessed as an environmental aspect; see the example table on page 120 for further details.

Environmental aspects are identified for the Group company's activities, products or types of services and they include:



The environmental impacts and their significance are determined using a number of criteria – manifestation, legislative requirements, persistence/likelihood of impacts, significance of impacts – by assessing each criterion and recording the score in a table. The table below gives an example of an environmental assessment:

No	Environmental impact	Environmental aspect	GHG emission scope	Manifestation			Legislative requirements	Persistence/ likelihood of impact	Importance of impact	Importance of the environmental aspect	Mitigation options/ existing preventive measures	Notes
				Normal operation	Deviation	Emergency						
1	2	3	4	5	6	7	8	9	10	11	12	13
Property management (all buildings, including stations, stops, administration buildings, technological buildings, etc.												
1.	Use of resources (example)	Consumption of purchased electricity (example)	S2	x			2	4	2	**16**	...	...
1.1.	GHG emissions (example)	GHG emissions from purchased electricity (example)	S2	x			2	4	4	**32**	...	....
2.	Waste generation (example)	Municipal waste (generated by employees and station visitors) (example)	S3C5	x			1	4	1	**4**	...	...
3.	Environmental pollution (example)	Use of glyphosate-containing herbicides for weed control along railway tracks in non-compliance with the requirements set by the State Forest Service (example)*	S3C1		x		3	2	4	**24**	...	...
4.	Environmental pollution (example)	Soil and groundwater contamination (leakage of hazardous goods) (example)	n/a			x	3	2	4	**24**	...	...
Company administration												
Maintenance of infrastructure and the railway division strip												
Emergency situations												
Category B polluting activity permits												
Registration of Category C polluting activities												
Soil and groundwater quality monitoring (surveillance)												
Contaminated and potentially contaminated sites with petroleum products (including historical contamination)												
other areas of impact of activities*												

Historical pollution is one of the most important environmental aspects. It should be noted that the Latvian railway network was built in the mid-19th century and, objectively, most of the infrastructure was built and operated at a time when environmental protection and pollution issues were not a priority. Thus, LDz has inherited sites that were contaminated with oil products, especially during the Soviet period, and which are regularly monitored and, where necessary and possible, investigated and remediated.

In order to monitor the above-mentioned sites, LDz has established and maintains the Register of VAS Latvijas dzelzceļš Sites Contaminated with Petroleum Products. The Register contains 17 sites contaminated with petroleum products, most of which have accumulated historical contamination from the period before the restoration of independence of the Republic of Latvia. This is a major challenge, as historically contaminated sites have high levels of contamination, which spread into the ground, underground and surface waters, require specific and expensive technologies to remove, and the polluter no longer exists and there is no direct successor, so the polluter-pays principle cannot be applied.

Contaminated sites managed by LDz are classified as high, medium and low priority depending on the specific nature, extent and distribution of the contamination and the potential impact on the wider environment and public health.

- The highest priority is given to 8 contaminated sites – Višķi, Skrunda, Šķirotava (two sites), Gulbene, Ķeipene, Kraujas and Vagonu Parks, Rīga. Detailed investigations, remediation works and regular surveillance (monitoring) are carried out as far as possible at high priority sites.
- Medium priority is given to sites with relatively small volumes (up to 1 000 m^2) of petroleum products stored and contained in closed tanks. There are 6 medium priority sites in the register.
- Low priority is given to sites with small volumes of petroleum products (up to 70 m^2) stored and contained in closed tanks. There are 3 low priority sites on the register.

Some historically contaminated sites are also under the supervision of SIA LDZ CARGO (these sites are located in Daugavpils, where active sorting of incoming cargo has historically taken place, as well as where locomotive and wagon repairs are mainly carried out).

Given the nature of historical contamination and the costs associated with its remediation, the inability to carry out remediation work in a context of limited funding is considered to be one of the greatest risks. To address this, LDz has been approaching the Ministry of Transport for a number of consecutive years to include the remediation of historical pollution in the priority measures of the state budget, but so far this has not materialised. Also in 2025, a letter has been sent asking to include the mitigation of historical pollution in the priority budget measures to be financed.

The historical pollution is not related to LDz's current operations or value chain.

As regards modern pollution in the Group companies' operations, this mainly relates to air pollution and its control from boiler houses and locomotives, as well as potential risks in refuelling and chemical use, but these risks are significantly lower and easier to control than historical pollution issues. The issues of refuelling and locomotive emissions are also relevant in the context of the downstream value chain as they involve other rail operators. To the extent that refuelling is provided by SIA LDZ CARGO, it controls the refuelling process and ensures that no pollution is generated. Emissions from locomotives are the responsibility of each haulier. In cases where carriers cause pollution (e.g. cargo spills), the LDZ Technical Inspection will determine measures to eliminate such pollution and it is the responsibility of the carrier to ensure that these measures are taken.

The operation of LDz is not dependent on ecosystem services, the availability of which could be affected or in which pollution and its mitigation could play a significant role, and therefore such environmental aspects are not addressed in the assessment.

Sub-topic	Impact	Risks	Opportunities
Pollution of air	− Pollution from chemicals used in the maintenance and repair of rolling stock		
	− Air pollution from locomotives and boiler houses		
Pollution of water and soil	− Historical contamination in and adjacent to railway-managed areas, which continues to contaminate soil and groundwater	Potential regulatory requirements, possible penalties for failure to adequately remediate and mitigate pollution	
	+ Regular and active monitoring and remediation of contaminated sites, as required	Inability to implement effective pollution abatement measures due to their high cost	
		The company's assets in the contaminated area are frozen and not available for active economic activities until the pollution is removed/mitigated or even afterwards	
	− Potential weaknesses in production processes, waste management, refuelling, etc. that could lead to new pollution		Introducing technical and educational measures to reduce pollution at source
	− Potential pollution from third parties during construction projects		Setting requirements for supplier evaluation before and throughout the cooperation
	− Dangerous goods accidents and pollution		
Substances of concern		Potential regulatory requirements, possible penalties for failure to manage hazardous waste properly	

+ positive impact − negative impact The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Pollution-related policies

To ensure effective and sustainable environmental protection, including addressing pollution issues, the Group has adopted an updated Environmental and Energy Resources Management Policy in 2025. One of the objectives of the Policy is environmental protection and the reduction of pollution, including emissions to air and water, the release of harmful substances into soil, noise and vibration levels, as well as the amount of waste generated. The Policy also sets out objectives such as the sustainable use of resources and energy efficiency, the accounting and reduction of GHG emissions, environmental safety and emergency preparedness, responsible procurement and cooperation with partners, engagement of the public and employees, and the maintenance and continuous improvement of the environmental and energy management system.

In order to ensure the fulfilment of the tasks set out in the policy, VAS Latvijas dzelzceļš and SIA LDZ ritošā sastāva serviss (currently – SIA LDZ CARGO) have developed environmental and energy management programmes for the medium term, which, among other things, provide for pollution management. For more details on these documents, see page 96. As mentioned above, the programmes foresee regular monitoring of contaminated sites and, where possible, investigation and remediation in accordance with the available financial resources. The implementation of the programme at VAS Latvijas dzelzceļš is supervised and coordinated by the Technical Operations Directorate, while at the Management Board level responsibility for this area, together with other environmental impact areas, rests with the Chairman of the Management Board until a new Management Board member is appointed or amendments are made to the Rules of Procedure of the Management Board.

The Civil Protection and Fire Safety Division of the Directorate of Security is responsible for ensuring the capability and preparedness to deal with emergency situations (including spills of dangerous goods). Measures such as Civil Protection Action Plans developed at sensitive sites and coordinated with the State Fire and Rescue Service (SFRS), regional exercises on prevention of dangerous goods accidents and civil protection and disaster management in cooperation with the SFRS several times a year, and other measures are implemented. Resources for environmental protection and energy efficiency improvement measures are planned in accordance with the Rules for Planning and Controlling the Execution of Investments of the Latvijas Dzelzceļš Group and the Rules for Planning and Controlling the Execution of the Budget of the Latvijas Dzelzceļš Group. Reports on the implementation of the planned measures and budget execution are prepared in accordance with the requirements of the above-mentioned documents.

Actions and resources related to pollution

Environmental protection measures are planned annually as part of the Environment and Energy Management Programme, including in 2025:

Within the framework of the 2025 Environmental Action Plan, VAS Latvijas dzelzceļš implemented 24 measures, such as environmental quality monitoring (ground and groundwater, wastewater and stormwater testing, emission measurements, contaminated sites investigations), hazardous waste management, as well as measures aimed at reducing the company's climate impact, such as allocating funds for GHG emission calculations, auditing the certified environmental and energy management system and other activities. Compared with the total amount of investments and operating costs, these amounts were not material.

In 2025, SIA LDZ CARGO (including SIA LDZ ritošā sastāva serviss) implemented 30 measures under the environmental protection action plan, such as, groundwater and soil monitoring, geo-ecological investigations, wastewater analyses, hazardous-waste management and other related activities.

SIA LDZ apsardze included and implemented three measures for hazardous waste management in its 2025 Environmental Action Plan: disposal of lighting elements and light bulbs containing mercury and other hazardous substances, disposal of acid/alkali/lead batteries and disposal of waste electrical and electronic equipment.

All of these measures help to mitigate the negative environmental impacts of the Group's businesses, both in areas where the Group still needs to address historical contamination and in the use of substances that have the potential to cause harm to the environment and people. These activities primarily concern the Group's own operations, but involve external parties in the responsible disposal of hazardous waste and the investigation, monitoring and, where necessary, remediation of historical contamination.

Further financial investments in pollution prevention and control are planned within each year's budget according to the available funding. The Procedure for the preparation of annual plans and reports on the implementation of energy efficiency improvement measures in Latvijas Dzelzceļš Group stipulates that the following year's environmental protection plan is prepared by 15 January of the planning year.

Targets related to pollution

The Group has not set specific pollution reduction targets, aiming to reduce or eliminate historical pollution as far as possible, depending on the financial feasibility. However, the reports on the management of the environmental and energy management system and the implementation of the Environmental and Energy Management Programme 2022–2028 report annually on actual performance indicators for monitoring, control and reduction of historical pollution. The following performance indicators are set out for 2025:

Performance indicators for 2025 of the Environmental and Energy Management Programme of the parent company VAS "Latvijas dzelzceļš" for the period 2022–2028:

No	Environmental aspect, key tasks of programme	Target	Indicator	Measurement	2024	2025	Target performance 2025
1.	Contaminated sites prioritised as high[71]: monitoring and remediation of contaminated sites	Remediation is carried out at all contaminated sites, in accordance with available financial resources and the requirements of environmental authorities	Number of sites	% of sites where remediation work has started, monitoring is ongoing	25% (2 out of 8[72] sites) – remediation works performed in Višķi and Krauja	0% – remediation work was not carried out in 2025	Not complete
2.	Potentially contaminated sites: to carry out monitoring of potentially contaminated sites in accordance with the requirements of environmental monitoring authorities	Monitoring is carried out at all contaminated sites where it is required by environmental monitoring authorities	Number of sites	% of territories where monitoring is carried out (in accordance with the requirements of the State Environmental Service)	35.29% (6 sites out of 17[73]) – monitoring is carried out in Gulbene, Šķirotava (Locomotive Repair Centre, Rīga), Skrunda, Vagonu parks, Ķeipene, and Ventspils (Depo iela 17, Ventspils).	41.18% (7 sites out of 17) – monitoring was carried out in Gulbene, Šķirotava (Rīga Division of the Locomotive Repair Centre), Skrunda, Vagonu parks, Višķi, Krauja and Ķeipene	Completed – monitoring was carried out at 7 sites in 2025 and at 6 sites in 2024
3.	Noise and vibrations: to reduce the adverse impact of railway transport noise on residents	To reduce the length of railway tracks requiring the construction/ installation of noise barriers/ screens, including green plantings	Length of railway lines (km) where noise mitigation measures must be implemented in accordance with noise reduction action plans	Number of kilometres (km)	6.55 km[74]	6.55 km	Performance unchanged

[71] According to the Register of VAS Latvijas dzelzceļš sites contaminated with petroleum products
[72] Two new sites - Krauja and Ķeipene - have been added to the high priority register of sites contaminated with petroleum products in 2024.
[73] In 2024, the update and optimisation of VAS Latvijas dzelzceļš sites contaminated with petroleum products was started - two new sites were added (Krauja and Ķeipene) and territories with several contaminated sites, which were previously separated as separate contaminated sites, were combined into one site (Šķirotava, where there are 4 separate contaminated sites).
[74] According to the Action Plan for Noise Abatement for Railway Lines with Traffic Volumes greater than 30 000 Trains per Year for the period from 2019 to 2023. The table shows the total length (km) of the construction of Noise barriers on the railway line Rīga Pasažieru - Krustpils section Riga - Lielvārde, including acoustic discomfort zones: Salaspils, Ikšķile, Ogre, Ķegums, and Lielvārde. In 2023, a new LDz Noise Action Plan was developed for the period 2024-2028, identifying acoustic discomfort zones and Noise abatement measures to be taken. The new Action Plan was approved by the LDz Management Board Decision No VL-1.6/12-2024 of 15 January 2024.

The report on the management of the environmental and energy management system and the implementation of the Environmental and Energy Management Programme 2022–2028 of VAS Latvijas dzelzceļš is prepared annually in accordance with the requirements of ISO 14001:2015 and ISO 50001:2018.

Pollution of air, water, and soil

The Group plans and implements environmental measurements every year in the following areas: qualitative testing of wastewater and stormwater, soil and groundwater monitoring, boiler house emissions measurements.

2025 pollutant emissions of Latvijas Dzelzceļš Group, tonnes

	Pollutant amount, t (2025)									Pollutant amount, t (2024)		
	VAS Latvijas dzelzceļš			SIA LDZ CARGO (incl. SIA LDZ ritošā sastāva serviss)			Group			Group		
Pollutant	Air	Water	Soil	Air	Water	Soil	Air	Water	Soil	Air	Water	Soil
Solid particulate matter PM	2.98	-	-	1.51	-	-	4.49	-	-	13.28	-	-
Solid particulate matter PM10	0.04	-	-	-	-	-	0.04	-	-	1.59	-	-
Solid particulate matter PM2.5	0.04	-	-	-	-	-	0.04	-	-	0.08	-	-
Carbon monoxide (CO)	4.55	-	-	1.45	-	-	6.01	-	-	9.73	-	-
Sulphur dioxide (SO_2)	0.17	-	-	0.12	-	-	0.29	-	-	0.37	-	-
Nitrogen oxides (No_x)	2.49	-	-	2.82	-	-	5.31	-	-	2.90	-	-
Metals and metal compounds	-	-	-	0.49	-	-	0.49	-	-	-	-	-
Volatile organic compounds (VOCs)	0.05	-	-	7.36	-	-	7.41	-	-	24.07	-	-
Other inorganic compounds	-	-	-	0.11	-	-	0.11	-	-	-	-	-
Carbon dioxide (CO_2)	1325.68	-	-	1609.56	-	-	2935.24	-	-	3134.17	-	-
Nitrogen dioxide (No_2)	-	-	-	0.28	-	-	0.28	-	-	3.47	-	-
Hydrocarbons	-	-	-	0.20	-	-	0.20	-	-	-	-	-
Potassium hydroxide (KOH)	-	-	-	-	-	-	-	-	-	0.00010	-	-
Sodium hydroxide (NaOH)	-	-	-	-	-	-	-	-	-	0.80	-	-
Tetrahloretilēns (C_2Cl_4)	-	-	-	-	-	-	-	-	-	0.02	-	-
Tetrachloroethylene (C_2Cl_4)	-	-	-	-	-	-	-	-	-	0.00027	-	-
Manganese and its compounds	-	0.02	-	-	-	-	-	0.02	-	-	0.01	-
Chemical Oxygen Demand (COD)	-	0.09	-	-			-	0.09	-	-	0.03	-
Biological Oxygen Demand (BOD5)	-	0.01	-	-	-	-	-	0.01	-	-	0.003	-
Total nitrogen	-	0.03	-	-	-	-	-	0.03	-	-	0.01	-
Total phosphorus	-	0.002	-	-	-	-	-	0.002	-	-	0.001	-

Data not externally verified.

The amounts of pollutants in the air indicated in the table are the result of the operation of the boiler houses in the balance sheet of LDz, whose nominal heat input capacity according to the Cabinet of Ministers Regulation No 1082 Procedure for Application and Issue of Permits for Polluting Activities of Category A, B and C corresponds to the permit for polluting activity of Category B or C and which are required to calculate and pay natural resources tax according to the Natural Resources Tax Law. LDz has on its balance sheet one boiler house with a rated thermal input of Category B (equal to or greater than 5 MW) and 11 boiler houses with a rated thermal input of Category C (equal to or greater than 0,2 MW).

The amounts of pollutants in water indicated in the table are the amounts of pollutants discharged as a result of the operation of wastewater treatment plants on the balance sheet of LDz, which according to the Cabinet of Ministers Regulation No 1082 correspond to polluting activity Category C.

Environmental management, including environmental measurement and monitoring, is implemented in accordance with the certified environmental management system standard ISO 14001:2015. A detailed presentation and analysis of all measurement and monitoring results is included annually in the Environmental Management System Management Report. In spring 2026, the management report for 2025 will be prepared and approved, with complete data for the calendar year.

Environmental measurements and monitoring results are analysed in accordance with the regulatory enactments, which assess the quality of the environment in terms of pollution concentrations and their annual changes.

The air pollutant emissions shown in the table are generated by sources of pollutants necessary for SIA LDZ CARGO's business activities, such as crushed stone and sand handling yards and painting and grinding stations, workbenches and other items whose operating capacity according to the Cabinet of Ministers Regulation No 1082 Procedure for Application and Issue of Permits for Polluting Activities of Category A, B and C corresponds to a permit for a polluting activity of category B and for which the National Statistical Report 2-Air. Report on air protection.

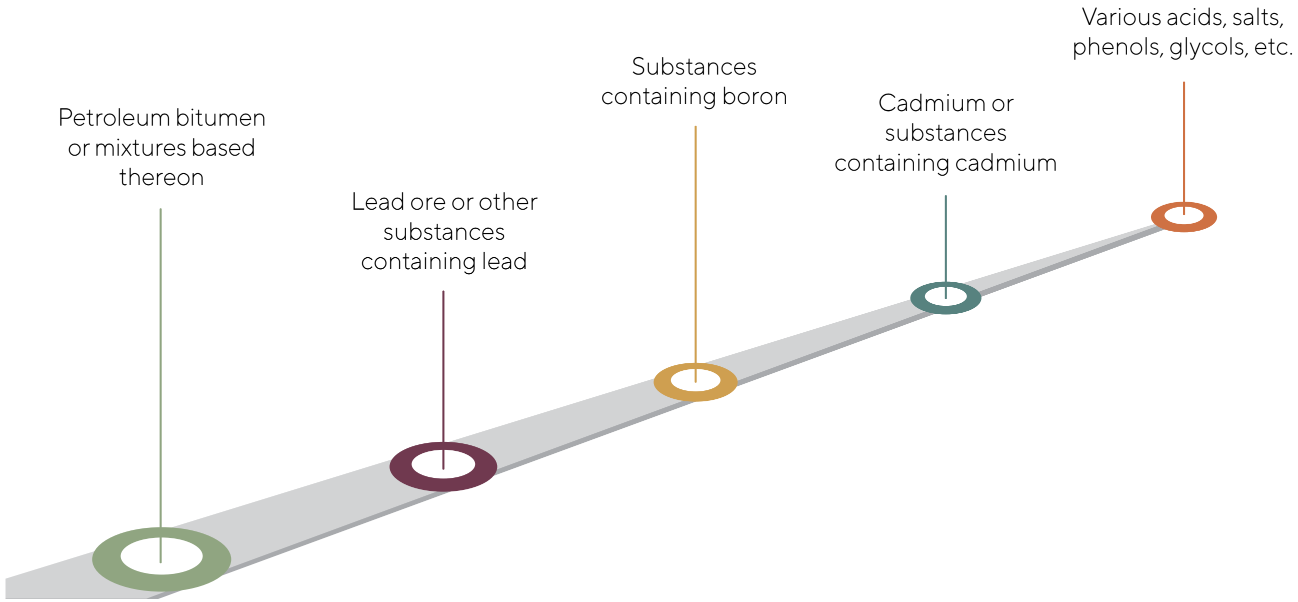
Financial investments in pollution prevention and control are planned within each year's budget according to the available funding. The Procedure for the preparation of annual plans and reports on the implementation of energy efficiency improvement measures in Latvijas Dzelzceļš Group stipulates that the following year's environmental protection plan is prepared by 15 January of the planning year.

The commercial activities of SIA LDZ apsardze, which provides security services, and AS LatRailNet, which is responsible for the development and application of methodologies related to the setting of charges for train operations and public-use railway infrastructure, do not involve polluting activities; therefore, the table on quantities of pollutants is not applicable.

Substances of concern and substances of very high concern

With regard to substances of concern and substances of very high concern, the Environmental and Energy Management Programme 2021-2028 of SIA LDZ ritošā sastāva serviss (now – SIA LDZ CARGO) stipulates that the management of environmentally hazardous waste, including chemicals, is strictly regulated by environmental legislation. They are collected separately and handed over to companies that have the necessary permits to manage the specific types of waste. With regard to substances of concern and substances of very high concern, the only substance identified that is included in the list compiled by the European Chemicals Agency[75] is boric acid, which is used by SIA LDZ ritošā sastāva serviss (SIA LDZ CARGO) for water cooling and softening in diesel locomotives. In 2025, 30 kg of this substance was consumed (69 kg in 2024). The decrease in consumption is attributable to the replacement of water with antifreeze cooling fluid in a number of locomotives in 2025, thereby reducing the need for water treatment.

In addition to standard cargo types such as grain, wood chips, fertilizers or petroleum products, LDZ CARGO has also transported in 2025, at the request of customers, certain cargoes containing substances included in the European Chemicals Agency's lists of substances of very high concern and substances of very high concern[76]. Some types of shipments containing such substances include:



Such goods are transported according to the rules governing the carriage of dangerous goods or other relevant rules, as applicable.

In 2025, the total volume of such freight was 8 456 tonnes (2024: 19 356 tonnes), which is less than 0.1% of the total volume of freight transported on Latvia's railway infrastructure in that year[77].

Expected financial impact related to pollution

The Group, in line with the requirements of the European Sustainability Reporting Standard (EU) 2023/2772 (ESRS), uses a phase-in approach to disclosure for E2-6 Anticipated financial effects from climate change drivers, disclosing only qualitative information in this reporting year.

Pollution control at LDz mainly involves additional costs – investigating the distribution and extent of historical pollution and carrying out remediation work. The costs of the investigations LDz is largely able to cover on its own, but the costs of remediation of high priority historically contaminated sites amount to several million euros, which in the current economic conditions LDz cannot cover from its own resources.

In 2025, there are no OpEx and CapEx related to serious incidents and sludges. Expenditure is budgeted for the monitoring and investigation of historically contaminated sites, which represent a significant and long-term burden for LDz's operations, as several of these sites are located today in locations that, even after remediation, would not be usable for LDz's business activities. (One of these sites is located in an area where today there is no railway infrastructure at all and not even close to it, making the site unusable for LDz now or in the future, regardless of the mitigation measures taken.)

[75] The substances concerned have been selected in accordance with the definitions of the terms "substances of concern" and "substances of very high concern" as defined in the ESRS on page 279 of COMMISSION DELEGATED REGULATION (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards
[76] The substances concerned have been selected in accordance with the definitions of the terms "substances of concern" and "substances of very high concern" as defined in the ESRS on page 279 of COMMISSION DELEGATED REGULATION (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting standards
[77] Data not externally verified

RESOUCE USE AND CIRCULAR ECONOMY

As regards resource use and the circular economy, there are two companies within the Group that have the most significant impact in this area:

- VAS Latvijas dzelzceļš, whose activity is related to regular maintenance, modernisation and development works of the infrastructure, either in-house or with external contractors. In order to ensure that the infrastructure meets modern requirements, it is essential to assess the condition of the tracks, overhead contact lines and other railway infrastructure elements with sufficient regularity and to carry out repairs or replacement as necessary. This means using steel rails, sand and rubble for track bed and right-of-way maintenance, wooden and reinforced concrete sleepers and other resources. Similarly, end-of-life items also generate recyclable waste during maintenance work, as does construction waste during development projects (e.g. the construction of new passenger infrastructure at stations and stopping points, where it is currently being substantially upgraded);
- The activity of SIA LDZ CARGO is related to the overhaul and regular repairs of wagons and locomotives, as well as the modernisation of rolling stock. This in turn involves the use of various lubricants and chemicals, the processing of various types of metal parts and other resources, while also generating waste, including hazardous waste, which is properly managed and disposed of.

Circular economy-related impacts, risks, and opportunities

LDz does not have a detailed process in place to assess the impacts, risks and opportunities of resource use and/or the circular economy, and the most significant risks are addressed in the context of the impact, risk and opportunity assessment undertaken for this report. At the same time, the following environmental aspects related to resource use and the implementation of the circular economy framework are analysed within the framework of the Environment and Energy Resources Management Policy and related programmes discussed in the previous sections:

- Use of natural resources and raw materials (including heat and electricity, fuels, water resources, fuels, hazardous/non-hazardous chemicals and mixtures)
- Municipal and other non-hazardous waste
- Hazardous waste

Based on the environmental aspects assessment carried out in 2025, VAS Latvijas dzelzceļš identified the following aspects related to resource use and the circular economy as material: the generation of hazardous waste and wastewater, as well as the use of natural resources and raw materials, including hazardous chemical substances or mixtures, various energy resources, water resources and fuel. In 2025, SIA LDZ apsardze identified the generation of hazardous waste as a material environmental aspect related to resource use and the circular economy. External stakeholders are not involved in the environmental assessment, but issues related to resource use and waste management in the case of LDZ are not of interest to the general public or to consumers at large.

At the same time, LDz has identified the following aspects of impacts, risks and opportunities, which allow further development of the approach to these issues:

Sub-topic	Impact	Risks	Opportunities
Resource inflows, including use of resources	Production of new spare parts, goods to support the Group's operations.	Limited range of goods where the company could use recycled/reused goods, substances, materials, etc.	
	Recycled materials are used wherever possible (infrastructure, repairs)		
Waste	Waste generated by the company's activities, including hazardous waste, end-of-life machinery, construction waste, etc., is properly disposed of		Introducing zero-waste technologies/ solutions into the company's production processes
			Higher waste sorting rates would contribute to more sustainable waste management

positive impact   negative impact   The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Policies related to resource use and circular economy

In order to ensure efficient resource management, an Environmental and Energy Resources Management Policy has been approved within the Group since 2021 (the current version approved on 26 August 2025). One of the core principles of the Policy is the responsible use of resources, which includes the efficient use of energy, water, raw materials, materials and other resources, as well as the reduction of waste generation and the promotion of reuse and recycling. This policy is publicly available on the website of VAS Latvijas dzelzceļš. One of the objectives of the Policy is, in relations with cooperation partners and in procurement activities, to promote the selection of environmentally friendly and energy-efficient goods and services, giving priority to green public procurement, as well as to encourage cooperation partners to comply with the fundamental principles of environmental and energy management. While the Policy does not explicitly define compliance with the waste hierarchy[78] as a separate requirement, it refers to the sustainable management of waste, with a focus on recycling and reuse.

Separately, SIA LDZ ritošā sastāva serviss (now - SIA LDZ CARGO) has an approved Environmental and Energy Management Programme 2021-2028 and VAS Latvijas dzelzceļš has an approved Environmental and Energy Management Programme 2022-2028, which provide for more detailed measures to manage specific environmental aspects, including waste. For example, it is planned to introduce a sorting system for household waste (paper/cardboard, plastic packaging, glass, bio-waste) at LDZ. In addition, some of the company's resources are reused for its core business, such as reinforced concrete and wooden sleepers for the maintenance of railway infrastructure.

Both programmes have been developed in accordance with the environmental management systems implemented and certified by VAS Latvijas dzelzceļš and SIA LDZ CARGO in accordance with the requirements of ISO 14001:2015 standards. The environmental management system of SIA LDZ apsardze has also been certified in accordance with the requirements of ISO 14001:2015. All these systems are subject to regular recertification and surveillance audits by an external competent certification organisation.

[78] https://eur-lex.europa.eu/EN/legal-content/glossary/waste-hierarchy.html

Actions and resources related to resource use and circular economy

Each year, Group companies prepare environmental and energy efficiency improvement plans for the year. The costs incurred and the amount of capital expenditure implemented under the 2025 plans were not material in relation to the total operating expenses and capital expenditure of the Group.

Within the framework of the 2025 Environmental Action Plan, VAS Latvijas dzelzceļš implemented 24 measures, such as environmental quality monitoring (ground and groundwater, wastewater and stormwater testing, emission measurements, contaminated sites investigations), hazardous waste management, as well as measures aimed at reducing the company's climate impact, such as allocating funds for GHG emission calculations, auditing the certified environmental and energy management system and other activities.

In 2025, SIA LDZ CARGO (including SIA LDZ ritošā sastāva serviss) implemented 30 measures under the environmental protection action plan, including, groundwater and soil monitoring, geo-ecological investigations, wastewater analyses, hazardous-waste management and other related activities.

In 2025, SIA LDZ apsardze included three measures related to the management of hazardous waste in its environmental protection action plan and implemented them.

These activities are primarily related to the operations of Group companies themselves and do not extend further along the value chain. No other stakeholders are involved in the identification and implementation of these activities, except for cooperation with a duly qualified hazardous waste management company that supports the practical execution of these measures.

Further financial investments, including in the circular economy, are planned within each year's budget, subject to the availability of funding. The Procedure for the preparation of annual plans and reports on the implementation of energy efficiency improvement measures in Latvijas Dzelzceļš Group stipulates that the following year's environmental protection plan is prepared by 15 January of the planning year. The environmental protection plans include measures necessary for the management of significant environmental aspects identified in the environmental protection and/or energy management programmes of the Group companies, e.g. determining the measures to be taken for obtaining, reviewing and renewing environmental permits (Category B and C permits for polluting activities), environmental quality measurement and monitoring, environmental remediation measures, incl., installation, rehabilitation, maintenance of monitoring and observation wells, excavation of contaminated soil/material, pumping of contaminated groundwater, containment, disposal, etc.

Targets related to resource use and circular economy

The Group has no specific targets for resource use and circular economy. The need for such targets will be assessed in future periods.

Resource inflows

To ensure the safe and high-quality maintenance and development of railway infrastructure, various materials are used - sand and gravel, crushed stone, wooden and reinforced concrete sleepers, etc. The amount of these materials varies from year to year and depends on the amount of repair work planned and carried out.

Recycled materials used in the core business of VAS Latvijas dzelzceļš*:

Material	2022	2023	2024	2025	Type of resource
Reinforced concrete sleepers, used (pcs.)	19 383	13 148	10 616	**9 220**	Non-renewable resource
Wooden sleepers and beams, used (pcs.)	556	883	1 197	**1 001**	Renewable resource

According to the information available in the Administration of Rail Tracks module of the LDz SAP system. Data not externally verified.

It should be noted that the choice of materials and their use in the rail sector is closely linked to road safety and is taken into account in decisions on the feasibility of using recycled materials. Information on the mass of recycled components, secondary intermediate products and secondary materials, both in absolute terms and as a percentage, is not collected.

Materials consumed and their volume for infrastructure construction and repair works of VAS Latvijas dzelzceļš:

Material	2022	2023	2024	2025	Unit	Type of resource
Sand	2 709	7 439	5 795	**3 891**	tonnes	Non-renewable resource
Gravel (dolomite rubble)	409	312	75	**18**	tonnes	Non-renewable resource
Granite rubble	26 015	36 812	29 440	**29 481**	tonnes	Non-renewable resource
Impregnated oak sleepers	818	1 048	1 287	**458**	pieces	Renewable resource
Impregnated conifer sleepers	2 254	2 284	2 362	**818**	pieces	Renewable resource
Oak beams	1 701	1 475	1 460	**578**	pieces	Renewable resource
Coniferous timber beams	3068	3 160	2 010	**490**	pieces	Renewable resource
Bridge beams (wooden)	413	226	203	**505**	pieces	Renewable resource
Reinforced concrete sleepers	1 516	10 671	14 841	**20 474**	pieces	Non-renewable resource

* According to the information available in the Administration of Rail Tracks module of the LDz SAP system. Data not externally verified.

Natural resources used, associated materials and recycled material volumes* by individual subsidiaries:

Material	2024	2025	Unit	Type of resource
Fractionated sand 0-10mm	61.5	78.7	tonnes	Non-renewable resource
Fractionated sand 0-32mm	-	40	m^3	Non-renewable resource
Recycled material	**2024**	**2025**	**Unit**	**Type of resource**
Abrasive granules**	1.7	0.83	tonnes	Non-renewable resource

* Other resources, including various chemicals, are also used by Group companies, but are not currently accounted for separately.
** Abrasive granules are used for abrasive blasting of the surfaces of components (valves, cylinder caps, housings, reducers, etc.).
*** Data extracted from SAP and not externally verified.

In addition to the above-mentioned resources required for its core business, one of the resources consumed by the Group on a daily basis is water, which is obtained both from centralised water supply systems provided by various utilities and from water wells owned by the Company.

Recognising that water is one of those natural resources that cannot be renewed as quickly as it is consumed, water conservation is one of the basic conditions for environmentally friendly management and the Group strives to manage as sustainably as possible by minimising the amount of water consumed year after year.

	VAS Latvijas Dzelzceļš				Group	
	2022	2023	2024	2025	2024	2025
Volume of water extracted and used*, m^3	76 415	75 808	71 058	**65 401**	115 055	**87 133****
Wastewater generated and treated*, m^3	88 163	86 541	81 278	**78 904**	120 708	**92 188****

* Data extracted from SAP and not externally verified.
** The reductions in the volumes of water abstracted and used, as well as in the amounts of wastewater generated and treated, can be attributed to optimisation processes carried out in 2025, including the merger of three Group subsidiaries, reductions in transported freight volumes and production volumes, optimisation of premises, and other related processes.

The report does not include information on the consumption of water and other natural resources in the value chain.

Resource outflows

The Group's business activities do not result in the creation of new products, including consumer goods, and therefore the Group's focus in the context of outputs is on various types of waste, including hazardous and recyclable waste.

As regards the actual further treatment of the waste (i.e. what proportion of the waste is prepared for reuse, recycling, etc., as well as landfilling) no detailed information is available for LDz. In order to obtain such information, LDz carried out a survey of its partners - waste management companies - in spring 2024. Eight responses were received from 28 waste management companies, which together manage around 72% of the waste transferred by LDz. Most of these companies, with the exception of one, could not provide precise information on the future management of the waste they had handed over. The information provided by one waste management company on the further treatment of waste prompted LDz to start considering a more targeted promotion of waste sorting, starting with the administrative buildings and premises of the Group companies.

In addition, the survey asked waste management companies about their willingness to provide information to LDz on the amount of GHG emissions from further treatment of waste collected from LDz (to provide more accurate information for the climate change section - see above). Again, only one company was able to provide this information.

Amount of non-hazardous and hazardous waste generated by the Group's activities:

	VAS Latvijas Dzelzceļš		Group	
	2024	**2025**	**2024**	**2025**
Amount of non-hazardous waste, t	2769.18	2955.91	3627.17	3543.44
Breakdown of non-hazardous waste by treatment type, tonnes	2769.18	2955.91	3627.17	3543.44
preparation for re-use	No reliable information available	No reliable information available	No reliable information available	No reliable information available
recycling	No reliable information available	No reliable information available	No reliable information available	No reliable information available
combustion	No reliable information available	No reliable information available	No reliable information available	No reliable information available
landfilling	No reliable information available (but it is likely that most of the volume transferred)	No reliable information available (but it is likely that most of the volume transferred)	No reliable information available (but it is likely that most of the volume transferred)	No reliable information available (but it is likely that most of the volume transferred)
Amount of hazardous waste, t	17.09	7.55	635.39	435.89
Breakdown of hazardous waste by treatment type, t:	17.09	7.55	635.39	435.89
preparation for re-use	No reliable information available	No reliable information available	No reliable information available	No reliable information available
recycling	No reliable information available	No reliable information available	No reliable information available	No reliable information available
combustion	No reliable information available	No reliable information available	No reliable information available	No reliable information available
landfilling	No reliable information available	No reliable information available	No reliable information available	No reliable information available

* Data extracted from SAP and not externally verified.

Waste categories and their relation to the Group's activities*, t:

Waste categories	Type of generation	Type of waste	Volume generated, t (2024)		Volume generated, t (2025)	
			LDz	Group	LDz	Group
Municipal waste	Waste from the company's operations (as part of production or administrative processes)	Non-hazardous	2619.37	3038.33	2517.42	2745.18
Paper, cardboard			0.09	1.31	-	11.54
Glass			5.7	5.73	-	-
Wood			28.14	28.14	-	-
Aluminium			0.01	0.01	-	-
Biowaste			-	-	2.66	2.66
Plastic			0.01	0.01	-	0.00
Construction waste	In the process of removing building and structures		99.78	120.95	427.24	446.30
Asbestos-containing building materials		Hazardous	4.68	4.68	3.44	3.44
End-of-life tyres	In the course of use or production	Non-hazardous	10.45	10.56	0.66	1.64
Oil filters		Hazardous	5.57	5.57	-	2.07
Fluorescent lamps and other mercury-containing waste	In the course of use		0.07	0.07	-	0.20
Absorbents, filter materials, wiping materials, and protective clothing contaminated with hazardous substances	In the manufacturing process		0.01	94.3	0.01	52.45
Disposal of lighting fittings, bulbs containing mercury, other hazardous substances	In the course of use		0.11	0.11	0.13	0.13
Unsorted batteries and accumulators			0.15	0.31	-	0.00
Other engine oils, gear oils and lubricating oils			0.05	99.45	0.05	57.60
Waste printing ink containing dangerous substances	As a result of the operation of printing equipment		1.6	1.6	-	-
Other emulsions	Air compressor operation		3.6	3.6	3.80	4.80
Waste containing petroleum products	Waste from the company's operations		1	329.2	-	216.48

Waste categories and their relation to the Group's activities*, t:

Waste categories	Type of generation	Type of waste	Volume generated, t (2024)		Volume generated, t (2025)	
			LDz	Group	LDz	Group
Waste paints and varnishes containing organic solvents or other dangerous substances	Maintenance of energy infrastructure	Hazardous	0.1	0.1	0.12	2.46
Discarded electrical and electronic equipment containing hazardous components, not falling within Classes 200121 and 200123			0.1	0.1	-	-
Discarded cables not falling within Class 70410		Non-hazardous	0.06	0.06	-	-
Computer and office equipment	End-of-use, obsolete or damaged machinery		5.33	5.68	-	-
Small appliances**	Waste from the company's operations		0.15	0.15	-	0.03
Large waste	Maintenance of energy infrastructure		0.09	0.09	7.93	7.93
Metalworking waste	After abrasive cleaning of wagons		-	354.04	-	273.77
Lead-acid batteries	In the course of use		-	-	-	3.14
Coal soot, fly ash, slag and soot	Forge		-	1.58	-	0.60
Street cleaning waste	After wagon repairs		-	60.34	-	49.02
Non-chlorinated mineral motor oils, gear oils and lubricating oils	Waste from the company's operations	Hazardous	-	4.67	-	1.37
Wood, glass or plastics composed of hazardous substances	Wooden sleepers		-	38.96	-	27.32
Unfit-for-use antifreeze	In the manufacturing process		-	2.07	-	0.64
Components not elsewhere specified	Waste from the company's operations (as part of production or administrative processes)	Non-hazardous	-	0.2	-	1.64
Other waste chemical substances		Hazardous	-	-	-	0.48
Oil and oil products arising from water separation equipment			-	-	-	15.28
Soil and stones containing hazardous substances	After washing of wagons (solid)		-	50.54	-	51.06
Laboratory chemical substances containing hazardous substances	Waste from the company's operations (as part of production or administrative processes)		-	-	-	0.11
Invalid equipment containing hazardous compounds other than 160209, 160210, ...			0.06	0.06	-	0.01
		Total waste generated, in tonnes	2786.27	4262.56	2963.46	3979.33

* Data extracted from SAP and not externally verified.
** Small appliances (no external dimension exceeding 50 cm), including household appliances, consumer appliances, luminaires, sound or visual display equipment, electrical and electronic instruments, monitoring and control instruments, automatic distributors, and other equipment.

