

## **AB ORO NAVIGACIJA**

Independent auditor's report and  
financial statements and management report  
for the year ended on 31 December 2024

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## INDEPENDENT AUDITOR'S REPORT

To the shareholder of AB Oro navigacija:

### Report on Financial Statements

#### Opinion

We have audited the accompanying financial statements of AB Oro Navigacija (hereinafter – the Company), which comprise the statement of financial position of the Company as at 31 December 2024, the statement of profit and loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Bank and the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of the Financial Statements and Other Assurance Services of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of the Financial Statements and Other Assurance Services of the Republic of Lithuania and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter – Retrospective Corrections

We draw attention to Note 3 of these financial statements, which states that the balances as at 31 December 2023, and prior periods have been adjusted due to the reinstatement of jubilee payments agreed upon in the Company's collective agreement and the recognition of post-employment payments to air traffic controllers who exercised their right to a pension. Our opinion in respect of this matter is not modified.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Each audit matter and our respective response are described below.

Key Audit Matter	Our Response to the Audit Matter
Revenue Recognition (see Notes 2.13, 14, and 11 in the financial statements)	
<p>The Company's revenue for 2024 amounted to EUR 32,110 thousand.</p> <p>In accordance with Commission Regulation (EU) No. 2019/317 of February 11, 2019, charges for air navigation services are set in such a way that the revenue received covers the incurred costs. Refundable amounts arising from revenue exceeding actual expenses are recorded as other liabilities, correspondingly reducing the revenue recognized for the respective year. In cases where the Company's revenue from air navigation services does not cover the actual costs incurred for providing these services, future payments to be received by the Company are accounted for as other assets, correspondingly increasing the Company's service revenue.</p> <p>Given that the Company's revenue is compensated through tariff adjustments over a five-year period and that the Company performs calculations based on management's judgments and estimates, we identified this area as a key audit matter.</p>	<p>We performed the following audit procedures:</p> <p>Reviewed the accounting principles applied for revenue recognition related to en-route and terminal air navigation services and assessed their compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union.</p> <p>Evaluated the Company's accounting policy for recognizing provided services to ensure compliance with IFRS 15 requirements.</p> <p>Reviewed the monthly revenue reports provided by Eurocontrol and verified their consistency with the recognized actual revenue.</p> <p>Obtained and examined the Company's accrued revenue calculations as of December 31, 2024, assessed the assumptions applied in the discounting calculations, and evaluated their reasonableness.</p> <p>Assessed the adequacy and accuracy of disclosures related to revenue recognition in the Company's financial statements.</p>

Key Audit Matter	Our Response to the Audit Matter
Valuation of Property, Plant, and Equipment (see Note 5 in the financial statements)	
<p>The carrying amount of property, plant, and equipment (PPE) recorded in the Company's balance sheet as of 31 December 2024, amounted to EUR 31,324 thousand.</p> <p>According to IFRS provisions, the Company must review the useful lives, residual values, and depreciation methods of property, plant, and equipment at the end of each financial year.</p> <p>In 2024, the Company engaged independent experts to assess the fair value of its buildings and structures. Based on the valuation, as 31 December 2024, the Company's buildings and structures were recorded at their revalued amounts. The revaluation surplus was disclosed in the movement tables of property, plant, and equipment and was recognized under other comprehensive income.</p> <p>Management concluded that the useful lives, residual values, and depreciation methods remain appropriate at the end of the financial year and do not require adjustments.</p> <p>Due to the material significance of this financial statement item (PPE accounts for 48% of the Company's total assets) and its reliance on accounting estimates, we identified this area as a key audit matter.</p>	<p>We performed the following audit procedures:</p> <p>Analysed the valuation reports provided by independent experts and assessed the assumptions used in determining the fair value of buildings and structures.</p> <p>Conducted testing of management's internal controls to evaluate their design and implementation regarding PPE valuation.</p> <p>Examined a sample of acquired PPE units to ensure they met IFRS recognition criteria and verified their proper accounting based on contracts and supporting documentation from suppliers.</p> <p>Reviewed the 2024 depreciation charges for PPE.</p> <p>Assessed the adequacy and accuracy of disclosures related to PPE in the Company's financial statements.</p>

#### Other Matters

The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who on 15 March 2024 issued an unmodified opinion on these financial statements. Our opinion has not been modified in regards to this matter.

#### Other Information

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

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

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements**

By the shareholder's decision, under the contract S-139 signed on 27 August 2024, we were appointed for the first time to conduct the audit of the Company's financial statements. Our total appointment period is three years.

