

**JOINT STOCK COMPANY RB RAIL  
(UNIFIED REGISTRATION NUMBER 40103845025)**

**ANNUAL REPORT  
FOR THE YEAR ENDING 31.12.2024  
PREPARED IN ACCORDANCE WITH  
THE LAW OF THE REPUBLIC OF LATVIA ON ANNUAL FINANCIAL REPORTS AND  
CONSOLIDATED FINANCIAL REPORTS**

**TOGETHER WITH INDEPENDENT AUDITORS' REPORT**

**RIGA, 2025**

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## GENERAL INFORMATION

<b>Name of the company</b>	RB Rail AS
<b>Legal status of the company</b>	Joint Stock Company
<b>Unified registration number, place, and date of registration</b>	LV40103845025 Riga, 12 November 2014
<b>Registered office</b>	Riga, Satekles iela 2B LV-1050, Latvia
<b>Shareholders</b>	Rail Baltic Estonia OÜ (33.33%) Registration No. 12734109 Veskiposti tn 2/1, Tallinn, 10138, Estonia  Eiropas dzelzcela linijas SIA (33.33%) Registration No. 40103836785 Gogola street 3, Riga, LV-1050, Latvia  Rail Baltica statyba UAB (33.33%) Registration No. 303227458 Mindaugo street 12, Vilnius, LT-03225, Lithuania
<b>Branches</b>	RB Rail AS Lietuvos filialas, Reg. No. 304430116 J. Basanavičiaus g. 24, Vilnius LT-03224, Lithuania  RB Rail AS Eesti filial, Reg. No. 14168654 Veskiposti tn 2/1, Tallinn, 10138, Estonia  RB Rail AS filiāle, Reg. No. 40203254781 Satekles iela 2B, Riga, Latvia

<b>Type of operations</b>	To design, construct and market (including branding) <i>Rail Baltica</i> railway line
<b>NACE codes</b>	70.22 Business and other management consultancy activities 71.12 Engineering activities and related technical consultancy 71.20 Technical testing and analysis 71.11 Architectural design 73.20 Advertising and market research 84.13 Regulation of and contribution to more efficient operation of business
<b>Reporting year</b>	1 January 2024 – 31 December 2024
<b>Previous reporting year</b>	1 January 2023 – 31 December 2023
<b>Chief Accountant</b>	Anita Pūka
<b>Auditor and certified auditor name and address</b>	Deloitte Audits Latvia SIA Republikas laukums 2a Riga, LV-1010 Latvia  Certified auditor in charge: Inguna Staša Certificate No. 145

## INFORMATION ABOUT THE COMPANY'S MANAGEMENT

### Members of the Management Board

Name	Position	Elected	Released
Marko Kivila	Chairperson of the Management Board	15.02.2023	-
Marius Narmontas	Member of the Management Board	17.11.2022	-
Thierry Jacques Boussillon	Member of the Management Board	01.02.2023	-
Emilien Leonard Nicolas Dang	Member of the Management Board	03.07.2023	-

**Kitija Gruškevica**      **Member of the Management Board**      **18.12.2023**      **-**

### Members of the Supervisory Board

Name	Position	Elected	Released
Sandor Liive	Chairperson of the Supervisory Board	05.01.2024	31.12.2024
Sandor Liive	Member of the Supervisory Board	01.01.2025	-
Arenijus Jackus	Member of the Supervisory Board	27.07.2022	31.12.2024
Arenijus Jackus	Chairperson of the Supervisory Board	01.01.2025	-
Romas Švedas	Deputy Chairperson of the Supervisory Board	01.01.2024	31.12.2024
Romas Švedas	Member of the Supervisory Board	01.01.2025	-
Ligita Austrupe	Chairperson of the Supervisory Board	01.01.2023	04.01.2024
Keit Kasemets	Member of the Supervisory Board	01.01.2024	31.12.2024
Keit Kasemets	Deputy Chairperson of the Supervisory Board	01.01.2025	30.01.2025
Arnis Kākulis	Deputy Chairperson of the Supervisory Board	01.01.2024	31.12.2024
Arnis Kākulis	Member of the Supervisory Board	01.01.2025	-
Ģirts Rūda	Member of the Supervisory Board	31.01.2024	31.12.2024
Ģirts Rūda	Deputy Chairperson of the Supervisory Board	01.01.2025	-

## MANAGEMENT REPORT

The Rail Baltica project is set to become a part of the European Transport Network North Sea–Baltic corridor, representing a European standard gauge railway transportation system. It spans four European Union member states – Poland, Lithuania, Latvia, and Estonia – and indirectly includes Finland. The goal of this project is to connect the Baltic countries with Poland and the rest of the EU through an efficient, modern, safe, and environmentally friendly railway transportation system.

RB Rail AS (further on – the Company), the joint venture of Estonia, Latvia, and Lithuania, was established on November 12, 2014, in the Republic of Latvia, in equal shares (33.33%) by its shareholders – the national implementers of the Rail Baltica project: OÜ Rail Baltic Estonia, SIA "Eiropas Dzelzceļa līnijas", and UAB "Rail Baltica statyba."

RB Rail AS plays a crucial role in ensuring the successful implementation of the Rail Baltica project by coordinating compliance, certification, financing, and stakeholder engagement.

- **Certification & Compliance:** RB Rail AS is pivotal in achieving APIS (Authorization to Place in Service) certification and verification of the Rail Baltica line. The company monitors that full compliance with all regulatory standards, safety requirements, and operational permissions is ensured, guaranteeing the project's reliability and seamless integration into the European railway network.
- **Financial Sustainability:** RB Rail AS optimizes resources, explores diverse funding opportunities, and enhances financing models to secure the long-term sustainability of the project. The company plays a key role in preparing and submitting EU financing proposals for the Rail Baltica global project on behalf of the national beneficiaries: the Ministry of Climate of the Republic of Estonia, the Ministry of Transport of the Republic of Latvia, and the Ministry of Transport and Communications of the Republic of Lithuania.
- **Stakeholder Management:** RB Rail AS facilitates consensus-building and engagement among key stakeholders, ensuring alignment across national and EU-level decision-makers. The company acts as a center of excellence and expert pool, fostering collaboration among all parties involved.

Initially responsible for coordinating the design, construction, and marketing of the Rail Baltica project, RB Rail AS's role has evolved as the project has matured. The Project Management Agreement (February 28, 2024) outlines its strategic role as the central coordinator for the remainder of the project, reinforcing its leadership in certification, financing, and stakeholder collaboration.

## GOVERNANCE

The Company acknowledges the critical role of corporate governance in ensuring the successful implementation of the Rail Baltica project. A well-defined decision-making framework ensures that decisions are made collaboratively, based on accurate information, and aligned with the project's implementation objectives. The Company's functions are outlined in the following key agreements:

- Shareholders' Agreement (2014),
- Contracting Scheme Agreement (2016),
- Project Management Agreement (2024).

Consequently, in 2024, the organizational structure, responsibilities, and tasks were aligned with these agreements. The Company's Strategy 2024–2030, which includes its vision, mission, and values, was revised and enhanced, defining operational principles and setting mid-term strategic objectives.

Four fundamental principles guide the Company's corporate governance:

1. Transparency – ensuring open communication, accountability and access to relevant information for all stakeholders.
2. Centralized decision-making – facilitating strategic alignment, efficiency, and consistency across all project phases.
3. Sustainability and quality management – implementing long-term, responsible practices and maintaining the highest quality standards in project execution.
4. Standardized Policies – Establishing uniform procedures and best practices to ensure regulatory compliance and operational excellence.

The Company ensures compliance with both external and internal legal frameworks, maintaining transparency and accountability to stakeholders. This is upheld through internal procedures and regular reporting, which were significantly revised and strengthened in 2024 to meet the evolving requirements of each phase of Rail Baltica implementation and RB Rail's organizational maturity.

To further enhance transparency, in 2024, RB Rail AS defined essential functions for executing its designated responsibilities and tasks. These functions are categorized into core and support functional groups, in addition to management functions.

## **STAKEHOLDER ENGAGEMENT AND TRUST**

The Company recognizes that stakeholder trust and confidence are pivotal to achieving the Rail Baltica global project objectives. To engage stakeholders proactively, the Company launched annual Key Stakeholder Survey in 2024 to gather input, address concerns, and incorporate feedback into decision-making processes. The Key Stakeholder Survey has been conducted since 2019 and is continuously improved to better address stakeholder expectations. Its primary objective is to assess collaboration efficiency and key project aspects, while also identifying areas and formats requiring special attention in the upcoming year.

Simultaneously, the Company continued developing a Stakeholder Management Framework, including methodologies, processes, and tools. This framework will be systematically implemented to align stakeholder engagement with best industry practices. A structured Stakeholder Management approach is essential for the project's success and remains an ongoing process throughout the project lifecycle.