Expected financial impact related to circular economy

LDz has not yet made a detailed assessment of the potential financial impact of reducing the use of virgin materials or, conversely, of not changing the current approach. However, the fact that VAS Latvijas dzelzceļš and SIA LDZ ritošā sastāva serviss (now SIA LDZ CARGO) have to use specific resources for their business activities, and consequently the range of goods where the Group could use recycled/reused goods, substances, materials, etc., is limited, can be assessed as a potential risk. At the same time, in areas where materials of equivalent quality, strength and safety are being developed, those with a relatively high degree of reliability will initially be substantially more expensive to purchase and, possibly due to their experimental nature, also have a higher degree of risk during use. Therefore, the replacement of resources by more robust materials is assessed with caution, primarily in terms of their impact on costs and, in particular, on traffic safety.

At the same time, each year the Group companies allocate financial resources to ensure the proper disposal of waste generated by their operations, including hazardous waste. The Group sees potential opportunities in this area, including the reduction of financial costs through the gradual development of zero-waste technologies in production processes (a detailed assessment is currently pending) and an increase in waste sorting, which would reduce the costs of waste transfer to waste managers.

03

SOCIAL ASPECTS

OWN WORKFORCE

Interaction of own workforce-related impacts, risks and opportunities with strategy and business model

In 2025, measures to promote operational efficiency and reduce costs continued at VAS Latvijas dzelzceļš and the Group's companies by reviewing business, organisational and technological processes with the aim of ensuring the Group's competitive and sustainable operations in the future. The targeted review of functions and changes in the organisational structure have also continued to reduce the number of employees in the parent company and the Group as a whole, but despite this LDz remains one of the largest employers in Latvia. As at 31 December 2025, the Group had a total of 4 509 employees, 2 959 of whom worked for VAS Latvijas dzelzceļš.

It is important that LDz structural units are located all over Latvia, where the company's employees ensure high-quality and safe maintenance of the railway infrastructure. A large part of employees still work in the Latgale region, where there are important railway junctions for both freight and passenger traffic. LDz is therefore considered to be a significant employment contributor in this region, with 841 employees of the parent company working in this region (as at 31 December 2025).

Given the Group's lines of business, LDz is one of the players on the labour market where the widest range of occupations is available – from specialised technical workers in various railway professions to highly qualified engineering and administrative staff. Depending on the specific nature of the Group's companies, they also employ security service providers, production specialists, logistics forwarders, etc.

Knowledgeable and educated staff, which ensures the Group's companies' stable operations and underpins its successful development and growth, is one of the Group's most important resources – especially given the challenges currently facing the railway industry (fundamental shift of the sector from freight to passenger transport, as well as closer integration into the European railway area, which requires different skills and qualifications). Continuous up-skilling and professional skills development is therefore essential. VAS Latvijas dzelzceļš has established its own Training Centre, which provides relevant specialised training programmes for the Group's employees, railway companies and cooperation partners and is the only Training Centre in Latvia providing training for certificates required for work in the railway sector (e.g. for work with dangerous goods).

All Group companies treat employees fairly and in accordance with the law, create a safe and healthy working environment and care for the physical and social well-being of employees. It should be emphasised that in addition to the social guarantees established by the state, additional guarantees have been introduced for every LDz employee in accordance with the Collective Labour Agreement concluded between LDz and the Latvian Railway and Transport Industry Trade Union (LDzSA).

Cooperation with the LDzSA is a very important tool for addressing employee-related issues, including in the difficult economic conditions facing the railway sector in Latvia. The union represents the interests of employees in areas such as employee welfare and social protection, rights, development, motivation, occupational safety and health, as well as in employee involvement in the development of the company.

Sub-area		Impact	Risks	Opportunities
Working conditions	+	Social protection for employees, transparent working time, remote working, support for families with children		
	+	Collective bargaining agreement in force, active cooperation with and support for trade union membership	The compatibility of the collective agreement with the company's capacities and realities. The applicability of certain sections of the Collective Agreement only to some employees (trade union members)	Successful dialogue with trade unions, finding joint solutions to problems (especially sector-wide challenges) Collective bargaining as an instrument for addressing major industrial relations issues at systemic level
	+	Effective occupational safety and health	The impact of any accidents or incidents on the company's financial situation and business continuity Psycho-emotional consequences of epidemics and other emergencies	
	−	The impact of negative changes in the economic situation in the sector on employers' ability to provide competitive pay, an effective incentive system, long-term stable employment and social protection	Increased staff turnover, declining quality and/or inability to attract new qualified staff. Escalation of possible dissatisfaction at trade union level	
	−	Insufficient investment in employee welfare and effective information flow at all levels of the Group		Developing and providing a modern, comfortable and flexible working environment for employees. Promoting effective internal communication
	+	Launch of a working environment standard and an internal culture change programme, including active communication between managers and staff at all levels		

+ positive impact − negative impact The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Sub-topic	Impact	Risks	Opportunities
Equal treatment and opportunities for all	The proportion of women in the company is relatively high for the industry (29%)		
	There has not been a sufficiently systematic approach to training and development	Increasing competition for professionals in the sector	Ability to attract and retain senior experts and to contribute to the company's development by providing the right conditions for growth
		Declining prestige of railway professions, which reduces the interest of young people in studying the specialities required by the Group and consequently reduces the availability of specialists on the labour market	Development of the potential of the LDz Training Centre, facilitating the training of experts needed by LDz and the industry as a whole (including not only at the Latvian level)
		Decreasing level of potential competences and professionalism, inability to retain high-level professionals	
Other work-related rights	High standards and principles are applied to the processing, security and privacy of staff data	Shortcomings in the processing of staff data may lead to a breach of the General Data Protection Regulation	

positive impact · negative impact · The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Workforce-related policies

The Group has a **Human Resources Management and Remuneration Policy**. Its purpose is to establish common HR management, development and remuneration guidelines, policies, guiding principles, key responsibilities and areas of activity throughout the Group and is approved by the Council of LDz as one of the Group's substantive policies. This policy states that employees are the most important strategic resource of LDz, creating and developing the company's values and ensuring its competitiveness in the services market. The HR management processes at LDz are organised and managed in such a way that the company's values - growth, safety and synergy - are maintained and developed, and understood and respected by all employees.

The main objective of the Human Resources Management and Remuneration Policy is to ensure professional and loyal employment of employees, to promote motivation of employees to achieve the Group's objectives, and to encourage the involvement of each employee in improving the quality of work performance. At the same time, the policy aims to ensure that employees receive appropriate and competitive remuneration for their work and contribution and to promote the development of employee competencies. The policy thus regulates the Group's corporate influences and helps to manage risks related to the working environment and employee social protection issues. In accordance with the Rules of Procedure of the LDz's Management Board, the Chairman of the Management Board is responsible for the overall area of personnel management. Responsibility for practical matters lies with the HR Director of the parent company, as well as the HR managers and specialists of each Group company. The Human Resources Management and Remuneration is available on the LDz intranet and published on the external website.

The Group also has in force a Labour Protection Policy, the purpose of which is to determine the principles of labour protection management and directions of action of the companies of the Latvijas Dzelzceļš Group, in compliance with the requirements of the regulatory enactments governing labour protection, in order to create and ensure a safe and secure working environment for the life and health of employees. Given that the railway is a highly hazardous facility, occupational safety is a very important aspect of its operation, both in the context of human health and life, and because accidents affecting employees also pose risks to the company's operations. This policy regulates the Group's business impacts and helps manage risks related to occupational safety and health. The LDz Technical Inspection is responsible for occupational health and safety and oversees both occupational health and safety and traffic safety issues. In accordance with the rules of procedure of the LDz Management Board, the Technical Inspection is managed by a Member of the Management Board responsible for commercial matters. The occupational safety policy and related documents are available to all employees on the LDz intranet.

The Code of Ethics summarises the best commercial practices and general principles of professional ethics and employee conduct to be followed by the Group Parent Company and its dependent limited liability companies. This document covers various aspects relevant to the Group, including human rights, equal opportunities and mutual respect, occupational safety, road safety, professional activities, and political activities. The Code also describes the Company's guiding principles for the protection of the environment and the use of natural resources, the principles of fair business conduct, the basic principles of information protection, and cooperation with customers, suppliers, and society. The principles contained in the Code of Ethics are observed by all employees of the Group in the performance of their work and duties, in their dealings with each other and with shareholders or members, governmental, municipal and non-governmental institutions, customers, suppliers, and other third parties. The Code of Ethics is available to all employees on the LDz intranet and published on the external website. In 2024, a new version of the Code of Ethics was approved, improving its readability for employees.

It is possible to report possible breaches of the Code of Ethics and the reports received are examined by the Ethics Committee established by the LDz Management Board.

The Group's activities are based on internationally accepted practices in the protection of human rights, and the Group does not tolerate violations of human rights principles in its day-to-day activities, as well as in the activities of its business partners and suppliers, including the Code of Ethics, which provides that all employees have equal opportunities regardless of nationality, race, religion, age, gender, sexual orientation, political opinions, etc.

Staff are recruited on the basis of their professional qualifications and experience. Decisions are taken in strict compliance with the law and on the basis of objective and justifiable criteria only. The Group does not discriminate in the workplace and ensures that performance appraisals, promotion opportunities and remuneration levels are based solely on objective criteria, as well as internal and external regulations, and are not linked to an employee's personal characteristics.

The Group addresses any human rights violations by responding to the situation as quickly as possible and taking appropriate decisions.

LDz also plans to impose equivalent requirements on its cooperation partners. In 2025, work continued on the development of a new version of the Code of Ethics for Business Partners. Further details are included in the section on value chain actors (page 158).

The relations between the employer and employees at LDz are regulated by the **Group's Collective Labour Agreement**, which, in addition to the social guarantees provided for in external legislation, provides for additional guarantees for each LDz employee for various life situations, as well as measures provided by the employer to improve the working environment and promote the employee's well-being and motivation. The Collective Agreement, which is signed by the LDz Management Board and the management of the Latvian Railway and Transport Industry Trade Union and is regularly revised according to the current situation (including economic conditions), is available to all LDz employees on the Group's intranet, with an updated version posted whenever an existing Collective Agreement is renewed or a new one is concluded.

The Group's **Personal Data Privacy Policy**, which is available to all employees on the intranet and an extract of which is published on the LDz website, also sets out the protection of employees' personal data, non-compliance with which could cause significant damage to the company.

In order to improve the employee motivation and remuneration system, including ensuring the ability to attract and retain highly qualified specialists in specific fields, as well as to maintain and enhance the level of competencies and professionalism across the Group, a meeting of LDz management, heads of organisational units and employee representatives was held on 4 March 2025 at the LDzSA recreation centre 'Virogna'.During the meeting, the labour market situation, trends in average remuneration, regional disparities, risks related to staffing critical positions, as well as the impact of infrastructure development projects and passenger traffic intensity on employee workloads were analysed. Priority was given to regions with the highest workload and significant development projects.

Following discussions and the implementation of the necessary adjustments, the proposed pay increase solutions were supported by both LDz management and employee representatives. Heads of organisational units, in cooperation with the Directorate of Personnel, prepared detailed proposals, and managers at all levels from all regions were involved in the development of the new remuneration system, ensuring a sustainable, transparent and consistently applied remuneration model. In spring 2025, work on the internal transformation of the remuneration system was completed, thereby promoting its improvement and long-term sustainable development.

Processes for engaging with workers about impacts

VAS Latvijas dzelzceļš regularly (on average every two years) conducts a **survey of employees of all Group** companies by outsourcing, the aim of which is to conduct a comprehensive study of the Group's employee engagement (satisfaction, involvement, motivation, loyalty). The main objectives of the survey are to identify strengths and weaknesses in the area of employee engagement and to identify priorities for improving the level of employee engagement, as well as to study issues related to information, communication and employee well-being. The study also includes questions on the reputation of the company in the eyes of its employees (the company as an employer, the company as a socially responsible trader, etc.). Employee surveys for the research are conducted online as well as through paper questionnaires to ensure the widest possible participation of employees. The most recent employee survey currently available to the Group was conducted at the end of 2025.

In 2025, continuing efforts to strengthen a collaborative, trust-based and development-oriented internal culture within the Latvijas Dzelzceļš Group, monthly meetings were held between management and employees. During these meetings, management openly discussed company updates, strategic development directions, issues to be addressed, and other important matters. This ensured regular communication between the Group's management and employees, providing everyone with the opportunity to ask questions and receive clear answers. At the same time, in order to foster a professional and safe working environment, lectures on communication, relationships and boundaries within teams were organised for Group employees. Employees are also encouraged to report unacceptable behaviour or potential violations in a safe manner – either directly by contacting the Management Board or by using the internal reporting form available within the organisation.

LDz has not specifically evaluated the effectiveness of these activities, but it is likely that this will be reflected in the results of future employee surveys and studies.

In the area of occupational health and safety, the Technical Inspection ensures that **employee representatives take part in the annual risk assessment of workplaces**, representing the views and perspectives of employees and contributing to the improvement of the working environment in all Group companies.

Not all employees are involved in the mitigation of LDz's climate impact, but within the framework of the Environment and Energy Management System, employees who work on electricity, heat, and transport energy consumption issues on a daily basis are involved in planning energy efficiency, renewable energy implementation and other measures. For more information on the activities carried out in this area, see Climate change (page 97).

Processes for addressing negative impacts and channels for raising concerns about the working environment

The Group's Code of Ethics includes the possibility, in the event of a breach or suspected breach of ethical standards, to address one's supervisor or the Group's Ethics Committee, whose task is to review applications, complaints and reports concerning the conduct of employees of the Group companies related to a possible breach of the Code of Ethics.

Complaints and submissions are dealt with on an individual basis and can be made on any of the issues that concern workers, such as the working environment, alleged misconduct or unfair treatment, etc. The company has also implemented a Fraud Prevention Policy, under which potential conflicts of interest and their associated risks will be thoroughly examined and analysed. Additionally, an anonymous reporting tool has been introduced both on the external website and the LDz intranet. If an employee makes use of the whistleblowing mechanism, it is ensured that no formal or informal sanctions are taken against the employee.

The regular employee opinion survey (see above) is also a valuable channel for employees to voice their key concerns about their company's performance, impact on employees, and other aspects.

LDz does not have a specific procedure in place for the compensation of negative impacts, as no such impacts have been identified so far in LDz's operations that would have to be compensated for the damage caused.

Actions and processes related to impacts, risks, and opportunities for workforce

The actions implemented or initiated in 2025 to improve the working environment, labour protection, and growth are a direct result of the socio-economic challenges facing the railway sector and the views expressed by employees themselves during the regular employee survey.

In recent years, LDz has been in a process of continuous change, which has had an impact on its employees, their number, the specifics of its activities and challenges. The most important course of action is therefore to communicate as openly and actively as possible with employees at all levels, including by explaining the negative economic aspects as well as the Group's future development directions. In 2024, **active communication was launched within the framework of the above-mentioned "Virzības algoritms" programme**, and for the first time in the Group's history, **working groups to improve efficiency in various areas of activity** were set up, involving a wide range of employees from different functions.

To promote a common understanding and action, and opportunities for growth, the Group has **introduced a target-setting system** since 2024, cascading targets from the performance indicators set by the Management Board to the targets of individual entities and departments and further to the targets of their employees. For this purpose, **a Performance and Target Management System** has been developed, in which targets and performance discussions are recorded. The Directorate of Personnel monitors whether individual goals have been set and performance discussions have been conducted for all employees who are required to have individual targets. This ensures that each employee has a clear understanding of what is expected of them and what is considered to be a job well done. At least once a year, a review is held with the line manager to assess how the objectives have been met. The system is transparent, established in a single information system and accessible to all staff, and the objectives can be adjusted throughout the year as external or internal circumstances change. The system is expected to strengthen in the coming years and to contribute positively to the medium and long-term growth of both the company and its employees. This will include an assessment of the effectiveness of target setting and follow-up - including the link to the actual development of the company. For lower-level staff, targets are not set at individual level but at departmental level.

With regard to occupational safety, in order to develop occupational safety as a priority value both in every operational phase and in interaction with society, in October 2023 VAS Latvijas dzelzceļš joined the **social initiative Mission Zero**, committing to respect and ensure the highest occupational safety standards and care for its employees.

In April 2024, SIA LDZ CARGO and SIA LDZ ritošā sastāva serviss joined the initiative.

Joining the initiative presents an opportunity to consult with experts in the field and exchange experiences with other members of the initiative - more than 100 representatives of Latvian employers, businesses, and institutions. The Group's companies plan to continue to participate in Mission Zero activities.

On 23 September 2024, the Management Board of SIA LDZ CARGO also signed the **EU Railway Agency Safety Culture Declaration**, joining an initiative that expresses the commitment of European railway companies and organisations to promote the emergence and development of a safety culture in line with the EU Railway Agency Safety Culture Model.

However, attracting the workforce of the future, not just the well-being and safety of existing employees, is a major challenge. In recent years, there has been a significant decline in the demand for students to study railway professions, which is why **LDz actively cooperates with higher and vocational education institutions** to facilitate the attraction of young people and the acquisition of knowledge and skills relevant to the needs of the sector. LDz specialists are involved in the development of university programmes, examination boards, lectures, providing and managing internships for students, etc. Such cooperation can be seen as a set of medium- to long-term activities that will produce practical results over several years.

SIA LDZ CARGO introduces RTU students to internship and career opportunities at the company.

At the beginning of June 2024, representatives of SIA LDZ CARGO, together with representatives of several other large Latvian companies, visited the Faculty of Engineering, Economics and Management of Riga Technical University (RTU), where they introduced the students of the Transport Services course – future logistics and international relations managers – to internship and career opportunities at the company.

For the activities covered in this section (promotion of internal culture, development and maintenance of a target management system, planning of occupational safety measures, etc.), funds are budgeted annually by the responsible bodies according to the resources available. In addition, posts have been created in the Personnel Directorate and the Technical Inspection to ensure the implementation of the objectives management system and labour protection measures respectively.

MISIJA NULLE
VESELĪBA UN DROŠĪBA SĀKAS AR MUMS

Targets related to workforce

In the Medium-Term Operational Strategy 2021-2025 of VAS Latvijas dzelzceļš, one of the non-financial objectives is the percentage of employee satisfaction, which is determined within the framework of regular employee surveys.

Non-financial objectives (sustainability and human capital) set out in the Medium-Term Operational Strategy 2021-2025 of VAS Latvijas dzelzceļš

Strategic directions	Performance indicators	Target value 2024		Target value 2025	
		Plan	Performance	Plan	Performance
Sustainability and Human capital	Employee satisfaction rating, % (planned in the strategy)	80%		80%	
	Employee satisfaction rating, % (actual and performance)	76% (budgeted)	No measurement of employee satisfaction performed	76% (budgeted)	74%
	Sustainability Index, level	Gold	Platinum	Gold	Platinum*

* In 2025, the Sustainability Index assessment of the Corporate Sustainability and Responsibility Institute was not conducted; therefore, the most recent result is the Platinum category rating obtained in 2024.

Measuring employee satisfaction is essential for the development of the staff motivation system, as well as for measuring employees' attitudes and feelings towards the development of the company, their role, well-being, and other aspects. This indicator measures the effectiveness of LDz's work-force-focused policies and concrete actions. The results of the employee satisfaction and engagement survey conducted in 2025 show that the overall satisfaction index within the Latvijas Dzelzceļš Group reached 74 points, which is below the strategic target of 80 points. This gap is explained by the fact that the strategy was developed prior to significant structural changes in the railway sector. In recent years, the Group has been operating in an environment of heightened uncertainty characterised by sectoral transformation, organisational changes, the review of processes and functions, as well as changes in employee numbers and roles, which have affected employees' sense of security and perception of future prospects. At the same time, the survey results confirm that, despite the challenges arising from these changes, overall employee satisfaction has remained at a moderately high and stable level, particularly in areas such as collaboration, job content and relationships with direct managers. This indicates organisational resilience and a high level of professional employee engagement even during a period of change.

Not all staff are involved in setting the target, but a significant number of senior professionals are involved in the development of the medium-term performance strategy for each period, so that the target in each area - including staff satisfaction - is identified, set and agreed with a wider group of experts.

There are no other detailed targets in the area of HR management, although the company's Personnel Directorate regularly monitors a number of indicators, such as employee turnover, average age, training, etc. Potentially, in the future, targets could also be set in other employee-related areas.

Workforce composition in the Group

As mentioned above, LDz has a broad spectrum of employees in terms of occupations, regional coverage, age, and other aspects. At the same time, for example, the gender balance in LDz is highly valued at European level, as many other European countries have a significantly male-dominated railway sector.

S1-6 Total number of employees

	As at 31 December 2024		As at 31 December 2025	
	VAS Latvijas dzelzceļš	Group	VAS Latvijas dzelzceļš	Group
Total	3311	5084	2959	4509
Women	31%	30%	32%	29%
Men	69%	70%	68%	71%

Employees with indefinite contracts (permanent employees)

	As at 31 December 2025		As at 31 December 2025	
	VAS Latvijas dzelzceļš	Group	VAS Latvijas dzelzceļš	Group
Total	3291	5054	2945	4491
Women	31%	30%	32%	29%
Men	69%	70%	68%	71%

* According to the information available in the HR module of the LDz SAP system.
Data not externally verified.

Employees with fixed-term contracts (temporary personnel)

	As at 31 December 2024		As at 31 December 2025	
	VAS Latvijas dzelzceļš	Group	VAS Latvijas dzelzceļš	Group
Total	20	30	14	18
Women	60%	50%	43%	56%
Men	40%	50%	57%	44%

	As at 31 December 2024		As at 31 December 2025	
	VAS Latvijas dzelzceļš	Group	VAS Latvijas dzelzceļš	Group
Employees without guaranteed working hours	0	0	0	0
Number of employees whose employment relationship has been terminated	711	1228	549	854
Turnover during the reporting period (against average number of employees), %	19,7	20,5**	17,5	17,8

Staff turnover has been relatively high during the reporting period, but this is due to continued structural changes in the sector.

* According to the information available in the HR module of the LDz SAP system.
** Adjusted (as reported in the Group's 2024 Sustainability Statement: 16.5%. In 2025, a recalculation of the Group's employee turnover rate for 2024 was performed. The corrections were made to refine the methodology in order to ensure comparability of data across reporting periods.
Data not externally verified.

	As at 31 December 2024		As at 31 December 2025	
Number of employees by type of employment (full-time and part-time), by gender	**3311** VAS Latvijas dzelzceļš	**5084** Group	**2959** VAS Latvijas dzelzceļš	**4509** Group
Full-time employees, women	**1034** VAS Latvijas dzelzceļš	**1522** Group	**941** VAS Latvijas dzelzceļš	**1276** Group
Full-time employees, men	**2267** VAS Latvijas dzelzceļš	**3537** Group	**2015** VAS Latvijas dzelzceļš	**3059** Group
Part-time employees, women	**2** VAS Latvijas dzelzceļš	**5** Group	**1** VAS Latvijas dzelzceļš	**31** Group
Part-time employees, men	**8** VAS Latvijas dzelzceļš	**20** Group	**2** VAS Latvijas dzelzceļš	**143** Group

* According to the information available in the HR module of the LDz SAP system.
Data not externally verified.

Diversity indicators at senior management level

	VAS Latvijas dzelzceļš		Group	
	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025
Gender distribution of senior management	**24**	**17**	**52**	**40**
female, number	10	4	18	9
female, %	42%	24%	35%	23%
male, number	14	13	34	31
male, %	58%	76%	65%	78%
Age distribution of top management	**24**	**17**	**52**	**40**
Less than 30 years	0	0	1	0
30 to 50 years	16	11	28	21
older than 50 years	8	6	23	19

* According to the information available in the HR module of the LDz SAP system.
** Senior management includes members of the Councils and Management Boards of Group companies, as well as directors and heads of business units.

Data not externally verified.

LDz employs mostly permanent full-time staff, but in some areas non-employee workers are used.

Characteristics of non-employee workers

	VAS Latvijas dzelzceļš		Group	
	As at 31 December 2024	As at 31 December 2025	As at 31 December 2024	As at 31 December 2025
With labour contract or employees, number	3311	2959	5084	4509
With labour contract or employees, %	99.6%	99.6%	99.3%	99.2%
Other forms of employment / non-employee workers (mainly on a contract basis), number	12	12	35	37
Other forms of employment / non-employee workers, %	0.4%	0.4%	0.7%	0.8%

* According to the information available in the HR module of the LDz SAP system.
** The total number of workers against which the ratios for workers and non-employee workers are calculated is the sum of the number of own workers and the number of non-employee workers.
Data not externally verified.

Collective agreement and social dialogue

LDz has a long-standing cooperation with the Latvian Railway and Transport Industry Trade Union (LDzSA), with which the Group has a Collective Labour Agreement that is regularly updated and renewed. On 1 January 2026, the new version of the Collective Labour Agreement of Latvijas dzelzceļš entered into force, which, in addition to the social guarantees provided for in external legislation, provides for additional social guarantees for LDz employees for various life situations, as well as employer-provided measures to improve the working environment and promote employee well-being and motivation. For example, the collective agreement also provides for additional paid rest days for employees raising children, additional vacation days for 5, 10, and 15 years of service in the railway, additional vacation for work in special conditions, as well as additional paid rest days for employees on important anniversaries and holidays, an allowance for parents of 1st grade pupils at the beginning of the school year to purchase school supplies, compensation for the purchase of special medical and optical vision correction aids (spectacles), and other benefits.

The collective agreement applies to 100% of employees. The additional benefits in the collective agreement apply to those employees of the Group who are members of LDzSA (70% of the total number of employees).

Remuneration and related indicators

The remuneration indicators in LDz should be seen in relation to the national minimum wage, because an adequate remuneration is, first of all, not lower than the national minimum threshold. In 2025, this was EUR 740 per month. LDz respects this threshold and no employee is paid less than the minimum wage.

Remuneration metrics

Looking at the gender pay gap, the Group's average gender pay gap is below the EU average (according to the European Union, the average gender pay gap in the EU is 13%[82]).

The difference between the highest paid employee and the median of the Group's average salary shows the broad spectrum of the Group's workforce, ranging from a significant number of blue-collar workers to highly qualified experts.

	VAS Latvijas Dzelzceļš		Group	
Remuneration metrics	**2024**	**2025**	**2024**	**2025**
Gender pay gap	4%	3%	9%	12%
Ratio of total annual remuneration of the highest paid employee to the median of total annual remuneration of all employees**	421%	448%	275%	304%

* Calculated on the basis of the ratio of the average gross hourly rate of pay of men working for LDz (including all bonuses, allowances and other remuneration components) to the average gross hourly rate of pay of women working for LDz, expressed as a percentage.
** Calculated on the basis of the ratio of the gross annual remuneration of the highest paid employee of LDz (including all extra payments, bonuses, etc.) to the average gross remuneration of LDz employees, expressed as a percentage. The determination of the highest paid employee does not take into account the members of the LDz Management Board and Council who are not employees within the meaning of the Labour Law and who have a temporary delegation contract with a clearly defined remuneration.
Data not externally verified.

Social protection, including family conditions

Employees of the Group companies have access to all social protection provided for by Latvian legislation, thus all employees have the opportunity to take maternity, paternity or parental leave in an appropriate situation, to use employer and/or state paid sick days, as well as to receive unemployment benefit and old-age pension, if applicable.

In accordance with the Collective Labour Agreement, employees have access to additional benefits and social protection in certain life situations, such as additional vacation days if there are children under the age of 12 in the family, support for the child's school start, death benefit for a relative, etc.

In view of the above, in 2025, 1259 Group employees, of whom 978 are LDz employees, have taken family-related leave:

	VAS Latvijas Dzelzceļš		Group	
Work-life balance metrics	**2024**	**2025**	**2024**	**2025**
Percentage of employees entitled to family leave*, %	100%	100%	100%	100%
Percentage of employees on family leave**, %	38%	33%	36%	28%
female, %	34%	34%	39%	33%
male, %	66%	66%	61%	67%

* Based on the Latvian labour law, all employees have this right.
** Based on data collected by the HR Departments of LDz Personnel Directorate and Group companies on cases of incapacity for work related to family growth, illness of children, etc., as well as on leave taken in cases provided for in the collective agreement (e.g. death of a close family member, additional leave for parents with children under 12, etc.).
Data not externally verified.

[82] https://ec.europa.eu/commission/presscorner/detail/en/statement_24_5806

Persons with disabilities

VAS Latvijas dzelzceļš and the Group do not collect information on the percentage of employees with disabilities and do not request such information from employees.

Training and skills development

In order to ensure the acquisition of technical skills and professional development courses necessary for work in the railway system, as well as various additional skills, employees of the Group's companies have access to training at the LDz Training Centre, as well as the opportunity to attend external conferences, courses, and seminars to improve their competences. In particular, LDz mid-level employees or employees with the potential to become mid-level employees are trained several times a year at the LDz Leadership Academy.

Training needs are also considered during the annual target-setting discussions (see page 146 for details) and included in the individual targets for the following year, as appropriate.

	VAS Latvijas dzelzceļš		Group	
Training and skills development metrics	**2024**	**2025**	**2024**	**2025**
Percentage of staff who have taken part in regular career appraisal activities*	17%	12%	13%	11%
Percentage of staff who have received training**	78%	81%	63%	63%
women, %	32%	29%	28%	26%
men, %	68%	71%	72%	74%
Average number of training hours per employee***, h	8	10	10	19****
average number of training hours for women	5	5	5	17
average number of training hours for men	9	13	7	19

* Percentage of all employees
** Percentage of all employees
*** According to the information on internal and external training attended during the year recorded in the Directorate of Personnel of LDz and in the HR departments of the Group companies (information based on prepared orders)
Data not externally verified.
**** The increase in the average number of training hours per employee is attributable to more frequent delivery of employee training as well as a reduction in the number of Group employees during the period compared with the previous year.

Health and safety

Taking into account that the majority of the Group companies' daily work involves being in the vicinity of railway infrastructure, which is a highly hazardous area, special attention is paid to regular training of employees in occupational safety and health issues and assessment of work environment risks. Nevertheless, as in any company, there are periodic situations in which employees do not comply with work protection requirements or treat them frivolously. Incidents are always analysed and action is taken to prevent similar situations from recurring in the future.

	VAS Latvijas dzelzceļš		Group	
Health and safety metrics	**2024**	**2025**	**2024**	**2025**
Coverage of own workforce in H&S management system*	3311	2959	5084	4509
employees, %	100%	100%	100%	100%
Number of deaths due to work-related injuries and diseases**	0	0	0	0
employees, %	0	0	0	0
others working on company sites, %	0	0	0	0
number of recordable work-related accidents***	5	4	7	7
employees, %	0.1%	0.1%	0.1%	0.2%
For own workforce - the number of recordable work-related diseases (i.e. occupational diseases)***	11	6	13	22
For own workforce - the number of days lost due to work-related injuries and deaths caused by accidents, as well as work-related illness and death caused by such illness****	776	165*****	831	188

* In accordance with the Occupational Health and Safety System, the policy and resulting documents, the system applies to all employees
** Data based on the accident register of the Technical Inspection of LDz
*** Data based on occupational physicians' reports received at the LDz Technical Inspectorate and Group companies' occupational health and safety or HR departments
**** Data calculated on the basis of information on sick leaves related to workplace injuries, work-related illnesses, etc. recorded in the HR departments of LDz Personnel Directorate and Group companies.
***** The reduction in the number of lost workdays is attributable to the fact that injuries recorded in 2025 were predominantly of a relatively minor impact on health; consequently, the duration of incapacity for work and the number of lost workdays were lower than in 2024.

Data not externally verified.

Incidents, complaints and severe human rights impacts

In accordance with the Code of Ethics of the Group, every employee of the Group companies has the possibility to apply to the Ethics Committee to have a complaint investigated concerning unethical, discriminatory, offensive, etc. behaviour of another employee (or employees). In 2025, two such instances took place.

	VAS Latvijas dzelzceļš		Group	
Metrics of incidents, complaints and severe human rights impacts	**2024**	**2025**	**2024**	**2025**
Total number of incidents of discrimination, including harassment, reported in the reporting period	0	2*	0	2*
Number of complaints filed through channels for people in the undertaking's own workforce to raise concerns	0	2	0	2
Number of complaints filed to the National Contact Points for OECD Multinational Enterprises	0	0	0	0
Amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	0	0	0	0
Number of severe human rights incidents connected to the undertaking's workforce in the reporting period	0	1	0	1
Amount of fines, penalties, and compensation for damages as a result of the above	0	0	0	0

* In 2025, two incidents related to human rights were recorded at VAS Latvijas dzelzceļš (2024: 0). The identified cases were investigated and assessed in accordance with LDz internal procedures, and measures were implemented to ensure compliance with and further improvement of human rights practices. In view of the above, these incidents do not affect the compliance of VAS Latvijas dzelzceļš and the Group with the minimum social safeguards criteria of the EU Taxonomy.

WORKERS IN THE VALUE CHAIN

Interaction of impacts, risks and opportunities related to workers in the value chain with strategy and business model. Engagement of workers in the value chain

In 2025, 336 procurement procedures were implemented (15 by the Group, 295 by LDz and 26 by independent group company), while the number of additional purchases of goods and services that do Not require a procurement procedure or the procedures established by LDz for sub-threshold procurement or market studies is even higher. This gives the Group a wide range of suppliers. Most of them are companies established in Latvia, but in practice it is understood that various technologies, equipment, materials, etc. are purchased from other countries, both within and outside the European Union.

While LDz understands its broader responsibility for the companies in its value chain and the situation of their employees, the most relevant factors according to the impact, risk, and opportunity assessment are currently considered to be:

- **Suppliers' understanding, attitudes and actions regarding occupational safety and road safety** – especially where the supplier's employees work in close proximity to or on railway infrastructure;
- **Social protection for suppliers' employees**, the absence of which also potentially increases the security risk mentioned above.

Although LDz has not yet sought the views of employees working in supplier companies on their working conditions, it ensures adequate monitoring of safety aspects. For more details, see the section on policies – including measures to monitor traffic safety risks, which also includes the management of traffic safety risks related to supplier employees.

Given that the Group is required to select suppliers in accordance with the Public Service Providers Procurement Law, there is limited scope for significant review of the process by which suppliers are selected and evaluated.

However, in recognition of the Group's wider role and impact on its suppliers and their employees, as well as the risks that may arise from suppliers' lack of concern for their employees, their human rights, safety, etc., LDz in 2024 initiated a categorisation of suppliers and an assessment of their sustainability risks, mapping them against LDz's own key sustainability areas (which are discussed in turn in this report). This took into account suppliers' potential impacts on the environment, on their own employees and on the wider community, as well as suppliers' geographical origin (including the likelihood that certain regions may have heightened human rights risks) and governance risk factors. In total, 27 categories of suppliers have been identified, categorised into low, medium and high risk depending on the results of the assessment.

In 2024, a supplier assessment questionnaire based on the initial assessment has been developed to identify the sustainability risk of specific suppliers in the relevant categories and, if necessary, to identify monitoring and other measures. The questionnaire is planned to cover suppliers whose cooperation with an LDz Group company amounts to at least EUR 300 000 in a calendar year (a similar threshold is also applied to transactions that require the prior approval of the LDz's Management Board, which is therefore considered to be the materiality threshold). In 2024, the questionnaire was conducted on a pilot basis, receiving responses and suggestions for clarification from four suppliers.

With regard to the downstream value chain, risks can arise from the actions of hauliers, but here again the focus is specifically on road safety, with appropriate controls, information exchange, training, and other necessary measures.

Sub-topic	Impact	Risks	Opportunities
Working conditions	+ Sustainability requirements for suppliers	Inadequate social responsibility of workers, inadequate pay and other shortcomings can lead to risks in performance, quality, accountability	Promoting supplier responsibility by setting criteria and principles that are relevant to the Group
	+ Monitoring suppliers' compliance with occupational health and safety measures, in particular road safety, including possible penalties	Lack of relevant competences among suppliers	Potential for the LDz Training Centre to offer relevant training to suppliers
		Increased safety risks due to the railway being a hazardous site and some suppliers and business partners carrying out hazardous work (builders, carriers)	

+ positive impact − negative impact The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Policies relevant to value chain workers

LDz does not have specific policies aimed directly at employees of companies or other organisations in the value chain, but these are implicit in two important sets of documents:

- **In the area of traffic safety** – the Group's Traffic Safety Policy and the VAS Latvijas dzelzceļš Traffic Safety Monitoring Strategy (approved by the LDz's Management Board on 20.09.2023). This strategy also covers compliance with traffic safety requirements and their monitoring in relation to cooperation partners. This includes requirements for the performance of specific works under the Railway Act and the qualifications of those performing them (requiring special safety certificates), as well as for other contractors (who are not required to have safety certificates but are subject to strict supervision by LDz when performing work in the railway right-of-way), as well as for goods- including control of suppliers of various spare parts, infrastructure components, technology, etc.- both before and after delivery.

  The Group's road safety policy is available to stakeholders on LDz's external website, while the measures included in the road safety monitoring strategy are incorporated into cooperation agreements with partners whose operations may be exposed to increased road safety risks. This includes road safety requirements that apply to the conduct of the contractual partner and its employees as well as to the use and conduct of any subcontractors or other contractors.

- **In the area of overall supplier oversight** – since 2017, LDz has had in force the Business Ethics of Cooperation Partners of the Latvijas Dzelzceļš Group, which are referred to in all contracts concluded with business partners (where appropriate and where the partner has equivalent requirements – by agreeing and applying a mutually acceptable and inclusive version). In 2025, work continued on the development of a new version of the Code of Ethics for Business Partners, covering a wider range of topics – including partners' commitment to fundamental human rights aspects (incl., child labour and forced labour, ensuring adequate social protection for employees, etc.), environmental and climate concerns, and fair business principles. The draft Code of Ethics also requires suppliers to commit to these principles at company level, to inform their employees and to implement them in their supply chain wherever possible.

No value chain or other stakeholders have been involved in the development of the policies, but in autumn 2024 suppliers were involved in the testing of a supplier questionnaire related to the implementation of the updated Code of Ethics for Business Partners. As a result, LDz obtained feedback on the questions asked in the questionnaire and their perception, in some cases clarifying wording or guidance for completing the questionnaire.