We confirm that our audit opinion expressed in the Opinion section of our report is consistent with the Audit Report on the Financial Statements, which we have submitted to the Company and its Audit Committee.

We confirm that, to the best of our knowledge and belief, the services provided to the Company comply with applicable laws and regulations and do not include non-audit services specified in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

During the audit engagement period, we did not provide any services other than the audit of the financial statements.

The engagement partner responsible for the audit, which resulted in this Independent Auditor's Report, is Arūnas Užbalis.

UAB TaxLink auditas  
Audit Company Certificate No. 001494

Arūnas Užbalis  
Lithuanian Certified Auditor  
Audit Certificate No. 000543

Vilnius, The Republic of Lithuania  
14 March 2025

*The auditor's electronic signature is used herein to sign only the Independent Auditor's Report.*

STATEMENT OF FINANCIAL POSITION  
AS OF 31 DECEMBER 2024

(all the amounts are presented in thousands of euros, unless stated otherwise)

	Notes	31 December 2024	31 December 2023* (restated)	1 January 2023* (restated)
<b>ASSETS</b>				
<b>A. NON-CURRENT ASSETS</b>				
I.		469	282	183
II.	5	31 324	32 694	36 196
III.	11	2 385	8 052	8 414
IV.	6	3 032	-	-
V.	7	788	298	75
VI.	20	520	812	1 048
		<b>38 518</b>	<b>42 138</b>	<b>45 916</b>
<b>B. CURRENT ASSETS</b>				
I.	11	3 912	1 568	3 953
II.	7	6 405	5 730	3 573
III.	8	9 220	5 097	3 000
IV.	8	6 583	11 564	5 146
		<b>26 120</b>	<b>23 959</b>	<b>15 672</b>
		<b>64 638</b>	<b>66 097</b>	<b>61 588</b>
<b>EQUITY AND LIABILITIES</b>				
<b>C. EQUITY</b>				
SHARE (UNTIL 2 JANUARY 2023 - OWNER'S)				
I.	9	46 066	46 066	34 586
II.	9	1 294	533	2 155
III.		1 048	-	769
IV.	9	26	21	9 444
V.		2 678	3 330	2 055
		<b>51 112</b>	<b>49 950</b>	<b>49 009</b>
<b>D. ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>				
<b>I. NON-CURRENT LIABILITIES</b>				
I.1.	10	4 162	7 112	5 609
I.2.	13	571	561	645
I.3.	12	76	1 018	365
		<b>4 809</b>	<b>8 691</b>	<b>6 619</b>
<b>II. CURRENT LIABILITIES</b>				
TRADE PAYABLES AND OTHER CURRENT				
II.1.	12	4 747	3 059	2 827
II.2.	13	2 518	2 421	2 188
II.3.	10	1 267	1 659	945
II.4.		185	317	-
		<b>8 717</b>	<b>7 456</b>	<b>5 960</b>
		<b>13 526</b>	<b>16 147</b>	<b>12 579</b>
		<b>64 638</b>	<b>66 097</b>	<b>61 588</b>

\*Adjusted as described in Note 3 of these financial statements

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

The financial statements were signed on 14 March 2025:

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 Saulius Batavičius  
 Chief Executive Officer

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 Simona Širvaitytė  
 Head of Financial Accounting Division

**AB ORO NAVIGACIJA**

Company's registration number - 210060460, address – B. Karvelio st. 25, Vilnius

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

		Notes	2024	2023* (restated)
I.	SALES	14	32 110	30 345
II.	COST OF SALES	15	(22 517)	(20 967)
<b>III.</b>	<b>GROSS PROFIT</b>		<b>9 593</b>	<b>9 378</b>
IV.	GENERAL AND ADMINISTRATIVE EXPENSES	16	(7 042)	(6 465)
V.	OTHER INCOME	17	1 298	489
VI.	OTHER EXPENSES	17	(1 516)	(625)
<b>VII.</b>	<b>OPERATING PROFIT</b>		<b>2 333</b>	<b>2 777</b>
VIII.	FINANCE INCOME	18	568	332
IX.	FINANCE COSTS		(14)	(20)
<b>X.</b>	<b>PROFIT BEFORE TAX</b>		<b>2 887</b>	<b>3 089</b>
XI.	INCOME TAX	19, 20	(445)	(542)
<b>XII.</b>	<b>NET PROFIT</b>		<b>2 442</b>	<b>2 547</b>
<b>XIII.</b>	<b>OTHER COMPREHENSIVE INCOME</b>			
<i>XIII.1.</i>	<i>ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</i>		-	-
<i>XIII.2.</i>	<i>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</i>			
XIII.2.1.	ACTUARIAL GAIN	13	-	55
XIII.2.2.	REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	5	1 197	-
XIII.2.3.	DEFERRED TAX	20	(191)	(10)
XIII.2.4.	OTHER		9	11
			<b>1 015</b>	<b>56</b>
<b>XIV.</b>	<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3 457</b>	<b>2 603</b>