Meanwhile, to ensure continuous monitoring of transport industry developments in a sustainable manner at the EU and international levels, the Company retained its membership in the Community of European Railway and Infrastructure Companies (CER) and the International Union of Railways (UIC). By maintaining active participation in these organizations, the Company reinforces its commitment to aligning Rail Baltica with global best practices in railway development and governance.

## RISK MANAGEMENT

Risk management is an integral and essential component of the Company's corporate governance, encompassing strategies, methods, and processes to identify, analyze, assess, control, monitor, and report both short-term and long-term risks the Company may encounter. The Company adopts a comprehensive, integrated approach to risk management, following the Plan-Do-Check-Act life cycle. Recognizing the dynamic nature of risks in large-scale projects, the Company employs proactive strategies to effectively manage potential challenges.

Risk management is implemented at all levels of the Company and follows the "three lines of defense" model:

- Operational Level (1st Line) – Risk takers managing risks within daily operations.
- Risk Management & Compliance Functions (2nd Line) – Providing oversight and ensuring adherence to risk policies.
- Internal Audit Function (3rd Line) – Independently assessing risk management effectiveness and governance processes.

The Company's current risk profile includes risks at both the strategic level, related to the Rail Baltica global project, and at the corporate level, covering:

- Program-level risks, evaluating potential impacts on the Rail Baltica global project's schedule, costs, quality, and reputation.
- Corporate-level risks, including, financial risk, operational risk, compliance and legal risk, reputational risk.

Additionally, the Company takes a leadership role in managing Rail Baltica railway safety (technical) risks, providing guidance, and establishing the relevant risk management framework in line with applicable EU standards.

In 2024, the Company continued enhancing the risk management framework and supporting processes by further expanding the Rail Baltica global project risk management system to national implementers. Key improvements included upgrading regular reporting elements, refining the risk management procedure to align with the project's evolving maturity and future developments, and significantly enhancing the quality of risk data. Additionally, the Company strengthened monitoring mechanisms for the implementation of risk response actions and established additional key risk indicators.

## PERSONNEL AND ORGANIZATIONAL STRUCTURE

In 2024, the organizational structure of the Company was adapted to meet the evolving needs of each project implementation phase. To ensure streamlined management in alignment with the requirements of the Project Management Agreement and to strengthen the implementation of the Rail Baltica project, a restructuring process took place in mid-2024. This involved the introduction of new units within certain departments as structural entities and the assignment of responsibilities defined in the Project Management Agreement to the respective Management Board members. The new organizational structure was approved by the Company's Supervisory Board on June 6, 2024, and became effective on July 1, 2024.

The Company ended 2024 with 192 employees, a decrease of nine employees compared to the previous year. Throughout 2024, the Company actively recruited both local and international experts across various departments and locations to replace departing employees and fill new positions, ensuring the successful delivery of the Rail Baltica project. Many employees (74%) work at the headquarters in Riga, while 17% are based in Vilnius and 9% in Tallinn. Currently, the Company employs individuals from 14 different nationalities. At the end of 2024, the Company's gender distribution stood at 46% women and 54% men, reflecting its ongoing efforts to achieve gender balance.

In 2024, the Company continued working towards achieving RB Rail AS corporate key performance indicators and carried out the Performance Management process to provide a comprehensive review and assessment of employee performance. This process ensures alignment with strategic goals and the implementation of the Company's values. Following the widespread shift to remote work during the COVID-19 pandemic, companies worldwide have gradually transitioned back to office-based work. Reflecting this trend, the Company introduced a new hybrid working model in 2024, requiring employees to work from the office at least three days a week. This model aims to enhance team collaboration while maintaining the flexibility of remote work, supporting efficiency, productivity, and employee well-being. As a knowledge-intensive organization, the Company recognizes the importance of maintaining expertise. To enhance awareness of various aspects of the Rail Baltica mega-project, the Company continued its internal knowledge-sharing initiatives, fostering professional growth and learning initiatives.

## RAIL BALTICA PROJECT FINANCING

In 2024, the Rail Baltica project made significant progress with the successful approval of two applications for the next round of financing from the EU Connecting Europe Facility (CEF) under the EU Multiannual Financial Framework (MFF) for 2021–2027. As a result, an additional 1.395 billion euros was secured from CEF and the state budgets of Estonia, Latvia, and Lithuania.

Under the EU Multiannual Financial Framework for the periods 2014–2020 and 2021–2027, and with the newly signed agreements, the three Baltic states and the Company have collectively signed eleven grant agreements under the CEF instrument to fund the construction of the Rail Baltica conventional railway infrastructure. Including these grant agreements and additional

funding under the Military Mobility envelope, Rail Baltica has secured approximately 4.1 billion euros, with nearly 85% coming from the Connecting Europe Facility (CEF) and the remaining portion funded by the governments of Estonia, Latvia, and Lithuania.

Additionally, in 2024, in collaboration with the responsible ministries of Estonia, Latvia, and Lithuania, the Company continued preparing an application for further CEF financing under the EU Multiannual Financial Framework (2021–2027). A decision on this application is expected by mid-2025, with the conclusion of financing contracts anticipated in the second half of 2025.

Under seven Multiannual Financial Framework (2014–2020) Grant Agreements, which have a completion date of December 31, 2024, all related Action costs can be incurred until the end of 2024. However, where necessary, the completion of Action scope can be achieved using national financing until the submission of Final Reports by December 31, 2025. As at 31.12.2024 the forecast overall technical completion rate by end of 2025 is estimated at 93,5%. Completion rate is affected by various activities such as construction completion in Lithuania, mainline and point type object design completion in Latvia and Estonia. RB Rail AS is estimated to reach 100% technical completion rate by end of 2025. The key activities of the RB Rail AS remaining to be fully delivered by end 2025 using State budget funding are related to Rail Baltica ENE design and build agreement covering all three Baltic states as well as finalisation of Rail Baltica Command Control and Signalling procurement in order to assess the tender documents, received bids and sign the agreement.

Currently other alternative financing options such as public-private partnerships, loans and other EU funds (Horizon Europe, CEF Digital, Modernization fund) are being investigated to obtain additional funding that would secure the Company's financing and Rail Baltica project implementation.

## **PROGRESS IN 2024**

The project's importance has been elevated with its inclusion in not one, but two critical European Transport Corridors. By uniting the Baltic, Black, and Aegean Seas, and extending connections to Ukraine and Moldova, Rail Baltica emerges not only as a key to regional connectivity but as a vital instrument for Europe's reconstruction ambitions in Ukraine.

In recognition of growing investment needs and the ambitious 2030 implementation deadline, in 2024 Rail Baltica project implementers introduced the results of updated Cost-Benefit Analysis and informed its stakeholders on a significant Capex increase and necessity to adopt a phased implementation approach to address the financial and technical constraints of the project. The first phase focuses on delivering an operational cross-border corridor by 2030, linking Estonia, Latvia, and Lithuania with Poland. The second phase, contingent on future funding, will complete the full integration of Rail Baltica into Europe's rail network.

The project has now fully entered the construction phase, with mainline construction underway in all three Baltic countries. By the end of 2025, 43% of the mainline is expected to be construction-ready and actively under development. The two largest procurements –

electrification and the design and construction of the control-command and signaling system – are progressing in line with the overall project timeline.

November 2024 marked a financial milestone for Rail Baltica, with an additional €1.4 billion secured from the Connecting Europe Facility. In total, the project has now secured more than €4,1 billion through the CEF and national co-financing from the Baltic states. This year, the project seeks to increase this amount further by applying for another EU financing call in the amount of more than € 400 million. Additional financing avenues, including public-private partnerships, are under active exploration.

## **PROGRESS BY COUNTRY (ESTONIA, LATVIA AND LITHUANIA)**

In Estonia, Rail Baltica is taking shape with major progress on the ground. Currently, about 74 km of railway mainline substructure is either under construction or secured through contracts across eight sections. Additionally, tenders are ongoing or planned this year for another 33 km of railway substructure construction. 23 railway crossings and 24 utility crossings have been completed, with work continuing 6 more railway crossings. The Soodevahe and Pärnu construction bases are finished, and the first phase of the Pärnu passenger terminal is complete. In Tallinn, the future heart of Estonia's international rail connections – the Ülemiste Terminal – is steadily rising. The project is progressing in four phases, with 3 other construction phases being in procurement. An important milestone was reached with the laying of the terminal's cornerstone.

Meanwhile, Rail Baltic Estonia, the national body leading the project, has launched a massive alliance tender for the mainline. Valued at nearly one billion euros, it enables international industry leaders and Estonian companies to combine their experience and expertise, providing added value to the project.

In Latvia, a framework construction agreement has been signed for 230 km of mainline civil works, covering the route connecting with Estonian and Lithuanian borders. Construction preparation has begun in the southern priority section, covering up to 40 km toward the Lithuanian border, with approximately 98% of the required land already acquired. Work is underway to establish the mainline construction base, including completed deforestation and ongoing soil preparation. Procurement of construction materials is in progress, site preparation is underway, and efforts are being made to engage with local communities and keep residents informed about upcoming works. By spring, the first construction activities outside Riga will commence near Iecava. Construction continues at Latvia's two Rail Baltica international passenger terminals – Riga Central Hub and Riga International Airport.