In the development and implementation of its policies, LDz is guided by internationally relevant human rights principles (which are also included in detail in the draft Code of Ethics for Business Partners but are not specifically linked to United Nations, International Labour Organisation or Organisation for Economic Co-operation and Development guidelines.

Processes for engaging with value chain workers about impacts

LDz has not yet implemented targeted measures to involve value chain workers, but it ensures that the most important risks (road safety risks) are included in the cooperation agreements with the specific cooperation partner, as well as conducts monitoring at specific sites, communicating with the workers there and drawing their attention to the importance of road safety where necessary.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

The Group's Core Principles of Business Partner Ethics and the new Code of Ethics for Business Partners provide a mechanism for companies and their employees to contact LDz to report possible material misconduct. Anyone can also use the whistleblowing channel to report significant misconduct. To date, LDz has not received any reports of human rights or other significant violations related to the situation of workers in the value chain.

Currently, the Group has no other process – regular or irregular – for engaging workers in the value chain. Nor are there specific mechanisms in place for remediating (preventing or restoring to a better situation) potential negative impacts.

Actions and processes related to impacts, risks, and opportunities for workers in the value chain

In the area of road safety, as mentioned above, LDz imposes substantial requirements on suppliers working in the immediate vicinity of railway infrastructure or whose goods or services are directly related to ensuring road safety. These may include enhanced controls during the execution of works, requirements to ensure a certain level of qualification of employees and appropriate training to minimise the likelihood of any incidents. The effectiveness of the processes is demonstrated by the fact that in recent years there have been no major accidents involving value chain workers on LDz infrastructure.

As regards other impacts, risks and opportunities (including social protection), the continuation of the assessment of supplier categories and individual key suppliers launched in 2024 and the introduction of the new Code of Ethics for Business Partners will progressively introduce control, monitoring and, potentially, supplier engagement and education measures. LDz's ability to apply the requirements of the Code of Ethics for Business Partners in the selection of suppliers is limited due to the Group's compliance with public procurement regulations, but it is envisaged that the requirements will be integrated into the contracting process and further monitoring of the cooperation.

Implementing the measures does not involve additional financial resources, but ensuring transparent and understandable processes. The effectiveness of these processes will be monitored in the future. A challenge to the implementation of the measures – in particular the implementation of the Code of Ethics for Business Partners – is the possible reluctance and lack of willingness of business partners to engage in improving the overall working environment, as well as the fact that the LDz supply chain is also located outside the European Union, including in regions where ethical principles tend to differ. However, LDz is committed to progressively implementing these principles.

Targets relevant to workers in the value chain

The Group does not currently have any targets for impact management for workers in the value chain. **In the area of road safety, the target of reducing the number of serious accidents from 1.2 to 1 accident per 1 million train kilometres per year, as set out in LDz's Medium-Term Operational Strategy 2021-2025, is an indirect target.** This target is linked to the targets set internationally by the rail industry and does not involve additional stakeholder engagement. As such accidents include accidents involving employees of the Group, the general public and employees working in the value chain, this indicator and its monitoring also indirectly apply to suppliers working in close proximity to the railway infrastructure.

In the future, LDz will assess the need to set other targets, including, for example, suppliers' sustainability risk appetite, or other aspects.

AFFECTED COMMUNITIES

Interaction of impacts, risks and opportunities related to affected communities with strategy and business model. Engagement with affected communities.

Stakeholders in the affected communities in the case of LDz are mainly residents of various Latvian municipalities whose well-being may be affected by railway operations or who come into contact with railway infrastructure periodically in their daily routine, even if they do not use train services in their daily mobility. The two most important types of impact are:

- **Rail safety** (e.g. because the railways are used by people moving from one part of the city to another, but not necessarily using rail passenger transport themselves). Unsafe crossing or careless behaviour near railways can lead to accidents, including those with irreversible consequences (serious disability or death);
- **Noise from train traffic**, which can cause social discomfort for people living or staying near railway infrastructure.

In both cases, the impact on the surrounding population is not intentional or as a direct result of the activities of LDz, but may be a side-effect of the rail operation.
Traffic safety has always been a priority for LDz. Further information on how LDz manages traffic safety issues in relation both to direct users–passengers– and to society at large is provided on page 175 of this report.

From the perspective of affected communities, communication on traffic safety issues focuses primarily on cities with more intensive railway traffic, where there is a greater need to raise public awareness of associated risks.

With regard to noise from train traffic, LDz regularly draws up noise maps and takes measures to reduce noise (see page 164 for details), but it should be noted that complaints about noise in the vicinity of railways have decreased significantly in recent years as rail freight traffic has declined.

In both impact areas, potential risks are also covered in LDz's risk management processes, both in terms of environmental management (where one of the areas is environmental noise management) and road safety (the risk register includes several types of risks related to road safety). It should be emphasised that safety risks which have a low probability of occurrence but a potentially critical impact are also considered to be significant risks for LDz – and this is the case for a number of traffic safety risks.

Sub-topic	Impact	Risks	Opportunities
Working conditions	The quality of life of the surrounding community/residents is affected by rail noise.	Residents' complaints, claims about noise nuisance, discomfort	
	It is managed as part of projects and routine maintenance		
	Traffic safety risks are managed by promoting physical safety, introducing video surveillance at level crossings and regular public information	Accidents, fatalities and their consequences (most often not caused by the infrastructure or a specific company)	Public education, information on safety near railways
		Terrorism/threats from third parties (including various unintended external circumstances)	Implementation of a comprehensive crisis management process, including public information, post-analysis (including risk analysis, loss estimation, changes to actual procedures, etc.)

positive impact   negative impact   The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Policies related to affected communities

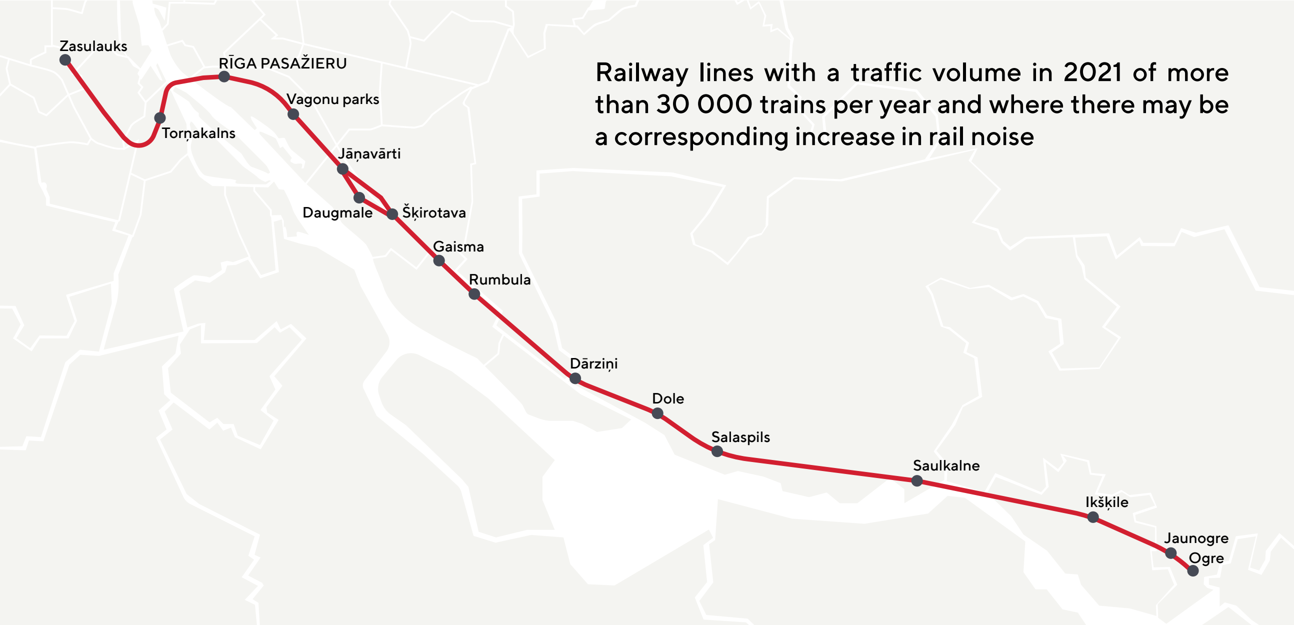
Traffic safety issues are managed in accordance with the LDz Group's internal regulations, which are described in more detail on page 175 and whose implementation is monitored by the LDz Technical Inspection and, at the Management Board level, by the Member of the Management Board for Commercial Matters in accordance with the current Rules of Procedure of the Management Board.

Environmental noise is managed in accordance with external legislation and the principles set out in the Group's Environmental and Energy Resources Management Policy. The LDz Environmental and Energy Management Programme 2022-2028 identifies noise as one of the key environmental aspects. The implementation of the programme is supervised and coordinated by the Technical Operations Directorate, while at the Management Board level responsibility for this area, together with other environmental impact areas, rests with the Chairman of the Management Board until a new Management Board member is appointed or amendments are made to the Rules of Procedure of the Management Board.

In accordance with Section 18.1 of the Law on Pollution, LDz, as the manager of the public-use railway infrastructure, has developed strategic noise maps for sections of railway lines where the train traffic volume exceeded 30 000 trains per year in 2021. It is considered that this level of train movements may contribute to noise nuisance for the surrounding population and therefore needs to be managed. The maps have been developed in accordance with the requirements of the Cabinet of Ministers (CM) Regulation No 16 of 07.01.2014 Noise Assessment and Management Procedure and approved by the Ministry of Transport on 29.02.2024, taking into account the amendments to CM Regulation No 16 of 31.10.2023 (effective from 03.11.2023).

According to these noise maps, the total length of the railway lines with a traffic volume of more than 30 000 trains per year in 2021 is 50.3 km. These railway lines cross the territory of the Riga agglomeration, Ropaži, Salaspils, and Ogre municipalities, thus potentially causing the greatest discomfort to the inhabitants of these municipalities, whose daily routine takes place in the immediate vicinity of the railway line (e.g. in Riga – in the neighbourhood of Ķengarags / Šķirotava, and in other cities – in neighbourhoods located close to the railway line).

Based on the noise maps, LDz, with the support of consultants from SIA Estonian, Latvian & Lithuanian Environment and based on specific noise measurements (in decibels), has developed a Noise Abatement



Action Plan for railway lines with traffic volumes greater than 30 000 trains per year for the period from 2024 to 2028. The Action Plan includes measures to reduce noise levels in the areas concerned – including both **tasks to be carried out as part of routine track maintenance** (e.g. replacing and grinding the rails, which slightly reduces noise) and the construction of **a 618-metre noise barrier in Rīga, Ķengarag**s, where noise discomfort levels are highest. The noise maps and action plan are available on the LDz website.

In the area of affected communities, the impact of Group companies is closely linked to risks and opportunities (e.g. serious traffic accidents also pose risks for Group companies, while residents' complaints about noise and inadequate management of noise-related issues can pose both risks and opportunities for more effective management). Thus, the policies identified also implicitly include the management of risks and opportunities.

LDz has not developed a specific general policy on human rights issues, instead focusing on the significant impacts, risks, and opportunities in the above areas. At the same time, respect for human rights as an essential operating principle is included in the Group's Code of Ethics.

Processes for engaging with affected communities

In order to obtain public feedback on the suitability and effectiveness of the planned measures to reduce noise nuisance from railways, a public consultation with the municipalities and residents of Rīga, Ogre and Salaspils was organised in 2023 after the development of the Noise Action Plan for railway lines with a traffic volume of more than 30 000 trains per year for the period from 2024 to 2028.

Positive comments were received during the public consultation, as well as a suggestion to consider in the future the possibility to plant greenery in the vicinity of the railway lines independently or together with the municipalities, which would also help to reduce noise and improve the visual attractiveness of the area, according to the municipalities. Regarding planting greenery, it should be noted that such a measure does not significantly reduce noise levels. Additionally, when implementing it, the proximity of the vegetation to the railway infrastructure must be carefully considered to avoid potential safety hazards caused by reduced visibility due to the vegetation or, in the case of larger tree plantings, the risk of storms and tree falls that could affect railway infrastructure and train operations. Thus, reducing one impact factor on the surrounding community may lead to negative impacts on the community in another area (traffic safety).

For other cases, not related to noise, but where local community interests are at stake (e.g. finding the most appropriate solutions for a safe railway crossing at a certain location), meetings and consultations with residents are organised as necessary. For example, in August 2025, LDz representatives met with residents of the Čiekurkalns and Teika neighbourhoods to address issues related to improving pedestrian crossing safety. As a result of these discussions, a non-standard solution was implemented which, without involving significant financial resources, improved pedestrian crossing safety, with particular attention paid to primary-school-age children.

In 2025, LDz actively cooperated with municipalities to jointly enhance the accessibility and safety of railway infrastructure and to promote its development. One of the most significant projects currently being implemented is the European Union funds investment programme ‘Station 2.0’, which provides municipalities with the opportunity to attract funding to improve residents’ mobility by creating convenient and safe public and private transport interchange points—so-called mobility hubs—near railway stations. LDz approached and invited municipalities to participate in the Station 2.0 programme in order to develop mobility solutions at railway stations and stopping points within its framework. As part of the programme, online meetings were organised with 16 municipalities, providing support for the preparation of 40 project applications related to railway stations and stopping points, including, for example, projects of Gulbene Municipality. LDz representatives also participated in the LAMPA Conversation Festival, held on 20 and 21 June, informing visitors both about LDz-implemented modernisation projects and about opportunities available to municipalities under the Station 2.0 programme.

There is no single person in charge of community engagement - it is organised according to relevance and links to other Group processes. For example, noise abatement is the responsibility of the LDz Technical Operations Departament, which also ensures public consultation; traffic safety is the responsibility of the LDz Technical Inspection, which is involved in consultations where necessary; and in other cases, communication with the surrounding communities is most often ensured by the LDz Commercial Operations Directorate, involving other responsible Group bodies. Based on the conclusions and proposals resulting from the community involvement and consultations, LDz's operational plans are updated as necessary. The effectiveness of engagement is not specifically assessed.

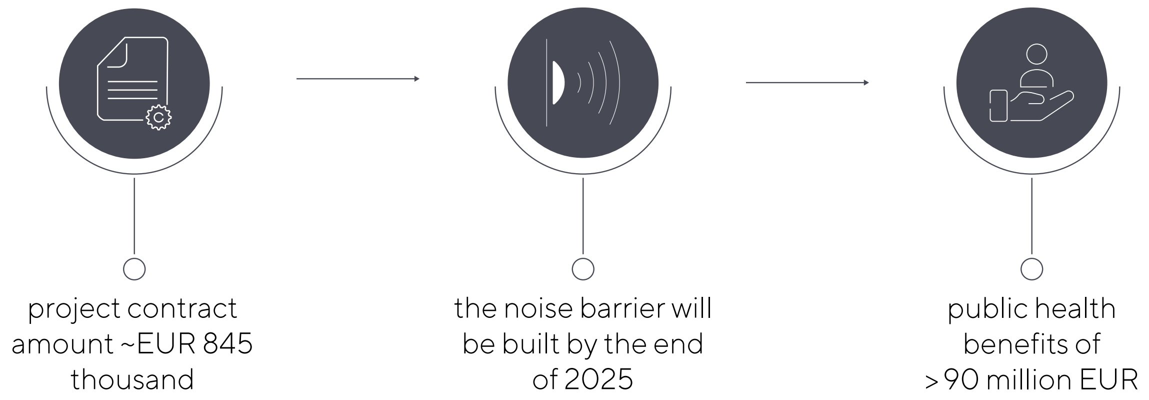
Processes to remediate negative impacts, channels to raise concerns and actions to manage impacts, risks and opportunities related to affected communities

Where possible, LDz takes measures to mitigate the negative impact of rail infrastructure on society. In the case of noise, this includes the construction of the noise barrier in Ķengarags, Riga, included in the Action Plan. Implementation of the project commenced in 2024, and in **September 2025 the State Railway Technical Inspection commissioned the constructed noise barrier** located in the acoustic discomfort zone Ķengarags. The noise barrier is expected to present public health benefits worth more than EUR 90 million (the Action Plan assumes a 20-year lifetime for the noise barrier, based on a model developed by the European Environment Agency to assess and monetise the negative effects of noise).

In addition, the Action Plan summarises the costs and benefits of constructing noise barriers not only in Ķengarags, but also in Ogre, Ikšķile, Salaspils, and Bieriņi, but funding for these measures is currently not available and is not planned.

Other noise abatement measures, as foreseen in the Action Plan, are to be carried out as part of routine infrastructure maintenance work (e.g. rail grinding, long-rail replacement, etc. components of track maintenance work). Resources for these works are foreseen in the annual investment plan and included in the infrastructure renewal programmes. In the investment plan for 2025, EUR 22.83 million was allocated for the respective works, financed from own funds (including commercial bank loans). The effectiveness of these noise abatement measures is not assessed in detail as these works are not carried out in isolation from other infrastructure maintenance works and the contribution of specific actions to noise abatement is difficult to assess.

In the future, the necessary funding for noise abatement will be planned in accordance with LDz's financial possibilities, including consideration of the possibility to integrate noise abatement solutions into EU-funded infrastructure development and modernisation projects.



In addition, in previous years, periodic discussions have been held with various Latvian municipalities, encouraging them to assess when the development of new construction in the vicinity of railway lines should be permitted and when it should not. This approach aims to consider at an early stage whether railway-related noise could cause discomfort to residents of new buildings.

At the same time, it should be noted that rail traffic has decreased significantly since 2017 (especially freight, which is more noisy due to longer and heavier trains), so the noise impact on people has naturally decreased.

The processes and concrete actions to improve road safety are presented in more detail in the Consumer and end-user section on page 175.

As mentioned above, the residents of the municipalities concerned, where elevated levels of rail noise are observed, are involved in the public consultation of the Action Plan. Citizens can contact the LDz Customer Service Centre on 8002 1181 or by e-mail uzzinas@ldz.lv to discuss these or other issues related to the impact of rail on their local communities. Each application received is examined and a decision is taken on how to proceed. In 2025, we have received applications concerning, for example, malfunctioning level crossings, pedestrian crossings, inadequately maintained railway sidings, station facilities and cleanliness (including in slippery weather), etc. The management of the LDz Customer Service Centre also regularly assesses the speed and quality of the answers provided and the communication with customers by the helpline operators, making improvements in procedures and service delivery where necessary. It is also possible to submit questions and suggestions to the Customer Service Centre anonymously.

In addition to mitigating negative impacts, LDz also provides information and education to the public on railway-related issues by ensuring the operation of the Latvian Railway History Museum. The museum's experts regularly offer events and activities that allow young and old to learn about the history of railways in Latvia and the world, as well as other topics related to railways and industrial heritage. In 2025, the Latvian Railway Museum celebrated its 31th anniversary by inviting visitors to celebratory events, such as the Platform Festival, which took place in August 2025 at the museum's premises in Rīga, Uzvaras Bulvāris 2A, and was attended by almost 760 guests, according to information gathered by the museum.

Road safety issues are also raised on a daily basis at the Museum's events, thus contributing to safety education.

Target objectives related to the affected communities

The objectives relating to road safety are described in more detail on page 183. No noise reduction targets have been set, but the Action Plan identifies targets to be implemented in the period 2024-2028 to reduce noise levels in areas of discomfort, including:

- Construction of noise-reducing barriers in the acoustic discomfort zone *Ķengarags*;
- Noise abatement measures implemented on the Šķirotava-Salaspils and Salaspils-Ogre sections as part of railway infrastructure maintenance works;
- Conducting a study on *Sustainable solutions to reduce transport noise* (the proposal for the study has been submitted to the Ministry of Transport and its implementation is subject to the availability of external funding);
- Evaluation of noise reduction measures in railway infrastructure development projects, including requirements in construction projects;
- Creation of planting strips in the vicinity of the tracks, subject to available funding (taking into account the traffic safety risks mentioned above).

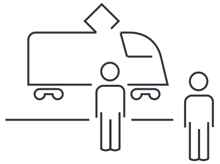
The implementation of these measures over the planning period is also considered as a key target and is being monitored. With the exception of the noise barrier to be built in the neighbourhood of Ķengarags, the exact costs of the other measures have not been determined.

The effectiveness of the measures taken will be evaluated through noise mapping and the development of an Action Plan for the next period (beyond 2028, when the current Action Plan will be implemented). As mentioned above, the effectiveness of the measures depends not only on their implementation by LDz, but also on the level of traffic on the railway infrastructure as a whole.

CONSUMERS AND END-USERS

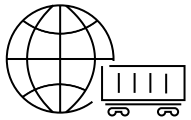
Interaction of impacts, risks and opportunities related to consumers and end-users with strategy and business model.

Consumers and end-users (or direct and indirect customers) of the Group's services can be divided into three broad groups:



Passengers who increasingly use rail infrastructure. It should be noted that passenger transport is not part of the Group's business, but it does include the provision of passenger infrastructure - including both tracks and related infrastructure and stations and stopping points and their equipment managed by VAS Latvijas dzelzceļš and where security is provided by SIA LDZ apsardze). In 2025, passenger transport reached 21.3 million passengers, an increase of 9.8% on the previous year. This volume has been relatively stable since 2017, falling only in 2020 and 2021, when it was affected by the Covid-19 pandemic and its restrictions. Passenger transport by rail in Latvia is two to three times higher than in neighbouring Estonia and Lithuania.

LDz aims to develop a passenger-friendly and safe infrastructure, thus contributing to the extent of its capabilities to the fact that an increasing proportion of the population uses rail rather than, for example, private road transport for their daily journeys. The role of passengers in railway operations has been growing in recent years, but at the same time LDz has no contractual relationship with passengers as users of the infrastructure, so its relationship with these customers is indirect. Given that the total passenger population is made up of very diverse groups, including those with reduced mobility or other limitations that make it difficult to comfortably use the historically developed railway infrastructure, the improvement of passenger infrastructure is one of LDz's key priorities in 2025 and in the future.



Freight forwarders, owners and logistics intermediaries. The Group includes one of the largest rail freight transport companies in Latvia, SIA LDZ CARGO, but there are also a number of private rail freight transport companies operating in Latvia using the infrastructure managed by LDz, including AS Baltijas Ekspresis, AS Baltijas tranzīta serviss and SIA Euro Rail Cargo. LTG CARGO, a Lithuanian railway company, also carries out freight transport on Latvia's public railway infrastructure. The Group company SIA LDZ CARGO provides freight transportation services, including the planning of transport operations and the identification of the most efficient solutions tailored to specific customer needs. It plans the composition and availability of the wagon fleet for the transportation of various types of cargo and ensures the maintenance of wagons and locomotives used in freight transport, including routine and capital repairs, preparation for transport operations (fuel supply), and the provision of other related services.

The role of freight-related services in LDz's activities has been decreasing in recent years (in the last 10 years the volume of freight transported by rail in Latvia has decreased from 55.65 million tonnes per year to 9.45 million tonnes per year). At the same time, this group of customers is the most important in terms of developing commercial services and building long-term relationships (insofar as it is not affected by international sanctions or other restrictions).

Direct and indirect customers of other services not related to the core railway business. LDz provides electricity supply to a total of 5349 facilities throughout Latvia (including some areas, especially in the vicinity of railway lines, where customers cannot choose another distribution service provider because the infrastructure of AS Sadales tīkls is not available nearby), of which 4179 electricity users are private individuals, while 409 electricity users are legal entities. The beneficiaries of the service are both natural and legal persons. LDz also leases real estate to legal and natural persons. In addition to providing security for LDz infrastructure, SIA LDZ apsardze also provides security services to external, non-railway customers.

Each of these groups has a slightly different approach to identifying customer needs, building and maintaining relationships. At the same time, there are a number of aspects in which LDz's influence on these groups and/or the risks and opportunities that working with these customer groups present to the Group are similar.

The following systemic areas are considered to be the most important areas of sustainability related to consumers and end-users in LDz's operations, mostly related to respecting and improving passenger rights:

- **Ensuring privacy.** Although LDz does not process passenger data, it does process data related to commercial customers and their contacts, as well as, for example, data related to electricity service users, which include a large number of private individuals. Thus, the processing of such data, its security and compliance with regulatory requirements are carefully taken into account in the design of the Group's data protection system;
- **Access to quality and timely information.** Although the primary responsibility for passenger information lies with AS Pasažieru vilciens, which is not a Group company, LDz is responsible for the efficient flow of information in various emergency situations related to the operation of infrastructure and transport. The ability of passengers to plan their daily routes and to mitigate various situations of increased stress in the event of unforeseen events during an ongoing service depends on the availability of efficient, comprehensible, high-quality and timely information. LDz takes these needs into account when planning information circulation measures (discussed below), ensuring timely and complete availability of information to LDz Customer Service Centre staff, as well as including various information improvement solutions – electronic boards, voice announcements, etc. – within infrastructure modernisation projects. Information circulation is also continuously improved in the area of commercial services;
- **Safety of people, including children.** The railway is a high-risk area, so traffic safety issues have always been of particular importance to LDz. Safety is one of the core values of the Group and its aspects are assessed when making any changes to the Group's structure, operations, processes, etc., and in all necessary cases, changes are coordinated with an external body – the State Railway Technical Inspectorate. Safety issues are always taken into account in infrastructure development and modernisation projects. Safety hazards can affect both adults and children, but for more than 15 years LDz has paid special attention to educating children and young people about road safety issues, both by organising individual safety lessons in educational institutions and by participating in various events aimed at a wider audience of children and young people;

- **Access to products and services.** Physical access to infrastructure, or environmental accessibility, is considered to be an important area, including in relation to human rights. These issues have entered the LDz agenda relatively recently, within the last 10-15 years or so, but have now become an essential aspect of all passenger infrastructure projects, to make infrastructure more accessible to passengers and other users with disabilities, mobility difficulties, sensory impairments, etc. There is also a Universal Design Standard for Passenger Infrastructure, which sets out detailed requirements for any passenger infrastructure project. Due to limited financial possibilities, LDz cannot reconstruct all passenger infrastructure facilities in a short time in accordance with the basic principles of this standard, but it does so in a targeted and gradual manner within the framework of passenger infrastructure modernisation projects co-financed by EU funds;
- **Equal treatment and non-discrimination.** This issue is also mainly related to passenger and environmental accessibility, as described above, as improved infrastructure makes it possible to prevent indirect discrimination against certain groups in society and to promote the principles of equality in the mobility of society through rail transport;
- **Responsible marketing practices.** This issue mainly concerns commercial transport and equal treatment of all freight carriers using LDz infrastructure. Given that one of the carriers, SIA LDZ CARGO, is part of the Group, it is very important for LDz to comply with the principles of equal and fair competition for all carriers, which is done accordingly.

The most significant impacts, risks and opportunities have been identified in the areas covered and are summarised on the following page (including the risks identified in the table, which are also discussed within the overall LDz risk management framework).

Sub-topic		Impact	Risks	Opportunities
Information-related impacts on consumers and/or end-users	+	Processing of customer data (including directory enquiries, direct business customers, CCTV data, etc.) in compliance with privacy requirements	Intentional or unintentional leaks of customers' personal data can have an impact on the company	
	−	Inadequate provision of timely and quality information, including in emergencies	Reputational risks associated with failure to provide timely and/or complete information	
Personal safety of consumers and/or end-users	+	Safety concerns around rail - including education campaigns, safety solutions, especially work with young people and other groups	Accidents, fatalities and their consequences	
Social inclusion of consumers and or end-users	+	Availability of services, wide coverage of Latvia		
	+	Non-discrimination between carriers in access to infrastructure	Possible infringements of competition law	Raising awareness within the Group on fair competition issues
	−	Insufficient provision of environmental accessibility, which limits the potential range of rail passengers (the Group's indirect customers) and mobility options	Limited resources to promote environmental accessibility, which can lead to reputational risk	Integrating environmental accessibility into all ongoing projects related to passenger infrastructure. Accelerated implementation of the developed universal design standard at least to the "minimum programme" level at all stations and stops
	+	Universal design standard for passenger infrastructure put into practice, significantly improving accessibility		Carrying out activities within the Group's remit to promote the greater use of rail in society's daily mobility (passengers) and economic activities (freight)

+ positive impact − negative impact The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Policies related to consumers and end-users

In order to manage the most important impact, risk and opportunity factors for consumers and end-users, the following documents have been developed and approved at the Group or individual company level:

– In the area of data processing / privacy:

- **Latvijas Dzelzceļš Group Physical Persons Data Protection Policy** (the current version approved by the LDz Council on 21.02.2025). The purpose of the Policy is to ensure uniform implementation and enforcement of the requirements of the General Data Protection Regulation (EU) 2016/679 throughout the Group. Among others, the policy sets out the obligations regarding the processing of personal data in relations with external business partners and other stakeholders, as well as the processing of employees' personal data. It also sets out the levels of responsibility: the overall responsibility for the protection of personal data within the Group lies with the LDz Directorate of Security, but each Group company delegates a Data Protection Officer, who together form a working group dealing with data protection issues. The Policy also sets out the procedures for identifying, investigating and reporting potential breaches, defines certain forms of documentation for regulating the processing of personal data in employment relationships and relationships with third parties, and strengthens the framework within which personal data protection risk assessments, incident logging and data processing assessments are carried out. According to the Rules of Procedure of the Management Board, the Chairman of the Management Board is responsible for the security of personal data as one of the areas of internal and external security;

- **Latvijas Dzelzceļš Group Video Surveillance and Processing of Data Obtained Therein Regulations** (approved by the LDz's Management Board on 06.01.2026). LDz manages an important public infrastructure and the safety of the use of this infrastructure is of great importance (both in the performance of transport, in the crossing of tracks and in the sense of hooliganism or damage by third parties), therefore more than 1500 video surveillance cameras have been deployed throughout the LDz infrastructure. Video surveillance involves the processing of personal data (the visual identity of natural persons is recorded). The approved rules stipulate that the provision of video surveillance is the responsibility of the LDz Directorate of Security and is carried out with the aim of preventing or avoiding incidents, including dangerous situations, on railway infrastructure, preventing access to restricted areas and reconstructing the course of incidents in the event of such incidents. Access to CCTV data is restricted to a limited number of staff approved by the Safety Director. The data is stored for a maximum period of two months (unless otherwise provided by external legislation) and shall be released to third parties only by the Directorate of Security in accordance with the cases, procedures and scope provided for by law. Such cases may be, for example, related to traffic accident investigations. For the purpose of traffic safety control, CCTV data may also be requested by the LDz Technical Inspection for the purpose of analysing necessary traffic safety improvements, public education measures or other aspects that could improve the safety situation on and in the vicinity of the railway infrastructure. The Regulation also provides that, subject to equivalent data protection measures, LDz may enter into cooperation agreements with other state and local authorities in order to ensure an improvement in the level of safety in the vicinity of the railway. For example, such measures include cooperation with the State Police in controlling traffic offences at level crossings using LDz CCTV data. The rules provide that data subjects are informed about the video surveillance in the relevant area by means of warning signs of a uniform design;

– In the area of information circulation, LDz does not have a unified policy, but in some areas there are documents that define the procedure for disclosure of information and its availability to the public:

- **The Equipment and Traffic Information Service Rules** (approved by the LDz's Management Board on 09.01.2023) define the procedure for LDz, as a service point operator, to provide the service of informing passengers about train movements at stations and stopping points. Among other things, the rules provide that LDz shall provide passengers with easily accessible and clearly understandable information on the movement of passenger trains by means of electronic boards or displays on platforms, at exits to platforms, in passenger waiting areas and tunnels, as well as by playing automatic audio announcements (specifically at Daugavpils station) and by providing manual audio announcements as necessary (e.g. in case of significant train delays or changes in the timetable). It is the responsibility of the passenger carrier to provide LDz with up-to-date information on changes and events that may affect the train timetable so that LDz can in turn provide up-to-date information to passengers;

- **Rules for reporting, registration, investigation and record-keeping of railway accidents** (approved by the Order of the Chairman of the Management Board of LDz on 29.02.2024) provides for the procedure for exchange of information and further action in the event of a traffic accident, including situations involving a person being hit by a train, a train collision or a collision between a train and another vehicle, derailment, sending a train on an unprepared or incorrectly prepared route, passing a prohibitive signal, accident with dangerous goods, misuse of railway infrastructure by third parties and other possible situations. In total, the rules cover 52 different possible situations which may cause a railway accident and in the event of which railway professionals should immediately report to the LDz Administration of Train Movement, which will take further action depending on the situation, including, if necessary, involving external services such as emergency medical assistance, the State Police, the State Fire and Rescue Service, the Transport Accident and Incident Investigation Bureau, the State Environmental Service, etc., according to the specific nature of the accident. Other internal bodies and departments are also informed if necessary (including the LDz Customer Service Centre, whose task is to provide the most accurate information to the operators of the 8002 1181 helpline, who are most frequently contacted by passengers when they encounter train disruptions);

- In a broader sense, the disclosure of information on the activities of the Group and some of its companies is regulated by the **Procedure for Disclosure of Information by the Latvijas Dzelzceļš Group** (approved by the LDz's Management Board on 19.12.2023), which has been developed based on the requirements of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof and the resulting legislation on disclosure of information. The Procedure defines the scope, frequency and entities responsible for the disclosure of the Group's financial and non-financial information. Although this Procedure mainly concerns the disclosure of documents relating to the corporate governance of the company, it also contains information that may provide the Group's direct and indirect customers, including passengers, or those of certain of its companies, with information on the most important measures taken by the Group to improve the quality and scope of its services;

– In the area of road safety, LDz has developed documents at both Group and parent company level, taking into account that the use of public railway infrastructure is associated with increased safety risks. All the documents are based on the principle that safety is always a priority and that every effort should be made to prevent incidents - as far as this is within LDz's power and competence:

- **Latvijas Dzelzceļš Group Road Safety Policy** (approved by the LDz's Management Board on 13.03.2023), which states that traffic safety is the top priority in the list of the Group's values and in case of any doubts about possible actions, safety is the first priority. Similarly, safety aspects and risks are always assessed when decisions are taken related to railway operations (including reorganisations, changes in functions, etc.), and safety risk management is not considered as a separate function of the Group and each of its companies, but is integrated into all management processes. The policy also states that LDz sets targets related to road safety and evaluates their achievement (see page 183 for details). The policy also provides for the handling of accident investigations and states that the principles of the policy apply not only to the Group and its companies, but also to contractors and suppliers who are contractually required to comply strictly with road safety requirements. According to the Rules of Procedure of the Management Board of LDz, the Member of the Management Board responsible for commercial matters is responsible for road safety;

- **The strategy of VAS Latvijas dzelzceļš for traffic safety monitoring** (approved by the decision of the Management Board of LDz on 20.09.2023) deals in more detail with the control of compliance with road safety requirements and also with measures to monitor the activities of cooperation partners. This includes requirements for the performance of specific works under the Railway Act and the qualifications of those performing them (requiring special safety certificates), as well as for other contractors (who are not required to have safety certificates but are subject to strict supervision by LDz when performing work in the railway right-of-way), as well as for goods - including control of suppliers of various spare parts, infrastructure components, technology, etc. - both before and after delivery. The strategy also includes common safety targets set at European Union level for railways, safety targets set in LDz's medium-term operational strategy and indicators to be monitored in order to obtain timely information on potential incidents (see pages 183 to 184 for details);

- **The internal traffic safety monitoring system of VAS Latvijas dzelzceļš** (approved by the Order of the Chairman of the Management Board of LDz dated 21.02.2025) describes in detail a set of preventive measures to monitor and improve the traffic safety situation. Among other things, the document stipulates that an assessment of the traffic safety situation in the train running, electrical, track and wagon management is to be carried out on a semi-annual basis, reviewing and recording information on safety indicators and their analysis, incidents and infringements observed during the period, both in the company's own operations and in the operations of suppliers and cooperation partners, analysis of improvements implemented and their effectiveness, and other related issues. The system also includes regular inspections and compliance checks of the railway infrastructure and its elements, and more extensive audits every 2-4 years. The system also provides for unscheduled (surprise) inspections and measures to check the condition of the track using technical means (gauging devices, ultrasonic inspection with defectoscopic apparatus, etc.). Quarterly technical training, including on how to deal with equipment breakdowns, accidents, etc.;

– In the area of environmental accessibility (including equal and non-discriminatory access to services), LDz has not developed any policies or strategies, but in 2022, in cooperation with the Foundation "Association of Disabled People and Their Friends "Apeirons"", the **Universal Design Standard for Passenger Infrastructure** was developed and updated in 2025 (the current version was approved by the Management Board of LDz on 14.05.2025 and is available on the LDz website). The standard describes the requirements for the equipment of railway passenger infrastructure - stations and stopping points - depending on the station class (there are five classes, denoted by letters from A to E - depending on the average number of passengers at a given station per year), as well as requirements for ensuring environmental accessibility (accessibility).

– This includes the basic principles to be followed when equipping stations and stopping points for passengers with reduced mobility, sensory impairments (hearing and visual impairments), allergies, cognitive impairments, etc. The requirements of the standard are taken into account in all new investment projects that rebuild or upgrade passenger infrastructure and in the technical specifications for procurement.

– In the area of service management, it should be noted that the Group does not market consumer services or goods, so responsible marketing for the Group is primarily about providing transparent, understandable, and accessible services. Information on all services provided by LDz, their availability, conditions, forms, etc. is available on the LDz website (in the subsections For Business and For Individuals). **All the information required by carriers and other railway infrastructure users or cooperation partners is updated annually and published in the** Network Statement - in accordance with the requirements of the external regulation, the information contained in the Network Statement on infrastructure availability, equipment, capacity etc. is published two years in advance, i.e. at the time of preparing this report, the Network Statement for 2027 approved by the LDz's Management Board decision of 16.12.2025 is up to date. In addition, procedures or rules have been developed for the provision of specific services (e.g. traction services, coordination of construction projects affecting the territory of LDz or its engineering systems, freight transport, including specific types of transport such as oversized and heavy goods, etc.). The rules or requirements contained therein which are binding on external parties are published on the website;

– Group companies with certified quality management systems (SIA LDZ ritošā sastāva serviss—now the Production Department of SIA LDZ CARGO—and SIA LDZ apsardze—ISO 9001) have also, within the scope of these systems, developed **customer service principles**. LDZ CARGO SIA has developed **Customer Communication and Relationship Management Guidelines**, which define the main principles of communication and cooperation, customer segmentation and actions in the development of specific projects, such as facilitating the transfer of customer freight from road transport to climate and environmentally friendly rail;

– In order to promote the most efficient use and development of the Group's resources, the LDz's Management Board decision of 02.05.2023 approved the **Guidelines for determining commercialisation measures in the strategic planning documents of the Group companies and action plans for their implementation**. The Guidelines set out four essential objectives:

- Improve the profitability of services provided to external customers;
- Ensure a high level of customer service;
- Diversify service segments;
- Increase the range of services provided to external customers.

At the same time, the guidelines cover customer segmentation, customer management approaches, sales process, information flow and risk management approaches, among other relevant considerations. According to the Rules of Procedure of the Management Board, the Member of the Management Board responsible for commercial matters is responsible for commercialisation matters;

In these policies, LDz does not specifically refer to United Nations, Organisation for Economic Co-operation and Development or other guidelines but follows best practices and requirements of external laws and regulations, as well as in the case of the Universal Design Standard for Passenger Infrastructure – human rights (access to services and equal opportunities) of different groups of society.