*\*Adjusted as described in Note 3 of these financial statements**The accompanying explanatory notes form an integral part of these financial statements.*

The financial statements were signed on 14 March 2025:

---

 Saulius Batavičius  
 Chief Executive Officer

---

 Simona Širvaitytė  
 Head of Financial Accounting Division

**AB ORO NAVIGACIJA**

Company's registration number - 210060460, address – B. Karvelio st. 25, Vilnius

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

	Share (until 2 January 2023 – owner's) capital	Legal reserve	Revaluation reserve	Other reserves	Retained earnings (loss)	Total
<b>Balance at 31 December 2022</b>	<b>34 586</b>	<b>2 155</b>	<b>769</b>	<b>9 444</b>	<b>2 206</b>	<b>49 160</b>
Prior year adjustments	-	-	-	-	(151)	(151)
<b>Balance at 31 December 2022* (restated)</b>	<b>34 586</b>	<b>2 155</b>	<b>769</b>	<b>9 444</b>	<b>2 055</b>	<b>49 009</b>
Net profit for the year	-	-	-	-	2 547	2 547
Other comprehensive income	-	-	-	-	56	56
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 603</b>	<b>2 603</b>
Transfer to reserves	-	533	-	11	(544)	-
Dividends	-	-	-	-	(1 662)	(1 662)
Operations related to changed Company's legal form from state enterprise to public limited liability company	11 480	(2 155)	(769)	(9 434)	878	-
<b>Balance at 31 December 2023</b>	<b>46 066</b>	<b>533</b>	<b>-</b>	<b>21</b>	<b>3 330</b>	<b>49 950</b>
Net profit for the year	-	-	-	-	2 442	2 442
Other comprehensive income	-	-	1 048	-	(33)	1 015
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>1 048</b>	<b>-</b>	<b>2 409</b>	<b>3 457</b>
Transfer to reserves	-	761	-	5	(765)	-
Dividends	-	-	-	-	(2 296)	(2 296)
<b>Balance at 31 December 2024</b>	<b>46 066</b>	<b>1 294</b>	<b>1 048</b>	<b>26</b>	<b>2 678</b>	<b>51 112</b>

*\*Adjusted as described in Note 3 of these financial statements**The accompanying explanatory notes form an integral part of these financial statements.*

The financial statements were signed on 14 March 2025:

---

 Saulius Batavičius  
 Chief Executive Officer

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 Simona Širvaitytė  
 Head of Financial Accounting Division



## AB ORO NAVIGACIJA

Company's registration number - 210060460, address – B. Karvelio st. 25, Vilnius

### EXPLANATORY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED AT 31 DECEMBER 2024

(all the amounts are presented in thousands of euros, unless stated otherwise)

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#### 1. General information

AB Oro Navigacija (hereinafter - Company) is a company established by the Republic of Lithuania providing air traffic control and air navigation services to aircraft flying in the airspace of the Republic of Lithuania as well as air traffic control for landing and taking-off aircraft and the related aerodrome services at Vilnius, Kaunas, Šiauliai ir Palanga airports. The main customers of the Company are foreign airlines. The registered office of the Company is located at B. Karvelio st. 25, Vilnius. 307 employees were working at the Company on 31 December 2024 (31 December 2023: 294 employees).

In order to ensure compliance of tariffs with the general charging principles applied to air navigation services worldwide, all the information is provided to the Ministry of Transport and Communications of the Republic of Lithuania, Eurocontrol and the European Commission and the tariffs are coordinated with representatives of airspace users – the International Air Transport Association (IATA), the International Air Carrier Association (IACA) as well as various organisations representing general aviation.

The activity of the Company is regulated by the International Standards for Air Transport (ISAT), legal acts of the International Civil Aviation Organization (ICAO), the European Union, the European Organization for the Safety of Air Navigation (Eurocontrol), the Law on Aviation of the Republic of Lithuania and other documents.

#### 2. Summary of significant accounting principles

##### 2.1. Basis for preparation of financial statements

These financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter - IFRSs), as adopted by the European Union (hereinafter - the EU).