Significant progress has been achieved in Lithuania, with advancements in both design and construction of the mainline. Construction is continuing the 46 km section towards Panevėžys, with an additional 12 km tender currently underway. In 2025, new tenders will be launched for ~56 km embankment, and ~28 km of mainline superstructure. Recent achievements include new agreements on the bridge over the Neris River, allowing the construction work to be accelerated. Progress has also been made on regional stations and maintenance facilities in Kaunas,

Panevėžys, and surrounding areas. Territory planning is complete and design contracts are set to begin in 2025. Meanwhile, the Kaunas Railway Station design contract is in progress.

## **PUBLIC PROCUREMENT**

As the Rail Baltica project transitions into the active construction phase, the Company is fostering clear collaboration among project teams and aligning practices through the Rail Baltica Procurement Reference Group. This specialized internal coordination platform enables all key organizations involved in the global project to synchronize their approaches and enhance best practices. Maintaining the highest standards of quality while refining and aligning new procedures and processes remains a top priority.

The Company collaborates with over 400 pan-Baltic and international partners. Given the ongoing supply market challenges resulting from the war in Ukraine and the changing geopolitical landscape, the Company strictly enforces supplier restrictions. Cooperation at any level of the supply chain with Russian and Belarusian companies is strictly prohibited. In 2024, procurement procedures were executed effectively, with three procurement procedures facing appeals. In all three cases, the appeal decisions were ruled in favour of the Company. Additionally, three procurement procedures were terminated. By the end of 2024, there were eight ongoing tenders with a total value of approximately 2.5 billion euros.

The Company has focused its efforts on enhancing Global Project procurement policies, ensuring transparency, and implementing best practices. Throughout 2024, it continued adapting internal and external procedures to align with the construction phase. As part of this effort, the Company revised its Procurement Policy reducing administrative burdens. It will continue assessing further improvements in internal processes and policies.

Aligned with discussions within the Rail Baltica Procurement Reference Group, amendments were introduced to reduce administrative requirements in the deviation procedure. These changes were implemented in the Common Procurement Standards and Guidelines, a project-wide policy that also applies to Rail Baltica's national implementing bodies.

## **PUBLIC COMMUNICATION**

Rail Baltica's communication, PR, and stakeholder engagement efforts aim to enhance awareness and understanding of the project's socioeconomic, technical, and financial aspects, as well as its positive future impact. These efforts build support from the public, business community, and key influencers at local, national, EU, and international levels. A variety of communication channels, outreach activities, and engagement formats are implemented annually, targeting audiences such as the public, municipalities, local communities, professional associations, businesses, contractors, decision-makers, and academia.

In 2024 Rail Baltica made significant progress in advancing its communication and stakeholder engagement efforts, achieving high levels of awareness across the Baltic states and

internationally. The communication activities were aligned with strategic objectives, maintaining exceptionally high awareness levels, with 97% of residents in Latvia and Estonia and 93% in Lithuania familiar with Rail Baltica. Public opinion surveys revealed strong support for the project's role in promoting regional development, job creation, and enhanced transportation links within the Baltic states and Europe. Rail Baltica's ability to communicate these benefits effectively demonstrates its commitment to addressing public priorities.

The project's media presence grew significantly in 2024, with around 22,000 mentions across Baltic media. Latvia led in media coverage, accounting for over 76% of mentions, highlighting the country's strong engagement in the Rail Baltica narrative. Strategic communication efforts drove peaks in media mentions during key milestones, such as the dissemination of the Cost-Benefit Analysis and major construction updates. Internationally, media coverage increased by 27%, with Rail Baltica featured in prestigious outlets, emphasizing its role as a transformative European infrastructure project and its strategic importance for European security.

Rail Baltica's digital communication strategy yielded strong results, with its website receiving over 2,5 million views in 2024, serving as a key hub for accurate and timely updates. Stakeholders at all levels—local, national, and international—remained informed and engaged, with the project prominently showcased at four major international exhibitions. These events highlighted Rail Baltica's advancements and innovations, showcasing its transformative impact on European transportation. Beyond exhibitions, Rail Baltica participated in over 15 international conferences and forums, addressing topics such as logistics, sustainability, and intermodal mobility, reinforcing its position as a key infrastructure project. Additionally, Rail Baltica engaged in over 10 knowledge-sharing exchanges with peer projects across Europe.

## **FINANCIAL PERFORMANCE AND POSITION FOR THE REPORTING PERIOD**

The reporting period from 1 January 2024 to 31 December 2024 was the Company's tenth full year of operations.

In 2024 the Company recognized income from EU grants amounting to 18,691,225 EUR (compared to 18,149,008 EUR in 2023) and other financing income from Latvia, Estonia, and Lithuania (national Beneficiaries) totalling EUR 7,658,440 EUR (compared to 6,497,728 EUR in 2023). The result for the year showed a profit of 44,988 EUR, primarily attributed to interest earned on cash balances on and some contractual penalties (compared to profit of 10,594 EUR in 2023).

In 2024 the company received additional co-financing from EU CEF grants amounting to 23,408,589 EUR (compared to 25,780,937 EUR in 2023). From 2022 until the end of 2025, RB Rail's financing is governed by the Agreement on Financing of The Company, signed with the ministries of the three Baltic States responsible for the implementation of the Rail Baltica project. Additional bilateral Cooperation Agreements were signed between RB Rail and Lithuanian implementing body of Rail Baltica project LTG Infra AB, as well as RB Rail and Rail Baltic Estonia OU.

The essence of all agreements is financing of The Company by sharing and compensating the actual costs of Rail Baltica project coordination and implementation. The net amount of financing received in 2024 was 6,125,869 EUR (compared to 9,029,633 EUR in 2023), and the net amount of

bridge loans to finance the eligible expenses of RB Rail until receiving compensation from CEF grants decreased by 8,202,502 EUR to 26,991,189 EUR.

The Company's budget for 2025 was approved, considering the availability of adequate financing for the planned activities in 2025.

## **GOALS FOR 2025**

For 2025, as part of the RB Rail Company Strategy 2024–2030, the focus will be on several key objectives to drive project progress.

RB Rail AS is committed to delivering Rail Baltica Mainline designs in accordance with authorisations issued by the Beneficiaries to RB Rail AS. Another priority is the completion of subsystem procurements, ensuring that all necessary components are in place for the next phases of development.

Additionally, the company will initiate the implementation of system engineering and technical validation processes to enhance operational readiness. A revision of the Delivery Programme for Phase I will be undertaken, aligning project execution with available resources and strategic priorities.

A strong financing strategy remains essential, with a focus on producing a functional model for securing bridge financing, increasing state contributions, and closing the current Multiannual Financial Framework (MFF) financial support instruments.

To ensure effective risk mitigation, a comprehensive Global Project risk management approach will be implemented. Furthermore, RB Rail will strengthen its ISO 9001-compliant Quality Management System while also advancing information security through the enhancement of an ISO 27001 Information Security Management System.

Data management improvements will be achieved by implementing a joint Electronic Document Management System, ensuring efficiency and streamlined project documentation.

These initiatives collectively reinforce Rail Baltica's commitment to advancing the project efficiently while maintaining industry best practices and financial sustainability.

### **Events after the balance sheet date**

Subsequent events are disclosed in Note 23.