In order to address possible violations of the rights of direct and indirect customers, including in the context of human rights, the Group has established a Complaints and Suggestions Procedure, which is followed by the respective Group company.

Processes for engaging with consumers and end-users

Engagement with consumers and end-users and soliciting their views is mainly organised at the level of strategic customers – passenger and freight operators – while also giving other customers of less strategic services (e.g. electricity supply) the opportunity to express their views. The following channels are used for engagement:

Surveys

- **Direct customer surveys** in which VAS Latvijas dzelzceļš, SIA LDZ CARGO and SIA LDZ apsardze find out their customers' opinion on the quality of the service received, the compliance with expectations and the necessary improvements after the provision of the service or, for example, once a year. Depending on the feedback, the results of the surveys are analysed and options for improving the service, including improving communication with customers, are considered;

- **The opinion of indirect customers or passengers is analysed on the basis of the results of annual customer surveys conducted by VAS Pasažieru vilciens**, which usually include questions on passenger satisfaction with the railway infrastructure, and the PV shares the information with LDz, discussing, if necessary, opportunities for improvement.

The results of the 2025 Train Passenger Satisfaction Survey indicate that:

56% rail passengers surveyed are rather satisfied or completely satisfied with the appearance, cleanliness, technical condition, and equipment of station buildings (2024: 61%).

64% are rather satisfied or completely satisfied with the appearance, cleanliness, technical condition, and equipment of the platform or stop (2024: 64%).

68% respondents feel safe about themselves, their health and their belongings when at a train station or stop (2024: 67%).

73–76% are satisfied with the signs and indications at the station and on the platform, as well as with the availability of operational information on station loudspeakers or boards (2024: 75–76%).

52% respondents indicated that they were satisfied with bicycle parking (2024: 49%), but a very large number of respondents (almost a third or 30%) had no opinion on this question (2024: 29%), so it can be assumed that they do not cycle and the question is not relevant for this group of respondents.

39% indicated that they were satisfied with the facilities and their availability at the station (2024: 45%), and were less satisfied with the shopping facilities at the station, the movement of other public transport to/from the station and the parking facilities near the station, but these aspects are most often not under the control of LDz.

Satisfaction with assistance for people with disabilities and reduced mobility is also relatively lower.

41% respondents have no opinion on this issue (2024: 37%), again indicating that the issue may not be relevant to these passengers.

42% indicated that they were rather satisfied or satisfied with the quality of the service (2024: 42%).

18% not satisfied (2024: 21%).

Satisfaction levels have increased since the previous survey, which can be attributed in part to LDz's investment in improving infrastructure, making it more accessible to all passenger groups (see pages 182–183 for more details).

Overall, the most positive feedback tends to come from passengers who regularly travel on the Jelgava railway line, while passengers on the Aizkraukle line express more critical views (in 2024, the most positive feedback also came from Jelgava line passengers, whereas the most critical views were expressed by passengers on the Skulte line).

The views of direct and indirect customers are also sought through surveys conducted to identify the Group's material sustainability areas and to develop the structure of the Sustainability Statement. Such surveys have been carried out in 2023 and 2024 and are planned for the future on average every three years or as required.

Face-to-face or remote individual or sectoral meetings

Face-to-face or remote meetings, as needed, to discuss relevant cooperation issues. For example, LDz organised meetings with representatives of municipalities to discuss opportunities for improving the accessibility and safety of railway infrastructure, including within the framework of the European Union funds investment programme 'Station 2.0'. This programme provides municipalities with the opportunity to attract funding to improve residents' mobility by developing public and private transport interchange points (mobility hubs) near railway stations and stopping points. As a result, 16 meetings with municipalities were organised, and support was provided for the preparation of 40 project applications related to railway stations and stopping points;

Joint projects

Joint projects are organised in certain areas to ensure that the needs of users are taken into account in service delivery (especially in the passenger segment). The most important of these is the long-standing cooperation with the Foundation "Association of Disabled People and Their Friends "Apeirons"", which periodically advises and supports LDz in improving the passenger infrastructure and has been involved in the development of the Universal Design Standard for Passenger Infrastructure (see page 176 for details). In this area, communication and engagement often takes place before projects are implemented in order to anticipate necessary solutions or changes to projects;

High-level meetings at international level

Given that the Group's activities in the freight and rolling stock maintenance and repair segments involve international customers and business partners, the opportunity to meet at international events (including industry exhibitions and conferences) is used to build cooperation, discuss existing cooperation and resolve issues, including the exchange of information. These events are held in accordance with the calendar of international events or as required;

Lectures, discussions, and information campaigns on road safety

Lectures, discussions and information campaigns on traffic safety issues were also organised. Despite traffic safety being a priority for the Group, individuals are injured or lose their lives on the railway every year. Investigations of accidents indicate that some involve individuals who have deliberately chosen such an outcome; however, in many cases accidents occur due to inattention. In particular, younger people are often distracted by smartphones, listen to music through headphones, or wear clothing with hoods that restrict visibility and hearing, among other risk-increasing behaviours. Therefore, for many years now, LDz has considered lectures, discussions and information campaigns on safety in the vicinity of railways to be a very important engagement and education function, which can timely draw the attention of target audiences to safety and potentially prevent accidents due to ignorance or carelessness. LDz experts are on call to visit Latvian educational institutions to talk about safety to young people of all ages and to demonstrate the risks that non-compliance with safety requirements can cause. **In 2025, LDz safety experts delivered safety awareness sessions in 336 classes at 54 schools across 29 cities and towns in Latvia, providing training on safe behaviour near railway infrastructure to 5 953 pupils**. In addition, LDz experts participated in safety-focused events organised by schools and municipalities, as well as in the 'LAMPA' conversation festival, where they engaged in discussions on safe railway operations together with representatives of the Ministry of Transport. At the same time, safety lessons and discussions on safe behaviour in the vicinity of railways are also integrated into the activities of the Latvian Railway History Museum, which is managed by LDz.

These channels and mechanisms of engagement do not have a single point of responsibility. For example, responsibility for communication with the public (including local communities, schools, non-governmental organisations, etc.) and for the planning of international events and meetings most often lies with the LDz Commercial Division, while responsibility for collecting customer feedback on service quality matters rests with the organisational units of each Group company, in accordance with their respective areas of competence. The effectiveness of engagement activities is not specifically measured, but it is considered to be a valuable result when problems are resolved jointly.

Processes to remediate negative impacts and channels for raising concerns

The most significant negative impacts on consumers and end-users discussed on the previous pages may relate to access to information, traffic safety or limited access to rail infrastructure and hence transport for certain groups of society. To express their concerns or views, passengers and recipients of other Group services (including electricity customers) may contact the LDz Customer Service Centre at **8002 1181** or by e-mail uzzinas@ldz.lv and express their views, complaints, suggestions, information or thanks. In simple situations, the Customer Service Centre operators provide information immediately, but in cases where a further solution is needed, the information is passed on to the responsible LDz structures to prevent or resolve the problem, depending on its specific nature. If the customer wishes LDz to provide feedback on the solution, the Customer Service Centre shall ensure that it is provided.

In 2025, the LDz Customer Service Centre has received customer enquiries on topics such as:

- operation of level crossings
- LDz property management issues (e.g. uncleared paths in winter)
- train timetable enquiries
- application for services for passengers with disabilities and problems related to this service
- LDz information systems operational issues
- safety matters

In matters relating to commercial services, customer concerns and queries are dealt with by the Customer Relations Officers of the relevant Group companies or other responsible bodies. In order to improve the accessibility and transparency of information, the LDz website contains useful information and documents for direct and indirect customers to apply for services. This also ensures that all relevant information is public and that there is no discrimination or competitive advantage/restriction for any customer group in accessing it.

LDz does not have a specific procedure or procedure in place for the compensation of negative impacts, as no such impacts have been identified so far in LDz's operations that would have to be compensated for the damage caused.

Managing impacts, risks and opportunities for consumers and end-users

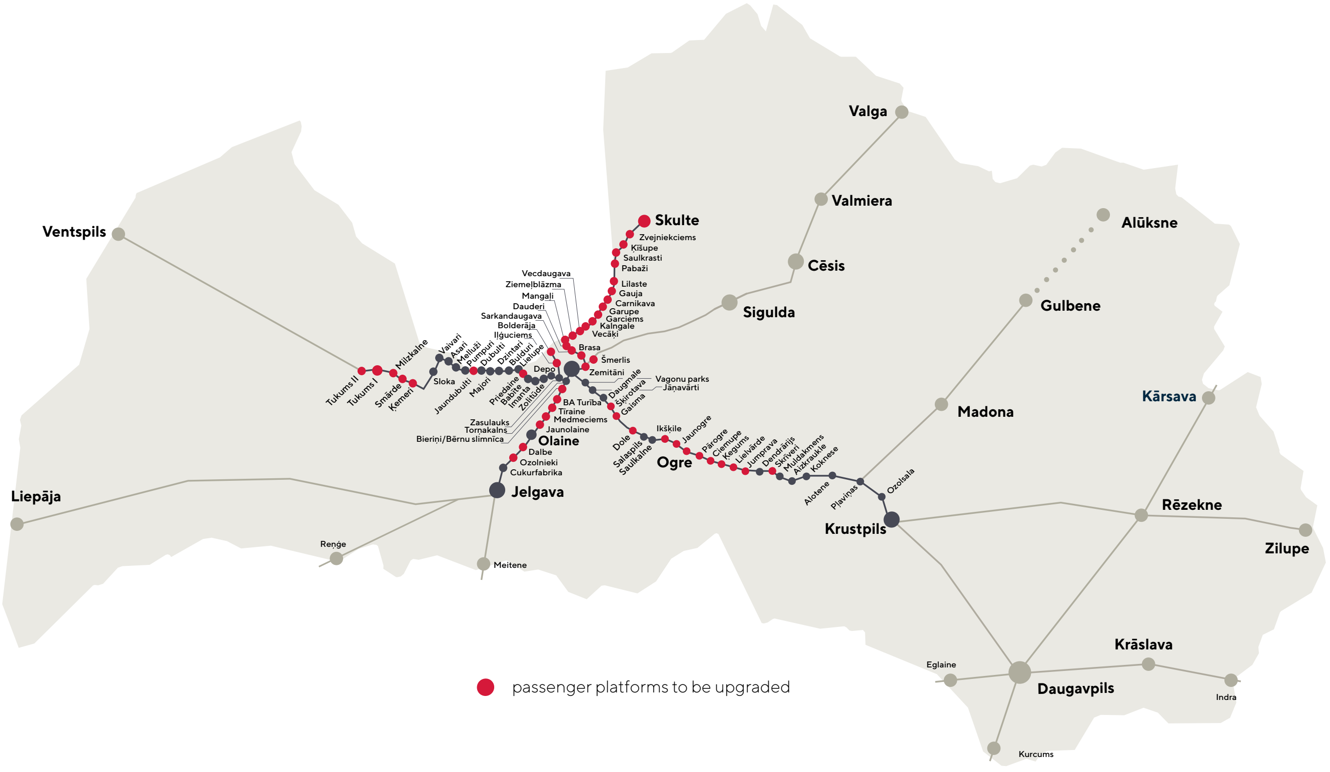
The following are considered to be the most relevant lines of action aimed at managing the impacts, risks, and opportunities identified in this section:

- **Inclusion of environmental accessibility as an essential human rights parameter** (the right to move freely and fulfil one's needs) in all new infrastructure development projects related to the improvement or construction of passenger infrastructure. Latvia's railway infrastructure was largely built in the 19th and 20th centuries, at a time when environmental accessibility was not only not a priority but was not even discussed as a term. Consequently, the improvements to be made are numerous and are being addressed in a sequential manner, integrating them as far as possible into the various infrastructure improvement projects. For example, for several consecutive cycles, the project Modernisation of Railway Passenger Infrastructure, co-financed by the Cohesion Fund of the European Union, has been implemented sequentially, building elevated passenger platforms at stations and stops accessible to different groups of society and, from 2022, these platforms were built using the guidelines of the Universal Design Standard for Passenger Infrastructure. The standard also helps to ensure that specific requirements are set for suppliers to ensure that the solution developed meets the required level and needs. It is not possible to implement the improvements across the entire railway network managed by LDz in the short term, not least due to the availability of funding, but it is being done sequentially – with priority given to the Pierīga railway lines, where passenger traffic figures are highest.

  According to information provided by AS Pasažieru vilciens, in 2023 most passengers were carried on the lines Rīga-Tukums II, Rīga-Krustpils, Rīga-Jelgava and Rīga-Skulte – some of the stations and stops on these lines have already been modernised during the 2007-2014 planning period, while modernisation of **48 stations and stops was started during the 2014-2020 planning period. Due to difficulties in the project progress, the project has been phased out by a decision of the Cabinet of Ministers and will continue in the 2021-2027 programming period**, including works in 2025. A total of EUR 51.7 million has been earmarked for the current project (of which EUR 7.7 million is co-financed by LDz). In the Group's financial statements, the investments for the reporting year are included in investments or tangible assets already put into operation.

The project includes the construction of elevated passenger platforms, improving passenger and train safety, passenger service quality and comfort, as well as reducing environmental impact.

Modernisation of passenger platforms:



At the end of 2025, 31 upgraded platforms were already available to passengers, and infrastructure upgrades at the remaining 17 stations are planned to be completed by the end of 2026.

In the next stages of the project, modernisation is planned in Riga - Lugaži line, which is relatively highly utilised, as well as other regional lines (Jelgava - Liepāja, Pļaviņas - Gulbene, Krustpils - Rēzekne and Krustpils - Daugavpils).

Outside the current scope of modernisation are the Tukums II-Ventspils line, where no passenger services are currently operated by rail, and the border lines from Rēzekne and Daugavpils to the state border (except Ludza and Krāslava, where it is planned to modernise station passenger platforms). On these lines, the modernisation of other station and stop platforms depends on the national passenger transport development strategy.

To ensure the compatibility of infrastructure and passenger transport solutions in locations that have not yet been modernised but were initially planned for modernisation within the Rail Baltica project, temporary platforms were installed in several stations in 2025 to facilitate easier boarding of trains from the platform, including at Rīga Central Station as well as at the stations Zasulauks, Torņakalns, Vagonu parks, and others. The implementation of these actions contributes to improving both the quality and modernity of the passenger infrastructure and its environmental accessibility aspects, contributing to gradually enabling all passengers, regardless of their physical capabilities, to make greater use of rail transport in their daily mobility. The funding needed for these improvements is planned for future periods, but this depends on the availability of public co-financing;

- Public education measures are carried out annually to **improve road safety** - safety lessons and information campaigns, and, where necessary, traffic safety solutions in infrastructure - for example, traffic lights at level crossings similar to those on streets and roads, or mazes and barriers to slow down or restrict people in the most dangerous areas. Such solutions help to improve traffic safety by giving pedestrians early attention with barriers, traffic lights and other solutions, prompting them to reduce their speed and look more closely at whether it is safe to cross the railway at that moment. As far as possible, solutions are implemented either within LDz's own resources or, where possible, integrated into road safety solutions in larger-scale infrastructure development projects co-financed by EU funds;
- In terms of **information flow**, in recent years LDZ structures have improved their communication to ensure that information is readily available - especially in emergency situations. The rules on reporting, registration, investigation, and recording of railway accidents mentioned on page 174 also include a process for information on accidents and their impact on train movements (including timetable changes, cancelled trains, length of delays, etc.) to be received by LDz Customer Service Centre staff so that the information can be passed on to passengers;
- For the resolution of various non-standard issues, when receiving information via the Customer Service Centre, the official LDz e-address or other channels, employees of the relevant LDz entities or subsidiaries are involved as necessary and according to their competence. In total, the LDz Customer Service Centre and its outsourced service providers handled more than 16 000 calls in 2025, provided 3,345 consultations (mainly on electricity services and operation of level crossings), and registered and referred for further resolution more than 500 complaints and suggestions in total. Some of the issues can be resolved during the telephone conversation by providing the necessary information, while others are passed on to the responsible bodies by being recorded in the internal information system. The Customer Service Centre allows us to improve customer service, to learn in a timely manner about issues that cause problems for customers, and to provide a fast and reliable channel for customers who call to find out information that is relevant to them;

summarized more than **16 000 calls**

provided **3 345 consultations**

more than **500 complaints / suggestions registered**

- For commercial customer issues, the subsidiaries have developed their own procedures and rules for customer segmentation and, depending on the volume and strategic importance of the cooperation, may assign a specific Customer Relationship Manager who is responsible for resolving all issues with the customer concerned and involves other colleagues as necessary.

LDz does not specifically measure the effectiveness of the above activities, but the effectiveness is indirectly demonstrated by the increase in passenger traffic (which is only partly dependent on LDz's activities), as well as by the loyalty of commercial customers. Traffic safety campaigns are measured in terms of the audience they reach but have no direct correlation with the number or frequency of accidents.

Targets related to consumers and end-users

In the area of environmental accessibility, LDz's long-term goal is to provide convenient and accessible infrastructure for all groups of society, which is in line with the European Union and national objectives for the development of transport infrastructure. However, the medium-term objective, which depends on the availability of public funding and its possible reallocation at national level, is to complete the modernisation of passenger infrastructure at 48 stations and stops on the Pierīga railway lines by the end of 2026 (see details above). **At the end of 2025, 31 upgraded platforms were already available to passengers, and infrastructure upgrades at the remaining 17 stations are planned to be completed by the end of 2026.**

In the area of traffic safety, the Medium-Term Operational Strategy of LDz for 2021–2025 sets a non-financial target to reduce the number of serious accidents from 1.2 to 1 accident per million train-kilometres per year. In 2025, the rate is 1.37. As the number of train-kilometres decreased and the number of accidents increased (14 accidents in 2025; 14 in 2024; and 7 in 2023), the indicator measuring the number of serious accidents per million train-kilometres increased significantly.

This calls for comprehensive safety measures - infrastructure improvements as well as social campaigns to promote safety around railway tracks.

The Technical Inspection of LDz, which oversees the management of traffic safety issues, has established common safety indicators that describe traffic safety or potential risks on the railway and which LDz monitors on a daily basis. No target indicators have been set for these objectives, considering that the most important objective of traffic safety is the prevention of any accidents. For example, all types of accidents and collisions on railway infrastructure are monitored and recorded (incl., collisions between railway rolling stock, collisions with cars at level crossings, people crossing railway infrastructure, etc.), various infrastructure defects that have the potential to cause accidents (e.g. rail fracture, track superstructure defect, signalling failure, damage to various devices, passing of a prohibitive signal, etc.), and other infrastructure defects that have the potential to cause accidents (e.g. rail fracture, track body defect, signalling failure, damage to various devices, passing of a prohibitive signal, etc.), accidents involving the carriage of dangerous goods, misconduct of a different nature with the potential to cause accidents (e.g. driver passing a prohibitive signal) and other indicators. In addition, LDz entities may set other indicators specific and relevant to their operations which may have an impact on road safety.

In 2025, under the supervision of the Technical Inspection, specific traffic safety targets were set for the LDz Department of Rail Tracks, the Directorate of Train Movement and the Electrotechnical Department. For example, for the Department of Rail Tracks, they are specifically related to track quality indicators, for the Electrotechnical Department to the control of faults in signalling, interlocking and locking devices, power supply devices, telecommunications and other equipment, and for the Directorate of Train Movement to the reduction of delays for passenger and freight trains. The departments also have targets for effective control of errors or irregularities by staff and for reducing overtime, given that overworking can lead to inattention, which in turn can lead to road safety risks. It is important to note that the traffic-safety objectives set for management are also closely linked to the reduction in employee numbers and financial resources within the Group in recent years; consequently, with a more limited level of resources, it is necessary to ensure a railway infrastructure and train operations that are no less safe.

The European Union has set common safety targets for Latvia in the Traffic Safety Monitoring Strategy of VAS Latvijas dzelzceļš[83]:

[83]Commission Decision 2012/226/EU of 23 April 2012 on a set of common safety targets for the rail system

Overall safety targets	Unit	Value ($\times10^{-9}$)	Target performance 2024 ($\times10^{-9}$)	Target performance 2025 ($\times10^{-9}$)
Passenger risk	Number of passenger deaths and severe personal injuries per year due to serious accidents[21] / train kilometres per year	78.2	0	0
Passenger risk	Number of passenger deaths and severe personal injuries per year due to serious accidents/ passenger kilometres per year	0.665	0	0
Employee risk	Number of employee deaths and severe personal injuries per year due to serious accidents/ train kilometres per year	64,8	0	0
Level crossing user risk	Number of level crossing user deaths and severe personal injuries per year due to serious accidents/ train kilometres per year	239.0	132.31	205.59
Other person risk	Number of other person deaths and severe personal injuries per year due to serious accidents/ train kilometres per year	11.6	0	0
Risk of unauthorised persons in railway territory	Number of deaths and severe personal injuries per year of unauthorised persons in railway territory due to serious accidents/number of train-kilometres per year	1310.0	349.69	372.03
Society risk	Number of deaths and severe personal injuries per year due to serious accidents/ train kilometres per year	1660.0	482	577.62

It follows from the values in the table of common safety targets set for Latvia by the EU and the achievement of 2025 targets that all common safety targets have been met and no values have been exceeded.

[21] "Deaths and weighted severe personal injuries" is the unit of measurement used to assess the consequences of serious accidents involving both fatalities and serious injuries, 1 serious injury being statistically equivalent to 0.1 fatalities

With regard to commercial customers, the Group companies set annual **customer acquisition targets**, but this information is considered to be commercially sensitive and is therefore not disclosed in this report. The Customer Service Centre, on the other hand, has set a target for 2025 to ensure a high level of quality in the Customer Service Centre (91%) - currently the quality level is 4%, so the target is being met. The Customer Service Centre's quality rating is based on the quality of information provided: each month an audit of calls is carried out, randomly selecting 30 calls per calendar month and assessing them against the criteria set out in the contract with the outsourced directory enquiry service provider.

In the other areas of impacts, risks and opportunities mentioned above, LDz does not currently have specific targets. No external stakeholders have been involved in the definition of existing targets, but in the area of environmental accessibility LDz has consulted with the Foundation "Association of Disabled People and Their Friends "Apeirons"", which has, for example, helped to develop the Universal Design Standard for Passenger Infrastructure used in the design of the above-mentioned upgraded platforms.

With regard to the achievement of the target indicators, in accordance with the best practices of state capital company management, LDz monitors **twice a year the indicators included in the medium-term operational strategy for 2021-2025, submitting a report on their achievement to the Council, which in turn submits it to the LDz shareholder**. Progress monitoring of projects co-financed by EU funds is carried out on an ongoing basis, at least once a month at a meeting of the Investment Committee, and more frequently if necessary. Other targets are monitored on a company-by-company basis in the Group, with progress monitored and results verified at least once a year. In the event of a significant deviation from the target, the entity or company concerned is required to analyse the reasons and the possible impact on the achievement of the target or the need to adjust it. As an example, the targets related to the commercial customer segment have been revised downwards by the Group companies several times in recent years, as the international sanctions regime and related events continue to reduce freight traffic on the Latvian railway infrastructure and this trend is expected to continue regardless of the Group's own actions.

04

GOVERNANCE

BUSINESS CONDUCT

The role of the administrative, management and supervisory bodies regarding business conduct

Business conduct at LDz concerns three key areas:

1. Building and maintaining an ethical and transparent internal culture
2. Ethical relations with business partners
3. Choice and management of cooperation partners in general

While all areas are generally the responsibility of, and monitored by, the Management Board of the Group's parent company, as well as the Management Board of each subsidiary, each area has a designated responsible entity at administrative level:

- The Group's internal culture is developed by the LDz Directorate of Commercial Activities and Directorate of Personnel in cooperation with each other;
- Anti-corruption and conflict of interest issues both internally and in relations with external partners are coordinated and monitored by the LDz Directorate of Security. Responsible employees receive regular anti-corruption training, as well as training for other Group employees according to their risk level;
- The selection of cooperation partners is carried out by the Procurement Office within the framework of the procurement procedures set out in the Public Service Providers Procurement Law, as well as in all cases where the contract amount is at least EUR 22 000. In all cases where subsidiaries carry out procurements with a value of at least EUR 120 000, such procurements are also organised by the LDz Procurement Office. The staff responsible regularly broaden and update their procurement knowledge and advise and support other staff in the preparation of procurement specifications and other related documentation.

Process to identify and assess material impacts, risks, and opportunities

Given that LDz is a public company, transparency and accountability in the Group's and the Company's operations are of the utmost importance, both within the Group and with its business partners (suppliers, customers, etc.). Thus, both the employees' own understanding and sense of responsibility and the existence of appropriate tools to manage potential risks are essential.

The identification of impacts, risks and opportunities for the purposes of the business section of this report has been made in accordance with the overall approach described on pages 82 to 83. At the same time, within the scope of its competence, the LDz Directorate of Security regularly carries out corruption risk assessments in accordance with the methodology developed by the Corruption Prevention and Combating Bureau, including both at the level of Group companies and at the level of job categories, in accordance with the requirements of Cabinet of Ministers Regulation No 630 and the KNAB guidelines for conducting job and function risk assessments.

The assessment of significant impacts, risks and opportunities concluded that there are no significant impacts, risks, or opportunities for LDz Group in the context of payment practices and therefore this topic is not included in the further description of governance-related aspects.

Sub-topic	Impact	Risks	Opportunities
Corporate culture	+ Internally established ethical principles, their adherence and regular information/education of staff to ensure that all staff follow the same approach, including in dealing with various non-standard and emergency situations, under stress, etc.	Inconsistent, unethical or potentially illegal behaviour can have a huge impact on a company's reputation, credibility, opportunities for cooperation and fundraising, and can have significant legal consequences	
		Insufficient communication and/or understanding at all levels of the Group's development objectives, internal culture, and core values, and the practical role and importance of internal cooperation	
		High internal bureaucracy and insufficient synchronisation of internal processes and information	Maximum process automation, improving efficiency and reducing the human factor
Protection of whistle-blowers	+ A whistleblowing mechanism is in place and available, but has not been used in practice		
Political engagement and lobbying activities	+ Transparency of interest representation through public platforms, e.g. business organisations	Relatively high political influence on the Group's activities (within the policy planning framework). Insufficient involvement of the Group / consideration of its views in political decision-making	

+ positive impact − negative impact The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Sub-topic	Impact	Risk	Opportunities
Management of relationships with suppliers	+ Relationships are mutually transparent and transparent, the company has established procurement and contract management practices, and treats market participants equally	Non-transparent relationship management can have a very significant impact, both legal and reputational	Establishing a systematic process for assessing suppliers before, during and after cooperation (including sustainability aspects) and integrating the findings into further decision-making
		Insufficient control of contractors	
		Dependence on specific suppliers, their availability	Strengthening market research capacity by finding alternatives to current suppliers
Corruption and bribery	+ The Group manages significant financial resources and is a state-owned company, so it is essential to comply with the basic principles of anti-corruption and to educate employees about their importance, which is done regularly	Corruption or fraud can have a very significant legal and reputational impact	
		Inadequate management of conflicts of interest can create reputational and/or legal risks	

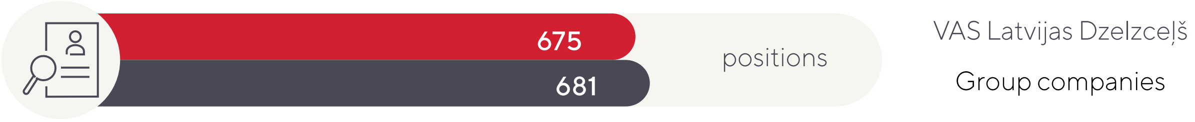
+ positive impact − negative impact The value chain shown on page 76 is coloured according to the links in the value chain where the impact, risk, or opportunity manifests itself

Business conduct policies and corporate culture

To ensure transparent, ethical and well-managed Group operations, LDz has approved the following documents:

- **Corporate Governance Code of the Latvijas Dzelzceļš Group** (approved on 20.10.2021 by a resolution of the LDz Council). It sets out the Group's common governance principles, including adherence to the values set out in the medium-term business strategy, fair business practices and competition law, as well as adherence to ethical principles in day-to-day operations. The Code also defines the division of responsibilities between the shareholder, the LDz Council and the Management Board, the process of developing the medium-term operational strategy and defines corporate governance instruments, the corporate social responsibility approach, the approach to personnel management and remuneration policy, as well as the approach to risk management and internal control within the Group. The Corporate Governance Code is available on the LDz website;
- **Code of Ethics of the Latvijas Dzelzceļš Group** (approved on 20.08.2024 by a resolution of the LDz Council). The Code of Ethics highlights LDz's values of Growth, Safety and Synergy, and describes the Group's approach to safety, human rights, equal opportunities, environmental protection, and use of natural resources, fair business and fair competition, anti-corruption and conflict of interest management and other areas. The Code of Ethics is available on the LDz website and is made available to every employee of the Group;
- In accordance with the **Code of Ethics**, the Group has established an Ethics Committee to which any employee may refer possible breaches of the Code. An updated Regulation of the Ethics Committee was approved by the LDz Management Board on 20.08.2024. In addition to employee complaints about possible violations of the Code of Ethics, the Committee may also consider possible ethics-related issues on its own initiative. The Commission is chaired by the HR Director of LDz and includes four permanent members and, if necessary, invited members, as well as a permanent representative of the Latvian Railway and Transport Workers' Trade Union, thus representing the interests of employees;
- **Cybersecurity Policy of the Latvijas Dzelzceļš Group** (approved by a decision of the Management Board of LDz on 18.09.2025) The Policy defines the objectives and uniform core principles in the area of cybersecurity and serves as the foundation for all specific cybersecurity-related activities within LDz and its subsidiaries, including activities related to the maintenance, development and planning of information systems and telecommunications. It also forms the basis for internal security control, risk management and compliance assurance.
- **Latvijas Dzelzceļš Group Fraud Prevention Policy** (updated version approved by the LDz Council on 10.11.2022). The Policy sets out the basic principles of prevention of fraud (including corruption and conflict of interest) and the requirements to be followed by the Group's employees. The policy takes into account the requirements binding on the Group set out in the Whistleblowing Law and Cabinet of Ministers Regulation No 630 of 17.10.2017 On the Basic Requirements for the Internal Control System to Prevent the Risk of Corruption and Conflict of Interest in an Institution of a Public Person. On the basis of the Policy, other internal normative acts are developed, which define in detail the procedures, for example, in the area of corruption risk assessment and other areas. The Policy also sets out the reporting obligations and tools for reporting possible irregularities. Based on the instruments set out in the policy, reference is also made to them in contracts with business partners, who are also encouraged to report immediately if they are in possession of information that could indicate dishonest behaviour by LDz employees. Information on the policy and the principles set out therein, as well as reporting possibilities, is also available on the LDz website. A whistleblower report form is also available if the whistleblower wishes to report using the whistleblowing mechanism. LDz ensures that whistleblower reports are processed in accordance with the requirements of the Whistleblowing Law and the binding Cabinet Regulations, including the whistleblower protection conditions;
- In order to successfully implement the Fraud Prevention Policy, on 15.08.2023, by the decision of the LDz Management Board, the P**rocedure of the Latvijas Dzelzceļš Group for Identification and Examination of Fraud Cases** was approved, which defines procedures and measures in case of possible reports (including the procedure applicable also to whistleblower reports in compliance with the Whistleblowing Law until the Group approves a separate procedure for consideration of such reports).

In 2024, the risk assessment of **1 356 posts or 6 321 posts** across the Group, started in the previous year, was completed



To ensure that employees are aware of the business policies, it is mandatory for every new employee of LDz to familiarize themselves with the above-mentioned documents. Regular anti-corruption training is also organised for senior and middle managers, as well as for other employees as required (e.g. based on the results of fraud risk assessments for certain job groups).

External lecturers with extensive experience in planning and organising anti-corruption activities are also involved in the organisation of the training. The training provides theoretical information and references to legislation, as well as modelling and analysis of various possible situations that officials and employees of state capital companies in particular may face in the course of their work.

Officials of capital companies also attend training organised by the Corruption Prevention and Combating Bureau, as well as training sessions are organised for senior management. Cabinet Regulation No 630 requires officials to undergo such training at least once every three years. In 2025, anti-corruption training was provided to 135 Group employees, and 2 743 employees of VAS Latvijas dzelzceļš completed training on the Code of Ethics of the Latvijas Dzelzceļš Group and successfully passed the related test, which also included questions on anti-corruption. (In 2024, anti-corruption training was provided to 276 Group employees, and in 2023 – to 144 Group employees).

In 2025, monthly meetings between management and employees were organised, strengthening a collaborative, trust-based and development-oriented internal culture and ensuring open dialogue on company updates, strategic directions, and issues to be addressed. Lectures on communication, relationships and boundaries within teams were also organised.

In accordance with the LDz's Rules of Procedure of the Management Board, the Chairman of the Management Board is responsible for corporate governance matters. The Council monitors compliance of LDz's activities with external regulations, principles of sound governance and twice a year reviews the report on the implementation of the LDz Corporate Governance Code and the related annual action plan.

Management of relationships with suppliers

LDz is subject to the Public Service Providers Procurement Law and its selection of suppliers and cooperation with suppliers, and thus its influence on them, is strictly regulated. To ensure compliance with the requirements of the Law, LDz has established a Procurement Office which organises all procurement procedures for LDz, as well as supplier engagement in all cases where the estimated contract price is at least EUR 22 000. The Procurement Office also ensures the selection of suppliers for smaller contracts from 2024 onwards, by launching market surveys on the publicly available procurement system Mercell. This approach has helped to increase the number of tenderers, including for relatively specific procurements (e.g. for environmental pollution studies).

In all cases where the contract amount is at least EUR 300 000, the Procurement Office prepares the relevant information for the Management Board, which in turn requests the prior consent of the LDz Council to conclude the contract. This ensures additional control in large-scale procurement.

Subsidiaries may organise their own procurement, but in all cases where the value of the procurement is at least EUR 120 000, it is handled by the LDz Procurement Office. The Procurement Office is also involved in cases where several Group companies purchase similar goods or services and it is therefore possible to organise a centralised procurement.

In areas where external regulation requires compliance with green procurement principles (e.g. automotive, electrical, etc.), the Procurement Office incorporates them into the procurement specification. Environmental or social aspects are not included in the evaluation criteria, but each cooperation partner is required to certify that it complies with the Basic Principles of Business Ethics for Cooperation Partners of the Latvijas Dzelzceļš Group, which are available on the LDz website, when concluding a contract with LDz.

In 2025, LDz started work on the development of a supplier sustainability risk assessment methodology and a new version of the Code of Ethics for Business Partners. According to the draft documents, LDz has classified all suppliers into 27 categories according to the type of goods or services supplied (e.g. construction, workwear, office supplies, etc.) and identified potential sustainability risks in accordance with LDz's approved material sustainability areas (i.e. whether and to what extent the actions of a particular category of suppliers may affect LDz's sustainability efforts, for example in the areas of climate change, HR and other material areas).

Procurement categories identified within the Group

- Design
- Supply of building materials
- Transport services
- Supply of refrigerants
- Supply of household goods
- Construction, civil engineering
- Construction supervision
- Supply of lubricants
- Transport repair works
- Fuel delivery
- Tyre delivery
- Supply of raw materials
- Carrying out pollution control measures (surveys, remediation work)
- Energy supply
- Vehicle delivery/ rental
- Supply of work protection equipment (incl. clothing)
- Financial services (investment finance)
- Financial services (insurance)
- Production and supply of herbicides/ invasive plant control measures
- Manufacture and supply of spare parts
- Computer equipment, other IT and/or supply of electrical equipment (incl. servicing)
- Office supplies
- Manufacture and supply or hire of equipment/ machinery related to railway infrastructure, maintenance and repair of rolling stock, etc., or works
- Advertising and marketing services
- IT and telecommunications services (software)
- Cleaning services
- Professional services/ consultancy

For each risk, the likelihood and impact is assessed on a 5-point scale, resulting in three groups of supplier categories: high, medium and low. No further action is taken for low-risk suppliers, while for the medium and high-risk categories, a questionnaire is sent to specific suppliers identifying their performance in sustainability areas. As a result of the questionnaire, the risk level of a particular supplier may change. The risk level after the questionnaire determines whether and which additional monitoring activities the contract officer should carry out during the cooperation (the risk level cannot be used for supplier selection by LDz, at least currently under the current procurement framework, so it only applies to suppliers already selected as a result of the procurement).

In autumn 2024, testing of this assessment system has started and the risk levels have been integrated into the supplier CRM system developed by LDz.

In addition, the draft Code of Ethics for Business Partners elaborates on areas where LDz would like to see responsible behaviour by cooperation partners, including in the areas of human rights, climate and environmental protection and other related areas.

Prevention and detection of corruption and bribery, identified incidents

The procedures for prevention and detection of corruption and bribery are set out in the Group's Fraud Prevention Policy and the Group's Fraud Case Identification and Examination Procedure. The checks are carried out by the LDz Directorate of Security, which is not involved in business processes that may potentially give rise to fraud or corruption. Depending on the employees or officials involved and the results of the inspection, the Directorate of Security shall report to the LDz's Management Board, Council or external law enforcement authorities.

The anti-fraud policy also sets out an approach to training for staff at risk of corruption, requiring training both at the start of employment and at least once every three years throughout their employment.

In 2025, 28 reports (2024: 14 and 2023: 13) of possible fraud were received via one of the information channels - e-mail, telephone, social networks, mail, word of mouth, as well as the LDz intranet. The information received has been reviewed and proposals have been made to improve the control system.

No whistleblower reports were received in the reporting year. During the reporting year, no fines or other sanctions were imposed on Group companies for breaches of anti-corruption and anti-bribery legislation.

Political influence and lobbying activities

LDz is a public company and a capital company whose functions are related to the implementation of the national transport policy. Thus, in its day-to-day activities, LDz regularly communicates with public administration bodies and policy makers. At the same time, LDz does not make payments or other contributions to political interests and does not engage in lobbying. To represent its interests, LDz has joined the Confederation of Employers of Latvia, within which it provides its opinions on policy planning documents if they affect any areas of LDz's activity - for example, broader transport policy, which may also affect the operation of the railway sector.

Regarding previous activities of members of the Council or the Management Board of LDz in comparable positions in public administration or management of capital companies:

- Member of the LDz's Council Andris Liepiņš has been or is a member of the Councils of other state or municipal capital companies whose activities are not related to or do not affect LDz. However, both Mr Liepiņš and Mr Ceplis are independent members of the Council and thus fulfil the criteria set out in Section 31(6) of the Law on Governance of Capital Shares of Public Entity and Management of Capital Companies Thereof regarding independent members of the Council;
- Prior to joining the LDz Management Board, Artis Grinbergs was a member of the Council of AS Pasažieru vilciens, but he resigned from this position after his appointment to the Management Board of LDz. Mr Grinbergs also previously served on the Management Board of the Freeport of Riga;
- The member of the LDz's Management Board, Rinalds Pļavnieks, has not previously held positions in the state administration or its capital companies;
- The temporary members of the Council of SIA LDZ CARGO, Andris Ozoliņš and Mikus Ozols, have previous experience of working on the Councils of state capital companies, including Mr Ozols, who is currently a member of the Council of AS Pasažieru vilciens;

Other members of the Council and Management Boards of the Group companies have no previous experience in other comparable positions in public administration or in the management of state-owned companies.