##### 2.2. Application of new and amended International Financial Reporting Standards (IFRS)

###### ***New and/or amended standards and interpretations effective from 1 January 2024***

The following standards, amendments to the existing standards and interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period and were adopted by the Company:

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective for annual periods beginning on 1 January 2024);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective date; Non-current Liabilities with Covenants (effective for annual periods beginning on 1 January 2024);
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosure: Supplier Financial Arrangements (effective for annual periods beginning on 1 January 2024).

The application of standards, amendments and interpretations listed above had no material impact on the Company's financial statements.

###### ***Standards, amendments and interpretations to existing standards issued by IASB, adopted by EU, but not yet effective***

At the date of authorisation of these financial statements, the Company has not early adopted the following new and revised IFRS standards, amendments and interpretations that have been issued but are not yet effective:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective for annual periods beginning on 1 January 2025).

The management of the Company does not expect that the adoption of these standards, amendments and interpretations listed above will have a material impact on the financial statements of the Company upon initial application.

###### ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been endorsed by EU***

IFRSs currently endorsed by EU are not significantly different from the standards, endorsed by IASB, except the standards, amendments and interpretations that were not endorsed by EU (the effective dates are applicable to IFRS to full extent). These standards, amendments and interpretations are listed below:

- IFRS 19 Subsidiaries Without Public Accountability: Disclosures (effective for annual periods beginning on 1 January 2027);

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

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**2.2. Application of new and amended International Financial Reporting Standards IFRS (continued)**

- IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on 1 January 2027);
- Amendments to the Classification and Measurement of Financial Instruments (IFRS 9 TFAS and IFRS 7 amendments) (effective for annual periods beginning on 1 January 2026);
- Annual IFRS Improvements – 11th Edition (effective for annual periods beginning on 1 January 2026);
- Contracts Related to Nature-Dependent Electricity: Amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on 1 January 2026).

The management of the Company does not expect that the adoption of these standards, amendments and interpretations listed above will have a material impact on the financial statements of the upon of initial application.

**2.3. Functional and financial statements currency**

The Company's functional and financial statements currency is euro. Financial statements are prepared in thousands of euro.

**2.4. Intangible assets**

Intangible assets are measured initially at cost. Intangible assets are recognized if it is probable that future economic benefits that are attributable to the asset will flow to the Company and the cost of asset can be measured reliably. After initial recognition, intangible assets are measured at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over the best estimate of their useful lives. The useful lives, residual values and the method of amortization are reviewed annually, to ensure that they are consistent with the expected pattern of use of intangible asset. The useful life of intangible assets is 3 years.

The costs of acquisition of new software are capitalized under intangible asset if these costs are not an integral part of the related hardware.

Costs incurred in order to restore or maintain the future economic benefits that the Company expects from the performance of existing software are recognized as an expense when the restoration or maintenance work is carried out.

**Accounting for Software as a Service (hereinafter - SaaS)**

When deciding on SaaS accounting, the Company evaluates whether it has a substantive right to take control of the software. The right is considered substantive if the Company can take control of the software without incurring a significant penalty (this concept includes not only monetary penalties but also other forms of economic loss) and it can deploy and use the software independently or by contracting with a third party (unrelated to the vendor). A significant penalty may include high costs for taking control of the software or a significant reduction in its utility or value if used separately. If the Company has a substantive right to take control of the software, SaaS meets the criteria for recognition as an intangible asset and is accounted for as such. Otherwise, the provision of software services is accounted for as an expense in the profit (loss) statement either at a point in time or over a period. In assessing whether the service is provided at a point in time or over a period, the Company follows the guidelines of IFRS 15. Article 35 of IFRS 15 stipulates that an entity transfers control of goods or services over time, thereby satisfying its performance obligation and recognizing revenue over time, if one of the following criteria is met: a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. b) the entity's performance creates or enhances an asset (e.g., unfinished production) that the customer controls as the asset is created or enhanced. c) the entity's performance does not create an asset with an alternative use to the entity (see Article 36), and the entity has an enforceable right to payment for performance completed to date.

When SaaS does not meet the definition of intangible assets and is provided over a period, payments for SaaS are recorded under the deferred expenses, splitting their short-term and long-term parts, and are subsequently recognized as expenses over the period of service delivery.

**2.5. Property, plant and equipment**

Property, plant and equipment except for buildings and structures, are accounted for at acquisition cost less accumulated depreciation and the impairment losses, if any. The buildings and structures are accounted for at the revalued value less the depreciation and impairment losses. Revaluations are performed periodically, at least every four years, to ensure that the carrying amount of the buildings and structures does not differ materially from their fair value at the reporting date. The revaluation of the property is performed by an independent certified property appraiser. Property, plant and equipment impairment losses are presented under general and administrative expenses.