### **Marko Kivila**

Chairperson of the Management Board

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## STATEMENT OF PROFIT OR LOSS

	Notes	2024 EUR	2023 EUR
Other operating income	4	26 380 513	24 646 402
Personnel costs	5	(16 332 319)	(16 121 708)
a) Remuneration for work		(13 629 649)	(13 490 001)
b) Mandatory social insurance contributions		(2 702 057)	(2 631 094)
c) Other social insurance costs		(613)	(613)
Depreciation	8	(284 557)	(399 676)
Other costs of economic activity	6	(9 720 346)	(8 106 623)
Interest income		13 870	9 047
Interest costs		(4 244)	(6 316)
<b>Profit / (Loss) before corporate income tax</b>		<b>52 917</b>	<b>21 126</b>
Corporate income tax for the financial year	7	(7 929)	(10 532)
<b>Total profit / (loss) for the year</b>		<b>44 988</b>	<b>10 594</b>

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

**Marko Kivila**  
Chairperson of the Management Board

**Anita Pūka**  
Chief Accountant

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## BALANCE SHEET

	Notes	31.12.2024 EUR	31.12.2023 EUR
<b>NON-CURRENT ASSETS</b>			
Intangible assets	8	40 461	85 975
Investment in leased property	8	16 998	23 331
Other fixed assets	8	317 333	478 881
<b>TOTAL NON-CURRENT ASSETS</b>		<b>374 792</b>	<b>588 187</b>
<b>CURRENT ASSETS</b>			
<b>Receivables</b>			
Receivables from associates	9	1 579 523	765 399
Other receivables	10	175 649	186 611
Prepaid expense	11	523 351	402 471
Accrued income	12	17 215 068	21 019 997
<b>TOTAL</b>		<b>19 493 591</b>	<b>22 374 478</b>
Cash	13	41 669 386	39 986 423
<b>TOTAL CURRENT ASSETS</b>		<b>61 162 977</b>	<b>62 360 901</b>
<b>TOTAL ASSETS</b>		<b>61 537 769</b>	<b>62 949 088</b>

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**Marko Kivila**  
Chairperson of the Management Board

**Anita Pūka**  
Chief Accountant

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## EQUITY AND LIABILITIES

	Notes	31.12.2024 EUR	31.12.2023 EUR
<b>EQUITY</b>			
Share capital	14	1 950 015	1 950 015
Share issue premium	14	9 749 985	9 749 985
Accumulated losses		(5 085 717)	(5 096 311)
Profit / (Loss) for the financial year		44 988	10 594
<b>TOTAL EQUITY</b>		<b>6 659 271</b>	<b>6 614 283</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Loans from associates	15	26 991 189	22 887 004
Other liabilities		131 255	83 571
Deferred income	16	124 899	239 834
<b>TOTAL</b>		<b>27 247 343</b>	<b>23 210 409</b>
<b>Current liabilities</b>			
Loans from associates	15	-	12 306 686
Accounts payable to suppliers and contractors		2 068 481	1 074 122
Payables to related parties	21	353 752	138 994
Taxes payable	17	249 363	234 030
Other payables	20	5 530 805	31 209
Deferred income	16	16 484 476	16 390 310
Accrued liabilities	18	2 944 278	2 949 045
<b>TOTAL</b>		<b>27 631 155</b>	<b>33 124 396</b>
<b>TOTAL LIABILITIES</b>		<b>54 878 498</b>	<b>56 334 805</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>61 537 769</b>	<b>62 949 088</b>

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

**Marko Kivila**

Chairperson of the Management Board

**Anita Pūka**

Chief Accountant

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## STATEMENT OF CASH FLOWS

	Notes	01.01.2024- 31.12.2024 EUR	01.01.2023- 31.12.2023 EUR
<b>Cash flows to/from operating activities</b>			
Profit / (Loss) before tax		52 917	21 126
Adjustments for			
Reduction of non-current assets value	8	284 557	399 676
(Gain) / Loss on disposal of non-current assets	4	(891)	334
Income from CINEA and other financing	4	(26 349 665)	(24 646 736)
Interest costs		4 244	6 316
Interest income		(13 870)	(9 047)
<i>Operating profit / (loss) before working capital changes</i>		<i>(26 022 708)</i>	<i>(24 228 331)</i>
Decrease / (increase) in receivables		(109 248)	(122 771)
(Decrease) / increase in payables		1 008 524	436 894
(Decrease) / increase in accrued expense		83 127	1 240 154
<i>Cash generated from operations</i>		<i>(25 040 305)</i>	<i>(22 674 054)</i>
Corporate income tax paid		(9 538)	(9 427)
<b>Net cash flows to operating activities</b>		<b>(25 049 843)</b>	<b>(22 683 481)</b>
<b>Cash flows to investing activities</b>			
Purchase of non-current assets		(91 627)	(238 110)
Sales proceeds of tangible assets		226	248
Interest income		13 870	9 047
<b>Net cash flows to investing activities</b>		<b>(77 531)</b>	<b>(228 815)</b>
<b>Cash flows from financing activities</b>			
Loans received from associates	15	2 655 229	16 708 995
Loans repaid to associates	15	(10 857 731)	(1 989 474)
Financing from national beneficiaries		6 263 592	9 474 222
Financing repaid to national beneficiaries		(137 723)	(444 590)
Grant financing from CINEA attributable to the Company		23 408 589	25 780 937
Payment of lease liabilities		(23 541)	(26 435)
Interest paid		(4 244)	(6 316)
<b>Net cash flows from financing activities</b>		<b>21 304 171</b>	<b>49 497 339</b>
Change in cash		(3 823 203)	26 585 043
Cash at the beginning of the period	13	39 986 423	13 401 380
<b>Cash at the end of the year attributable to the Company</b>	13	<b>36 163 220</b>	<b>39 986 423</b>
<b>Cash at the end of the year attributable to the Beneficiaries</b>	13	<b>5 506 166</b>	<b>-</b>
<b>Total cash at the end of the year</b>		<b>41 669 386</b>	<b>39 986 423</b>

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

**Marko Kivila**  
**Chairperson of the Management Board**

**Anita Pūka**  
**Chief Accountant**

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AND CONTAINS A TIME STAMP

## STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Accumulated losses	Profit /Loss for the period	Total
<b>Balance as at 31 December 2022, EUR</b>	<b>1 950 015</b>	<b>9 749 985</b>	<b>(5 051 108)</b>	<b>(45 203)</b>	<b>6 603 689</b>
(Loss) for the reporting year	-	-	-	10 594	10 594
Transfer of prior year result	-	-	(45 203)	45 203	-
<b>Balance as at 31 December 2023, EUR</b>	<b>1 950 015</b>	<b>9 749 985</b>	<b>(5 096 311)</b>	<b>10 594</b>	<b>6 614 283</b>
Profit for the reporting year	-	-	-	44 988	44 988
Transfer of prior year result	-	-	10 594	(10 594)	-
<b>Balance as at 31 December 2024, EUR</b>	<b>1 950 015</b>	<b>9 749 985</b>	<b>(5 085 717)</b>	<b>44 988</b>	<b>6 659 271</b>

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

**Marko Kivila**

Chairperson of the Management Board

**Anita Pūka**

Chief Accountant

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## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Corporate information**

RB Rail AS (hereinafter – the Company) was registered with the Republic of Latvia Enterprise Register on 12 November 2014. The registered office of the Company is at Satekles iela 2B, Riga. The shareholders of the Company are Rail Baltic Estonia OÜ, Eiropas dzelzceļa līnijas SIA and Rail Baltica statyba UAB. The core business activity of the Company is to design, construct and market (including branding) Rail Baltica railway line. The Company has registered branch offices:

- RB Rail AS Lietuvos filialas with the registered address at J. Basanavičiaus g. 24, Vilnius, Lithuania,
- RB Rail AS Eesti filiaal registered at Veskiposti tn 2/1, Tallinn, 10138, Estonia
- RB Rail AS Latvijas filiāle registered at Satekles iela 2B, Riga, Latvia.

### **2. Summary of significant accounting policies**

#### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with the Law of the Republic of Latvia on Annual Financial Reports and Consolidated Financial Reports. The financial statements have been prepared on a historical cost basis. The monetary unit used in the financial statements is euro (hereinafter - EUR), the monetary unit of the Republic of Latvia.

#### **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current / non-current classification. An asset is current when it is:

- Expected to be realized in the normal operating cycle;
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent.

All other assets are classified as non-current.

#### **A liability is current when:**

- It is expected to be settled in the normal operating cycle;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

The Company has determined that its normal operating cycle is full delivery of each grant agreement, therefore it classifies accrued income and deferred income from CEF co-financing as current even though it is estimated that some balances might be settled after a period of one year.

### Other operating income

The following specific recognition criteria must be met before income is recognized:

Income from CEF co-financing and related national co-financing is recognized when direct eligible costs are incurred, applying CEF co-financing rate and national co-financing rate in the respective CEF Grant Agreement:

	CEF co-financing rate	National co-financing rate
2014 Action (INEA/CEF/TRAN/M2014/1045990)	85%*	15%
2015 Action (INEA/CEF/TRAN/M2015/1129482)	85%	15%
2016 Action (INEA/CEF/TRAN/M2016/1360716)	85%	15%
2019 Action S (INEA/CEF/TRAN/M2019/2098304)	85%	15%
2019 Action W (INEA/CEF/TRAN/M2019/2098073)	85%	15%
2020 Action (INEA/CEF/TRAN/M2020/2428991)	85%	15%
21-LV-TM-RBMMLV CEF2-1MM*	50%	50%
2021 Action (101079279-21-EU-TC-RBGP Part VII C)	85%	15%
2022 Action (101122614-22-EU-TC-RBGP Part VIII C), except	85%	15%
work package 4, T4.1.	50%	50%
2022 Action (101122611-22-EU-TG-RBGP Part VIII G), except	85%	15%
work packages 2, T2.1., T2.2. and 4, T4.1.	81%	19%
work package 5, T5.1.	30%	70%
2023 Action (101175270-23-EU-TC-RBGP Part IX C), except	85%	15%
...work package 2, T2.1.	80%	20%
2023 Action (101175278-23-EU-TG-RBGP Part IX G), except	85%	15%
work package 2, T2.1.	80%	20%

\*CEF Military Mobility project, where LV Ministry of Transport is a project coordinator and RBR must perform delivery of specific tasks

## Corporate income tax

In accordance with Corporate Income Tax laws in Latvia and Estonia tax is payable only now of distribution of profits or for transactions considered as deemed distribution at a rate of 20%. Corporate income tax in Lithuania is payable on taxable income at a rate of 15%, after tax relief of 70% for prior period losses. The Company has accumulated tax losses of 196 700 EUR in Lithuania as at the end of 2024. Deferred tax asset is not recognized.