05

KEY DISCLOSURES IN THE SUSTAINABILITY STATEMENT

Key disclosures in the Sustainability Statement

E1-5: Energy consumption and mix

Total energy consumption and mix, MWh*

Name of data item***	VAS Latvijas dzelzceļš			Group		
	As reported in the Group's 2024 Sustainability Statement	2024 (adjusted)	2025	As reported in the Group's 2024 Sustainability Statement	2024 (adjusted)	2025
Total energy consumption from fossil energy sources**	**46 584.72**	**44 840.68**	**41 623.40**	**60 562.21**	**58 821.26**	**51 407.46**
Share of fossil sources in total energy consumption (%)	83%	83%	81%	84%	84%	83%
Total energy consumption from nuclear sources**	**3 060.20**	**2 828.65**	**4 430.06**	**3 827.32**	**3 595.77**	**4 959.11**
Share of consumption from nuclear sources in total energy consumption (%)	5%	5%	9%	5%	5%	8%
Total energy consumption from renewable sources disaggregated by:**	**6 477.05**	**6 184.94**	**5213.80**	**7 625**	**7 333**	**5 684**
Fuel consumption for renewable sources	2 557	2 557	2 605	2 723	2 723	2 765
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	3 860.50	3 568.39	2 483.34	4 828.24	4 536.13	2 779.91
Consumption of self-generated non-fuel renewable energy	59.21	59.21	125.95	73.27	73.27	139.00
Share of fossil sources in total energy consumption (%)	12%	11%	10%	11%	11%	9%
Total energy consumption, MWh	**56 121.96**	**53 854.26**	**51 267.26**	**72 014.44**	**69 749.83**	**62 050.84**

* According to data obtained from information recorded in the Group's resource management system SAP; data is not verified but is obtained within the framework of the energy management system, which is certified according to the ISO 50001 standard and recertified according to this standard every three years, with an independent monitoring audit in between
** Calculated using 2024 data on the origin of uncertified electricity supplied, taking into account that data for 2025 is not yet available at the date of this Report
*** The total energy consumption table includes data on electricity and heat consumption but excludes data on fuel consumption for transport. Similarly, the Group does not include consumption of cold and steam energy, as this type of energy use is not specific to the Group's activities.

	NACE 52.21. – Service activities incidental to land transportation VAS Latvijas dzelzceļš*	NACE 49.20 – Freight rail transport SIA LDZ CARGO (incl. SIA LDZ ritošā sastāva serviss)*
Total heat energy consumption from fossil energy sources**	**41 623.40**	**9564.37**
Share of fossil sources in total energy consumption (%)	81%	91%
fuel consumption from coal and coal products	260.46	46.22
fuel consumption from crude oil and petroleum products;	–	–
fuel consumption from natural gas	3036.49	6907.27
fuel consumption from other fossil sources	2999.50	123.41
consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	35 326.95	2487.48
Energy consumption from nuclear sources, MWh**	**4430.06**	**506.54**
Share of consumption from nuclear sources in total energy consumption (%)	9%	5%
Total energy consumption from renewable sources, MWh**	**5213.80**	**444.80**
Share of renewable sources in total energy consumption (%)	10%	4%
Total energy consumption, MWh	**51 267.26**	**10 515.70**
Net revenue, EUR thousand	**142 549**	**77 111**
Energy intensity (total energy consumption per net revenue according to the ESRS formula), MWh/EUR thousand	**0.36**	**0.14**
The Group's total net revenue, EUR thousand (as reported in the consolidated financial statements)***	201 189	

* According to data obtained from information recorded in the Group's resource management system SAP; data is not verified but is obtained within the framework of the energy management system, which is certified according to the ISO 50001 standard and recertified according to this standard every three years, with an independent monitoring audit in between
** Calculated using 2024 data on the origin of uncertified electricity supplied[87]
*** The Group's total net revenue also includes the revenue of LDZ Apsardze SIA and LatRailNet AS, the energy consumption of which is not considered in this table, as the activities of these companies do not have a significant impact on the climate.

[87] https://latvenergo.lv/lv/par-mums/tirdznieciba

E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions

Results of the GHG emissions calculation of VAS Latvijas dzelzceļš and the Group:

	VAS Latvijas dzelzceļš					Group			
	2022 (base year)	2023	2024	2025	2025 versus 2022	As reported in the Group's 2024 Sustainability Statement	2024 (base year) adjusted	2025	2025 versus 2024
Gross Scope 1 GHG emissions, tCO_2eq	6848	7044	6875	**6420**	**-6%**	33 506	33 506	**26 186**	**-22%**
Gross market-based Scope 2 GHG emissions, tCO_2eq	19 954	20 267	20 730	**18 008**	**-10%**	24 982	23 133	**19 760**	**-15%**
Gross location-based Scope 2 GHG emissions, tCO_2eq	5491	5383	5368	**4386**	**-20%**	5768	5612	**5364**	**-4%**
Significant gross Scope 3 GHG emissions, tCO_2eq	Not reported	Not reported	Not reported	**45 743**	**-**	Not reported	Not reported	**54 662**	**-**
Purchased goods and services (Category 1)	Not reported	Not reported	Not reported	**6168**	**-**	Not reported	Not reported	**9108**	**-**
Capital goods (Category 2)	Not reported	Not reported	Not reported	**33 349**	**-**	Not reported	Not reported	**33 444**	**-**
Fuel- and energy-related activities (Category 3)	Not reported	Not reported	Not reported	**3198**	**-**	Not reported	Not reported	**7869**	**-**
Waste generated in operations (Category 5)	Not reported	Not reported	Not reported	**1263**	**-**	Not reported	Not reported	**1591**	**-**
Business travel (Category 6)	Not reported	Not reported	Not reported	**89**	**-**	Not reported	Not reported	**167**	**-**
Employee commuting (Category 7)	Not reported	Not reported	Not reported	**1677**	**-**	Not reported	Not reported	**2484**	**-**
Total GHG emissions (market-based), tCO_2eq	26 801	27 311	27 605	**70 171**	**162%**	58 488	56 639	**100 608**	**78%**
Total GHG emissions (location-based), tCO_2eq	12 338	12 427	12 243	**56 549**	**358%**	39 274	39 118	**86 212**	**120%**
GHG Intensity based on net revenue									
Net revenue used to calculate GHG intensity, EUR thousand (as reported in the consolidated financial statements)	153 158	165 410	129 088	**142 549**		233 737	233 737	**201 189**	
Total GHG emissions (market-based) per net revenue, tCO_2eq/EUR thousand EUR	0.17	0.17	0.21	**0.49**		0.25	0.24	**0,50**	
Total GHG emissions (location-based) per net revenue, tCO_2eq/EUR thousand	0.08	0.08	0.09	**0.40**		0.17	0.17	**0.43**	

* Data not externally verified

GHG intensity based on specific metrics*

	VAS Latvijas dzelzceļš				Group		
	2022	2023	2024	2025	As reported in the Group's 2024 Sustainability Statement	2024 (base year) adjusted	2025
Operating lengths of railway lines used to calculate GHG intensity, km	1865	1831	1831	**1831**	1831	1831	**1831**
Total GHG emissions (market-based) per operating length of railway lines, tCO_2eq	14	15	15	**38**	32	31	**55**
Total GHG emissions (location-based) per operating length of railway lines, tCO_2eq	7	7	7	**31**	21	21	**47**
Thousand train-kilometres used to calculate GHG intensity	11 206	10 230	10 581	**10 214**	10 581	10 581	**10 214**
Total GHG emissions (market-based) per train-kilometre, tCO_2eq/thousand t-km	2.4	2.7	2.6	**6,9**	5.5	5.4	**9.8**
Total GHG emissions (location-based) per train-kilometre, tCO_2eq/thousand t-km	1.1	1.2	1.2	**5.5**	3.7	3.7	**8.4**
Thousand passenger-kilometres used to calculate GHG intensity	541 000	612 000	694 000	**741 200**	694 000	694 000	**741 200**
Total GHG emissions (market-based) per passenger-kilometre, tCO_2eq/thousand p-km	0.05	0.04	0.04	**0.09**	0.08	0.08	**0.14**
Total GHG emissions (location-based) per passenger-kilometre, tCO_2eq/thousand p-km	0.02	0.02	0.02	**0.08**	0.06	0.06	**0.12**

* Data not externally verified

EU Taxonomy tables

Proportion of turnover from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2024

				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No;	Yes/No;	Yes/No;	Yes/No;	Yes/No;	Yes/No;	Yes/No;	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	77 908 585	33.3%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	
Manufacture of rail rolling stock constituents	**CCM 3.19.**	508 031	0.2%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	28 635	0.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	N/A	Yes	Yes	Yes	N/A		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**78 445 251**	**33.6%**	**33.6%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		
Of which: enabling activities		**78 416 616**	**33.5%**	**33.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**	**E**	
Of which: transitional activities		**0**	**0.0%**	**0.0%**						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Freight rail transport	**CCM 6.2.**	88 649 226	37.9%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Passenger interurban rail transport (sale of fuel to a passenger carrier outside the Group)	**CCM 6.1.**	4 606 239	2.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Manufacture of rail rolling stock constituents	**CCM 3.19.**	4 283 855	1.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Transmission and distribution of electricity	**CCM 4.9.**	7 792 742	3.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Production of heat/cool	**CCM 4.24.**	16 897	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Acquisition and ownership of buildings	**CCM 7.7.**	2 432 720	1.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**107 781 679**	**46.1%**	**46.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
TOTAL (A.1 + A.2)		**186 226 930**	**79.7%**	**79.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		47 510 576	20.3%																
Turnover of Taxonomy-non-eligible activities (B)		**47 510 576**	**20.3%**																
TOTAL (A+B)		**233 737 506**	**100.0%**																

Proportion of turnover from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2025

Economic activities (1)	Taxonomy code (-i) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
				Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)				
		EUR	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A.TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	72 915 114	36.2%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	33.3%	E	
Manufacture of rail rolling stock components	**CCM 3.19.**	520 487	0.3%	N/EL	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	14 689	0.0%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	N/A	Yes	Yes	Yes	0.0%		
Preparation of end-of-life products for reuse	**CE 5.3.**	39 302	0.0%	N/EL	N/EL	Yes	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**73 489 591**	**36.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**33.6%**		
Of which: enabling activities		**73 435 601**	**36.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**33.5%**	**E**	
Of which: transitional activities		**0**	**0.0%**							**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Freight rail transport	**CCM 6.2.**	68 518 740	34.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								37.9%		
Passenger interurban rail transport (sale of fuel to a passenger carrier outside the Group)	**CCM 6.1.**	4 454 580	2.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.0%		
Manufacture of rail rolling stock constituents	**CCM 3.19.**	3 330 636	1.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.8%		
Transmission and distribution of electricity	**CCM 4.9.**	8 034 513	4.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.3%		
Production of heat/cool	**CCM 4.24.**	22 949	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.0%		
Acquisition and ownership of buildings	**CCM 7.7.**	2 440 252	1.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**86 801 670**	**43.1%**	**43.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**46.1%**		
TOTAL (A.1 + A.2)		**160 291 262**	**79.7%**	**79.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**79.7%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		40 897 339	20.3%																
Turnover of Taxonomy-non-eligible activities (B)		**40 897 339**	**20.3%**																
TOTAL (A+B), including elimination of intercompany transactions		**201 188 601**	**100.0%**																

Proportion of OpEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2024

				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	102 103 007	50.1%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	
Freight rail transport	**CCM 6.2.**	492 846	0.2%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	N/A	Yes	Yes	N/A	Yes	N/A		
Manufacture of rail rolling stock constituents	**CCM 3.19.**	421 295	0.2%	N/EL	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	T
Production of heat/cool from bioenergy	**CCM 4.24.**	209 335	0.1%	No	N/EL	N/EL	N/EL	N/EL	0%	Yes	Yes	Yes	N/A	Yes	Yes	Yes	N/A		
Remediation of contaminated sites and areas	**PPC 2.4.**	104 987	0.1%	N/EL	N/EL	N/EL	Yes	N/EL	0%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A		
Expenditure on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**103 331 470**	**50.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		
Of which: enabling activities		**102 524 302**	**50.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**	**E**	
Of which: transitional activities		**492 846**	**0.2%**							**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Freight rail transport	**CCM 6.2.**	38 877 105	19.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Passenger interurban rail transport (sale of fuel to a passenger carrier outside the Group)	**CCM 6.1.**	4 162 275	2.0%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Manufacture of rail rolling stock components	**CCM 3.19.**	24 194 211	11.9%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Transmission and distribution of electricity	**CCM 4.9.**	7 513 869	3.7%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Production of heat/cool	**CCM 4.24.**	572 473	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Acquisition and ownership of buildings	**CCM 7.7.**	2 483 776	1.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
Data processing, hosting and related activities	**CCM 8.1.**	105 141	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**77 908 850**	**38.2%**	**38.2%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
TOTAL (A.1 + A.2)		**181 240 320**	**89.0%**	**89.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		22 490 509	11.0%																
OpEx of Taxonomy-non-eligible activities (B)		**22 490 509**	**11.0%**																
TOTAL (A+B)		**203 730 829**	**100.0%**																
TOTAL (A+B), including elimination of intercompany transactions		**206 360 461**																	

Proportion of OpEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2025

				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute turnover (3)	Proportion of turnover (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx 2024 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	94 149 489	52.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	50.1%	E	
Freight rail transport	**CCM 6.2.**	410 262	0.2%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	Yes	Yes	N/A	Yes	0.2%		T
Manufacture of rail rolling stock constituents	**CCM 3.19.**	528 962	0.3%	Yes	N/EL	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.2%	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	170 416	0.1%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	N/A	Yes	Yes	Yes	0.1%		
Remediation of contaminated sites and areas	**PPC 2.4.**	99 128	0.1%	N/EL	N/EL	N/EL	N/EL	Yes	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.1%		
Preparation of end-of-life products for reuse	**CE 5.3.**	8 795	0.0%	N/EL	N/EL	N/EL	Yes	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A		
Expenditure on environmentally sustainable activities (Taxonomy-aligned) (A.1)		**95 367 052**	**52.7%**	**52.7%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**50.7%**		
Of which: enabling activities		**94 678 451**	**52.3%**	**52.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**50.3%**	**E**	
Of which: transitional activities		**410 262**	**0.2%**	**0.2%**						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Freight rail transport	**CCM 6.2.**	31 850 325	17.6%	EL	EL	N/EL	N/EL	N/EL	N/EL								19.1%		
Passenger interurban rail transport (sale of fuel to a passenger carrier outside the Group)	**CCM 6.1.**	3 869 804	2.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								2.0%		
Manufacture of rail rolling stock constituents	**CCM 3.19.**	15 723 604	8.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								11.9%		
Transmission and distribution of electricity	**CCM 4.9.**	7 695 888	4.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								3.7%		
Production of heat/cool	**CCM 4.24.**	504 892	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Acquisition and ownership of buildings	**CCM 7.7.**	1 459 856	0.8%	EL	EL	N/EL	N/EL	N/EL	N/EL								1.2%		
Data processing, hosting and related activities	**CCM 8.1.**	94 692	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**61 199 060**	**33.8%**	**33.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**38.2%**		
TOTAL (A.1 + A.2)		**156 566 112**	**86.5%**	**86.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**89.0%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		24 428 576	13.5%																
OpEx of Taxonomy-Non-eligible activities (B)		**24 428 576**	**13.5%**																
TOTAL (A+B), including elimination of intercompany transactions		**180 994 688**	**100.0%**																

Proportion of CapEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2024

						Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-I) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		EUR	%	EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES		As reported in the Group's 2024 Sustainability Statement		2024 (base year) adjusted																	
A.1. Environmentally sustainable activities (Taxonomy-aligned)																					
Infrastructure for rail transport	**CCM 6.14.**	53 976 756	87.5%	55 978 131	84.2%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	E	
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6.**	28 085	0.0%	28 085	0.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	N/A	N/A	N/A	Yes	N/A	E	
Installation, maintenance, repair of energy efficiency equipment	**CCM 7.3.**	255 867	0.4%	255 867	0.4%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	N/A	Yes	N/A	Yes	N/A	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	67 705	0.1%	67 705	0.1%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	N/A	Yes	Yes	Yes	N/A		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**54 328 413**	**88.1%**	**56 329 788**	**84.8%**	**84.8%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		
Of which: enabling activities		**54 260 708**	**87.9%**	**56 233 998**	**84.6%**	**84.6%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**	**E**	
Of which: transitional activities		**0**	**0.0%**	**0**	**0.0%**	**0.0%**						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**N/A**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)						**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**	**EL;N/EL**										
Manufacture of rail rolling stock constituents	**CCM 3.19.**	200 022	0.3%	200 022	0.3%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								N/A		
Carriage by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5.**	51 021	0.1%	51 021	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL								N/A		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**251 043**	**0.4%**	**251 043**	**0.4%**	**0.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
TOTAL (A.1 + A.2)		**54 579 456**	**88.5%**	**56 580 831**	**85.1%**	**85.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**N/A**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Taxonomy-non-eligible activities		7 119 557	11.5%	9 871 234	14.9%																
CapEx of Taxonomy-non-eligible activities (B)		**7 119 557**	**11.5%**	**9 871 234**	**14.9%**																
TOTAL (A+B)		**61 699 012**	**100.0%**	**66 452 065**	**100%**																
TOTAL (A+B), including elimination of intercompany transactions		**63 901 770**																			

In 2025, an adjustment was made to the 2024 capital expenditure amount. Capital expenditure was revised because intra-group transactions had previously been erroneously excluded, which resulted in an understatement of the Group's total capital expenditure, and because right-of-use assets recognised in the statement of financial position during the reporting period were included.

Proportion of CapEx from products or services associated with Taxonomy-eligible economic activities – disclosure covering the year 2025

				Substantial Contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Taxonomy code (-i) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2024 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
		EUR	%	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No; N/EL	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Infrastructure for rail transport	**CCM 6.14.**	60 427 265	89.3%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	84.2%	E	
Installation, maintenance and repair of renewable energy technologies	**CCM 7.6.**	0	0.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	N/A	N/A	N/A	Yes	0.0%	E	
Installation, maintenance, repair of energy efficiency equipment	**CCM 7.3.**	64 718	0.1%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	N/A	N/A	Yes	N/A	Yes	0.4%	E	
Production of heat/cool from bioenergy	**CCM 4.24.**	0	0.0%	Yes	No	N/EL	N/EL	N/EL	N/EL	Yes	Yes	Yes	N/A	Yes	Yes	Yes	0.1%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**60 491 983**	**89.4%**	**89.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**84.8%**		
Of which: enabling activities		**60 491 983**	**89.4%**	**89.4%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**84.7%**	**E**	
Of which: transitional activities		**0**	**0.0%**	**0.0%**						**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**0.0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Manufacture of rail rolling stock constituents	**CCM 3.19.**	2 130 542	3.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Carriage by motorbikes, passenger cars and light commercial vehicles	**CCM 6.5.**	115 254	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL								0.1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**2 245 796**	**3.3%**	**3.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**0.4%**		
TOTAL (A.1 + A.2)		**62 737 779**	**92.7%**	**92.7%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								**85.1%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Taxonomy-non-eligible activities		4 950 060	7.3%																
CapEx of Taxonomy-non-eligible activities (B)		**4 950 060**	**7.3%**																
TOTAL (A+B)		**67 687 839**	**100%**																

E5-4: Resource inflows

Recycled materials used in the core business of VAS Latvijas dzelzceļš*:

Material	2022	2023	2024	2025	Type of resource
Reinforced concrete sleepers, used (pcs.)	19 383	13 148	10 616	**9 220**	Non-renewable resource
Wooden sleepers and beams, used (pcs.)	556	883	1 197	**1 001**	Renewable resource

Materials consumed and their volume for infrastructure construction and repair works of VAS Latvijas dzelzceļš:

Material	2022	2023	2024	2025	Unit	Type of resource
Sand	2 709	7 439	5 795	**3 891**	tonnes	Non-renewable resource
Gravel (dolomite rubble)	409	312	75	**18**	tonnes	Non-renewable resource
Granite rubble	26 015	36 812	29 440	**29 481**	tonnes	Non-renewable resource
Impregnated oak sleepers	818	1 048	1 287	**458**	pieces	Renewable resource
Impregnated conifer sleepers	2 254	2 284	2 362	**818**	pieces	Renewable resource
Oak beams	1701	1 475	1 460	**578**	pieces	Renewable resource
Coniferous timber beams	3068	3 160	2 010	**490**	pieces	Renewable resource
Bridge beams (wooden)	413	226	203	**505**	pieces	Renewable resource
Reinforced concrete sleepers	1 516	10 671	14 841	**20 474**	pieces	Non-renewable resource

* According to the information available in the Department of Rail Tracks module of the LDz SAP system.

Data not externally verified.

Natural resources used, associated materials and recycled material volumes* by individual subsidiaries:

Material	2024	2025	Unit	Type of resource
Fractionated sand 0-10mm**	61.5	78.7	tonnes	Non-renewable resource
Fractionated sand 0-32mm	-	40	m^3	Non-renewable resource
Recycled material	**2024**	**2025**	**Unit**	**Type of resource**
Abrasive granules**	1.7	0.83	tonnes	Non-renewable resource

* Other resources, including various chemicals, are also used by Group companies, but are not currently accounted for separately.
** Data extracted from SAP and not externally verified.

Water consumption:

	VAS Latvijas dzelzceļš				Group	
	2022	2023	2024	2025	2024	2025
Volume of water extracted and used*, m^3	76 415	75 808	71 058	**65 401**	115 055	**87 133****
Wastewater generated and treated*, m^3	88 163	86 541	81 278	**78 904**	120 708	**92 188****

* Data extracted from SAP and not externally verified.
** The reductions in the volumes of water abstracted and used, as well as in the amounts of wastewater generated and treated, can be attributed to optimisation processes carried out in 2025, including the merger of three Group subsidiaries, reductions in transported freight volumes and production volumes, optimisation of premises, and other related processes.

E5-5: Resource outflows

Amount of non-hazardous and hazardous waste generated by the Group's activities*:

	VAS Latvijas dzelzceļš		Group	
	2024	**2025**	**2024**	**2025**
Amount of non-hazardous waste, t	2769.18	2955.91	3627.17	3543.44
Breakdown of non-hazardous waste by treatment type, tonnes	2769.18	2955.91	3627.17	3543.44
preparation for re-use	No reliable information available	No reliable information available	No reliable information available	No reliable information available
recycling	No reliable information available	No reliable information available	No reliable information available	No reliable information available
combustion	No reliable information available	No reliable information available	No reliable information available	No reliable information available
landfilling	No reliable information available (but it is likely that most of the volume transferred)	No reliable information available (but it is likely that most of the volume transferred)	No reliable information available (but it is likely that most of the volume transferred)	No reliable information available (but it is likely that most of the volume transferred)
Amount of hazardous waste, t	17.09	7.55	635.39	435.89
Breakdown of hazardous waste by treatment type, t:	17.09	7.55	635.39	435.89
preparation for re-use	No reliable information available	No reliable information available	No reliable information available	No reliable information available
recycling	No reliable information available	No reliable information available	No reliable information available	No reliable information available
combustion	No reliable information available	No reliable information available	No reliable information available	No reliable information available
landfilling	No reliable information available	No reliable information available	No reliable information available	No reliable information available

* Data extracted from SAP and not externally verified.

Waste categories and their relation to the Group's activities*, t:

Waste categories	Type of generation	Type of waste	Volume generated, t (2024)		Volume generated, t (2025)	
			LDz	Group	LDz	Group
Municipal waste	Waste from the company's operations (as part of production or administrative processes)	Non-hazardous	2619.37	3038.33	2517.42	2745.18
Paper, cardboard			0.09	1.31	-	11.54
Glass			5.7	5.73	-	-
Wood			28.14	28.14	-	-
Aluminium			0.01	0.01	-	-
Biowaste			-	-	2.66	2.66
Plastic			0.01	0.01	-	0.00
Construction waste	In the process of removing buildings and structures		99.78	120.95	427.24	446.30
Asbestos-containing building materials		Hazardous	4.68	4.68	3.44	3.44
End-of-life tyres	In the course of use or production	Non-hazardous	10.45	10.56	0.66	1.64
Oil filters		Hazardous	5.57	5.57	-	2.07
Fluorescent lamps and other mercury-containing waste	In the course of use		0.07	0.07	-	0.20
Absorbents, filter materials, wiping materials, and protective clothing contaminated with hazardous substances	In the manufacturing process		0.01	94.3	0.01	52.45
Disposal of lighting fittings, bulbs containing mercury, other hazardous substances	In the course of use		0.11	0.11	0.13	0.13
Unsorted batteries and accumulators			0.15	0.31	-	0.00
Other engine oils, gear oils and lubricating oils			0.05	99.45	0.05	57.60
Waste printing ink containing dangerous substances	As a result of the operation of printing equipment		1.6	1.6	-	-
Other emulsions	Air compressor operation		3.6	3.6	3.80	4.80
Waste containing petroleum products	Waste from the company's operations		1	329.2	-	216.48

Waste categories and their relation to the Group's activities*, t:

Waste categories	Type of generation	Type of waste	Volume generated, t (2024)		Volume generated, t (2025)	
			LDz	Group	LDz	Group
Waste paints and varnishes containing organic solvents or other dangerous substances	Maintenance of energy infrastructure	Hazardous	0.1	0.1	0.12	2.46
Discarded electrical and electronic equipment containing hazardous components, not falling within Classes 200121 and 200123			0.1	0.1	-	-
Discarded cables not falling within Class 70410		Non-hazardous	0.06	0.06	-	-
Computer and office equipment	End-of-use, obsolete or damaged machinery		5.33	5.68	-	-
Small appliances**	Waste from the company's operations		0.15	0.15	-	0.03
Large waste	Maintenance of energy infrastructure		0.09	0.09	7.93	7.93
Metalworking waste	After abrasive cleaning of wagons		-	354.04	-	273.77
Lead-acid batteries	In the course of use		-	-	-	3.14
Coal soot, fly ash, slag and soot	Forge		-	1.58	-	0.60
Street cleaning waste	After wagon repairs		-	60.34	-	49.02
Non-chlorinated mineral motor oils, gear oils and lubricating oils	Waste from the company's operations	Hazardous	-	4.67	-	1.37
Wood, glass or plastics composed of hazardous substances	Wooden sleepers		-	38.96	-	27.32
Unfit-for-use antifreeze	In the manufacturing process		-	2.07	-	0.64
Components not elsewhere specified	Waste from the company's operations (as part of production or administrative processes)	Non-hazardous	-	0.2	-	1.64
Other waste chemical substances		Hazardous	-	-	-	0.48
Oil residues from oil-water separators			-	-	-	15.28
Soil and stones containing hazardous substances	After washing of wagons (solid)		-	50.54	-	51.06
Laboratory chemical substances containing hazardous substances	Waste from the company's operations (as part of production or administrative processes)procesu ietvaros)		-	-	-	0.11
Invalid equipment containing hazardous compounds other than 160209, 160210, ...			0.06	0.06	-	0.01
		Total waste generated, in tonnes	2786.27	4262.56	2963.46	3979.33

* Data extracted from SAP and not externally verified.
** Small appliances (no external dimension exceeding 50 cm), including household appliances, consumer appliances, luminaires, sound or visual display equipment, electrical and electronic instruments, monitoring and control instruments, automatic distributors, and other equipment.

S1-6: Characteristics of the undertaking's employees

Employee metrics at 31 December	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
S1-6 Total number of employees	**3311**	**2959**	**5084**	**4509**
women, %	31%	32%	30%	29%
men, %	69%	68%	70%	71%
Employees with indefinite contracts (permanent employees)	3291	2945	5054	4491
female, %	31%	32%	30%	29%
male, %	69%	68%	70%	71%
Fixed-term contract staff (temporary staff)	20	14	30	18
female, %	60%	43%	50%	56%
male, %	40%	57%	50%	44%
Employees without guaranteed working hours	0	0	0	0
female, %	0	0	0	0
male, %	0	0	0	0
Number of redundancies	711	549	1228	854
Turnover in the reporting period, %	19.7	17.5	20.5**	17.8
Number of employees by type of employment (full-time and part-time), by gender	3311	2959	5084	4509
full-time employees, women	1034	941	1522	1276
full-time employees, men	2267	2015	3537	3059
part-time employees, women	2	1	5	31
part-time employees, men	8	2	20	143

* According to the information available in the HR module of the SAP system.
** Adjusted (as reported in the Group's 2024 Sustainability Statement: 16.5%. In 2025, a recalculation of the Group's employee turnover rate for 2024 was performed. The corrections were made to refine the methodology in order to ensure comparability of data across reporting periods.
Data not externally verified.

S1-7: Characteristics of non-employee workers in the undertaking's own workforce

Characteristics of non-employee workers	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
Labour contract or employees, number	3311	2959	5084	4509
Labour contract or employees, number and %	99.6%	99.6%	99.3%	99.2%
Other forms of employment / non-employee workers	12	12	35	37
Other forms of employment / non-employee workers*, %	0.4%	0.4%	0.7%	0.8%

* According to the information available in the HR module of the SAP system.
** The total number of workers against which the ratios for workers and non-employee workers are calculated is the sum of the number of own workers and the number of non-employee workers.
Data not externally verified.

S1-8: Collective bargaining coverage and social dialogue

Employee metrics	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
Percentage of employees covered by collective bargaining agreements, %	The collective bargaining agreement applies to 100% of employees, with additional benefits under the agreement provided to members of the LDzSA trade union (representing 70% of the total workforce)	The collective bargaining agreement applies to 100% of employees, with additional benefits under the agreement provided to members of the LDzSA trade union (representing 71% of the total workforce)	The collective bargaining agreement applies to 100% of employees, with additional benefits under the agreement provided to members of the LDzSA trade union (representing 70% of the total workforce)	The collective bargaining agreement applies to 100% of employees, with additional benefits under the agreement provided to members of the LDzSA trade union (representing 70% of the total workforce)
Number of collective bargaining agreements	1	1	1	1

S1-9: Diversity metrics

Employee metrics	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
Gender distribution of senior management	24	17	52	40
female, number	10	4	18	9
female, %	42%	24%	35%	23%
male, number	14	13	34	31
male, %	58%	76%	65%	78%
Age distribution of senior management	24	17	52	40
Less than 30 years	0	0	1	0
30 to 50 years	16	11	28	21
older than 50 years	8	6	23	19

S1-16: Compensation metrics (pay gap and total compensation)

Remuneration metrics	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
Gender pay gap*	4%	3%	9%	12%
Ratio of total annual remuneration of the highest paid employee to the median of total annual remuneration of all employees**	421%	448%	275%	304%

* Calculated on the basis of the ratio of the average gross hourly rate of pay of men working for LDz (including all bonuses, allowances etc.) to the average gross hourly rate of pay of women working for LDz, expressed as a percentage.
** Calculated on the basis of the ratio of the gross annual remuneration of the highest paid employee of LDz (including all extra payments, bonuses, etc.) to the average gross remuneration of LDz employees, expressed as a percentage. The determination of the highest paid employee does not take into account the members of the LDz Management Board and Council who are not employees within the meaning of the Labour Law and who have a temporary delegation contract with a clearly defined remuneration.

S1-10: Adequate wages

	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
Percentage of workers who are paid an adequate wage according to minimum wage criteria	100%	100%	100%	100%

LDz and the Group participate annually in the Latvian labour market salary survey conducted by SIA Figure Baltic Advisory, the results of which are used as a benchmark for comparing salaries for the respective positions and remuneration levels. Where significant deviations from market remuneration levels are identified, the remuneration for the relevant positions is increased where possible. The most recent remuneration increase took place on 1 April 2025.

S1-15: Work-life balance metrics

Work-life balance metrics	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
Percentage of employees entitled to a family-related leave*, %	100%	100%	100%	100%
Percentage of employees, % on family leave**, %	38%	33%	36%	28%
women, %	34%	34%	39%	33%
men, %	66%	66%	61%	67%

* Based on the Latvian labour law, all employees have this right.
** Based on data collected by the HR Departments of LDz Personnel Directorate and Group companies on cases of incapacity for work related to family growth, illness of children, etc., as well as on leave taken in cases provided for in the collective agreement (e.g. death of a close family member, additional leave for parents with children under 12, etc.).
Data not externally verified.

S1-13: Training and skills development metrics

Training and skills development metrics	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
Percentage of staff who have taken part in regular career appraisal activities*	17%	12%	13%	11%
Percentage of staff who have received training**	78%	81%	63%	63%
female, %	32%	29%	28%	26%
male, %	68%	71%	72%	74%
Average number of training hours per employee***, h	8	10	10	19****
average number of training hours for women	5	5	5	17
average number of training hours for men	9	13	7	19

* * Percentage of all employees
** Percentage of all employees
*** According to the information on internal and external training attended during the year recorded in the Directorate of Personnel of LDz and in the HR departments of the Group companies (information based on prepared orders)
**** The increase in the average number of training hours per employee is attributable to more frequent delivery of employee training as well as a reduction in the number of Group employees during the period compared with the previous year.
Data not externally verified.

S1-14: Health and safety metrics

Remuneration metrics	VAS Latvijas dzelzceļš		Group	
	2024	2025	2024	2025
Coverage of own workforce in H&S management system*	3311	2959	5084	4509
employees, %	100%	100%	100%	100%
Number of deaths due to work-related injuries and diseases**	0	0	0	0
employees, %	0	0	0	0
others working on company sites, %	0	0	0	0
number of recordable work-related accidents***	5	4	7	7
employees, %	0.1%	0.1%	0.1%	0.2%
For own workforce - the number of recordable work-related diseases (i.e. occupational diseases)***	11	6	13	22
For own workforce - the number of days lost due to work-related injuries and deaths caused by accidents, as well as work-related illness and death caused by such illness****	776	165*****	831	188

* In accordance with the Occupational Health and Safety System, the policy and resulting documents, the system applies to all employees
** Data based on the accident register of the Technical Inspectorate of LDz
*** Data based on occupational physicians' reports received at the LDz Technical Inspection and Group companies' occupational health and safety or HR departments
**** Data calculated on the basis of information on sick leaves related to workplace injuries, work-related illnesses, etc. recorded in the HR departments of LDz Personnel Directorate and Group companies.
***** The reduction in the number of lost workdays is attributable to the fact that injuries recorded in 2025 were predominantly of a relatively minor impact on health; consequently, the duration of incapacity for work and the number of lost workdays were lower than in 2024.
Data not externally verified.

S1-17: Incidents, complaints and severe human rights impacts

Metrics of incidents, complaints and severe human rights	VAS Latvijas dzelzceļš		Koncerns	
	2024	**2025**	**2024**	**2025**
Total number of incidents of discrimination, including harassment, reported in the reporting period	0	2*	0	2*
Number of complaints filed through channels for people in the undertaking's own workforce to raise concerns	0	2	0	2
Number of complaints filed to the National Contact Points for OECD Multinational Enterprises	0	0	0	0
Amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	0	0	0	0
Number of severe human rights incidents connected to the undertaking's workforce in the reporting period	0	1	0	1
Amount of fines, penalties, and compensation for damages as a result of the above	0	0	0	0

* In 2025, two incidents related to human rights were recorded at VAS Latvijas dzelzceļš (2024: 0). The identified cases were investigated and assessed in accordance with LDz internal procedures, and measures were implemented to ensure compliance with and further improvement of human rights practices. In view of the above, these incidents do not affect the compliance of VAS Latvijas dzelzceļš and the Group with the minimum social safeguards criteria of the EU Taxonomy.

06

INDEPENDENT AUDITOR'S ASSURANCE REPORT

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Limited Assurance Report on VAS “Latvijas dzelzceļš" Consolidated Sustainability Statement

To the shareholders of VAS “Latvijas dzelzceļš”

Limited assurance conclusion

We have performed a limited assurance engagement on whether the consolidated Sustainability Statement, of VAS “Latvijas dzelzceļš” and its scoped in subsidiaries (the “Group”) included in section Sustainability Statement (pages 18 to 212) of the accompanying management report (the “Sustainability Statement”) as of and for the year ended 31 December 2025 has been prepared in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Sustainability Statement of the Group as of and for the year ended 31 December 2025 is not prepared, in all material respects, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Group to identify the information reported in the Sustainability Statement (the “Process”) is in accordance with the description set out in section *Description of the processes to identify and assess material impacts, risks and opportunities* of the Sustainability Statement; and
- compliance of the disclosures in the section *EU Taxonomy disclosures* of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the “Taxonomy Regulation”).

Our conclusion on the Sustainability Statement does not extend to any other information that accompanies or contains the Sustainability Statement and our report, including the Statement on Corporate Governance of the Group (pages 42 to 64) and qualitative and quantitative information presented in Sustainability statement separately for the parent entity.

Basis for Conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the “Our responsibilities” section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), together with the ethical requirements that are relevant to our assurance engagement on the Sustainability Statement in Latvia.

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The comparative information included in the Sustainability Statement of the Group for periods prior to the year ended 31 December 2024 was not subject to limited assurance. Our conclusion is not modified in respect of this matter.

Emphasis of matter

We draw attention to section *GHG emissions caused by the Group* of the sustainability statement that states that due to limited data availability, reliability and quality, the Group has not estimated and reported emissions in four scope 3 GHG emission categories assessed by the Group as potentially material to the Group's total scope 3 GHG emissions:

- Transportation (upstream/ downstream) (category 4)
- Transportation and distribution of sold products (category 9)
- Upstream leased assets (category 8)
- Downstream leased assets (category 13).

Accordingly, as mentioned in section *GHG emissions caused by the Group*, page 101, the total Group's GHG emissions and total scope 3 GHG emissions reported for the year ended 31 December 2025 are not complete.

Our conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Statement

Management of the Group is responsible for designing and implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in section *Description of the processes to identify and assess material impacts, risks and opportunities* of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Group's activities and business relationships take place and developing an understanding of its affected stakeholders;
- identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Group's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Management of the Group is further responsible for the preparation of the Sustainability Statement, in accordance with the Article 7 of the Sustainability Disclosure Law of the Republic of Latvia implementing Article 29(a) of EU Directive 2013/34/EU, including:

- compliance with the ESRS;
- preparing the disclosures in section *EU Taxonomy disclosures* of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");

- designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement such that it is free from material misstatement, whether due to fraud or error; and
- selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.

Those charged with governance are responsible for overseeing the reporting process for the Group's Sustainability Statement.

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management of the Group is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Group. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, management of the Group interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Our responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the shareholders of VAS "Latvijas dzelzceļš". Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Statement, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Group's description of its Process, as disclosed in section *Description of the processes to identify and assess material impacts, risks and opportunities* of the Sustainability Statement.

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the Group's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures focused on disclosures in the Sustainability Statement where material misstatements are likely to arise. 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.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. We designed and performed our procedures to obtain evidence about the Sustainability Statement that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Sustainability Statement and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement. We exercised professional judgment and maintained professional scepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
  - reviewing the Group's internal documentation of its Process; and
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in section *Description of the processes to identify and assess material impacts, risks and opportunities* of the Sustainability Statement.