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

**2.5. Property, plant and equipment (continued)**

The initial cost of property, plant and equipment comprises its acquisition price, including non-refundable purchase taxes and any directly attributable costs of bringing the asset to its condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repair and maintenance costs, are charged to profit or loss in the period when the costs are incurred.

The depreciation is calculated on the straight line basis over the following estimated useful life periods:

<u>Group</u>	<u>Subgroup</u>	<u>Useful lives, in years</u>
1. Buildings and structures	1.1. Buildings	40
	1.2. Structures	25
2. Machinery and equipment	2.1. Instrument landing system ILS	15
	2.2. Radars	15
	2.3. Electrical transmission devices	10
	2.4. Air traffic control, voice communication, AFT / AMHS and data communication equipment	10
	2.5. Other machinery and equipment	7
3. Vehicles	3.1. Vehicles not older than 5 years	6
	3.2. Trailers, semitrailers	6
4. Other assets	4.1. Furniture	10
	4.2. Guns	15
	4.3. Computer equipment and mobile communication devices	4
	4.4. Office, household, TV equipment and other assets	7

Every component of property, plant and equipment the cost of which is significant in respect of the total acquisition cost, is depreciated within a different period of time, complying with the most economically useful life duration thereof. At the end of each year, the Company reviews the useful lives, residual values and the method of amortization of the property, plant and equipment and evaluates the impact of revision, if any, which is recognised perspectively. The depreciation costs are presented under cost of sales and general and administrative expenses.

When assets are sold, their cost and accumulated depreciation are eliminated from the statement of financial position and any gain or loss resulting from their disposal is recognized in profit or loss.

Construction in progress is accounted for at acquisition cost. This includes the cost of construction, plant and equipment and other directly attributable costs. Construction-in-progress is not depreciated until the relevant assets are completed and available for use.

Spare parts are classified as property, plant and equipment if they meet the definition, including the requirement to be used over more than one period. Otherwise, spare parts are classified as inventory.

**2.6. Impairment of non-financial assets**

At each financial reporting date, the Company reviews the carrying amount of intangible assets and property, plant and equipment to determine whether there is any indication that the value of an asset has decreased. If such indications exist, the Company assesses the recoverable amount of the asset in order to measure the impairment (if any). When it is impossible to assess the recoverable amount of the asset, the Company calculates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In determining value in use, estimates of future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and asset-specific risk.

If it is determined that the recoverable amount of an asset (or cash generating unit) is less than the carrying amount of the asset, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognized as expense.

If the impairment loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) is increased to the recoverable amount of the asset, but in such a way that the increased carrying amount does not exceed the carrying amount that would be determined if, in the previous year, that asset (or cash generating unit) would not be recognized for impairment losses. Reversal of impairment losses is immediately recognized as income.

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**2.7. Financial instruments**

**Financial assets**

The financial assets of the Company include cash and cash equivalents, bonds and securities, trade debtors and other receivables.

Trade debtors are initially recognized when they arise. Upon initial recognition, other financial assets are recognized when the Company become parties to the contractual provisions of the instrument. Financial assets (except for trade debtors without a significant financing component), if not measured at fair value through profit or loss, are initially measured at fair value plus transaction costs directly attributable with acquisition or issue. Trade debtors without a significant financing component are initially recognized at the transaction price.

Financial assets are classified in three groups according to their measurement:

- i. financial assets that are subsequently measured at amortized cost;
- ii. financial assets that are subsequently measured at fair value through other comprehensive income;
- iii. financial assets that are subsequently measured at fair value through profit or loss.

The classification of a financial asset depends on the financial asset management business model (assessing how the entity manages the financial assets to generate cash flows) and the characteristics of the contractual cash flows of the financial asset (whether contractual cash flows include only principal and interest payments).

Financial asset is stated at amortized cost if both of the following conditions are satisfied:

- 1) financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 2) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interests on the principal amount outstanding.

Financial assets that do not meet the above conditions are measured at fair value in profit or loss and other comprehensive income.

On 31 December 2024 and 2023 the Company had no financial assets, which, in subsequent periods, are measured at fair value in profit or loss and other comprehensive income.

Financial assets that are subsequently measured at amortized cost are measured using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, foreign exchange gains or losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating the interest income or expense over a period of time. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial asset or liability or, where appropriate, a shorter period.