## Intangible assets

Intangible assets are stated at costs less amortization and any impairment of value and are amortized over their useful lives. Software licenses are amortized over the license period. Development costs of software applications are capitalized and amortized over the period of three years.

## Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Office furniture	- 5 years
Other fixed assets	- 3 years

Depreciation is calculated starting with the following month after the asset is put into operation or engaged in commercial activity. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

To the extent that the Company depreciates separately some parts of plant, property and equipment, it also depreciates separately the remainder of the item. The remainder consists of the parts that are individually insignificant. The depreciation for the remainder is determined using approximation techniques to faithfully represent its useful life.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of an asset's net selling price and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of profit or loss in the decrease in value adjustments caption.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss in the depreciation caption.

### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at historical costs less repayments, write-offs, and provisions for bad debts.

### **Cash**

Cash comprises balances of current accounts with banks.

### **Loans received**

Loans received are financial instruments which are measured at historical costs less repayments of principal amounts.

### **Leases**

A lease is a contractual arrangement under which lessor provides to lessee rights of use of a particular asset for a given period for a consideration. Accounting treatment of a lease is determined by its classification at inception date.

A lease is classified as finance lease if it transfers to lessee substantially all risks and rewards of ownership, and at least one of the following conditions is true:

- Ownership rights are transferred to lessee by the end of a lease period;
- A lease period covers substantially all of asset's useful life even if ownership rights are not transferred;
- The leased asset is of a specific nature such that only the lessee can use it without major modifications being made.

At commencement of the lease term, finance leases are recorded as an asset and a liability at the present value of the minimum lease payments as discounted at the interest rate implicit in the lease. Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. The depreciation policy for assets held under finance leases is the same as for owned assets.

A lease which does not transfer substantially all risks and rewards of ownership to lessee is classified as operating lease. Payments under operating leases are recognized in the statement of profit or loss over the lease term.

## **Provisions**

Provisions are recognized when the Company has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of provisions to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

## **Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

## **Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grants received from the European Commission for the purchase, development or construction of non-current assets are initially recognised as deferred income and taken to the statement of profit or loss on a systematic basis over the useful life of the relevant non-current assets. Other government grants are recognised as income on a systematic basis over the period when the Company expenses the costs that the grants compensate. A government grant that becomes receivable as compensation for expenses already incurred is recognised as income of the period in which it becomes receivable.

From 2022 until end of 2025 RB Rail financing is governed by Agreement on Financing of The Company signed with the ministries of the three Baltic States responsible for implementation of Rail Baltica project. Additional agreement was concluded during 2023 with Lithuanian implementing body of Rail Baltica project – Cooperation agreement between The Company and LTGI Infra AB for 2023-2025. The substance of all agreements is financing RB Rail AS by sharing and compensating actual costs of Rail Baltica project coordination and implementation, therefore their accounting treatment is identical to that of government grants.

Because of the different legal forms of the agreements, the Company sought a joint view of the three tax administrations of Baltic States on the application of VAT and corporate income tax to these cost-sharing transactions, and received answers that the economic activity of RB Rail AS is not provision of services in the context of VAT and income tax laws.

## **Deferred income**

Deferred income is recognized when funds from European Commission's European Climate, Infrastructure and Environment Executive Agency (CINEA) and the three Baltic governments have been used for acquiring non-current assets. Deferred income is taken to income gradually over the useful lives of the relevant non-current assets. Part of the deferred income, which will be recognized in income later than one year, is classified as non-current deferred income. Balances of grant pre-financing received, and not yet used for planned eligible expenses, are also recognized as deferred income, and classified as current.

## **Subsequent events**

Post-period-end events that provide additional information about the Company's position at the balance sheet data (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

### **3. Use of significant accounting judgments and estimates**

#### **Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expense, and disclosure of contingencies. Future events occur which cause the assumptions used in arriving at the estimates to change. The effect of any changes in estimates will be recorded in the financial statements, when determinable.

#### **Useful life of property, plant and equipment**

Useful life of property, plant and equipment is reviewed regularly, at least once a year, at the close of reporting period. As at the end of 2024 no adjustments to useful life assumptions were necessary.

#### **Carrying amounts of property, plant and equipment**

The Company's management reviews the carrying amounts of property, plant and equipment and assesses whenever indications exist that the assets' recoverable amounts are lower than their carrying amounts. Taking into consideration the Company's planned level of activities and the estimated total value of Rail Baltica project, the Company's management considers that no significant adjustments to the carrying values of property, plant and equipment are necessary as of 31 December 2024.

#### **Recognition of income from CEF grants**

The Company recognizes income from CEF grants based on eligible costs incurred for each Action covered by a Grant Agreement. Cost eligibility is based on Grant Agreement conditions, European Commission Guidelines on the Eligibility of Costs under the Connecting Europe Facility, various

European Commission guidance documents and various internal procedures that enforce the cost eligibility criteria set by the European Commission. Company's management has considered the classification of expenses as eligible or non-eligible for 2024 and believes that no adjustments are necessary.

For the MFF 2014-2020 planning period, the final payment under the Grant Agreements is expected to be calculated and disbursed by the European Commission in 2026, following the established methodology. Adjustments to expected total financing receivable by individual Beneficiary are possible, still, as the final payment for CEF grants is determined based on the consolidated collective achievement at the Grant Agreement level—measured through the technical progress rate at the end of 2025. Some Beneficiaries may reach lower grant absorption and/or technical progress rates, thereby reducing the collective achievement rate and affecting amounts of final grant payments available to all Beneficiaries. As at 31 December 2024, there are no indications that the Company may lose significant amounts of financing for eligible costs reported and may have materially overstated its accrued income from CEF grants.

In accordance with the Financing Agreement of RB Rail AS in 2022-2025, any costs included in the interim financial statement that are deemed non-eligible by CINEA will be covered by the relevant Ultimate Beneficiary or Beneficiaries, depending on the nature of the costs.

### Accrued income

Accrued income represents the excess of eligible costs incurred over the grant financing already received and allocated to the Company as well as the grant and national co-financing receivable from national Beneficiaries – stakeholders of Rail Baltica project according to the concluded financing agreements. Management considers accrued income balances recoverable as of 31 December 2024.

### Going concern

At each year-end management makes assessment whether the Company has adequate resources to continue its operations for at least one year from the end of the reporting year. See Note 24.

## 4. Other operating income

	2024 EUR	2023 EUR
Income from CEF grants	18 691 225	18 149 008
Financing income from Latvia	3 765 450	2 848 517
Financing income from Estonia	1 911 730	1 457 227
Financing income from Lithuania	1 981 260	2 191 984
Income from contractual penalties	29 957	-
Gain/(Loss) on sale and disposal of assets	891	(334)
<b>TOTAL:</b>	<b>26 380 513</b>	<b>24 646 402</b>

Implementation of the Rail Baltica Global Project is financed under Connecting Europe Facility instrument. Up to now Company, on behalf of the national Beneficiaries, has signed 11 Grant Agreements, that allow the implementation of Rail Baltica Global Project, and Company is a part of one Grant Agreement, which is managed by Ministry of Transport of Latvia. Total estimated eligible costs under signed grant agreements exceed 4,1 billion EUR with a maximum cofinancing rate of 85% from the European Commission side.