In conducting our limited assurance engagement with respect to the Sustainability Statement, the procedures we performed included:

- Obtaining an understanding of the Group's reporting processes relevant to the preparation of its Sustainability Statement by:
  - performing inquiries to understand the sources of the information used by management;
  - reviewing the relevant Group's internal documentation.
- Evaluating whether material information identified by the Process is included in the Sustainability Statement;
- Evaluating whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performing substantive limited assurance procedures on a sample basis on selected disclosures in the Sustainability Statement;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtaining an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement; and
- Performing inquiries of relevant personnel, analytical and substantive limited assurance procedures based on a sample basis on selected disclosures on taxonomy-eligible and taxonomy-aligned economic activities in the Sustainability Statement;

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

KPMG Baltics SIA
Licence No. 55

Armine Movsisjana
Member of the Board
Latvian Sworn Auditor
Certificate No. 178
Riga, Latvia
26 March 2026

The Limited Assurance report is signed with a secure electronic signature, which contains a timestamp. The date of the Limited Assurance report is the date of the last attached secure electronic signature timestamp.

CONSOLIDATED INCOME STATEMENT FOR 2025

(EUR'000)

	Notes	2025	2024
Revenue	4	201 189	233 738
Other income	5	20 503	23 658
Total operating income		**221 692**	**257 396**
Cost of goods, materials, and services	6	(54 970)	(64 856)
Personnel costs	7	(118 676)	(133 171)
Depreciation, amortisation, and impairment	8	(46 317)	(86 108)
Other expenses	9	(7 349)	(8 334)
Total operating expenses		**(227 312)**	**(292 469)**
Loss from operating activities		**(5 620)**	**(35 073)**
Finance income	10	679	192
Finance expenses	10	(3 155)	(4 557)
Losses before corporate income tax		**(8 096)**	**(39 438)**
Current income tax	11	273	461
Loss of the year		**(7 823)**	**(38 977)**

Loss for the reporting year corresponds to the comprehensive loss for the reporting year.
Notes on pages 225 to 271 form an integral part of these consolidated financial statements.

Riga, see the timestamp for the date.
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A.Grinbergs
Chairman of the Management Board

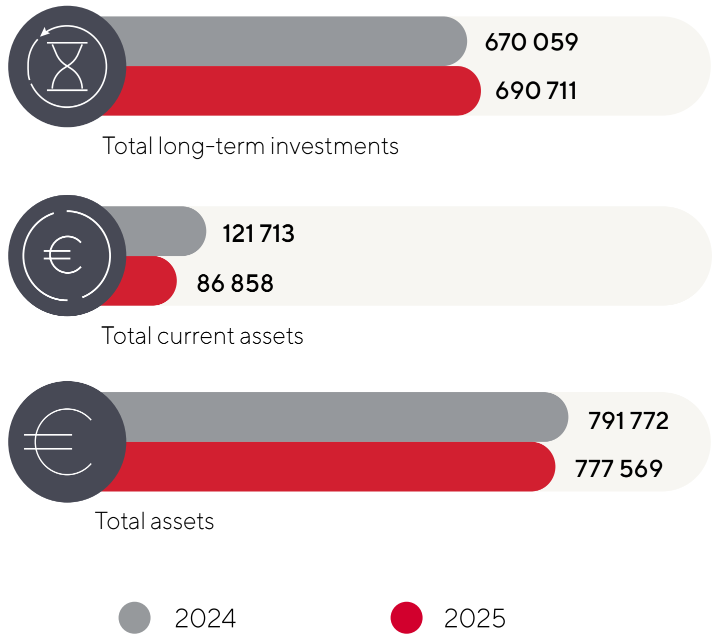
R.Pļavnieks
Member of the Management Board

The annual report was prepared by the Finance Department of VAS Latvijas dzelzceļš, Finance Director
T.Labzova-Ceicāne

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

(EUR'000)

ASSETS	Notes	31.12.2025.	31.12.2024.
Long-term investments			
Property, plant and equipment	13	657 162	637 608
Intangible assets	12	6 095	3 958
Right-of-use assets	14	2 792	3 280
Advance payments on property, plant and equipment and intangible assets		24 588	25 139
Long-term financial investments		74	74
Total long-term investments		**690 711**	**670 059**
Current assets			
Inventories	15	12 103	13 525
Non-current assets classified as held for sale	16	-	263
Trade and other receivables	17	9 813	11 594
Accrued income	18	24 498	26 013
Cash and cash equivalents	19	40 444	70 318
Total current assets		**86 858**	**121 713**
Total assets		**777 569**	**791 772**

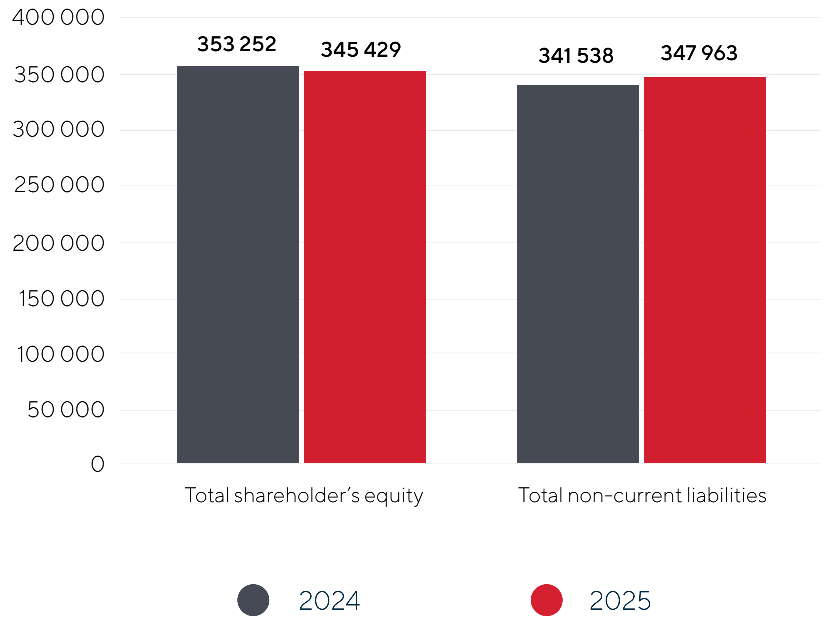


(continued overleaf)

Consolidated Statement of Financial Position 31 December 2025 (continued)

(EUR'000)

Equity and liabilities	Notes	31.12.2025.	31.12.2024.
Shareholder's equity and liabilities			
Shareholder's equity			
Attributable to the shareholder of the Group Parent Company:			
Share capital	20	374 420	374 420
Long term investment revaluation reserve	21	24 247	26 224
Reserves and uncovered losses	21	(53 238)	(47 392)
Total shareholder's equity		**345 429**	**353 252**
Liabilities			
Non-current liabilities			
Deferred income tax liabilities	11	132	512
Provisions	22	5 861	5 855
Borrowings from credit institutions	23	49 036	67 605
Taxes and social contributions	24	1 597	3 340
Accounts payable to suppliers and contractors		727	1 256
Lease liabilities		1 998	2 029
Deferred income	25	288 612	260 941
Total non-current liabilities		**347 963**	**341 538**

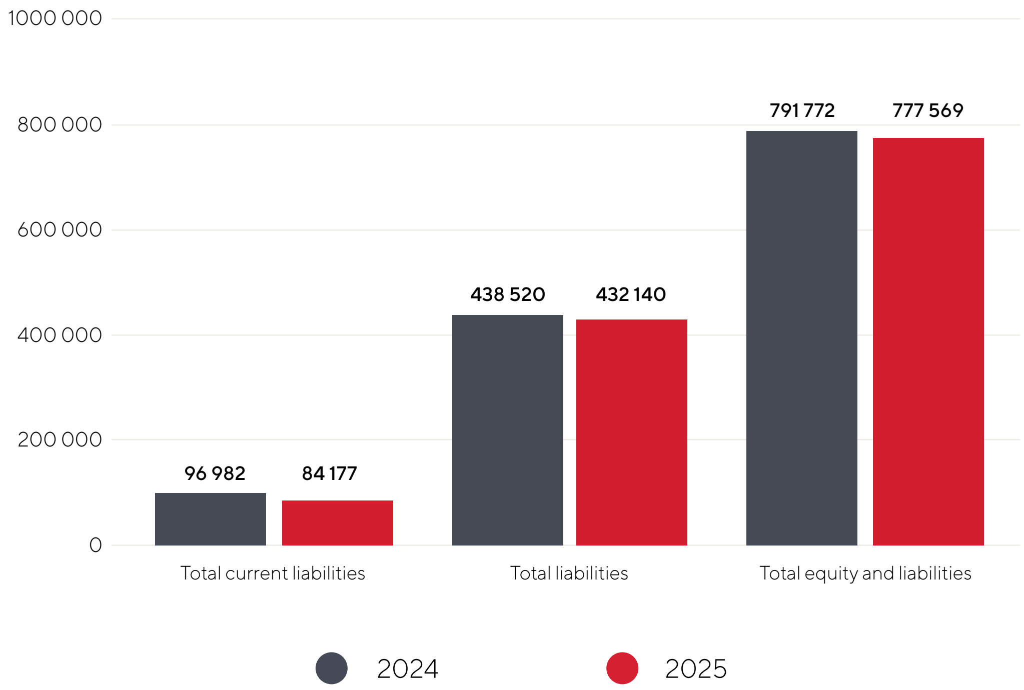


(continued overleaf)

Consolidated Statement of Financial Position 31 December 2025 (continued)

(EUR'000)

Equity and liabilities	Notes	31.12.2025.	31.12.2024.
Current liabilities			
Borrowings from credit institutions	23	26 492	35 343
Provisions	22	1 257	2 158
Trade and other payables		33 989	28 475
Taxes and social contributions	24	7 787	15 670
Lease liabilities		714	1 147
Deferred income	25	13 938	14 189
Total current liabilities		**84 177**	**96 982**
Total liabilities		**432 140**	**438 520**
Total equity and liabilities		**777 569**	**791 772**



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EUR'000)

	Attributable to the shareholder of the Group Parent Company				
	Share capital	Long-term investment revaluation reserve	Reserves and uncovered lossed from previous years	Current year profit or losses	Total shareholder's equity
2024					
01.01.2024.	**327 622**	**26 493**	**41 345**	**(3 231)**	**392 229**
Loss of 2023 transferred to retained earnings of previous years	-	-	(3 231)	3 231	-
Increase in share capital	46 798	-	-	-	46 798
Financial stability for 2022 and 2023	-	-	(46 798)	-	(46 798)
Transactions with the Group's shareholder	***46 798***	***-***	***(50 029)***	***3 231***	***-***
Write-off of revalued property, plant and equipment	***-***	***(269)***	***269***	***-***	***-***
Loss for the reporting year	-	-	-	(38 977)	(38 977)
Comprehensive loss for the reporting year	***-***	***-***	***-***	***(38 977)***	***(38 977)***
31.12.2024.	**374 420**	**26 224**	**(8 415)**	**(38 977)**	**353 252**
2025					
01.01.2025.	**374 420**	**26 224**	**(8 415)**	**(38 977)**	**353 252**
Loss of 2024 transferred to uncovered loss of previous years	-	-	(38 977)	38 977	-
Transactions with the Group's shareholder	***-***	***-***	***(38 977)***	***38 977***	***-***
Write-off of revalued property, plant and equipment	***-***	***(1 977)***	***1 977***	***-***	***-***
Loss for the reporting year	-	-	-	(7 823)	(7 823)
Comprehensive loss for the reporting year	***-***	***-***	***-***	***(7 823)***	***(7 823)***
31.12.2025.	**374 420**	**24 247**	**(45 415)**	**(7 823)**	**345 429**

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Notes on pages 225 to 271 form an integral part of these consolidated financial statements.

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T.Labzova-Ceicāne

CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2025

(prepared using the indirect method)

(EUR'000)

	Notes	2025	2024
Cash flow from operating activity			
Losses before tax		**(8 096)**	**(39 438)**
Adjustments for:			
Depreciation of property, plant and equipment and other impairment adjustments		30 761	66 156
Amortisation of intangible assets and other impairment adjustments	12	1 094	1 255
Foreign exchange gain or loss	5, 9	5	(35)
Other interest income and similar income	10	(679)	(192)
Interest expenses and similar expenses	10	3 155	4 557
Profit before adjustments for changes in the working capital		**26 240**	**32 303**
Changes in:			
Decrease/increase in receivables		3 326	(21 249)
Increase in inventories		(713)	(854)
Decrease of accounts payable to suppliers, contractors and other creditors		(9 802)	(11 820)
Cash generated from/ (used in) operations		**19 051**	**(1 620)**
Interest paid		(4 440)	(5 662)
Corporate income tax expense	11	(107)	(808)
Net cash generated from/ (used in) operating activities		***14 504***	***(8 090)***
Cash flow from investing activity			
Purchase of property, equipment and intangible assets		(59 270)	(60 250)
Proceeds from sale of property, plant and equipment and intangible assets		1 858	693
Subsidies or grants received (net)	25	41 299	36 844
Interest received		673	180
Net cash flows used in investing activities		***(15 440)***	***(22 533)***

(continued overleaf)

Consolidated Statement of Cash Flows for 2025

(EUR'000)

	Notes	2025	2024
Cash flow from financing activities			
Increase in share capital		–	46 798
Borrowings received		–	44 000
Borrowings repaid	23	(27 420)	(27 361)
Lease payments		(1 519)	(1 688)
Net cash (used in)/ generated from financing activities		***(28 939)***	***61 749***
Change in cash and cash equivalents during the reporting year		**(29 875)**	**31 126**
Gain on/ loss from foreign exchange rate fluctuations		**1**	**(11)**
Cash and cash equivalents balance at the beginning of the reporting year		70 318	39 203
Cash and cash equivalents balance at the end of the reporting year	19	**40 444**	**70 318**

Notes on pages 225 to 271 form an integral part of these consolidated financial statements.

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T.Labzova-Ceicāne

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The Group manages the public-use railway infrastructure, provides rail transport services and related services.

The Group Parent Company is state joint stock company Latvijas dzelzceļš, which is the Group's governing company and performs the functions of the public railway infrastructure manager.

The Group Parent Company is registered in the Commercial Register of the Enterprise Register of the Republic of Latvia as a state joint stock company, and it is 100% owned by the Republic of Latvia. The registered office of the Group Parent Company is Emīlijas Benjamiņas iela 3, Riga, LV-1547, Latvia.

All the Group's companies are registered in the Republic of Latvia and the Group Parent Company has a direct decisive influence on them. The Group includes:

Name	Types of activity
SIA LDZ CARGO	freight transportation services maintenance and repair of rolling stock, freight forwarding services
SIA LDZ apsardze	security services
AS LatRailNet	performance of the essential functions of the infrastructure manager
SIA LDZ ritošā sastāva serviss*	maintenance and repair of rolling stock; locomotives and machinery
SIA LDZ Loģistika*	transport forwarding and logistics services

* Effective from 3 October 2025, part of SIA LDZ CARGO

Until 3 October 2025, LDz also owned SIA LDZ ritošā sastāva serviss and SIA LDZ Loģistika, which were merged into SIA LDZ CARGO via reorganization.

As a result of this step, the reorganization of the Group that began in the spring of 2025 has been completed. Its aim was both to simplify the Group's structure and reduce costs, as well as to establish SIA LDZ CARGO as a unified, strong, competitive, and profitable company. The reorganization was carried out on the basis of the Cabinet of Ministers Order No. 373 of 25 June 2025, On the termination of the decisive influence and participation of the state joint-stock company Latvijas dzelzceļš in the limited liability company LDZ ritošā sastāva serviss and the limited liability company LDZ Loģistika. On 3 October 2025, the Enterprise Register of the Republic of Latvia adopted Decision No. 6-12/86409, On the entry of the reorganization in the Commercial Register.

The consolidated financial statements were signed by the Management Board of LDz on 26 March 2026. The consolidated financial statements are approved by the shareholder meeting convened by the Board of SJSC Latvijas dzelzceļš after receipt of the auditor's opinion and the Council's report.

2 Accounting and measurement principles

These consolidated financial statements have been prepared based on the accounting and measurement principles set out below. These principles have been applied accordingly to all comparative indicators, unless otherwise stated.

2.1 Accounting and measurement principles

These consolidated financial statements have been prepared in accordance with IFRS Accounting standards as adopted by the EU (IFRS Accounting Standards).

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation method applied to freight transportation wagons (included in property, plant and equipment), using the going concern principle.

The consolidated financial statements cover the period from 1 January to 31 December 2025.

In preparing the consolidated financial statements in conformity with the IFRS Accounting Standards, Management relies on estimates and assumptions that affect certain reported amounts and disclosure of contingent liabilities. Future events may impact assumptions that were used as the basis for estimates. The effects of changes in estimates are reflected in the financial statements when they occur. Although estimates are based on comprehensive management information on current events and activities, actual results may differ from these estimates. Significant assumptions and judgements are disclosed in Note 3.

New accounting standards or amendments applicable in the reporting year:

- **Newly effective requirements:**

This table lists the latest amendments to IFRS Accounting Standards that must be applied by the Group for the reporting year beginning on 1 January 2025:

Effective Date	New accounting standard or amendments
1 January 2025	Lack of exchangeability – Amendments to IAS 21

The Group has no transactions that are affected by the newly effective standards or amendments to standards or its accounting policies are already consistent with the new requirements.

- **Further requirements:**

This table lists the latest amendments to IFRS Accounting Standards that are to be applied for reporting periods beginning after 1 January 2026 (some of which have not yet been approved by the European Union), and which are permitted to be applied early for reporting periods beginning on 1 January 2025. LDz has not adopted the new or amended standards early.

Effective Date	New accounting standard or amendments	Date of EU endorsement
01 January 2026	Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	28 May 2025 (Commission Regulation (EU) 2025/1047)
01 January 2026	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7	01 July 2025 (Commission Regulation (EU) 2025/1266)
01 January 2026	Annual Improvements to IFRS Accounting Standards – Volume 11	10 July 2025 (Commission Regulation (EU) 2025/1331)
01 January 2026	IFRS 18 Presentation and Disclosure in Financial Statements	13 February 2026 (Commission Regulation (EU) 2026/338)
01 January 2026	IFRS 19 Subsidiaries without Public Accountability: Disclosures	Not yet endorsed
The effective date was deferred indefinitely.	Sale or Contribution of Assets between an Investor and its Associates or Joint Venture – Amendments to IFRS 10 and IAS 28	Not yet endorsed

The Group management is currently assessing the potential impact of aforementioned new and amended standards on the consolidated financial statements. The impact of IFRS 18 Presentation and Disclosure in Financial Statements is assessed as material, and preparatory work is being carried out for the implementation of this standard in order to provide accurate and IFRS compliant information as early as the first quarter report of 2027.

In addition to the above, the Group's Management has assessed the impact of other standards and interpretations that will be effective from 1 January 2026 and does not expect them to have a material impact on the Group's consolidated financial statements.

2.2 Foreign currency translation

Functional and presentation currency
Items in the Group's consolidated financial statements are measured in the currency of the economic environment in which the Group operates (functional currency). The items in the consolidated financial statements are presented in the official currency of the Republic of Latvia in euro (EUR), which is the Group's presentation currency. The functional and presentation currency of all companies in the Group is EUR.

Transactions and balances in foreign currencies
All transactions in foreign currency are translated into EUR at the euro reference rate published by the European Central Bank at the beginning of the transaction day. Monetary assets and liabilities denominated in foreign currency on the last day of the reporting year are presented in the consolidated financial statement translated into EUR at the foreign exchange rate published by the European Central Bank and in force at the end of the last day of the reporting year.

Exchange differences arising from settlements in foreign currencies are recognised in the Consolidated Income Statement.

Foreign exchange rates	Currency unit per EUR 1 31.12.2025	Currency unit per EUR 1 31.12.2024
USD	1.175000	1.03890
CHF	0.931400	0.94120

2.3 Intangible assets

Intangible assets mainly consist of software licences. Initially these are recognised at cost. Intangible assets have finite useful lives. Subsequently, intangible assets are carried at cost less accumulated amortisation and impairment losses.

Subsequent costs are capitalised, increasing the value of the existing intangible asset or recognised as a separate intangible asset only when it is probable that future economic benefits associated with the item will flow to the Group and if the costs can be measured reliably. Other costs are written off in the Consolidated Income Statement as incurred.

For intangible assets, amortisation is calculated on a straight-line basis to write down their acquisition cost over the useful life period and is included in the Consolidated Income Statement for the relevant period. Intangible assets are generally amortised over five years.

2.4 Property, plant and equipment

Property, plant and equipment items are recognised under the cost or the revaluation method, as described below, less accumulated depreciation and accumulated impairment, if any.

Freight wagons are accounted for using the revaluation method, i.e. these assets are revalued at least every five years to ensure that their carrying amount does not materially differ from their fair value at the end of the reporting year. The increase in carrying amount resulting from revaluation is recognised in other comprehensive income and as a revaluation reserve in equity. Impairments relating to property, plant and equipment for which an increase in value was previously recorded, are recognised in other comprehensive income and reduce the revaluation reserve in equity. Otherwise, any impairment is recognised in the Statement of Comprehensive Income. In the event of sale or write-off of property, plant and equipment, the revaluation reserve previously included in equity is reclassified to retained earnings. The depreciation accumulated at the revaluation date is eliminated against the historical cost of the asset, the net amount is included in the revalued value so that the carrying amount of the asset after revaluation is equal to its revalued amount.

Other categories of property, plant and equipment are accounted for using the historical cost method, whereby property, plant and equipment items are stated at cost less accumulated depreciation and accumulated impairment, if any. The acquisition cost includes the costs directly attributable to the acquisition of the property, plant and equipment. The cost of self-constructed property, plant and equipment consists of the cost of materials and direct labour costs, as well as any other costs directly attributable to bringing the asset into working condition for its intended use, and the costs of demolishing and removing the asset and restoring the site where the asset is to be located. The cost of computer software that is closely related to the functionality of the equipment and cannot be separated from it, is capitalised as part of this equipment.

The Group capitalises property, plant and equipment with cost exceeding EUR 500 and a useful life exceeding one year. Leasehold improvements are capitalised and presented as property, plant and equipment.

If the useful lives of individual components of property, plant and equipment differ, they are accounted for as separate components of those assets. The estimated residual values and useful lives of property, plant and equipment are reviewed and adjusted, if necessary, at each reporting date.

Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and if the cost of the item can be measured reliably. Other current repairs and maintenance costs of property, plant and equipment are included in the Consolidated Income Statement for the period in which they are incurred.

Gain or loss on disposal of property, plant and equipment is calculated as the difference between the book value of the property, plant and equipment and the proceeds from the sale and included in the Consolidated Income Statement for the respective period.

Where the carrying amount of an asset exceeds its recoverable amount, the value of the asset is immediately written down to its recoverable amount (see Note 3).

Depreciation

Depreciation of property, plant and equipment is calculated on a straight-line basis. Depreciation is recognised in the Consolidated Income Statement.

Investments in the leased property, plant and equipment are depreciated over the shorter of the lease term or the useful life of a similar asset at the rates applied to the category in which investments in the leased asset falls. Land is not depreciated.

Depreciation of the Group's property, plant and equipment for the reporting period is calculated by applying the determined useful life to the respective asset.

PPE	Useful life
Buildings and structures	10-130 years
Railway tracks	10-90 years
Railway rolling stock – wagons for technological needs and freight transport	22-40 years
Railway rolling stock – locomotives, diesel trains, and technological equipment	5-40 years
Track machinery	30 years
Computers, communication equipment, photocopiers, and fittings	3-10 years
Other property, plant and equipment	5-30 years

Assets under construction

Assets that are not ready for their intended use at the time of their acquisition or are in the process of being installed are classified as "assets under construction". The cost of assets under construction is increased during the period by borrowing costs and other direct costs related to the asset until its commissioning. The cost of the respective asset is not increased by borrowing costs in periods when there is no active development of the asset.

When the assets are ready for their intended use, they are reclassified to the appropriate category of property, plant and equipment and the calculation of depreciation starts. Assets under construction are regularly reviewed for impairment indicators.

2.5 Impairment of tangible and intangible assets

All the Group's property, plant and equipment, including the right-of-use assets, and intangible assets have a finite useful life (except for land and museum collections). Depreciable assets are reviewed whenever events or circumstances indicate that their book value may not be recoverable.

An impairment loss is recognised in the amount of the difference between the carrying amount of an asset and its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. To determine the impairment, the assets are grouped based on the lowest level for which cash flows can be identified (cash-generating units). Impairment losses are recognised in the Consolidated income statement.

Impairment losses recognised in prior periods are reviewed at each balance sheet date to determine whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the respective asset does not exceed its carrying amount less the depreciation that would have been recorded if the impairment loss had not been recognised.

2.6 Financial instruments

Classification of financial instruments

The Group's financial instruments consist of financial assets (financial assets at amortised cost and financial assets at fair value through profit or loss) and financial liabilities (financial liabilities at amortised cost).

The classification of debt instruments depends on the Group's business for managing financial assets, and whether the contractual cash flows consist solely of principal and interest payments (SPPI). If a debt instrument is held to collect cash flows, it is carried at amortised cost if it meets the requirements of the SPPI. Financial assets whose cash flows do not meet the requirements of the SPPI must be measured at fair value through profit or loss (FVTPL) (e.g., financial derivatives).

Equity instruments are always measured at fair value. However, Management has the opportunity to make an irrevocable choice to present fair value changes in other comprehensive income if the instrument is not held for trading. If an equity instrument is held for trading, changes in fair value should be presented in the Consolidated Income Statement.

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contract and has fulfilled the conditions of the transaction, i.e., at the date of the transaction.

Financial assets are derecognised when the Group's contractual obligations to the cash flows generated by the financial assets expire or when the Group transfers the financial asset to another party or transfers the significant risks and rewards of the asset. Purchases and sales of financial assets in the ordinary course of business are accounted for on the transaction date, i.e., the date when the Group decides to buy or sell the asset.

Financial liabilities are derecognised when the underlying obligation is withdrawn, cancelled or expires.

Measurement

At initial recognition, financial instruments are measured at their fair value. For financial assets and financial liabilities at amortised cost, fair value is adjusted at initial recognition for transaction costs that are directly attributable to that financial instrument.

Financial assets at fair value through Consolidated income statement

This category includes the equity instruments owned by the Group, under Other financial investments. These investments are presented within non-current assets, unless the Management intends to sell them within 12 months from the reporting date. The fair value of these financial assets is determined based on estimates made by the Group's Management, which are based on the financial information of these investments. Changes in fair value are recognised in the Consolidated Income Statement.

Dividends on investments are recognised in the Consolidated Income Statement at the time when the Group becomes legally entitled to them.

Financial assets at amortised cost

Financial assets at amortised cost are debt instruments with a fixed or determinable schedule that are not held for trading and whose future cash flows consist solely of principal and interest payments. Financial assets at amortised cost include trade and other receivables, as well as cash and cash equivalents. Financial assets at amortised cost are classified as current assets if the maturity is one year or less. If the payment term exceeds one year, then they are presented as non-current assets. Short-term receivables are not discounted.

Financial assets at amortised cost are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method less impairment provisions.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand, current account balances and short-term highly liquid investments that can be easily converted into cash if necessary and are not exposed to significant risk of changes in value.

Impairment of financial assets at amortised cost
Impairment is recognised according to the expected credit loss (ECL) model. The model has a three-step approach, which is based on changes in the credit quality of a financial asset compared to initial recognition. The Company recognises an immediate loss equal to 12-months ECL on initial recognition of a financial asset, even if the financial asset does not show any signs of impairment (for trade receivables a lifetime expected credit loss is recognised). In the event of a material increase in credit risk, impairment is measured using the asset's lifetime ECL instead of the 12-month ECL.

The Group applies operational allowances permitted by IFRS 9 for the measurement of trade receivables: trade receivables are grouped according to their credit quality and days past due, applying an expected credit loss percentage to each group. The ECL rates are estimated considering the last three years of payment history, adjusted to consider information on the present and future forecasts.

Impairment allowance is included in a separate allowance account and a loss is recognised in the Consolidated income statement. If, in a subsequent period after impairment is recognised, the amount of the loss decreases and the decrease can be related objectively to an event occurring after impairment was recognised (for example, the debtor's credit rating improves), a reversal of the previously recognised impairment loss is recognised in the Consolidated income statement.

Financial liabilities at amortised cost
Financial liabilities at amortised cost include borrowings from credit institutions, other borrowings, trade and other payables.

Financial liabilities at amortised cost are initially recognised at fair value. In subsequent periods, financial liabilities at amortised cost are measured at amortised cost using the effective interest method. Financial liabilities measured at amortised cost are classified as current liabilities except in cases when the Group has an irrevocable right to defer the settlement of the liability for at least 12 months after the balance sheet date.

Borrowings
Borrowings are initially recognised at fair value, net of borrowing costs incurred. In subsequent periods, borrowings are measured at amortised cost using the effective interest method. The difference between the amount of proceeds, less borrowing costs, and the redemption value of the borrowing is gradually recognised in the profit or loss, using the borrowing's effective interest rate. This difference is recognised as finance expense.

Borrowings are classified as current liabilities except in cases when the Group has an irrevocable right to defer the settlement of the liability for at least 12 months after the balance sheet date.

Offsetting financial assets and liabilities
Financial assets and liabilities are netted against each other and presented on the balance sheet at net amounts when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or to transfer the asset and settle the liability simultaneously.

2.7 Inventories

Inventories are carried at the lowest of the cost or net realisable value. Net realisable value is the selling price of inventories less costs to complete and sell, determined in the ordinary course of the Group's business. The cost is determined using the weighted average cost method for fuel and the FIFO (first in, first out) method for other inventory components.

When necessary, allowances are created for the impairment of obsolete, slow-moving or damaged inventories. For inventories without movement over one year, the allowances are recognised for the full amount. In specific justified cases, a Group company may, by decision taken in accordance with the procedures established within the Company, extend the inventory turnover period for certain groups of inventories – for example, specialised spare-parts inventories – up to a maximum of three years. The change of the allowance is recognised in the Consolidated Income Statement.

2.8 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition will be considered to be met only if the probability of a sale transaction is high and the asset is available for immediate sale in its present condition. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell at the time of reclassification.

An impairment loss is recognised if, at initial recognition or subsequent measurement, the value of the asset is reduced from its initial carrying amount to its fair value less costs to sell. Reversed impairment losses are recognised in income when the asset's fair value less costs of disposal increases. However, such an estimate may be recognised only to the extent that it offsets a previously recognised impairment of that same asset.

Net gains or losses on derecognition and sale are recognised when non-current assets held for sale are sold.

Non-current assets held for sale are not depreciated or amortised until they are classified as held for sale.

Non-current assets held for sale are presented separately from other assets in the balance sheet.

2.9 Share capital and payments for the use of state-owned capital shares (dividends)

The share capital of the Group Parent Company consists of ordinary registered shares. All shares of the Group Parent Company are dematerialised shares. The nominal value of a share is one euro.

Dividends or payments to the shareholder of the Group Parent Company for the use of the state capital shares are recognised as a liability in the Group's consolidated financial statements in the period in which the amount of the dividend is approved by the shareholder of the Group Parent Company.

2.10 Reserves

A portion of the after-tax profit of the Group's parent company may be transferred to the reserve by a resolution of the Group's parent company's general shareholder meeting. For this purpose, an item Reserves has been set up under equity. The appropriation and distribution of reserves is the competence of the general shareholder meeting.

2.11 Accrued unused annual leave expenses

The accrued expenses for unused annual leave are calculated for each employee by multiplying the number of unused annual leave days at the end of the reporting year by the average daily wage in the last six months of the reporting year and adding the employer's share of social insurance contributions.

2.12 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability.

If the Group expects to receive reimbursement for the part or full amount of the provision, the reimbursement of those costs is recognised as a separate asset if, and only if it is virtually certain that the expenditure will be reimbursed. The costs associated with creating provision are recognised in the Consolidated income statement, net of amounts recovered.

2.13 Corporate income tax for the reporting year and deferred tax

Corporate income tax is recognised in the Consolidated income statement.

Corporate income tax is calculated in accordance with the legislation effective at the end of the reporting period. The current legislation imposes a tax rate of 20 percent on the calculated taxable base, adjusted before the application of the tax rate by dividing the taxable base by a coefficient of 0.8.

Corporate income tax, which is calculated on distribution of dividends, is presented separately in the Consolidated Income Statement, and otherwise (with regard to deemed distribution of profits) as other operating expense.

Deferred tax assets or liabilities do not arise because there is no difference between the book values of assets and liabilities and their tax base. Since the Group's parent company controls the dividend policy of the Group's subsidiaries, it is also able to control the timing of the reversal of temporary differences related to investments in subsidiaries, including temporary differences arising from retained earnings. Thus, the Group's consolidated financial statements recognise a deferred tax liability for temporary differences arising from retained earnings by applying the tax rate applicable to retained earnings, unless the Group has assessed that the dividends will be distributed in the foreseeable future.

2.14 Revenue recognition

Revenue is the consideration received as a result of carrying out operating activities. Revenue is measured at the transaction price specified in the contract. The transaction price is the amount that the Group expects to receive upon transfer of control over the goods or services, excluding amounts collected on behalf of third parties (e.g., value added tax). The transaction price is reduced by any discounts or other benefits granted to the customer. The specific criteria for recognising revenue of the Group for each type of revenue are set out below.

The Group does not have any contracts with customers with a settlement period of more than one year and therefore does not make adjustments to reflect changes in the value of money over time. In addition, the settlements do not provide for variable consideration.

Revenue from the sale of goods is recognised when control over them is transferred, i.e., when the Group has delivered the goods to the customer and the customer has accepted the goods and it is probable that the receivable is recoverable.

Revenue from the rendering of services is recognised in the period in which the services are provided, considering the ratio of the service provided to the total contract service, if applicable.

The Group companies provide the following services (recognised in accordance with IFRS 15):

- **Public-use railway infrastructure services** – access to the railway infrastructure, provided by the infrastructure manager on a non-discriminatory basis to all carriers. LDz provides a service comprising the public-use minimum access service package and access to the public-use railway infrastructure connecting the railway infrastructure with service sites (the minimum access service package).
  In connection with the provision of railway infrastructure for public use, LDz has been granted a state budget subsidy to fully cover the costs of the passenger segment and the costs relating to passenger stations on lines where the carrying of passengers has been terminated. Revenue from the received grants (excluding VAT), is recognised in the period in which the services are rendered, up to the amount of the funding received, in accordance with IAS 20.

- **Maintenance of service points** – services for the use of passenger stations and stops. LDz provides the following services at passenger stations: ticket counters, passenger notification systems, and facilities for passenger use. Revenue (excluding VAT) is recognised in the period in which the services are rendered, up to the amount of funding received, in accordance with IAS 20.
- **Ancillary services of the infrastructure manager**, including service site services – freight wagon sorting and assembly services (handling of freight wagons, with or without train formation; handling of freight wagons in self-service mode), until 1 November 2025, freight wagon maintenance and inspection – basic and ancillary freight wagon inspection services, routine suspension repairs, freight wagon storage services and freight wagon brokerage settlement services, etc. Revenue is recognised in the period in which the services are rendered.
- **Specific services related to the maintenance and repair of infrastructure** – construction and repair of track structures and bridge decks, replacement of turnouts and level-crossing components, repair of railway machinery, tools, and mechanisms, rail-welding works and the transport of long rails, installation and repair of drainage systems, preparation of the track subgrade. Revenue is recognised when the services are rendered, or the repairs are completed.
- **Electricity distribution and sale services** – LDz provides electricity distribution and trading services to natural and legal persons, including its subsidiaries. The cost of electricity distribution (traction substations and overhead power lines) for the traction of passenger trains is included in the charge for using the public-use railway infrastructure and are not included in this service. LDz provides electricity sales services to electricity consumers by fulfilling the obligations laid down in the Electricity Market Law, the Law On Regulators of Public Utilities and Cabinet Regulation of 7 November 2023 No. 635 Regulations Regarding the Trade and Use of Electricity.
  LDz acts as the primary service provider, thus revenues and costs are recognised in gross value. Revenue is calculated by multiplying the tariff by the number of kilowatt hours consumed and is recognised in the period when consumption was made.
- **The principal's services** include submission of the import summary declaration, customs procedures – transit clearance, temporary storage. In accordance with the agreement between LDz and SIA LDZ CARGO, LDz, as the holder of the authorisation to use the transit procedure, submitted transit procedure declarations and prepared temporary storage declarations for goods, as well as carried out other customs procedures, including actions required to ensure compliance with the transit procedure. LDz provided these services until 1 August 2025. From 1 August 2025, the services have been provided by SIA LDZ CARGO. Revenue is recognised in the period in which the services are rendered.
- **Forwarding services** – development of freight transport routes, organisation of rail freight transport, including the execution of transport documents, customs formalities, dispatch/receipt of freight. Revenue is recognised in the period when the services are provided.
- **Freight transport services** – SIA LDZ CARGO provides freight transport services:
  - from the dispatch station to the receiving station (in the territory of Latvia and the territory of Estonia) for domestic transport;
  - from the border station to the port terminal or land border station for transit services;
  - from the border station to the station of destination or in the opposite direction (for import and export transportation services).
  - revenue for the freight transportation services consists of the tariff charge, plus additional charges not included in the tariff and determined under the contract. Freight transportation service charges are determined in accordance with the freight tariff, a system of rates that includes information on the distances to be covered, the procedure for calculating the charges and the freight charges, which consist of the transportation charge, charges for additional operations and other services related to the transportation. Revenue is recognised in the period when the services are provided.
- **Traction services –** SIA LDZ CARGO provides locomotive crew services to both Latvijas Dzelzceļš Group companies and other freight carriers, and other external customers to ensure their economic activity. Revenue is recognised in the period when the services are provided.

- **Locomotive repair services** - includes the services of SIA LDZ CARGO (until 3 October 2025, those of LDZ ritošā sastāva serviss) related to maintenance and repair of freight, passenger and shunting diesel locomotives; modernisation of freight and shunting diesel locomotives; maintenance and repair of infrastructure road machines; life extension works, repair of assemblies and units of railway rolling stock; placement and maintenance of railway rolling stock in the locomotive reserve base. Revenue is recognised in the period when the services are provided.
- **Wagon repair services** - depot and overhaul of freight wagons by SIA LDZ CARGO (until 3 October 2025, by SIA LDZ ritošā sastāva serviss); life extension of freight wagons; overhaul of tanks and covered wagons; modernisation of freight wagons, manufacture of RU1Š-957-G type wheelsets for freight wagons, full inspection with replacement of elements and second revision of bushings, abrasive cleaning, priming and painting of ER2 and ER2T series electric trains, DR1A series diesel trailers, locomotive and road engine wheelsets, complete inspection of locomotive and road engine wheelsets with replacement of elements and second revision of bushing assemblies, locomotive and wagon bodywork. Revenue is recognised in the period when the services are provided.
- **Storage and sale of diesel fuel** — the fuel supply service is provided by SIA LDZ CARGO (until 3 October 2025 this service was provided by LDZ ritošā sastāva serviss). This service is primarily provided to railway carriers. Revenue from sale of diesel fuel is recognised at the point of the sale of fuel, i.e., when the fuel is filled into the vehicle. Revenue from other fuel-related services is recognised in the period in which the services are provided.
- **Non-destructive control laboratory services** - includes services provided by SIA LDZ CARGO (until 3 October 2025 by LDZ ritošā sastāva serviss) related to calibration, initial and re-verification of pressure gauges; non-destructive testing of railway rolling stock components and parts (using visual, ultrasonic, magnetic-particle, and eddy-current methods); conformity assessment of railway tanks for the transport of substances of classes 3 to 9; assessment of the conformity of railway rolling stock renewal repairs with an extension of service life; the verification of geometric measuring instruments.
  Revenue is recognised in the period when the services are provided.
- **Electronic communications services** - data and electronic message transmission services, access to electronic communications network infrastructure. Revenue is recognised after the actual use of the network in the relevant reporting period.
- **Information technology services** - services related to information systems for freight and passenger traffic, train movement, as well as business support, control and management information systems. Revenue is recognised in the period when the services are provided.
- **Construction services** - own construction works on railway infrastructure objects. Revenue is recognised in the period when the services are provided.
- **Security services** - SIA LDZ apsardze performs physical security of various objects and railway cargoes, designs and assembles various security, fire safety and video surveillance systems, which are subject to technical maintenance and maintenance during operation, as well as monitoring of the received alarm signals. Revenue is recognised in the period when the services are provided.
- **Other services** - these services include commercial train inspection services, services for ensuring the operation of technological centres and drop-off points, specific services of the infrastructure manager, and various other services for legal and natural persons. Revenue is recognised in the period when the services are provided.