Financial assets at fair value through profit or loss are initially recognized at fair value in profit or loss. Subsequently, the fair value gain and loss, including any interest and dividends, is recognized in profit or loss and other comprehensive income.

Financial assets are derecognised when:

- i. the right to receive cash flows from the financial asset expires;
- ii. the Company retains the right to receive cash flows from the asset, but have agreed to pay in full without material delay to a third party under a 'pass through' arrangement;
- iii. the Company transfers their right to receive cash flows from assets and/or: (a) have transferred substantially all the risks and rewards of the financial asset; (b) have neither transferred nor retained substantially all the risks and rewards of the financial assets but have transferred control of the assets.

When the Company transfers rights to receive cash flows from an asset but neither transfer nor retain substantially all the risks and rewards of the asset nor transfer control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

The Company reduces the gross carrying amount of their financial asset if they cannot reasonably expect to recover all or part of the financial asset. A write-off is an event of derecognition.

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**2.7. Financial instruments (continued)**

**Financial liabilities**

The Company's financial liabilities comprise lease liabilities, trade payables and other payables.

At the time of initial recognition, financial liabilities are recognised when the Company becomes a party to the contractual terms of the instrument.

Financial liabilities are divided into two groups according to their measurement:

- i. financial liabilities that are subsequently measured at amortised cost;
- ii. financial liabilities that are subsequently measured at fair value through profit or loss.

A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Company derecognises financial liabilities when their contractual obligations are discharged or cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, the new financial liability is recognized at fair value under the modified terms of the contract.

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

Trade and other payables. Upon initial recognition, trade and other payables are recognized when the Company becomes a party to the contractual provisions. Trade and other payables are initially measured at fair value plus directly attributable transaction costs.

**Offsetting financial assets and financial liabilities**

Financial assets and financial liabilities are offset when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on the net basis or to realise the asset and settle the liability simultaneously.

**2.8. Impairment of financial assets**

Impairment losses on financial assets measured at amortized cost are measured using the expected credit loss (ECL) model. Credit losses are measured at the present value of all cash losses (the difference between the cash flows that the Company holds under the contract and the cash flows the Company expects to receive). ECLs are discounted applying an effective interest rate.

At the end of each reporting period, the Company recalculates and records the allowance for expected credit losses, taking into account past events, current market conditions and future prospects. At the end of each financial period, the Company assesses whether there has been a material change in the credit risk of the financial instrument since initial recognition.

Expected credit losses on financial assets are measured at the amount of the impairment loss, that is equal to:

(a) 12-month expected credit losses; it is the expected credit loss that arises from the default of financial liabilities that is possible within 12 months from the date of the financial statements, or

b) all expected credit losses; that is, for all expected credit losses that arise from all possible defaults during the life of a financial asset. Impairment losses on all expected credit losses are calculated if the credit risk on such financial assets has increased significantly since initial recognition. For all other financial assets, expected credit losses are calculated based on 12-month expected credit losses.

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(all the amounts are presented in thousands of euros, unless stated otherwise)

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**2.8. Impairment of financial assets (continued)**

Expected credit losses are probabilistic weighted estimates of the present value of credit losses. They are measured as the difference between the present value of the cash inflows expected to be received from the Company's contractual flows and the cash flows expected to be received by the Company as a result of a number of future economic events, discounted at the effective interest rate of the financial asset.

The carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering all or part of the asset. Non-recoverable assets are written off against recognized related impairment loss allowance, provided that all necessary steps have been taken to recover the asset and the amount of the loss has been determined. The amounts previously written off and recovered in subsequent periods are credited to the impairment loss account within the statement of profit or loss and other comprehensive income.

**2.9. Grants**

Grants are accounted for on the accrual basis, i.e. grants received or the parts thereof are recognized as used in the periods during which the costs associated with the grant are incurred.

**Grants related to assets**

Grants related to assets include grants that are received in the form of non-current assets or are intended for acquisition of non-current assets. Grants are recognized at fair value of the resulting assets and are subsequently recognized as income, reducing the depreciation/amortization expense over the useful life of the related non-current asset. Unused part of grants is presented in the statement of the financial position as deferred income.

**Grants related to income**

Grants related to income include grants received for reimbursement of expenses and income not received, as well as all other grants not attributable to grants related to assets. Grants related to income are recognised as used in accordance with the amount of related expenses incurred or income not received during the reporting period. Grants related to income are recognised in profit (loss) when the related expenses are incurred (or income not received) for the reimbursement of which the grant was allocated.

**2.10. Lease**

The Company first of all assesses whether the concluded contract qualifies for the lease. In case the contract qualifies for the lease (it provides the right to use defined asset for a certain period of time for a pre-defined price), the below described accounting principles are applied.