	<b>Grant Agreement No.</b>	<b>Signed on</b>	<b>Total eligible costs, EUR</b>	<b>CEF co-financing, EUR</b>	<b>National co-financing, EUR</b>
1.	INEA/CEF/TRAN/M2014/1045990	24.11.2015	<b>536 710 101</b>	442 230 614	94 479 487
2.	INEA/CEF/TRAN/M2015/1129482	18.11.2016	<b>153 168 872</b>	130 193 541	22 975 331
3.	INEA/CEF/TRAN/M2016/1360716	13.06.2018	<b>129 966 867</b>	110 471 838	19 495 029
4.	INEA/CEF/TRAN/M2019/2098304	16.11.2020	<b>86 145 749</b>	73 223 887	12 921 862
5.	INEA/CEF/TRAN/M2019/2098073	16.11.2020	<b>128 119 171</b>	108 901 296	19 217 875
6.	INEA/CEF/TRAN/M2020/2428991	19.10.2021	<b>19 646 555</b>	16 699 572	2 946 983
7.*	21-LV-TM-RBMMLV CEF2-1MM	09.08.2022	<b>112 947 493</b>	56 473 747	56 473 746
8.	101079279-21-EU-TC-RBGP Part VII C	19.10.2022	<b>422 629 844</b>	353 879 159	68 750 685
9.	101122614-22-EU-TC-RBGP Part VIII C	16.10.2023	<b>411 321 203</b>	323 530 274	87 790 929
10.	101122611-22-EU-TG-RBGP Part VIII G	16.10.2023	<b>713 437 285</b>	605 437 332	107 999 953
11.	101175270-23-EU-TC-RBGP Part IX C	18.10.2024	<b>858 773 303</b>	717 489 461	141 283 842
12.	101175278-23-EU-TG-RBGP Part IX G	16.10.2024	<b>536 201 985</b>	446 241 781	89 960 204
	<b>TOTAL:</b>		<b>4 109 068 428</b>	<b>3 384 772 502</b>	<b>724 295 926</b>

\*CEF Military Mobility project, where Ministry of Transport of the Republic of Latvia is a project coordinator and RB Rail AS must perform delivery of specific tasks

As the main task of the Company, as set by the shareholders, is to design, construct and market Rail Baltica, majority of Company's expenses are regarded as fully CEF eligible, except for certain types of expenses of clearly administrative nature, which are specifically referred to in the CEF Grant Agreements as non-eligible. Compensation for these non-eligible expenses is part of financing income from Latvia, Estonia and Lithuania reflected above.

Since 2020 the governments of Latvia, Estonia and Lithuania undertake to finance the costs of RB Rail AS not covered from CEF grants from the national funds available for Rail Baltica project. From 2022 until end of 2025 RB Rail financing is governed by Agreement on Financing of The Company signed with the ministries of the three Baltic States responsible for implementation of Rail Baltica project. Additional bilateral Cooperation Agreements were signed between RB Rail and Lithuanian implementing body of Rail Baltica project LTG Infra AB, as well as RB Rail and Rail Baltic Estonia OU.

The substance of all agreements is financing RB Rail AS by sharing and compensating actual costs of Rail Baltica project coordination and implementation. The financing income from the national beneficiaries of the Rail Baltica project are recognized following the same accounting principles as income from CEF and other government grants.

## 5. Personnel costs

	2024 EUR	2023 EUR
<b>a) Remuneration for work</b>		
Project management team remuneration	11 915 702	11 907 999
Management board remuneration	1 524 106	1 400 359
Supervisory board remuneration	189 841	181 643
<b>TOTAL:</b>	<b>13 629 649</b>	<b>13 490 001</b>

	2024 EUR	2023 EUR
<b>b) Social insurance costs</b>		
Project management team	2 378 243	2 368 042
Management Board members	287 682	227 411
Supervisory board members	36 132	35 641
<b>TOTAL:</b>	<b>2 702 057</b>	<b>2 631 094</b>

	2024 EUR	2023 EUR
<b>c) Other social insurance costs</b>		
Entrepreneurship state risk duty	613	613
<b>TOTAL:</b>	<b>613</b>	<b>613</b>

At the end of financial year 2024 the Company employed 192 employees and had 5 Management Board members and 6 Supervisory Board members (2023: 201, 5 and 6 respectively). The average number of employees during the reporting year was 197 (2023: 212).

## 6. Other costs of economic activity

	2024 EUR	2023 EUR
Professional service fees	4 684 624	3 844 152
Travel costs	313 629	290 433
Public relations, communications and marketing	244 254	169 692
Office rent, maintenance and administrative expenses	1 044 491	1 227 073
Other project implementation support measures	1 628 503	1 101 150
Recruitment and training	185 006	258 934
Non-recoverable input VAT	1 619 839	1 215 189
<b>TOTAL:</b>	<b>9 720 346</b>	<b>8 106 623</b>

## 7. Corporate income tax

	2024	2023
	EUR	EUR
Current corporate income tax charge for the reporting year in Latvia	919	699
Current corporate income tax charge for the reporting year in Estonia	6 272	8 124
Current corporate income tax charge for the reporting year in Lithuania	738	1 709
<b>Total corporate income tax expense:</b>	<b>7 929</b>	<b>10 532</b>

## 8. Non-current assets

	Intangible assets	Investments in leased property	Other fixed assets	TOTAL
Carrying amount as at 31 December 2022	138 728	29 664	581 944	750 335
Additions 2023	100 805	-	137 305	238 110
Disposal	-	-	(13 802)	(13 802)
Disposal Depreciation in Period 2023	-	-	13 220	13 220
Depreciation charge 2023	(153 558)	(6 333)	(239 786)	(399 676)
Carrying amount as at 31 December 2023	85 975	23 331	478 881	588 187
Additions 2024	-	-	91 627	91 627
Disposal	(8 173)	-	(30 551)	(38 724)
Disposal Depreciation in Period 2024	8 173	-	10 086	18 259
Depreciation charge 2024	(45 514)	(6 333)	(232 710)	(284 557)
Carrying amount as at 31 December 2024	40 461	16 998	317 333	374 792

## 9. Receivables from associates

	31.12.2024 EUR	31.12.2023 EUR
VAT compensation receivable from Ministry of Transport of the Republic of Latvia	1 579 523	765 399
<b>TOTAL:</b>	<b>1 579 523</b>	<b>765 399</b>

Since December 2019 the Government of Latvia undertakes to compensate the non-deductible input VAT incurred by the Company in Latvia. 765 399 EUR for the period from 1 July 2023 to 31 December 2023 was transferred to RB Rail AS by the Ministry of Transport of the Republic of Latvia during 2024. The amount included in receivables from associates as at 31.12.2024 represents the compensation receivable for period from 1 January 2024 to 31 December 2024.

## 10. Other receivables

	31.12.2024 EUR	31.12.2023 EUR
Tax receivables (see Note 17)	125 757	123 902
Security deposit for office rent	49 667	62 047
Other receivables	225	662
<b>TOTAL:</b>	<b>175 649</b>	<b>186 611</b>

## 11. Prepaid expense

	31.12.2024 EUR	31.12.2023 EUR
Insurance	52 652	17 533
Software and other subscription costs	289 395	180 966
Participation in exhibitions and conferences	-	275
Training	529	2 995
Media monitoring	3 300	-
Office rent	45 489	41 664
Advances to suppliers	131 986	159 038
<b>TOTAL:</b>	<b>523 351</b>	<b>402 471</b>

## 12. Accrued Income

	31.12.2024 EUR	31.12.2023 EUR
Accrued 2014 Action income	4 521 288	1 494 747
Accrued 2015 Action income	158 122	137 516
Accrued 2016 Action income	1 313 767	1 265 467
Accrued 2019 Action income	6 044 241	17 979 494
Accrued 2020 Action income	2 027 908	142 773
Accrued 2021 Action income	3 149 742	-
<b>TOTAL:</b>	<b>17 215 068</b>	<b>21 019 997</b>

Accrued income from CEF grants comprises grant financing receivable under CEF Grant Agreements from the European Commission's The European Climate, Infrastructure and Environment Executive Agency (CINEA) based on the eligible costs of the Company incurred until the end of the reporting year (see Note 3).

## 13. Cash

	31.12.2024 EUR	31.12.2023 EUR
Company's operational accounts	36 163 220	39 986 423
Restricted cash on coordinator's account	5 506 166	-
<b>TOTAL:</b>	<b>41 669 386</b>	<b>39 986 423</b>

According to terms of the CEF grant agreements with CINEA amounts of pre-financing and interim grant payments cannot exceed 80% of maximum grant amounts. Several Beneficiaries have already reached this threshold of Action 2014 and Action 2019 grant agreements. The restricted cash balance, therefore, will be kept on RB Rail AS designated coordinator's account with the State Treasury of Latvia, and will be distributed to Beneficiaries together with the final grant payments.

## 14. Share capital

As at 31 December 2024 the share capital of the Company is 1 950 015 EUR (31.12.2023: 1 950 015 EUR) and consists of 1 950 015 shares. The share capital is fully paid up. The par value of each share is 1 EUR.