The Group provides the following services (recognised in accordance with IFRS 16):

- **Leases** - the Group leases out buildings, structures, land, freight wagons and other property, plant and equipment that are not necessary for the operating activity, to carriers and other companies and institutions related to the operation of the railway system. Leasing unused areas located in railway infrastructure facilities to external customers reduces the cost of the basic service. As a result, the competitiveness of the basic service increases, as well as the efficiency of the use of objects. For operating leases where the Group is the lessor, lease income is recognised in accordance with IFRS 16, lease payments are recognised as income on a systematic basis that reflects the straight-line pattern in which benefit from the underlying asset is derived.

Interest income (recognised in accordance with IFRS 9)

Interest income is recognised on an accrual basis, using the effective interest rate. Interest income on cash and cash equivalents is classified as finance income.

Income from fines

Contractual penalties, including late payment interest for payments past the due date, are recognised in revenue only upon receipt.

Dividend income

Dividend income recognised when a legal right to receive dividend arises.

2.15 Lease arrangement

Classification

At the inception of the contract, the Group assesses whether the contract is a lease or includes a lease. A contract is or contains a lease, if the contract conveys the right to control the use of an identifiable asset for a fixed time in exchange for consideration. To assess whether a contract is or contains a lease, the Group assesses whether:

- The contract provides for the use of an identifiable asset. The asset can be specified explicitly or implicitly and must be physically separable or reflect the full capacity of the asset from a physically separable asset. If the supplier has a significant right to substitute the asset, the asset is not identifiable;
- The Group is entitled to obtain all economic benefits from the use of the identifiable asset throughout its period of use;
- The Group has the right to direct the use of the identifiable asset. The Group has the right to direct the use of an asset when it can decide how and for what purpose the asset will be used. Where the relevant decisions about how and for what purpose an asset is used are predetermined, the Group must assess whether it has the right to operate the asset or to direct others to operate the asset in a manner it determines, or whether the Group intends to use the asset in a predetermined manner on how and for what purpose the asset will be used.

When initially measuring or remeasuring a contract that contains one or more lease components, the Group attributes its relative stand-alone price to each lease component.

Lessee's accounting

A lease is recognised as a right-of-use asset and the corresponding lease liability at the date the leased asset is available for use to the Group. The cost of the right-of-use asset is made up from:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs.

Depreciation is calculated on a straight-line basis from the lease start date to the end of the lease term unless it is planned to redeem the asset. The right-of-use asset is reduced periodically by the amount of impairment losses, if any, and adjusted for revaluation of the lease liabilities.

At the date of initial recognition, assets and liabilities arising from leases are measured at the present value of the remaining lease payments, discounted at the Group's benchmark interest rate. Lease liabilities comprise the present value of the following lease payments:

- fixed lease payments (including in-substance fixed lease payments) less lease incentives;
- variable lease payments that depend on the index or rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option that the lessee is reasonably certain to exercise; and
- payments for terminating the lease if the lease term reflects early termination.

Lease liabilities are remeasured when future lease payments change because the index or rate used to measure those payments has changed, the Group's estimate of the expected payments changes, or the Group changes its assessment of whether to exercise a call option, extend or terminate a lease. Such reassessments are only done when a significant event or significant change in circumstances occurs that is within the Group's control and the Group is reasonably certain to exercise an option not previously included in its determination of the lease term or not to exercise an option previously included.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recognised in the profit or loss if the carrying amount of the right-of-use asset decreases to zero.

Each lease payment is split between the lease liability and interest expense on the lease liability. Interest expense on the lease liability is recognised in the profit or loss over the lease term to produce a constant periodic rate of interest on the remaining lease liability each period.

Short-term leases and leases with a low-value underlying asset
Lease payments related to short-term leases or leases with a low-value underlying asset are recognised as an expense in the income statement on a straight-line basis. A short- term lease is a lease with a term of 12 months or less at the commencement date.

Lessor's accounting
Leases in which substantially all the risks and rewards incidental to ownership of an asset are transferred to the lessee are classified as finance leases. Leases in which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases.

Assets leased under operating leases are presented under property, plant and equipment at cost less depreciation. Depreciation is calculated on a straight-line basis. Rental income from operating leases and prepayments received from customers are recognised in the consolidated income statement over the lease period.

2.16 Co-financing from the state budget and EU funds

Co-financing from the state budget and EU funds are recognised at fair value if there is reasonable certainty that the funds will be received, and it can be reasonably argued that the Group will be able to meet all conditions associated with the receipt of these funds.

Co-financing from the state budget and from EU funds that is attributable to assets (property, plant and equipment) is recognised in the balance sheet as Deferred income and recognised periodically in the consolidated income statement in proportion to the depreciation of the relevant assets (property, plant and equipment) over their useful lives.

The main objective of LDz is to ensure the management of the state public-use railway infrastructure and safe, high-quality and efficient railway and logistics services in the interests of the state and the Latvian national economy. In order to compensate for losses incurred in fulfilling this objective, in accordance with Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement, it is expected to receive state funding for ensuring the financial stability of VAS Latvijas dzelzceļš, since the state shall ensure that in the profit and loss account of the state public-use railway infrastructure manager revenue from infrastructure charges, profit from other commercial activities, non-refundable revenue from private sources, as well as state financing (including, where applicable, also from advances received from the state) are at least in balance with infrastructure expenditure.

In the reporting year, the necessary financing for ensuring financial stability is recognised as other revenue in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. These principles require the recognition of a government grant at the point in time when there is reasonable assurance that the conditions attached to the receipt of the grant have been fulfilled. In addition, grants relating to the recovery of costs should be recognised in the period in which the costs are incurred, provided there is reasonable assurance that the grant will be received in the future.

LDz has been granted a state budget subsidy for the maintenance of unused crew places and a subsidy for the full cost of the passenger transport segment provided by LDz under a public service contract to the railway infrastructure manager in public use, which includes ineligible costs within the meaning of Article 4 of the European Commission Implementing Regulation EU 2015/909 of 12 June 2015 on the procedure for calculating costs directly incurred in the operation of train services, including, but not limited to, the costs of maintenance and renewal of fixed railway infrastructure (including passenger platforms) as well as the costs of train control, including signalling, regulation, dispatching and communication, and the provision of information on train movements, which are incurred independently of the train movements and are necessary to keep the trains running but which are not included in the minimum access service package charge. Revenue from the received grants (excluding VAT), is recognised in the period in which the services are rendered, up to the amount of the funding received, in accordance with IAS 20.

2.17 Related parties

Related parties include the state, the Board and Council members of the Group companies, their close family members, and entities in which these persons have control or joint control.

2.18 Subsequent events

The consolidated financial statements reflect events after the reporting date that provide additional information about the Group's financial position at the balance sheet date (adjusting events). If the nature of subsequent events is other than adjusting, they are disclosed in the notes to the financial statements only if they are significant.

2.19 Employee benefits

Social insurance and pension plan contributions
The Group makes compulsory national social insurance contributions to the state-funded pension scheme under Latvian laws. The state-funded pension scheme is a defined contribution pension plan, and the Group company is required to make contributions of the prescribed statutory amount. The Group company does not incur any additional legal or constructive obligations to make additional payments if the state-funded pension scheme is unable to meet its obligations to employees. Social insurance contributions are recognised as an expense on an accrual basis and recognised under Personnel expenses.

2.20 Basis of consolidation

A subsidiary of the Group is an entity whose financial or operational activities are controlled by the Group Parent Company. Control is considered to exist if the Group Parent Company owns more than 50% of the shares or equity interest in a subsidiary or has the power to control all operational decisions of that subsidiary.

The financial statements of the Group's subsidiaries are consolidated from the date on which the parent obtains control of the subsidiary and are derecognised when that control ceases.

The financial statements of the companies are prepared using uniform accounting and financial policies for similar transactions and other events in similar circumstances. If necessary, the accounting and measurement methods of the Group's subsidiaries may be changed to conform to the Group's accounting and measurement methods. The consolidated financial statements include the annual accounts of the parent company and subsidiaries for 2025 and 2024. The annual reporting periods of the Group companies are the same and coincide with the calendar year.

Transactions between the Group companies, intercompany balances and unrealised gains or losses on transactions between the Group companies are eliminated.

3 Significant assumptions and judgements

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires making material assumptions. It also requires Management to make estimates and judgements in the application of the Group's accounting policies.

The preparation of consolidated financial statements in accordance with the IFRS Accounting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures in the notes to the consolidated financial statements at the reporting date, as well as the reported amounts of revenues and expenses during the reporting period. The actual results may differ from these estimates. The areas that are more likely to be affected by assumptions are Management's assumptions and estimates in determining the recoverable amount of assets and the amount of provisions.

Useful life of property, plant and equipment

The Group assesses the remaining useful lives of its property, plant and equipment at the end of each reporting period. Based on the most recent assessment performed by the Finance Department of the Group Parent Company, the current useful lives are consistent with the actual useful lives of the Group's property, plant and equipment.

Provisions

In estimating the amount of the provision, Management relies on estimates of the probable amount of the liability and the time when the liability is expected to be settled. If these events do not materialise or materialise differently, the actual cost may differ from the estimate. More detailed information on the assumptions regarding provisions is provided in Note 22.

Impairment of property, plant and equipment

An impairment loss was recognised in the previous reporting periods for property, plant and equipment not used for operational purposes and for assets whose expected future economic benefits were significantly lower than their carrying amount. The most significant impairment amount is recognised for buildings, structures and tracks based on the future cash flows from the use of these assets in the provision of services.

In carrying out the impairment test, all LDz infrastructure assets are divided into cash-generating units – geographical rail track lines. Each line has been assessed for indicators of impairment and lines with indicators of impairment have been subject to impairment test. The main indicators of impairment were the absence or decrease of passenger traffic in a particular line, as well as a significant decrease in freight traffic volumes. The impairment calculation conducted in 2024 resulted in impairment recognised in 11 lines for a total amount of EUR 67.8 million.

The main cause of the impairment of PPE in 2024 was a significant further decline in freight traffic. The additional sanctions against Russia and Belarus, implemented in late spring and early summer 2024, reduced the previously forecasted freight flows, resulting in a drop in the 2024 traffic from the 16.5 million tonnes forecast at the beginning of 2024 to 11.5 million tonnes.

In 2025, an update of the impairment calculation was performed using the latest available data, and it was concluded that no material changes had occurred that would require the reversal of previously recognised impairment losses or the recognition of additional impairment.

The forecast future cash flows were determined on the basis of the actual results for 2025, the 2026 budget, and the financial indicators included in the draft LDz Medium-Term Operational Strategy 2026-2030. When discounting future projected cash flows, a weighted average cost of capital (WACC) of 7.50% is applied, determined as the weighted average cost of capital of the infrastructure manager. WACC, EBITDA, and future growth rate are the most important indicators affecting the impairment estimate. Another significant indicator affecting the amount of impairment is the volume of planned future capital investments.

If the WACC reaches 7.94%, the future growth rate decreases to 1.46%, or EBITDA decreases by 5.00%, an impairment loss would be required to be recognised. Likewise, if the volume of capital investments planned for 2030 were to increase by EUR 1 700 thousand, an impairment would need to be recognised.

In addition to the assessment at the level of cash-generating units, an overall impairment assessment has also been carried out, determining LDz's total value in use.

In this calculation, WACC is also the key estimate influencing the impairment. Assessing the sensitivity of the calculation to changes in WACC, it has been concluded that an impairment should be recognised for WACC above the 7.78% threshold.

In addition to LDz infrastructure assets, cash-generating units were identified in the Group's financial statements – the freight transportation services segment (which mainly comprises assets owned by SIA LDZ CARGO) and the security services segment. Apart from the LDz infrastructure assets segment, indicators of impairment were also identified in the freight transportation services segment.

As signs of impairment were identified in the freight transportation services segment during the reporting year, an assessment of the recoverable amount was performed for this segment. The recoverable amount was determined as the higher of value in use and fair value less costs of disposal. As the estimated value in use was lower than the carrying amount of the investment, an assessment of the fair value of the subsidiary's net assets less costs of disposal was performed.
The fair value of net assets was determined for each class of assets and current liabilities:

- For current assets (excluding inventories) and current liabilities, the carrying amount was assessed to approximate their recoverable amount;
- The carrying amount of inventories was assessed in the context of their net realisable value and was considered to be consistent with their recoverable amount;
- The value of property, plant and equipment was assessed either on the basis of reports prepared by certified valuers, where available, or by comparison with similar assets available on the market. Taking into account the materiality of the asset groups, a detailed comparison of the carrying amounts as at 31 December 2025 with the current market (business) value was conducted for the property, plant and equipment categories Railway equipment, machinery, and rolling stock and Freight wagons.

Based on the overall assessment, it was concluded that the fair value of net assets less costs of disposal approximated their carrying amount, and therefore there is no basis for recognising an impairment loss.

Freight wagons are accounted for using the revaluation method and are revalued at least every five years, given that SIA LDZ CARGO carried out a valuation of the group of property, plant and equipment Wagons for freight transport in 2022 using the market method. The determination of the value of property, plant and equipment was carried out by an external certified appraiser, assessing the potential market value of the wagons and using the method of residual replacement of the asset within the cost approach. The value of the wagons is therefore considered to be in line with the Level 3 valuation technique. The category of property, plant and equipment Freight wagons is measured at the revalued amount, based on the valuation performed in 2022, taking into account the accumulated depreciation.

Based on the impairment assessment of property, plant and equipment, it was concluded that the fair value of freight wagons does not materially differ from their carrying amount. However, taking into account market volatility, a revaluation of this asset category is planned for 2026.

Financial stability payment

The primary task of LDz is to ensure safe railway traffic on the State public-use railway infrastructure and to create conditions under which railway operational safety is maintained overall and, where possible, is continuously enhanced, in compliance with the requirements of European Union and Latvian legislation as well as international regulations. To ensure the fulfilment of this task, a Multi-Annual Agreement has been concluded with the Ministry of Transport, which sets out the arrangements for ensuring financial stability.

In accordance with the agreement, under normal operating conditions over a five year period starting from 2025, the State will ensure that, in the infrastructure manager's statement of profit or loss, revenue from infrastructure charges, profit from other commercial activities, non-refundable revenue from private sources, as well as State funding, including, where applicable, advance payments received from the State, are at least in balance with infrastructure related expenses. Funds to ensure the financial stability of the Infrastructure Manager are planned as part of the State budget preparation process, taking into account the State budget's financial capacity.

The criteria for LDz to receive the financial stability payment are the non-fulfilment of the financial stability conditions provided for in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement. Given that in 2025 LDz did not meet the conditions for financial stability set out in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement, the criteria for receiving financial stability payments set out in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement were therefore met.

In the reporting year, the necessary financing for ensuring financial stability is recognised as other revenue in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. These principles require the recognition of a government grant at the point in time when there is reasonable assurance that the conditions attached to the receipt of the grant have been fulfilled. In addition, grants relating to the recovery of costs should be recognised in the period in which the costs are incurred, provided there is reasonable assurance that the grant will be received in the future. Finally, the fact that the financial stability payment from previous years has been received and that the financial stability payment for 2025 is included in the 2026 state budget in the amount of EUR 24 498 thousand confirms the validity of the revenue recognition for 2025.

4 Revenue

(EUR'000)

Types of activity	2025	2024
Revenue from contracts with customers (IFRS 15):		
Revenue recognised over time:		
Freight transportation services	60 861	76 201
Charges for the use of the public-use railway infrastructure	19 082	21 373
Forwarding services	3 472	10 365
Repair and maintenance of rolling stock	4 199	4 867
Ancillary services of the infrastructure manager	3 055	4 770
Security services	3 053	3 667
Specific services related to infrastructure maintenance and repair	2 425	1 285
Services in passenger stations	1 096	1 095
Performance of the essential functions of the railway infrastructure manager	1 133	1 064
Principal's services	510	899
Construction services	190	238
Traction provision services	93	19
Other services	4 392	3 135
Total recognised over time	*103 561*	*128 978*
Revenue recognised at a point in time		
Electricity distribution and trading services	8 035	7 793
Sale of fuel and oil	5 044	5 984
Electronic communications services	567	588
Information technology services	471	500
Total recognised income at a point in time	*14 117*	*14 865*
Total revenue from customer contracts (IFRS 15)	**117 678**	**143 843**

(continued overleaf)

Revenue (continued)

(EUR'000)

Types of activity	2025	2024
Other revenue (IFRS 16):		
Freight wagon lease	6 572	10 210
Other asset lease services	2 760	3 000
Total other revenue (IFRS 16)	**9 332**	**13 210**
Other revenue (IAS 20):		
Revenue from railway infrastructure maintenance (State budget funding)	49 368	50 474
Financial stability payment**	24 498	26 013
Revenue from maintenance of service points (State budget funding)	313	198
Total other revenue (IAS 20)	**74 179**	**76 685**
Total*	**201 189**	**233 738**

* including revenue by geographical markets:		
Latvia	*188 665*	*219 574*
other EU member states	*12 314*	*13 152*
other countries	*210*	*1 012*

** The necessary financial stability payment of EUR 24 498 thousand to be received during 2026, was recognised as accrued income in the statement of financial position based on the obligations and duties specified in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement. The financial stability has been recognised following the guidelines of the IFRS Accounting Standards and in the amount provided for in Section 72 of the law On the State Budget for 2026 and Budget Framework for 2026, 2027, and 2028. The request for financial stability will be made after approval of the annual report of LDz in accordance with the procedure set out in Section 9(4) of the Railway Law and the Multi-Annual Agreement.

In 2025, to ensure financial balance, LDz received a state budget payment of EUR 26 013 thousand for 2024.

5 Other income

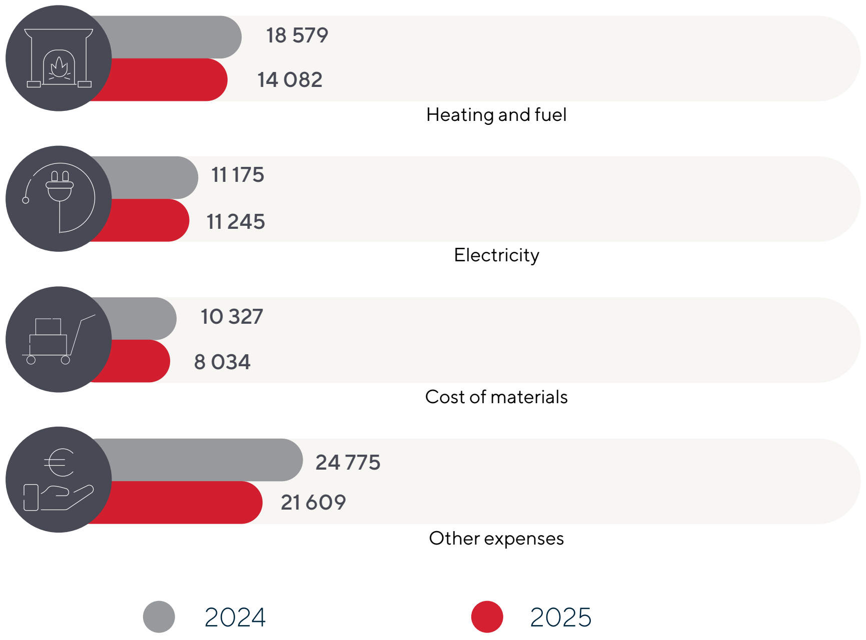
(EUR'000)

	2025	2024
Gradual recognition of deferred income	13 866	19 151
Payments from other railway administrations for bundled settlements	2 375	1 875
Gain from sale of property, plant and equipment	1 463	511
Proceeds from compensation for damage	207	439
Gain on sale of inventories	844	405
Fines and late payment penalties	371	257
Exchange rate fluctuations	-	35
Release of provisions (see Note 22)	129	27
Other income	1 248	958
Total	**20 503**	**23 658**

6 Cost of goods, materials, and services

(EUR'000)

	2025	2024
Heating and fuel	14 082	18 579
Electricity	11 245	11 175
Cost of materials	8 034	10 327
Other expenses	21 609	24 775
Total	**54 970**	**64 856**



7 Personnel costs

(EUR'000)

	2025	2024
Salary expenses	91 636	99 736
Statutory social security contributions	22 349	24 744
Severance pay	3 444	5 584
Other social security costs	2 603	3 001
Supplementary pension insurance for employees	255	486
Accrued liabilities for vacations	(1 666)	(533)
Other personnel expenses	55	153
Total	**118 676**	**133 171**
of which remuneration to members of the Group's Management Board and Council	1 486	1 701
incl. remuneration	*1 206*	*1 376*
state compulsory social insurance contributions	*280*	*325*

Average number of employees in the Group in **2025**

4 959

Average number of employees in the Group in **2024**

5742

8 Depreciation, amortisation, and impairment

(EUR'000)

	2025	2024
Depreciation and amortisation	44 732	53 025
Depreciation of right-of-use assets	1 432	1 592
Impairment of property, plant and equipment and intangible assets	-	31 213
Changes in provisions for obsolete materials	136	328
Changes in value associated with the risk of non-return of wagons from the territory of Ukraine	17	(50)
Total	**46 317**	**86 108**

9 Other expenses

(EUR'000)

	2025	2024
Payments to other railway administrations for bundled settlements	4 079	4 363
Increase in allowances for doubtful receivables (see Note 17)	1 320	1 256
Collective bargaining agreement costs of Latvijas Dzelzceļš Group	490	729
Expected credit loss allowances (see Note 17)	360	–
Losses on disposal of property, plant and equipment and assets under construction	303	1 070
Fines and late payment penalties	196	129
Increase and use of provisions, net (See Note 22)	134	105
Expenditure on damages	76	432
Corporate income tax on deemed distribution of profits	18	17
Foreign currency exchange rate fluctuation	14	11
Exchange rate fluctuations	5	–
Other charges	354	222
Total	**7 349**	**8 334**

10 Finance income and expenses, net

(EUR'000)

	2025	2024
Finance income	**679**	**192**
Other interest income	679	192
Finance expenses	**(3 155)**	**(4 557)**
Bank interest, including interest on non-current borrowing	(3 869)	(4 874)
Capitalised interest payments on loans	1 171	1 006
Interest expense on lease transactions	(85)	(70)
Late payment interest for extending the tax payment deadline	(372)	(619)
Finance expenses, net	**(2 476)**	**(4 365)**

11 Corporate Income Tax

Corporate income tax movement table for the reporting year

(EUR'000)

	2025	2024
Calculated for the reporting year	107	808
Paid in the reporting year	(107)	(808)

Deferred tax expense

The Group's deferred tax is calculated on the future corporate income tax payable on the 2025 retained earnings of subsidiaries, which is expected to be paid to the parent company in dividends in subsequent years, taking as a basis the amount of dividends from public capital companies as determined by the country.

(EUR'000)

	2025	2024
Deferred tax liability at the beginning of the year	512	1 781
Decrease in deferred corporate income tax liabilities	(380)	(1 269)
Deferred tax liability at the end of the year	**132**	**512**

12 Intangible assets

Intangible assets are computer software.

(EUR'000)

Licences and rights	2025	2024
Historical cost at the beginning of the year	**18 124**	**17 069**
Additions	253	1 152
Disposals	(1 530)	(97)
Historical cost at the end of the year	**16 847**	**18 124**
Accumulated amortisation at the beginning of the year	**14 599**	**13 441**
Amortization charge	1 094	1 255
Disposals	(1 530)	(97)
Accumulated amortisation at the end of the year	**14 163**	**14 599**
Impairment	**(16)**	**(16)**
Carrying amount at the beginning of the year	**3 509**	**3 612**
Historical cost at the end of the year	**2 668**	**3 509**
Intangible assets in unfinished construction objects	3 427*	449
Intangible assets at the end of the year	**6 095**	**3 958**

*of which EUR 2 559 thousand was reclassified from construction in progress within property, plant and equipment (see Note 13)

13 Property, plant and equipment

(EUR'000)

	Land plots	Buildings, structures, and perennial plantations	Tracks	Leasehold improvements	Plant and machinery	Freight wagons	Computers, communication equipment, photocopiers, and fittings	Other property, plant and equipment	Construction in progress	Total
Historical cost / revalued amount at 01.01.2025	**1 308**	**164 175**	**661 746**	**172**	**417 698**	**179 881**	**28 740**	**31 711**	**67 505**	**1 552 936**
Additions and construction of property, plant and equipment	-	17 499	1 015	-	4 416	1 461	836	1 738	39 879	66 844
Reclassified from assets held for sale	-	-	-	-	236*	-	-	-	-	236
Reclassified (see Note 12)	-	-	-	-	-	-	-	-	(2 559)	(2 559)
Disposal of property, plant and equipment	(40)	(1 337)	(391)	(48)	(3 735)	(3 105)	(583)	(1 625)	(53)	(10 917)
Historical cost / revalued amount at 31.12.2025	**1 268**	**180 337**	**662 370**	**124**	**418 615**	**178 237**	**28 993**	**31 824**	**104 772**	**1 606 540**
Accumulated depreciation on 01.01.2025	**-**	**68 281**	**385 183**	**154**	**212 491**	**101 424**	**23 060**	**22 587**	**-**	**813 180**
Depreciation charge	-	4 730	18 588	16	14 306	3 405	1 402	1 367	-	43 814
Disposals	-	(1 098)	(364)	(49)	(2 008)	(2 513)	(573)	(1 522)	-	(8 127)
Accumulated depreciation at 31.12.2025	**-**	**71 913**	**403 407**	**121**	**224 789**	**102 316**	**23 889**	**22 432**	**-**	**848 867**
Impairment on 01.01.2025	**(11)**	**(7 586)**	**(77 804)**	**-**	**(15 688)**	**(238)**	**(520)**	**(301)**	**-**	**(102 148)**
Impairment adjustment for disposed property, plant and equipment**	-	26	2	-	1 611	-	-	15	-	1 654
Changes in value related to the risk of non-return of wagons from the territory of Ukraine***	-	-	-	-	-	(17)	-	-	-	(17)
Impairment as at 31.12.2025	**(11)**	**(7 560)**	**(77 802)**	**-**	**(14 077)**	**(255)**	**(520)**	**(286)**	**-**	**(100 511)**
Carrying value as at 01.01.2025	**1 297**	**88 308**	**198 759**	**18**	**189 519**	**78 219**	**5 160**	**8 823**	**67 505**	**637 608**
Balance at 31.12.2025	**1 257**	**100 864**	**181 161**	**3**	**179 749**	**75 666**	**4 584**	**9 106**	**104 772**	**657 162**

*Two 2TE10U and 2TE10M series mainline diesel locomotives, with a total carrying amount of EUR 263 thousand, which had been reclassified from property, plant and equipment to non-current assets held for sale as at 31 December 2024, were not disposed of in 2025. Consequently, they were reclassified from non-current assets held for sale back to property, plant and equipment, with their carrying amount reduced by the calculated depreciation of EUR 27 thousand. As a result, the cost item "depreciation" increased by EUR 27 thousand, and in the movement schedule of property, plant and equipment, the reclassified diesel locomotives are presented at a carrying amount of EUR 236 thousand.
**During the reporting year, write-offs of property, plant and equipment and the derecognition of impairment losses were performed for assets for which impairment had been recognised in previous years.
***Changes in value as at the end of the reporting year were recognised for 8 individual assets (wagons) in the amount of EUR 255 thousand (in 2024 – for 6 individual assets (wagons) in the amount of EUR 238 thousand), arising from losses associated with the risk of non-return of wagons from the territory of Ukraine.
LDz holds land registered in the name of the Ministry of Transport with a total area of 15 thousand hectares (the railway land protection zone, which forms part of the public-use railway infrastructure and is intended for the placement of railway infrastructure facilities to ensure the development and safe operation of the railway infrastructure).

(EUR'000)

	Land plots	Buildings, structures, and perennial plantations	Tracks	Leasehold improvements	Plant and machinery	Freight wagons	Computers, communication equipment, photocopiers, and fittings	Other property, plant and equipment	Construction in progress	Total
Historical cost / revalued amount at 01.01.2024	**1 361**	**153 933**	**648 853**	**179**	**402 386**	**176 538**	**28 205**	**31 639**	**56 337**	**1 499 431**
Additions and construction of property, plant and equipment	-	13 012	14 468	-	19 411	3 723	1 006	1 038	11 168	63 826
Reclassified	-	11	-	-	(10)	-	11	(12)	-	-
Disposal of property, plant and equipment	(53)	(2 781)	(1 575)	(7)	(460)	(380)	(482)	(954)	-	(6 692)
Reclassified to assets held for sale (see Note 16)	-	-	-	-	(3 629)	-	-	-	-	(3 629)
Historical cost / revalued amount at 31.12.2024	**1 308**	**164 175**	**661 746**	**172**	**417 698**	**179 881**	**28 740**	**31 711**	**67 505**	**1 552 936**
Accumulated depreciation on 01.01.2024	**-**	**65 373**	**363 136**	**132**	**200 946**	**98 270**	**19 966**	**22 063**	**-**	**769 886**
Depreciation charge	-	5 054	23 402	29	15 132	3 428	3 564	1 416	-	52 025
Reclassified	-	10	-	-	(9)	-	-	(1)	-	-
Disposals	-	(2 156)	(1 355)	(7)	(212)	(274)	(470)	(891)	-	(5 365)
Reclassified to assets held for sale (see Note 16)	-	-	-	-	(3 366)	-	-	-	-	(3 366)
Accumulated depreciation at 31.12.2024	**-**	**68 281**	**385 183**	**154**	**212 491**	**101 424**	**23 060**	**22 587**	**-**	**813 180**
Impairment on 01.01.2024	**(38)**	**(3 939)**	**(22 799)**	**-**	**(6 991)**	**(288)**	**(484)**	**(194)**	**-**	**(34 733)**
Impairment adjustment for disposed property, plant and equipment	38	210	24	-	52	-	-	1	-	325
Impairment as at 31.12.2024	(11)	(3 857)	(55 029)	-	(8 749)	-	(36)	(108)	-	(67 790)
Changes in value associated with the risk of non-return of wagons from the territory of Ukraine	-	-	-	-	-	50	-	-	-	50
Impairment as at 31.12.2024	**(11)**	**(7 586)**	**(77 804)**	**-**	**(15 688)**	**(238)**	**(520)**	**(301)**	**-**	**(102 148)**
Carrying value as at 01.01.2024	**1 323**	**84 621**	**262 918**	**47**	**194 449**	**77 980**	**7 755**	**9 382**	**56 337**	**694 812**
Balance at 31.12.2024	**1 297**	**88 308**	**198 759**	**18**	**189 519**	**78 219**	**5 160**	**8 823**	**67 505**	**637 608**

14 Right-of-use assets

(EUR'000)

	Right-of-use land plots	Right-of-use buildings and structures	Right-of-use other property, plant and equipment	Total
Historical cost at 01.01.2025	**172**	**1 968**	**2 542**	**4 682**
New lease agreements	-	-	590	590
Contract modifications	47	7	(5)	49
Termination of contracts	(9)	(78)	(562)	(649)
Cost at 31.12.2025	**210**	**1 897**	**2 565**	**4 672**
Accumulated depreciation on 01.01.2025	**49**	**254**	**1 099**	**1 402**
Depreciation charge	73	502	857	1 432
Disposals	(3)	(92)	(859)	(954)
Accumulated depreciation at 31.12.2025	**119**	**664**	**1 097**	**1 880**
Carrying value as at 01.01.2025	**123**	**1 714**	**1 443**	**3 280**
Balance at 31.12.2025	**91**	**1 233**	**1 468**	**2 792**

In the reporting period, the Group's costs related to the concluded operating lease contracts were EUR 557 thousand; in 2024 – EUR 728 thousand, respectively. These expenses include payments under contracts that, in accordance with IFRS 16, are not recognised as right-of-use assets and lease liabilities (short-term leases).

(EUR'000)

	Right-of-use land plots	Right-of-use buildings and structures	Right-of-use other property, plant and equipment	Total
Historical cost at 01.01.2024	**497**	**4 556**	**4 604**	**9 657**
New lease agreements	10	455	1 009	1 474
Contract modifications	(317)	(2 266)	(2 712)	(5 295)
Termination of contracts	(18)	(777)	(359)	(1 154)
Cost at 31.12.2024	**172**	**1 968**	**2 542**	**4 682**
Accumulated depreciation on 01.01.2024	**311**	**2 430**	**3 338**	**6 079**
Depreciation charge	57	520	1 051	1 628
Disposals	(319)	(2 696)	(3 290)	(6 305)
Accumulated depreciation at 31.12.2024	**49**	**254**	**1 099**	**1 402**
Carrying value as at 01.01.2024	**186**	**2 126**	**1 266**	**3 578**
Balance at 31.12.2024	**123**	**1 714**	**1 443**	**3 280**

15 Inventories

(EUR'000)

	31.12.2025	31.12.2024
Spare parts	7 427	8 634
Road surface materials	4 489	4 528
Other materials	3 666	3 200
Heating and fuel	1 125	1 518
Prepayments for inventories	60	100
Work in progress and orders	–	116
Other inventories	12	32
Gross carrying amount	**16 779**	**18 128**
Provisions for obsolete inventories	(4 676)	(4 603)
Carrying amount	**12 103**	**13 525**

Movements in provisions for obsolete inventories:

(EUR'000)

	2025	2024
Provisions for obsolete inventories at the beginning of the year	4 603	4 417
Reversal of provisions resulting from the utilisation of inventories	(365)	(583)
Reversal of provisions resulting from the write-off of inventories	(11)	(7)
Additional provisions for obsolete inventories	449	776
Provisions for obsolete inventories at the end of the year	**4 676**	**4 603**

During 2025, inventories amounting to EUR 22 116 thousand were recognised as expenses (2024: EUR 28 906 thousand). These costs are included under the line item Cost of goods, materials, and services.

16 Non-current assets classified as held for sale

(EUR'000)

	31.12.2025	31.12.2024
Non-current assets classified as held for sale	–	263

In 2024, the management of SIA LDZ ritošā sastāva serviss carried out an assessment of the future use of the locomotives. The Company's Management Board decided to recover the value of 10 locomotives by selling them. Following this decision, two locomotives were reclassified from property, plant and equipment at residual value less costs to sell to assets held for sale. Management actively pursued the sale of these two locomotives and had the intention to complete the disposal of these assets within the year. The decision to proceed with the disposal of the remaining eight locomotives, including their reclassification to assets held for sale, was intended to be made in the light of market trends following the auction results of the first two locomotives.

As a result of the reorganisation, on 2 October 2025, SIA LDZ CARGO assumed non-current assets held for sale – two 2TE10U and 2TE10M series mainline diesel locomotives with a total carrying amount of EUR 263 thousand, which SIA LDZ ritošā sastāva serviss had reclassified from property, plant and equipment to non-current assets held for sale as at 31 December 2024. These locomotives were not disposed of in 2025, and therefore they were reclassified from non-current assets held for sale back to property, plant and equipment, with their carrying amount reduced by the estimated depreciation of EUR 27 thousand. As a result, the cost item "depreciation" increased by EUR 27 thousand, and in the movement schedule of property, plant and equipment, the reclassified diesel locomotives are presented at a carrying amount of EUR 236 thousand.

17 Trade and other receivables

(EUR'000)

	31.12.2025	31.12.2024
Trade receivables	7 799	8 775
Doubtful debts	3 586	2 404
Value added tax receivable	582	1 028
Other receivables	1 792	1 791
Gross carrying amount	**13 759**	**13 998**
Expected credit loss	(3 946)	(2 404)
Carrying amount	**9 813**	**11 594**

Movement table of allowances for expected credit losses:

(EUR'000)

	2025	2024
Allowances for expected credit losses at the beginning of the year	2 404	1 157
Changes in allowances for trade receivables without significant delays	360	–
Reduction of allowances due to recovery of doubtful receivables	(129)	(35)
Reduction of allowances due to write-off of doubtful receivables	(138)	(9)
Additional allowances for doubtful receivables (overdue more than 180 days)	1 449	1 291
Allowances for expected credit losses at the end of the year	**3 946**	**2 404**

In order to estimate the expected credit losses, receivables were grouped according to their risk characteristics and days past due (details are also provided in Note 26). The expected loss rates are based on historical repayment rates determined as the ratio of lost debts to eligible revenue over the past 36 months (counting from 31 December 2025 or 31 December 2024, respectively). Historical loss indicators were adjusted to reflect current and forecasted information on macroeconomic factors affecting buyers' ability to settle their liabilities with the Group. GDP forecasts are considered the most significant factor since they are most directly affected by changes in doubtful receivables.

When performing the above calculations as at 31 December 2025, it was identified that the allowances for trade receivables from customers that had not exceeded their payment deadlines, or had exceeded them by less than 6 months, were material. Accordingly, an allowance of EUR 360 thousand was recognised in the consolidated financial statements. Equivalent calculations as at 31 December 2024 did not indicate any material expected credit losses.

According to the Group's accounting policy, for trade receivables that are more than six months past due, a provision is usually made for expected credit losses of 100%, making adjustments only to reflect the possible recoverability of such debts.

Similar calculations were made for other debtors, as well as for cash and cash equivalents, except that these calculations were based not on historical experience, but on the default rates of external credit rating agencies for similar borrowers or groups of borrowers. This approach has been chosen because the Group has no historical data regarding losses for these groups of financial assets. As a result of the calculations, it was concluded that the credit quality of those assets is good, so that the expected credit losses on 31 December 2025 and 31 December 2024 are not material, thus being recognised at zero.

18 Accrued income

(EUR'000)

	31.12.2025	31.12.2024
Accrued income	24 498	26 013
Total	**24 498**	**26 013**

The funding required to achieve financial stability in the reporting year is recognised in other revenue following the principles set out in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. These principles require the recognition of a government grant at the point in time when there is reasonable assurance that the conditions attached to the receipt of the grant have been fulfilled. In addition, grants relating to the recovery of costs should be recognised in the period in which the costs are incurred, provided there is reasonable assurance that the grant will be received in the future.

The criteria for LDz to receive the financial stability payment are the non-fulfilment of the financial stability conditions provided for in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement. Funds to ensure the financial stability of the Infrastructure Manager are planned as part of the State budget preparation process, taking into account the State budget's financial capacity.

Taking into account the fact that in 2025 LDz did not fulfil the intended conditions for financial stability, the criteria for receiving financial stability payments under the procedures laid down in the Railway Law and the Multi-Annual Agreement were fulfilled accordingly. The 2026 State budget provides for a payment to LDz in the amount of EUR 24 498 thousand to compensate financial stability for 2025. Therefore, financial stability payments are recognised as revenue for 2025.