The Company recognises the right to use the assets and lease liability when the lease period commences. The right to use the asset during the initial recognition is accounted for at acquisition cost, which is composed of initial lease liability less discounts and lease contributions paid before the commencement of the lease period or on the first day of the lease period, and increased by the amount of related direct expenses.

After the initial recognition the right to use the asset is depreciated on a straight-line basis over the period of the lease, except for the cases, when at the end of lease period the ownership of the asset is transferred to the Company or it is probable that at the end of the lease period the Company will exercise the option to purchase the asset. In such cases the right to use the asset is depreciated over the useful life of the assets. The right to use the asset is presented net of impairment losses (if any) and adjusted accordingly if the lease liability is reassessed due to the changes in the circumstances.

The initial amount of lease liability is recognized at present value of unpaid lease payments at the date of the lease period commencement. The discount rate applied equals to the interest rate indicated in the lease contract, if such is indicated, or to average alternative interest rate which the Company would likely pay to the borrower for the loan used for acquisition of the leased asset.

**Operating lease – the Company as the lessor**

Payments received under operating leases (net of any incentives given to the lessee) are recognized in profit or loss on a straight-line basis over the period of the lease.

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**2.11. Employee benefits****Benefits for employees leaving for retirement**

According to the requirements of the Labour Code of the Republic of Lithuania, each employee leaving the Company at retirement age, is entitled to a one-time termination benefit of two average monthly wages and, if the employment relationship lasts less than one year, - of one wage. It is also established under the Collective Bargaining Agreement at the Company that air traffic controllers, the labour contracts of whom are terminated when they turn 59 (i.e., when they acquire the right to receive rent), are entitled to termination benefit of two average monthly wages. Actuarial calculations are made to determine liability for such payments. The liability is recognised at present value discounted using market interest rate of the Government securities, expressed in the same currency as that of the benefits, provided that their pay-out term is similar to the envisaged benefit pay-out term.

**Benefits for employees who exercised their right to a pension after the termination of an employment contract**

Air traffic controllers who turn 59 years old and inform the Company of their decision to terminate the employment contract on their 59th birthday no later than 12 months before turning 59 gain the right to receive a pension annuity payment (and the Company has the obligation to ensure its payment) until they qualify for a full old-age pension. By mutual agreement between the air traffic controller and the Company, the start date of the annuity payment can be postponed to a later period beyond the 59th birthday. This obligation of the Company is accounted for as a Defined Benefit Plan under the requirements of IAS 19 Employee Benefits, meaning the Company recognizes the present value of the defined benefits and the fair value of the plan assets, based on the interest rate of government bonds expressed in the same currency as the benefits and with a payment term similar to the expected term of benefit payments.

**Jubilee benefits**

In accordance with the Collective Bargaining Agreement valid at the Company until 31 December 2024 every employee of the Company was entitled to jubilee benefit. As at 31 December 2023 actuarial calculations were made to determine liability for such payments. The liability was recognised at present value discounted using market interest rate of the Government securities, expressed in the same currency as that of the benefits, provided that their pay-out term is similar to the envisaged benefit pay-out term.

**Other benefits defined under the Collective Bargaining Agreement**

In accordance with the Collective Bargaining Agreement every employee of the Company is entitled to receive a lump-sum annual benefit of pre-defined amount. The Company makes the calculations in order to assess the liability associated with such benefits. The change in the liability is recognised in profit or loss.

**2.12. Corporate income tax and deferred tax**

The corporate income tax is calculated in accordance with the requirements established under the Law on Taxes of the Republic of Lithuania. In 2024 and 2023 the standard corporate income tax rate charged in the Republic of Lithuania was 15 percent.

Deferred taxes are calculated using the liability method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse based on tax rates enacted or substantively enacted at the reporting date.

Deferred tax asset is recognized in the statement of financial position to the extent the management believes it will be realized in the foreseeable future, based on taxable profit forecasts. In case part of deferred tax asset is not expected to be realized, this part of the deferred tax asset is not recognized in the financial statements. Deferred tax assets and liabilities are offset when they are related to taxes levied by the same tax authority and when there is a legally enforceable right to cover current payable taxes at net value.

Income tax and deferred tax expenses (income) are accounted for in profit or loss, except when they relate to items included directly to equity. In this case the deferred tax is accounted for in other comprehensive income.

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**2.13. Revenue recognition**

The Company recognizes revenue at such time and to such an extent that the transfer of goods or services to customers represents the consideration that the Company expects to receive in exchange for those goods or services.