As at 31 December 2024, the share premium amounted to 9 749 985 EUR (31.12.2023: 9 749 985 EUR). As at 31 December 2024, the shares were distributed as follows:

	%	Number of shares	Share premium
Rail Baltic Estonia OU	33.33	650 005	3 249 995
Eiropas Dzelzcela līnijas SIA	33.33	650 005	3 249 995
Rail Baltica Statyba UAB	33.33	650 005	3 249 995
<b>TOTAL:</b>	<b>100</b>	<b>1 950 015</b>	<b>9 749 985</b>

## 15. Loans from associates

The carrying amounts of the loans received at the end of reporting period were as follows:

	31.12.2024 EUR	31.12.2023 EUR
<b>Non-current portion of the bridge loans:</b>		
Bridge loan from the Ministry of Transport and Communications of the Republic of Lithuania	7 997 140	7 108 308
Bridge loan from the Ministry of Transport of the Republic of Latvia	9 842 625	8 248 697
*Bridge loan from the Ministry of Economic Affairs and Communications / Ministry of Climate of the Republic of Estonia	9 151 424	7 529 999
<b>Total non-current portion of bridge loans from related parties</b>	<b>26 991 189</b>	<b>22 887 004</b>
<b>Current portion of the bridge loans:</b>		
Bridge loan from the Ministry of Transport and Communications of the Republic of Lithuania	-	3 067 735
Bridge loan from the Ministry of Transport of the Republic of Latvia	-	3 898 170
Bridge loan from the Ministry of Economic Affairs and Communications / Ministry of Climate of the Republic of Estonia	-	5 340 781
<b>Total current portion of bridge loans from related parties</b>	<b>-</b>	<b>12 306 686</b>
<b>TOTAL:</b>	<b>26 991 189</b>	<b>35 193 690</b>

The terms of the CEF grant agreements provide a significant time gap between the 50% pre-financing and receiving the remaining 50% of approved grant financing. To help RB Rail overcome

this financing gap other Beneficiaries of Rail Baltica project in the Agreement on Interim Financing of RB Rail AS in 2019, and subsequent Agreements on Interim Financing of RB Rail AS in 2020 and 2021 and 2022-2025, agreed to provide interest-free bridge loans to the Company from the CEF funds available to them until the time when RB Rail will receive the respective interim and final payments from CINEA. The Ministry of Transport and Communications of the Republic of Lithuania transferred 919 480 EUR loans to RB Rail AS bank account during 2024. The loans from the Ministry of Transport of the Republic of Latvia and from the Estonian Beneficiary - Ministry of Climate of the Republic of Estonia were withheld by RB Rail AS by mutual agreement from the CEF pre-financing amounts received on coordinator's account and attributable to the Beneficiary during the pre-financing distribution. In 2024 additional loans were withheld from CEF pre-financing payments due to the Ministry of Transport of the Republic of Latvia of 912 700 EUR and from the Estonian Beneficiary – 823 049 EUR. Partial repayments were made to the Ministry of Transport and Communications of the Republic of Lithuania in amount of 3 098 383 EUR, Ministry of Transport of the Republic of Latvia - 3 216 942 EUR and to Ministry of Climate of the Republic of Estonia – 4 542 406 EUR during 2024.

The final payments under CEF Grant Agreements of MFF I are expected to be received only in 2026 and interim payments under CEF Grant Agreements of MFF II also are not expected before 2026, therefore all balances of bridge loans at 31.12.2024 are classified as non-current.

## 16. Deferred income

	31.12.2024 EUR	31.12.2023 EUR
Non-current portion of deferred income related to non-current assets	124 899	239 834
Current portion of deferred income related to non-current assets	199 016	256 152
Current portion of deferred income related to balance of 2021 Action financing	-	2 867 993
Current portion of deferred income related to balance of 2022 Action financing	9 331 769	11 458 220
Current portion of deferred income related to balance of 2023 Action financing	6 109 802	-
Current portion of deferred income related to balance of financing from Latvia	694 949	789 833
Current portion of deferred income related to balance of financing from Estonia	148 940	1 018 112
<b>TOTAL:</b>	<b>16 609 375</b>	<b>16 630 144</b>

Non-current deferred income comprises grant financing and national financing used for acquisition of non-current assets recognised as income gradually over the useful life of the assets

in periods later than one year, and balances of grant pre-financing, if they are expected to be used for eligible costs later than in one year's time.

Current deferred income comprises unused balances of financing received and expected to be used for eligible costs, as well as financing used for acquisition of non-current assets to be recognised in income next year.

## 17. Taxes (payable) / overpaid

	31.12.2024 EUR	31.12.2023 EUR
<b>Latvia</b>		
Value added tax	(245 410)	(232 926)
Accrued solidarity tax recoverable	111 319	104 917
<b>Estonia</b>		
Balance of tax (payable)/prepayments	(1 911)	6 139
<b>Lithuania</b>		
Value added tax	(1 354)	210
Statutory social insurance contributions	12 825	12 112
Personal income tax	732	524
Prepaid corporate income tax	881	-
Accrued corporate income tax for 2023	(688)	(1 104)
<b>TOTAL:</b>	<b>(123 606)</b>	<b>(110 128)</b>
<b>TOTAL LIABILITY:</b>	<b>(249 363)</b>	<b>(234 030)</b>
<b>TOTAL OVERPAYMENT (See Note 10):</b>	<b>125 757</b>	<b>123 902</b>

## 18. Accrued liabilities

	31.12.2024 EUR	31.12.2023 EUR
Accrued liabilities for unused vacations	590 765	639 496
Accrued liabilities for employee annual bonuses	1 389 705	1 281 652
Accrued liabilities for professional services	904 705	997 365
Accrued liabilities for audit services	26 600	25 350
Other accrued liabilities	32 503	5 182
<b>TOTAL:</b>	<b>2 944 278</b>	<b>2 949 045</b>

## 19. Contingent liabilities

Lease commitments at the end of the reporting period:

	31.12.2024 EUR	31.12.2023 EUR
Lease of premises	1 383 073	2 366 927
Lease of furniture	71 496	122 363
Lease of cars	8 993	32 361
Other leases	8584	5 696
<b>TOTAL:</b>	<b>1 472 146</b>	<b>2 527 34</b>

## 20. Other payables

	31.12.2024 EUR	31.12.2023 EUR
CEF grants distributable to Beneficiaries	5 506 166	-
Lease of furniture	23 316	27 779
Amounts payable to employees	1 323	3 430
<b>TOTAL:</b>	<b>5 530 805</b>	<b>32 209</b>

According to the terms of CEF grant agreements with CINEA amounts of pre-financing and interim grant payments cannot exceed 80% of maximum grant amounts. Several Beneficiaries have already reached this threshold of Action 2014 and Action 2019 grant agreements. Therefore, part of the CEF interim grant payments received will be kept on RB Rail AS designated coordinator's account with the State Treasury of Latvia and will be distributed to Beneficiaries together with the final grant payments (See Note 13).

## 21. Related party disclosures

Related parties are defined as shareholders that can control the Company or exercise significant influence over the Company in making financial and operating decisions, members of the key management personnel of the Company or its shareholders, and close members of the families of any individual referred to previously, and entities over which these persons exercise significant influence or control.

The Company is a joint venture by Rail Baltic Estonia OÜ, Eiropas Dzelzcela līnijas SIA and Rail Baltica statyba UAB, each of them owning 33.33% of the Company's shares. The Company's shareholders have been established by the respective Ministry in each country: Ministry of Economic Affairs and Communications in Estonia, Ministry of Transport in Latvia and Ministry of Transport in Lithuania (as a subsidiary of the state-owned company Lithuanian Railways – Lietuvos Geležinkeliai AB). RB Rail AS and the three Baltic ministries are the Beneficiaries of the CEF Grant agreements.

In Estonia government ministries were reorganized, and the Ministry of Climate took over the tasks related to Rail Baltica in Estonia from the Ministry of Economic Affairs and Communications, effective from 1 July 2023.

During 2024 the Company as a coordinator received pre-financing and interim payment amounts from CINEA in line with the signed and active Grant Agreements. All pre-financing was distributed to all four Beneficiaries with exception of the bridge loans withheld from Latvian and Estonian Beneficiaries as described in Note 15 and the balance of interim payments for Action 2014 and Action 2019, which will be distributed with the final grant payments (see Note 13 and Note 22).

During 2024 the Company made partial repayments of bridge loans to the three ministries and withheld new bridge loans from Action 2022 pre-financing received (see Note 15).

Ministry of Transport of the Republic of Latvia transferred to the bank account of RB Rail AS 2 109 376 EUR financing during 2024 in line with the Interim Financing Agreement (IFA) 2022-2025 as well as a compensation of non-deductible input VAT incurred by the Company of 765 399 EUR, while compensation for year 2024 remained receivable (see Note 9).

Other related party is the national implementing body in Lithuania – LTG Infra AB, subsidiary of Lietuvos Geležinkeliai AB, with whom Agreements were signed in 2021, 2022 and 2023 for financing of the relevant share of RB Rail AS costs. Based on the Agreement on Interim Financing of RB Rail AS in 2023-2025 the Ministry of Transport of the Republic of Lithuania provided financing of 2 202 277 EUR through the national implementing body LTG Infra AB, of which 352 481 EUR remained unused and repayable as at 31.12.2024. The balance of un-used financing for 2023 of 137 723 EUR was repaid to LTG Infra AB in 2024.

Rail Baltic Estonia OU, the national implementing body of Rail Baltica project in Estonia, transferred financing of 1 048 817 EUR to RB Rail AS based on the Cooperation Agreement signed in 2022.