The required financial stability payment of EUR 24 498 thousand, to be received in the future, recognised as Accrued income in the Statement of Financial Position based on the obligations and obligations specified in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement. In 2025, to ensure financial balance, LDz received a state budget payment of EUR 26 013 thousand for 2024.

19 Cash and cash equivalents

(EUR'000)

	31.12.2025	31.12.2024
Cash in bank	40 442	70 317
Cash at hand	2	1
Total	**40 444**	**70 318**

20 Share capital

Registered and paid-up share capital of the Group Parent Company
The share capital of LDz is EUR 374 420 thousand, consisting of three hundred and seventy-four million four hundred and nineteen thousand seven hundred and ninety-one shares with a par value of EUR 1.00 (one EUR) per share.

All shares are held by the Republic of Latvia and are fully paid up. The holder of the state shares is the Ministry of Transport. All shares of LDz rank equal with respect to dividends, liquidation quota, and voting rights in the Shareholder's Meeting.

21 Long-term investment revaluation reserve, other reserves, and retained earnings

Wagons for freight transport, which are part of the railway rolling stock, are recorded in the Group using the revaluation method. These items of PPE are revalued at least every five years, given that SIA LDZ CARGO carried out a valuation of the group of property, plant and equipment Wagons for freight transport in 2022 using the market method. The determination of the value of property, plant and equipment was carried out by an external certified appraiser, assessing the potential market value of the wagons and using the method of residual replacement of the asset within the cost approach. The value of the wagons is therefore considered to be in line with the Level 3 valuation technique. The category of property, plant and equipment Freight wagons is measured at the revalued amount, based on the valuation performed in 2022, taking into account the accumulated depreciation. Also, in 2025 impairment was recognised for eight individual assets (wagons) (in 2024: six individual assets (wagons)), due to identified indicators that the carrying amount of those assets may be not recoverable.

The remaining reserves consist of retained earnings and uncovered loss of previous periods, which, by the decision of the shareholder, were transferred to other reserves for the development of the Group. Accordingly, reserves and uncovered losses from previous periods do not differ in their nature and are therefore combined into a single balance sheet line item. The procedure for the use of reserves and retained earnings of previous years of the Group Parent Company, as well as for the coverage of losses, is determined by the Shareholders' Meeting of the Group Parent Company.

22 Provisions

(EUR'000)

	31.12.2025	31.12.2024
Provisions for fines imposed by the Competition Council	5 694	5 694
Provisions for costs of injuries at work	167	161
Total non-current portion	**5 861**	**5 855**
Provisions for termination benefits	983	1 807
Provisions for benefits up to the time of the vesting of pension rights	62	138
Other provisions	212	213
Total current portion	**1 257**	**2 158**
Total	**7 118**	**8 013**

(EUR'000)

Movement table of provisions by type of provision in 2025	01.01.2025	Increase in provisions	Decrease in provisions	31.12.2025
Provisions for fines imposed by the Competition Council	5 694	-	-	5 694
Severance pay	1 807	983	(1 807)	983
Provisions for costs of injuries at work	161	6	-	167
Provision for contingent losses from legal proceedings	74	130	(2)	202
Provisions for benefits until the vesting of pension rights	138	62	(138)	62
Provisions for warranty repairs	79	-	(69)	10
Other provisions	60	-	(60)	-
Total	**8 013**	**1 181**	**(2 076)**	**7 118**

(EUR'000)

Movement table of provisions by type of provision in 2024	01.01.2024	Increase in provisions	Decrease in provisions	31.12.2024
Provisions for fines imposed by the Competition Council	5 694	-	-	5 694
Severance pay	1 615	1 807	(1 615)	1 807
Provisions for costs of injuries at work	165	-	(4)	161
Provision for contingent losses from legal proceedings	29	59	(14)	74
Provisions for benefits until the vesting of pension rights	82	138	(82)	138
Provisions for warranty repairs	80	-	(1)	79
Provisions for transportation of unsaved cargoes	22	-	(22)	-
Other provisions	-	60	-	60
Total	**7 687**	**2 064**	**(1 738)**	**8 013**

In 2018, the Competition Council initiated case No. KL\5-5\18\30 On violation of the prohibition stipulated in Section 13(1) of the Competition Law in the activities of SIA LDZ Cargo and VAS Latvijas dzelzceļš in the railway freight transport market in Latvia. By decision of the Competition Council (CC) of 28 December 2020 LDZ CARGO was fined EUR 5 694 thousand jointly and severally with VAS Latvijas dzelzceļš. LDZ CARGO considers that the decision was based on erroneous conclusions drawn due to a lack of understanding of the specific nature of the carrier's activities. The decision of the Competition Council in case No. KL\5-5\18\30 was appealed to the Administrative Regional Court in order to declare it unfounded and cancel it in its entirety. The Administrative Regional Court has initiated case No. A43001921, and the case is now pending. It is not possible to predict the outcome of the case, nor to foresee additional risks related to the possible claims of other persons whose rights may have been affected in the event that the decision of the Competition Council is not overturned. A provision of EUR 5 694 thousand was recognised for these contingent losses in 2020. In 2025, the amount of the provision remained unchanged as the circumstances of the case have not changed and its outcome is unknown.

23 Borrowings from credit institutions

(EUR'000)

	31.12.2025	31.12.2024
Non-current borrowings from credit institutions	49 036	67 605
Current borrowings from credit institutions	26 492	35 343
Total borrowings from credit institutions	**75 528**	**102 948**
Calculated interest	**124**	**242**

The borrowings were received from AS SEB banka, Nordic Investment Bank, OP Corporate Bank branch in Latvia, and Luminor Bank AS Latvian branch. In the reporting period, loans of EUR 27 420 were repaid.

The loan agreements of LDz with banks set out the relevant financial ratios of the financial statements of SJSC Latvijas dzelzceļš or the consolidated financial statements, which must be complied with during the term of the loan agreement. As at 31 December 2024, 31 December 2025, and early 2026, no borrowings were in default.

Borrowings repayable and interest rates on borrowings as at 31 December 2025

Borrowing currency	Borrowing, EUR`000	Interest rate
EUR	67 606	3M EURIBOR + 1.29% to 3,5%
	7 922	6M EURIBOR + 1,1%
Total	**75 528**	

Borrowings repayable and interest rates on borrowings as at 31 December 2024

Borrowing currency	Borrowing, EUR`000	Interest rate
EUR	92 206	3M EURIBOR + 0.86% to 3,5%
	10 742	6M EURIBOR + 0.75% to 1,1%
Total	**102 948**	

Table of movements in borrowing balances

(EUR'000)

	2025	2024
Borrowings at the beginning of the reporting period	**102 948**	**86 309**
Borrowings received in the reporting period	-	44 000
Borrowings repaid in the reporting period	(27 420)	(27 361)
Borrowings at the end of the reporting period	**75 528**	**102 948**

Calculated interest movement table

(EUR'000)

	2025	2024
Calculated interest at the beginning of the reporting period	**242**	**340**
Calculated interest in the reporting period*	3 869	4 871
Interest paid during the reporting period	(3 987)	(4 969)
Calculated interest at the end of the reporting period	**124**	**242**

*Amount of interest capitalised: in 2025 – EUR 1 171 thousand; in 2024 – EUR 1 006 thousand.

24 Taxes and state mandatory social insurance contributions

(EUR'000)

Type of tax	Tax liabilities (+) as at 31.12.2025	Overpaid taxes (-) as at 31.12.2025	Tax liabilities (+) as at 31.12.2024	Overpaid taxes (-) as at 31.12.2024
Personal Income Tax	3 490	-	8 825	-
Mandatory state social security contributions	3 487	-	4 105	-
Value added tax	1 936	(582)	5 335	(1 028)
Excise duty	365	-	590	-
State duty for storage of security reserves	63	-	109	-
Natural resources tax	19	-	21	-
Company car tax	3	-	-	-
Business risk duty	2	-	2	-
Current income tax liabilities	-	-	2	-
Balance on the single tax account	-	(5)	-	(5)
Tax liabilities abroad (Estonia)	19	-	21	-
Total	**9 384***	**(587)**	**19 010***	**(1 033)**

*Liabilities as at 31 December 2025: non-current: EUR 1 597 thousand, current: EUR 7 787 thousand (31.12.2024: non-current: EUR 3 340 thousand, current: EUR 15 670 thousand).

As of 31 December 2025, the Group has no overdue payments to the state budget.

Under non-current liabilities, based on the decision of the State Revenue Service of 20 December 2022 On the extension of payment deadlines, the amounts of personal income tax and value added tax of Latvijas dzelzceļš, for which the payment deadline is longer than one year, are recognised. The extension of the deadline for paying taxes for another five years has been re-granted for tax amounts that arose during the COVID-19 emergency.

25 Deferred income

(EUR'000)

	31.12.2025	31.12.2024
Non-current portion of deferred income (EU funds and state budget resources)	288 563	260 892
Other deferred income	49	49
Total non-current portion	**288 612**	**260 941**
Current portion of deferred income (EU funds and state budget resources)	13 556	13 754
Other deferred income	382	435
Total current portion	**13 938**	**14 189**
Total deferred income	**302 550**	**275 130**

Major source of the deferred income is financing received from EU funds and the state budget for the development of the railway infrastructure.

EU funds received in 2025:
- EUR 30 303 thousand for the project Modernisation and Development of the Electrified Railway Network,
- EUR 4 384 thousand for the project "Modernisation of railway infrastructure to increase the speed of trains",
- EUR 3 043 thousand for the project RIX-RCS-Aizkraukle direction,
- EUR 2 963 thousand for the project Modernisation of railway passenger infrastructure,
- EUR 870 thousand for the project Development of an interoperable railway system in the Baltic States,
- EUR 153 thousand for the project Implementation of Digital Power Management,
- EUR 50 thousand for the project Establishment of Engineering Resource Parks.

In 2025, cash was transferred to:
- EUR 467 thousand to Eesti Raudtee AS under the project Establishment of an Interoperable Railway System in the Baltic States in accordance with the cooperation agreement;

Movement of EU and national budget project funds in 2025 for PPE created with EU funds

(EUR'000)

Deferred income	Balance at 01.01.2025	Reclassified (transferred)	Received funds	Transfer of funds to the partner	Decrease by the amount of depreciation charge	Balance at 31.12.2025
Non-current portion	260 892	(13 628)	41 766	(467)	-	288 563
Current portion	13 754	13 628	-	-	(13 866)	13 516
Total	**274 646**	**-**	**41 766**	**(467)**	**(13 866)**	**302 079**

Movement of EU and national budget project funds in 2024 for PPE created with EU funds

(EUR'000)

Deferred income	Balance at 01.01.2024	Reclassified (transferred)	Received funds	Transfer of funds to the partner	Decrease by the amount of depreciation charge	Balance at 31.12.2024
Non-current portion	274 799	(50 751)	39 093	(2 249)	-	260 892
Current portion	18 731	50 751	-	-	(55 728)	13 754
Total	**293 530**	**-**	**39 093**	**(2 249)**	**(55 728)**	**274 646**

26 Financial risk management

The Group's most important financial instruments are borrowings from banks, other borrowings, cash and deposits with banks, as well as receivables and payables. The main task of these financial instruments is to ensure the financing of the Group's operating activity. The Group also has several other financial assets and liabilities, such as trade receivables and payables to suppliers and contractors, arising directly from its economic activities.

The Group is exposed to market, credit, and liquidity risks related to its financial instruments.

Financial risk management is ensured by the Finance Department of the Parent company of the Group.

(EUR'000)

The Group's financial instruments are categorised as follows	31.12.2025	31.12.2024
Financial assets at amortised cost		
Trade and other receivables, excluding advances	31 938	34 806
Cash and cash equivalents	40 444	70 318
Financial assets at fair value through revaluation in the income statement		
Long-term financial investments	74	74
Total financial assets	**72 456**	**105 198**
Financial liabilities at amortised cost		
Borrowings from credit institutions	75 528	102 948
Trade and other payables, lease liabilities, excluding advances (including the non-current portion)	36 370	30 856
Total financial liabilities	**111 898**	**133 804**

Market risk

Market risk is the risk that changes in market factors, such as changes in foreign exchange rates, interest rates, and commodity prices, will affect the Group's revenue or the value of its financial instruments. Market risk includes currency risk and interest rate risk.

Interest rate risk

Interest rate risk is the risk of incurring losses due to changes in interest rates on the Group's assets and liabilities. The Group is exposed to the risk of changes in market interest rates concerning its non-current liabilities subject to a variable interest rate.

All of the Group's borrowings are at variable interest rates. For a detailed description of interest rates on borrowings, see Note 23. Interest rate risk is managed by the Group by regularly assessing the borrowing rates available on the market. If lower interest rates than the existing ones are available, the Group evaluates the financial cost-effectiveness of loan restructuring.

The Group companies do not use derivative financial instruments to manage interest rate risks.

Interest rate sensitivity

The following table shows the sensitivity of the Group's result before tax to reasonably possible changes in interest rates at the end of each reported reporting period, provided that all other variables remain unchanged. The Group's equity, except for the result of the reporting year, is not affected.

	2025		2024	
	Base rate increase/decrease (basis points)	Impact on profit before tax (EUR`000)	Base rate increase/decrease (basis points)	Impact on profit before tax (EUR`000)
EURIBOR	(+100)	(624)	(+100)	(686)
	(-100)	634	(-100)	686

Currency risk

Currency risk is the risk of incurring losses as a result of unfavourable exchange rate changes related to assets and liabilities in foreign currencies. The currency risk to which the Group is exposed stems mainly from its business activities – revenues and costs are denominated in different currencies. The Group's trade receivables are mostly in euro.

The Group's financial instruments by currency as at 31 December 2025 are presented in the table below:

	EUR EUR'000	USD EUR'000	CHF and other currencies EUR'000	Total EUR'000
Trade and other receivables, excluding advances	31 766	-	172	31 938
Cash and cash equivalents	39 748	196	500	40 444
Total financial assets	**71 514**	**196**	**672**	**72 382**
Borrowings from credit institutions	75 528	-	-	75 528
Trade and other payables, excluding advances	35 798	-	572	36 370
Total financial liabilities	**111 326**	**-**	**572**	**111 898**

The Group's financial instruments by currency as at 31 December 2024 are presented in the table below:

	EUR EUR'000	USD EUR'000	CHF and other currencies EUR'000	Total EUR'000
Trade and other receivables, excluding advances	34 554	219	33	34 806
Cash and cash equivalents	69 631	206	481	70 318
Total financial assets	**104 185**	**425**	**514**	**105 124**
Borrowings from credit institutions	102 948	–	–	102 948
Trade and other payables, excluding advances	30 285	3	568	30 856
Total financial liabilities	**133 233**	**3**	**568**	**133 804**

The main currency risk management tool used by the Group is the identification and use of the Group's foreign currency funds to cover the Group's liabilities in foreign currencies.

The Group companies do not use derivative financial instruments to manage currency risks.

Currency sensitivity

The Group had no significant foreign exchange balances during the reporting year, so the potential impact of currency fluctuations was negligible.

Credit risk

Credit risk is the risk that a counterparty could default on its obligations to the Group, causing it significant financial losses. The Group is exposed to credit risk arising directly from its economic activities, principally trade receivables, and to credit risk related to the Group's financing activities, mainly cash deposits with banks.

Trade receivables

Each company of the Group manages the credit risk of trade receivables in accordance with the Group's policies. Before concluding contracts, the solvency of customers is assessed. Several companies of the Group will secure against credit risk by receiving prepayments from their customers.

The Group continuously monitors the balances of receivables to minimise the possibility of uncollectible debts. Possible impairment of trade receivables is constantly analysed. The Group has not received any collateral as security for trade receivables.

The Group assesses the concentration of credit risk of its trade receivables as average. As at 31 December 2025, the Group had three customers (2024: three customers), each of which owed the Group more than EUR 700 thousand and accounted for about 85.7% (2024: 82.1%) of the total receivables.

The Group does not have an internal credit rating system for assessing trade receivables.

In 2025, the need to recognise expected credit losses for trade receivables without significant payment delays was identified, and accordingly these losses were recognised in the 2025 statement of profit or loss.

Trade receivables are written off only when they are not expected to be recovered. Indications that the recovery is unlikely include, inter alia, the debtor's inability to agree on a repayment schedule accompanied by the debtor's insolvency, bankruptcy, or liquidation.

The Group is exposed to maximum credit risk, as shown in the following table:

(EUR'000)

	31.12.2025	31.12.2024
Cash and cash equivalents	40 444	70 318
Trade and other receivables (gross amount), excluding advances and prepayments	35 885	37 209
Total	**76 329**	**107 527**

The expected credit loss as at 31 December 2025 are determined by applying the following expected credit loss rates:

(EUR'000)

	Not overdue	Overdue over 30 days	Overdue over 90 days	Overdue over 120 days	Overdue over 180 days	Total
Expected credit loss rate	0,9%	17,5%	21,1%	22,2%	100%	-
Trade and other receivables (gross)	31 895	339	50	15	3 586	**35 885**
Expected credit loss	(287)	(59)	(11)	(3)	(3 586)	**(3 946)**

The expected credit loss as at 31 December 2024 are determined by applying the following expected credit loss rates:

(EUR'000)

	Not overdue	Overdue over 30 days	Overdue over 90 days	Overdue over 120 days	Total
Expected credit loss rate	0,5%	5,0%	12,8%	91,6%	-
Trade and other receivables, gross	34 376	390	34	2 409	**37 209**
Expected credit losses	(172)	(20)	(4)	(2 208)	**(2 404)**

Cash deposits

The credit risk arising from the Group's cash deposits with banks is managed by the Finance Department of the Parent Company in accordance with the Group's Financial Management Policy. Under the policy, it is permissible to invest the Group's free resources only in deposits or money market funds. Before placing funds in banks (deposits or current accounts), the Finance Department of the Group Parent Company evaluates banks' credit ratings and offered interest rates.

The Group's cash balances in banks according to bank credit ratings granted by Moody's agency:

(EUR'000)

Credit rating	31.12.2025	31.12.2024
Aa2	54	-
Aa3	2 869	70
A2	11 634	49 365
A3	25 512	19 405
Baa1	149	751
No rating	224	726
Total	**40 442**	**70 317**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to pay its financial liabilities when they fall due.

The Finance Department of the Group Parent Company manages liquidity risk by maintaining adequate cash reserves and ensuring sufficient funding through the granted loans, credit lines, leases, etc., as well as by constantly monitoring the projected and actual cash flows and harmonising the term structure of financial assets and liabilities.

The Group prepares a long-term cash flow forecast for the year (by month) and an operational cash flow forecast for four weeks to ensure that the Group has sufficient funds at its disposal to finance the expected operating costs, settle financial obligations, and make the necessary investments.

As at 31 December 2025, the Group's current assets exceed its current liabilities by EUR 2 681 thousand, as a result of which the total liquidity - current assets against current liabilities was 1.0. Current liabilities include deferred revenue of EUR 13 556 thousand related to the EU project and state budget fund investments in railway public infrastructure, so there is a low-risk possibility that financial resources will be required to cover these liabilities. The total liquidity ratio, excluding future revenues related to investments of EU projects and state budget funds in the public railway infrastructure, is 1.2.

The concluded loan agreements with banks provide for financial indicators that LDz must comply with during the term of the agreement. As at 31 December 2024, 31 December 2025, and early 2026, no borrowings were in default.

In the tables below, the Group's financial liabilities are analysed by maturity, based on the undiscounted amounts of financial liabilities specified in the agreements, including interest payments:

(EUR'000)

31 December 2025	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Borrowings from credit institutions	7 273	21 706	50 702	1 223	80 904
Other liabilities (including other borrowings, trade and other payables)	19 474	14 113	1 928	916	36 431
Total	**26 747**	**35 819**	**52 630**	**2 139**	**117 335**

(EUR'000)

31 december 2024	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Borrowings from credit institutions	7 491	31 864	70 295	2 924	112 574
Other liabilities (including other borrowings, trade and other payables)	13 346	14 057	2 375	1 042	30 820
Total	**20 837**	**45 921**	**72 670**	**3 966**	**143 394**

27 Fair value considerations

IFRS 13 establishes a hierarchy of valuation techniques based on whether observable market data is used in the valuation technique or whether market data is not observable. Observable market data are obtained from independent sources. If the market data are not observable, the valuation technique reflects the Group's assumptions about the market situation.

This hierarchy requires the use of observable market data where available. When carrying out revaluation, the Group takes into account appropriate observable market prices, if possible.

The objective of fair value measurement, even if the market is not active, is to determine the transaction price at which market participants would be willing to sell the asset or assume a liability at a specific measurement date under current market conditions.

Various methods are used to determine the fair value of a financial instrument: quoted prices or valuation techniques that incorporate observable market inputs and are based on internal models. Based on the fair value hierarchy, all valuation techniques are categorised into Level 1, Level 2, and Level 3.

The level of the fair value hierarchy of a financial instrument should be set at the lowest level if the material part of its value is made up of lower-level data.

The classification of a financial instrument in the fair value hierarchy takes place in two stages:
1. Classify data at each level to determine the fair value hierarchy;
2. Classify the financial instrument itself based on the lowest level if the material part of its value is made up of lower-level data.

Quoted market prices — Level 1
The Level 1 valuation technique uses unadjusted quoted prices in an active market for identical assets or liabilities, where the quoted prices are readily available and the price is representative of the actual market situation for arm's length transactions. The Group has no financial instruments valued at Level 1.

Valuation technique using market data – Level 2
In the models used in the valuation technique at Level 2, all relevant data, directly or indirectly, is observable, on the assets or liability sides. The model uses market data other than the quoted prices included in Level 1, but which are observable either directly (i.e. price) or indirectly (i.e., derived from the price). The Level 2 fair value hierarchy corresponds to the Group's cash and cash equivalents.

Valuation technique using market data that is not based on observable market data – Level 3

Valuation technique using market data that is not based on observable market data – Level 3

In the valuation technique, when using market data that is not based on observable market data (non-observable market data) is classified at Level 3. Unobservable market data is considered to be data that is not readily available in an active market, due to an illiquid market or complexity of the financial instrument.

Level 3 data are generally determined based on observable market data of a similar nature, historical observations or using analytical approaches.

Financial assets and liabilities included in Level 3:

(EUR'000)

Assets	31.12.2025	31.12.2024
Trade receivables, net	31 938	34 806
Long-term financial investments	74	74
Total	**32 012**	**34 880**

(EUR'000)

Liabilities	31.12.2025	31.12.2024
Borrowings from credit institutions	75 528	102 948
Accounts payable to suppliers and contractors	36 370	30 856
Total	**111 898**	**133 804**

Assets and liabilities for which fair value is disclosed

The carrying amount of liquid and short-term (with maturity not exceeding three months) financial instruments, such as cash and cash equivalents, short-term deposits, short-term trade receivables, and current trade payables, approximate their fair value.

The fair value of loans from credit institutions and other non-current liabilities is measured by discounting future cash flows at market interest rates. Since the interest rates applied to loans from credit institutions and other non-current liabilities are generally variable and do not differ significantly from market interest rates, and the risk premium applicable to the Group has not changed significantly, the fair value of long-term liabilities approximates their carrying amount.

Assets measured at fair value

The valuation of the property, plant and equipment group Freight wagons was last carried out in 2022 using the market approach. The determination of the value of property, plant and equipment was carried out by an external certified appraiser, assessing the potential market value of the wagons and using the method of residual replacement of the asset within the cost approach. The value of the wagons is therefore considered to be in line with the Level 3 valuation technique. The category of property, plant and equipment Freight wagons is measured at the revalued amount, based on the valuation performed in 2022, taking into account the accumulated depreciation. Based on the impairment assessment of property, plant and equipment, it was concluded that the fair value of freight wagons does not materially differ from their carrying amount. However, taking into account market volatility, a revaluation of this asset category is planned for 2026.

28 Capital management

The Republic of Latvia owns 100% of the shares of VAS Latvijas dzelzceļš.

The Group's objectives concerning capital management are to ensure the Group's ability to continue as a going concern and to deliver the return on capital determined by the general meeting of shareholders of the Group companies. The state of Latvia, as the sole owner of the Group's share capital, has the right to make decisions related to the increase, decrease, payment of dividends or allocation of the Group's capital for development.

In the context of capital management, the Group assesses the leverage ratio. The Group's financial risk management policy does not set a minimum or maximum level for this indicator. The Group considers the financial conditions set by the banks concerning the leverage ratio when drawing up short- and long-term financial plans and budgets.

(EUR'000)

	31.12.2025	31.12.2024
Borrowings from credit institutions and other borrowings	75 528	102 948
Accounts payable (including taxes)	46 811	51 917
Other liabilities	309 800	283 655
Total liabilities	**432 139**	**438 520**
Shareholder's equity	345 478	353 252
Total equity and liabilities	**777 617**	**791 772**
Debt to total capital ratio	56%	55%
Equity to debt ratio	80%	81%

29 Capital expenditure commitments

The Group plans to make capital expenditure in property, plant and equipment and intangible assets also in the next reporting year, of which:
Major contracts concluded but not yet completed:

Name of counterparty, subject of the contract	Date of contract	Maturity of the contract	Contract amount, EUR'000
General partnership BMGS – FIMA: Construction of elevated platforms on the railway line Riga – Jelgava	29.07.2021.	until fulfilment of obligations	6 917
General partnership BMGS – FIMA: Construction of elevated platforms on the railway line Riga – Krustpils	29.07.2021.	until fulfilment of obligations	10 752
General partnership BMGS – FIMA: Construction of elevated platforms on the railway line Riga – Tukums II	29.07.2021.	until fulfilment of obligations	6 163
OU Leonhards Weiss: Construction of elevated platforms on the railway line Zemitāni – Skulte (Zemitāni-Vecāķi-Alfa)	30.07.2021.	until fulfilment of obligations	8 084
General partnership BMGS – FIMA: Construction of elevated platforms on the railway line Zemitāni – Skulte	29.07.2021.	until fulfilment of obligations	8 229
General partnership FIMA GROUP: Implementation of unified information and video surveillance systems	12.05.2022.	until fulfilment of obligations	5 512
PA BMGS-FIMA-ASTOM: Modernisation of railway network infrastructure for increase of speed: construction	15.09.2022.	until fulfilment of obligations	57 938
PS NORDES BŪVE&BCC: Modernisation and development of the electrified railway network: construction	28.02.2024.	until fulfilment of obligations	60 702

In the reporting year, there were no significant approved transactions for which no contracts have been concluded.

30 Research and development activities

(EUR'000)

Costs	2025	2024
Internal expenditure on research and development work carried out by the companies	90	64
External expenditure on research and development work commissioned in other institutions, enterprises, organizations	8	54
Total	**98**	**118**

Research and development costs were incurred in 2025 by SIA LDZ CARGO.

31 Contingent tax liabilities

The tax authorities can at any time conduct an audit of accounting records within three years after the tax year and additionally calculate tax liabilities and penalties. The Group's Management is not aware of any circumstances that may give rise to possible material liabilities in the future.

32 Related party transactions

The Group applies the exemption under IAS 24 and presents only material transactions with state-related parties. The Group has transactions with the Ministry of Transport (100% shareholder of LDz) and other companies whose shares are owned by the state. Mutual transactions are related to the operating activity of the respective parties.

Related party AS Pasažieru Vilciens*		2025	2024
Related party transactions	Sold/provided	29 081	27 900
	Purchased/received	238	181
Due from the related party at the end of the reporting year		1 831	1 766
Due to the related party at the end of the reporting year		2	2

*The types of largest transactions – payments for the minimum access service package, distribution and sale of electricity, fee for diesel fuel, lease of premises, purchase of subscriber tickets.

Related party AS Latvenergo*		2025	2024
Related party transactions	Sold/provided	393	1 609
	Purchased/received	12	1 063
Due from the related party at the end of the reporting year		58	92
Due to the related party at the end of the reporting year		2	125

*Types of the largest transactions – payments for security services, placement of equipment on sites.

33 Going concern

The Group's loss after tax amounts to EUR 7 823 thousand, and compared with 2024, the loss has decreased significantly — by EUR 31 154 thousand, or 79.9%.

External factors related to the geopolitical situation, the war in Ukraine, and the imposed international economic sanctions against Russia and Belarus indicate that the situation related to the volumes of freight transportation will not improve significantly in the foreseeable future.

Following Russia's invasion of Ukraine on 24 February 2022, Russia and Belarus have been subject to extensive economic and political sanctions. The sanctions had a significant impact on the Group's operations, requiring a review of internal sanctions management processes as well as additional resources to be allocated to sanctions inspections, both on business partners and on the freight transported.

Given the Group's cooperation with Russian and Belarusian partners in previous years, as well as the nature of its operations, the war in Ukraine has undoubtedly had and will continue to have an impact on the Group's operations in 2026 and beyond. The restrictions in place to date have led to a reduction in cargo volumes and it is difficult to predict the possible impact of additional sanctions on the Group's operations in the future. In view of the risks associated with sanctions, the following measures have been taken:

1. LDz has established a separate Sanctions Department and Sanctions Committee responsible for sanctions reviews, strengthening the exchange of information on sanctions reviews within the Group.
2. The Group has developed and implemented the Sanctions Policy of Latvijas Dzelzceļš Group, ensuring a uniform approach to sanctions checks throughout the Group.
3. In assessing the risks related to significantly expanded lists of sectoral sanctions, the Group strengthened cargo inspection procedures by increasing the assessment of cargo types and their compliance with the established sectoral sanctions.
4. All persons included in the sanctions lists are reflected in the Sanctions Information System (IS) maintained by LDz, which ensures daily automatic verification of all clients and cooperation partners for coincidence with the lists of sanctioned persons. The lists of IS Sanctions are updated daily automatically from the official sites that maintain news about the sanctions of the Republic of Latvia, the European Union, the UN, and OFAC.
5. In 2026, work continued to upgrade IS Sanctions system, as well as on strengthening the Group's sanctions monitoring function through several technical improvements.

The Group's Management is aware of the uncertainty associated with the further development of the situation and continues to monitor the development of events daily, as well as their possible impact on the Group's activities.

However, despite the difficult situation, the Group's management is confident that the going concern basis is applicable to the preparation of the consolidated financial statements based on the implementation of the Group's new business model, the review of organisational and technological processes, which has resulted and will continue to result in cost reductions, as well as the receipt of the necessary public funding pursuant to Section 9(4) of the Railway Law and the Multi-Annual Agreement.

As mentioned, as at 31 December 2025, the Group's current assets exceed its current liabilities by EUR 2 681 thousand, as a result of which the total liquidity – current assets against current liabilities was 1.0. Current liabilities include deferred revenue of EUR 13 556 thousand related to the EU project and state budget fund investments in railway public infrastructure, so there is a low-risk possibility that financial resources will be required to cover these liabilities. The total liquidity ratio, excluding future revenues related to investments of EU projects and state budget funds in the public railway infrastructure, is 1.2. As at 31 December 2025, no borrowings were in default.

To mitigate the impact of market risk, the Group optimises costs by changing technological and administrative processes, increasing their efficiency. In order to diversify the freight nomenclature and reduce dependence on Russian and Belarusian exporters, the Group is focused on entering new markets and attracting freight, as well as actively working on increasing the services provided to other market segments, including: increasing the volume of domestic freight transport.

The aim of the reorganization of the Group completed in 2025 was both to simplify the Group's structure and reduce costs, as well as to establish SIA LDZ CARGO as a unified, strong, competitive, and profitable company. While the reorganisation was initially expected to generate savings of approximately EUR 3 million at the Group level, the actual savings amounted to around EUR 5 million. However, the positive impact of these savings on the improvement of the financial result was significantly offset by a decline in revenue from freight transportation and freight wagon leasing services.

The main objective of LDz is to ensure the management of the state public-use railway infrastructure and safe, high-quality and efficient railway and logistics services in the interests of the state and the Latvian national economy.

In 2026, it is planned to continue the cost reduction measures initiated in previous periods. Taking into account the progress achieved by LDz in the area of cost optimisation to date, greater focus will be placed in 2026 on the review of the company's business processes, concentrating on functions necessary to ensure core operations. At the same time, work on technological transformation will continue, supporting more efficient operations through the use of digital tools.

In parallel with cost-cutting measures, the Group is working to increase revenues – both from the rental of facilities and from the provision of services outside the Group. LDZ CARGO is actively working to develop freight transport both in Latvia and in the neighbouring countries of Lithuania and Estonia by participating in tenders, attracting new customers and offering new routes. Other Group companies are also actively working on customer acquisition. No significant further decline in revenue is expected in 2026 compared with 2025.

In 2025, to ensure financial balance, LDz received a state budget payment of EUR 26 013 thousand for 2024.

On 30 December 2025, the Ministry of Transport and LDz concluded a Multi-Annual Agreement for the planning and financing of the maintenance and development of the state public-use railway infrastructure for 2025-2029. In accordance with the agreement, under normal operating conditions over a five year period starting from 2025, the State will ensure that, in the infrastructure manager's statement of profit or loss, revenue from infrastructure charges, profit from other commercial activities, non-refundable revenue from private sources, as well as State funding, including, where applicable, advance payments received from the State, are at least in balance with infrastructure related expenses. Funds to ensure the financial stability of the Infrastructure Manager are planned as part of the State budget preparation process, taking into account the State budget's financial capacity.

The state budget funds to ensure the financial stability of LDz for 2025 in the amount of EUR 24 498 thousand are foreseen in the law On the State Budget for 2026 and Budget Framework for 2026, 2027, and 2028.

The criteria for LDz to receive the financial stability payment are the non-fulfilment of the financial stability conditions provided for in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement. Given that in 2025 LDz did not meet the conditions for financial stability set out in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement, the criteria for receiving financial stability payments set out in Section 9, Paragraph 4 of the Railway Law and the Multi-Annual Agreement were therefore met. The fact that the financial stability payment from previous years has been received confirms the validity of the revenue recognition for 2025.

Although there is confidence that the financial resources will be received, uncertainty remains regarding the amount and timing of the additional financial resources to be allocated to LDz. This uncertainty arises from paragraph 3.3 of the Multi-Annual Agreement, which provides that allocations for financial stability are planned taking into account the State budget's financial capacity, which may consequently affect the amount of financial stability funding to be received in subsequent years and the timing of its receipt. This uncertainty concerns the funding required to ensure LDz's financial stability.

Despite this uncertainty, Latvijas dzelzceļš Management believes that the going concern principle is applicable to the preparation of the financial statements, based on the approval of the strategy and action plan of Latvijas dzelzceļš, the implementation of the new business model of the LDz Group, and the review of organizational and technological processes, which should result in future cost reduction. Likewise, the experience of recent years indicates that an adequate amount of financial stability funding has been included in the State budget during its preparation.

The main task of Latvijas dzelzceļš is to ensure the management of the State public-use railway infrastructure and safe, high-quality, and efficient railway and logistics services in the interests of the State, the public, and the Latvian economy, therefore we believe that the fulfilment of the conditions laid down in Section 9 (4) of the Railway Law will not be delayed. Consequently, the financial statements have been prepared on a going concern basis and do not include any adjustments, including revaluations of assets and liabilities, that would be necessary if the going concern basis had not been applied.

In addition, to ensure the liquidity of SIA LDZ CARGO, a credit line of EUR 5 million for short-term cash-flow financing has been provided by OP Corporate Bank plc branch in Latvia since 2024, and it remained fully available as at 31 December 2025.

34 Subsequent events

On 3 March 2026, LDz sent a notice to General Partnership BMGS-FIMA regarding the termination of the construction contract. Construction was terminated under only one contract among several contracts concluded for the implementation of the project Modernisation of Railway Passenger Infrastructure, Phase 2.

Work under the remaining contracts continues. With regard to the terminated contract, it is planned to launch a new procurement procedure during 2026, while in parallel approaching the funding providers with a request to extend the project deadline until 2029.

There have been no events since the end of the reporting year, that have had a material impact on the information presented in the consolidated financial statements for 2025.

Riga, see the timestamp for the date.

The original document prepared in Latvian has been signed electronically with a secure electronic signature and contains a timestamp.

A.Grinbergs
Chairman of the
Management Board

R.Pļavnieks
Member of the
Management Board

The annual report was prepared by the
Finance Department of VAS Latvijas dzelzceļš,
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T.Labzova-Ceicāne

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Independent Auditors' Report

To the shareholder of Latvijas dzelzceļš VAS

Report on the Audit of the Consolidated Financial Statements

Our Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Latvijas dzelzceļš VAS ("the Company") and its subsidiaries ("the Group") set out on pages 218 to 271 of the accompanying consolidated Annual Report, which comprise:

- the consolidated statement of comprehensive income for the year ended as at 31 December 2025,
- the consolidated statement of financial position as at 31 December 2025,
- the consolidated statement of changes in equity for the year ended as at 31 December 2025,
- the consolidated statement of cash flows for the year ended as at 31 December 2025, and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies and other explanatory notes.

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

Basis for Opinion

In accordance with the 'Law on Audit Services' of the Republic of Latvia we conducted our audit in accordance with International Standards on Auditing adopted in the Republic of Latvia (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibility for the Audit of the Consolidated Financial Statements* section of our report.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) developed by the International Ethics Standards Board for Accountants (IESBA Code), and the independence requirements included in the 'Law on Audit Services' of the Republic of Latvia that are relevant to our audit of the consolidated financial statements in the Republic of Latvia. We have also fulfilled our other professional ethics responsibilities and objectivity requirements in accordance with the IESBA Code and the 'Law on Audit Services' of the Republic of Latvia.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Reporting on Other Information

The Group's management is responsible for the other information. The other information comprises:

- Information about the Group, as set out on pages 3 and 4 of the accompanying consolidated Annual Report,
- the Management Report, as set out on pages 5 to 17 of the accompanying consolidated Annual Report,
- Group's Sustainability Report, as set out on pages 18 to 212 of the accompanying Group's consolidated Annual Report, including statement on corporate governance of Latvijas Dzelzceļš Group in 2025.

Our opinion on the consolidated financial statements does not cover the other information included in the consolidated Annual Report, and we do not express any form of assurance conclusion thereon, except as described in the *Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information* section of our report. We have performed an assurance engagement on Group's Sustainability Report as set out on pages 18 to 212 that forms part of the *Other Information* and provided a separate assurance practitioner's conclusion thereon as set out on pages 214 to 217.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed and in light of the knowledge and understanding of the Group and its environment obtained in the course of our audit, 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.

Other Reporting Responsibilities in Accordance with the Legislation of the Republic of Latvia Related to Other Information

In addition, in accordance with the 'Law on Audit Services' of the Republic of Latvia with respect to the Management Report, our responsibility is to consider whether the Management Report is prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

Based solely on the work required to be undertaken in the course of our audit, in our opinion, in all material respects:

- the information given in the Management Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements; and
- the Management Report has been prepared in accordance with the requirements of the 'Law on the Annual Reports and Consolidated Annual Reports' of the Republic of Latvia.

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

Management is responsible for the preparation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 Group'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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

KPMG Baltics SIA
Licence No. 55

Armine Movsisjana

Armine Movsisjana
Chairperson of the Board
Latvian Sworn Auditor
Certificate No. 178
Riga, Latvia

26 March 2026

This report is an English translation of the original Latvian. In the event of discrepancies between the two reports, the Latvian version prevails