Included in the Payables to related parties as of 31 December 2024 and 2023 is 1272 EUR repayable to the Ministry of Climate of the Republic of Estonia for the financing provided to RB Rail AS to cover costs incurred for 2019 activities. The amount originated from the solidarity tax refund received in 2020 for the costs reported in 2019.

There were no other payables to or receivables from related parties at the end of the current period and previous reporting period.

## 22. Risk profile

The risk profile refers to the risks that RB Rail AS is exposed to. Current risk profile is composed of Rail Baltica Global Project and RB Rail AS Corporate risk portfolios, where Corporate risks are diversified in strategic, financial, operational, compliance and legal, reputational risks. RailBaltica Global Project risk portfolio is formed from strategic and program (project) risks.

In line with the integrated risk management framework, all risks are documented within risk registers, depositories of risk data are established with aim to ensure availability of reliable data for risk analysis and decision making. Risks are assessed both qualitatively and quantitatively to ensure holistic overview on the Company and Rail Baltica Global Project levels.

The Corporate risk profile refers to the risks that RB Rail AS is exposed to. Financial risk, operational risk, reputational risk, compliance risk and strategic risk are considered as material risks.

## Financial risk

The main financial risks arising from the Company's financial activity are liquidity risk, eligibility risk and credit risk.

### Liquidity risk

The Company manages its liquidity risk by arranging adequate amount of shareholders' and national Beneficiaries' financing and applying for CEF pre-financing and interim payments, planning of payment terms for trade payables, developing and analyzing future cash flows, as well as consolidated cash flows for the Project.

In 2022, the Agreement on Financing of RB Rail AS in 2022 - 2025 was signed with the national Beneficiaries as well as the related agreements with Rail Baltic Estonia OU for 2022-2025. In 2023 agreement with AB LTG Infra was signed for 2023-2025. The agreements ensure national co-financing for activities financed by CEF grants, financing of expenses regarded as non-eligible under grant agreements (including VAT) and bridge financing to cover periods of RB Rail AS operations when costs eligible for grant financing had been incurred, but grant payments are not yet received.

The Company's budget for 2025 was approved considering availability of adequate financing for the planned activities in 2025.

The table below summarizes the maturity profile of the Company's financial liabilities on 31 December based on contractual undiscounted payments.

	31.12.2024 EUR	31.12.2023 EUR
Payable in less than 3 months		
Accounts payable to suppliers and contractors	2 068 481	1 074 122
Taxes payable	249 363	232 926
Bridge loans repayable	-	2 355 230
Other payable to related parties	353 752	138 994
<b>Total payable in less than 3 months</b>	<b>2 671 596</b>	<b>3 801 272</b>
Bridge loans repayable in 3 to 12 months	-	9 951 456
Bridge loans repayable later than in 1 year	26 991 189	22 887 004
<b>TOTAL:</b>	<b>29 662 785</b>	<b>36 639 732</b>

## **Eligibility risk**

The Company is exposed to cost eligibility risk through assigning European Union co-financing for Rail Baltica Project implementation. Based on the provisions of the Inter-Beneficiary Agreement, each party shall be liable for its own actions or omissions which are in breach of the grant agreements. However, based on the provisions of grant agreements, RB Rail AS as the project Coordinator has assumed liability to repay CINEA amounts, even if it has not been the final recipient of the amounts due. The Company manages its Eligibility risk through developing internal governance documents related to cost compliance control, and implementing internal control systems to ensure that cost compliance conditions are followed. For Multiannual Financial Framework 2014 – 2020 Actions eligibility risk is mostly associated with the non-delivery of the Action's scope and ability to incur all CEF available financing till the end of 31.12.2024 thus increasing national contributions needed to complete various CEF grant agreements tasks in further years. Mostly, this risk is associated with scope of work for which national Beneficiaries are accountable for. Under the Multiannual Financial Framework 2021-2027, the regulatory framework has changed compared to the previous period (2014-2020), leading to increased eligibility risks for administrative and overhead costs. Continuous discussions with Beneficiaries are held to find appropriate risk mitigation measures on future financing of the Company.

## **Credit risk**

RB Rail AS partners in money market and payment transactions are financial institutions with appropriate credit ratings and reputation. Company's financial resources can be kept in banks, which themselves or their parent received credit rating by international rating agencies, which is at least one notch above the investment grade. Considering the materiality of CEF grant amounts received on the Company's as Coordinator's account and attributable to all Beneficiaries all EU grants financing are received on Treasury account. Since the beginning of the Russian military aggression in Ukraine and the international sanctions imposed on many banks and their clients, the overall credit risk increased, therefore the Company's management made a policy decision to keep majority of its funds at State Treasury.

## **Operational risk**

Operational risks are inherent to RB Rail AS business operations and should be mitigated, transferred, or avoided, if possible, if this is economically feasible. Operational risks are assessed both qualitatively and quantitatively. Operational risks are responded to mainly on process level by setting up controls and specific mitigation activities for each identified risk. To reduce process risks, internal documentation is elaborated, reviewed, and upgraded to ensure availability of process description and standardized approach.

A lot of attention is paid to security, including person and information security, and Health and Safety areas, trainings for employees are performed to ensure necessary level of knowledge in these specific areas. A hybrid working model was introduced in 2022 and continues to reduce the possible exposure of pandemic or epidemic event risk reoccurrence, as well in order to ensure the continuity of operations in case of unavailability of office premises.

## **Strategic risk**

Strategic risk might arise from wrong initial strategy selection, implementation or modification over time, resulting in a lack of achievement of overall objectives and goals. In order to set a long-term goal, define activities to achieve strategic targets, the Corporate Strategy was elaborated and approved in 2024. Main strategic risks were identified by Risk Review Board, and possible mitigation measures incorporated into strategic priorities, cascaded as strategic activities to operational unit level that are aimed at successful achievement of strategic targets and ensuring business continuity. A process to monitor the implementation of strategic activities and its quality, thus, to monitor and mitigate the strategic risks, was established. Strategic risks are managed by interlocking strategic decision making and risk management processes, meaning that possible risks are identified and evaluated prior to decision making.

## **Compliance and legal risk**

Compliance function ensures advisory tasks for RB Rail AS both on corporate and Rail Baltica Global Project levels on compliance with the applicable external regulations. Compliance risk management is ensured by identification of possible threats of changes or new regulatory requirements in the legal area on the business operations of the Company and provide recommendations and requirements for risk mitigation and elimination; monitors the adherence to legal requirements on a regular basis, ensuring that internal processes and documentation are elaborated in compliance.

A claim in the amount of EUR 14 175 043 has been submitted against RB Rail AS and Ministry of Transport of the Republic of Latvia (hereafter – the Ministry) arising from termination of contract for Design and design supervision services for the construction of the main section through Riga (hereafter – the Contract). A counterclaim in the amount of EUR 1 685 615 has been submitted against the Consultant for delay penalties. Based on the terms of the Contract, RB Rail AS is acting as an agent and Central purchasing body for the Ministry but does not assume any financial obligations. Consequently, any future payments arising from the claims should be made directly by or to Ministry. Therefore, no any provision has been recognised in these financial statements.

## **Reputational risk**

Reputational risk is a threat to the image of RB Rail AS, which may be caused by adverse publicity regarding Rail Baltica Global Project or the Company's activities and cause loss of confidence. Main sources of the reputational risk are identified as actions of the Company, Company's employees, Shareholders or third parties – partners, suppliers etc. Reputational risks may arise in conjunction with or as a consequence of the realization of other risks, e.g., compliance, operational, strategic or financial, therefore, reputational risk exposure is controlled indirectly through the controls of the respective risk types where it may arise – elaboration of mitigation measures of other risk types includes reputational risk mitigation activities, if relevant. In 2024, reputational risk primarily arises from negative publicity. To address this, continuous monitoring of media publications is ensured. As a preventive measure, a communication strategy has been developed, along with mitigation activities to manage potential negative publications.

### **23. Subsequent events**

On 18 January 2025 the Company submitted two project proposals to European Commission for further financing of Rail Baltica project under the 2024 CEF Transport MAP call. The total value of the application is up to 385 million EUR, of which total costs for RB Rail AS activities are planned for around 34 million EUR. The approval and the amount of the potential grant is not certain and will be announced later in 2025.

As of the last day of the reporting year until the date of signing these financial statements, there have been no other events that could produce a substantial impact on the results of the year.

### **24. Going concern**

RB Rail AS Budget 2025 was approved considering the balances of funds already at Company's disposal at 31 December 2024, the expected financing under the enacted CEF grant agreements and the remaining financing to be provided by the Beneficiaries within the framework of the Financing agreement of RB Rail AS for 2022-2025.

The Company has sufficient financial and other resources as at the end of the financial year 2024 to continue operations at least for one year, therefore these financial statements are prepared on a going concern basis.

Marko Kivila  
Chairman of the Management Board

Anita Pūka  
Chief Accountant

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AND CONTAINS A TIME STAMP*