The Company's revenue is recognized using the 5-step model:

*Step 1 - Identify customer agreements.*

A contract recognizes an agreement between two or more parties (subject to purchase / sale terms) that creates enforceable rights and enforceable obligations (not applicable if a joint venture agreement is signed). A contract is within the scope of IFRS 15 if all of the following criteria are met:

- the parties have approved the contract (in writing, orally or in accordance with any other usual practice) and are bound by their obligations under the contract,
- it is possible to identify the rights of each party with regard to the goods and / or services to be transferred,
- it is possible to identify the payment terms for the goods and / or services to be transferred,
- the contract has commercial substance,
- it is probable that the consideration to which the Company is entitled to in exchange for the goods or services will be collected.

Contracts with the customer may be aggregated or disaggregated into several contracts, while retaining the criteria of former contracts. Such aggregation or disaggregation is considered modification of the contract.

*Step 2 - Identify performance obligations in the contract.*

Contractual commitment to deliver goods and (or) services to a customer. If separate goods and (or) services are identifiable, the liabilities are recognized separately. Each liability is identified in one of two ways:

- a good and (or) service is distinct, or
- a set of individual goods and (or) services that are substantially the same and have the same pattern of transfer to the customer.

*Step 3 - Determine the transaction price.*

The transaction price may be fixed, variable, or both. The transactions concluded by the Company mainly involve services provided at a certain point in time. Fixed prices apply to such transactions. The transaction price is also adjusted considering the time value of money, if the contract includes a significant financing arrangement, and considering any consideration payable to the customer and non-cash consideration received, if any. The Company apply the following sales price calculation methods: adjusted market assessment approach, expected cost plus margin approach and residual approach. Similar transactions are measured equally.

*Step 4 - Allocate the transaction price to each performance obligation.*

A performance obligation is a contractual promise to deliver to the customer a separate good or service, or a set of individual goods or services that are substantially the same and have the same pattern of transfer to the customer. The transaction price is apportioned between each performance obligation based on the relative separate selling prices of the good or service promised in the contract. If the contracts do not specify separately the price of the service or good (for example, one price for two products), the Company shall determine it. In measuring the transaction price, the Company estimates a discount or variable amount of consideration that relates only to a particular portion of the contract.

*Step 5 - Recognise revenue when (or as) the Company satisfy a performance obligation.*

The Company recognizes revenue when it satisfies a performance obligation by transferring promised goods or services to the customer (i.e. when the customer obtains control of the mentioned goods or services). The recognized amount of revenue is equal to the amount of satisfied performance obligation. Performance obligation may be satisfied at a point of time or over time. A period of time is recognised as a calendar month.

The recognition of revenue depends on whether the obligation is satisfied over a period of time (continuous) or at a point in time. In any event, the transfer of control is taken into account. Revenue is recognized at the fair value of the consideration received or receivable. Revenue is reduced by the estimated amount of customer returns, discounts, and other similar provisions. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Revenue from sales is recognized net of VAT and discounts, including any cumulative expected discounts for the current year.

The income of the Company mainly comprises income received for the provided en-route and terminal air navigation services. The Company also provides additional services: provision of pre-flight air navigation information to the crews of the aircraft, provision of radar information to the Lithuanian Armed Forces, various other services provided at Vilnius, Kaunas, Šiauliai and Palanga Airports.

Income from en-route air navigation services are calculated on the basis of tariffs determined in conformity with the Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019 laying down a common charging scheme for air navigation services and the Multilateral Agreement Related to Route Charges. Route charge is collected for air traffic services provided to an aircraft flying over the airspace controlled by Lithuania. The rate of route charge is calculated according to the following formula:

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**2.13. Revenue recognition (continued)**

$R = W \times P \times D$ , where:

R – the rate of route charge;

W – the mass factor ( $W = \sqrt{MTOM/50}$ ), MTOM – the maximum take-off mass rounded after the decimal point in the usual manner);

P – the unit rate of route charge;

D – the great circle distance divided by 100.

Income from terminal air navigation services are calculated on the basis of tariffs determined in conformity with the Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019 laying down a common charging scheme for air navigation services. Terminal charge is collected for air navigation services provided to aircraft landing at the airports. The rate of terminal charge is calculated according to the following formula:

$T = I \times W$ , where:

T – the rate of terminal charge;

I – the terminal service unit rate;

W – the mass factor ( $W = (MTOM/50)^{0.7}$ , MTOM – the maximum take-off mass rounded after the decimal point in the usual manner).

According to the Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019, the charges for air navigation services shall be determined so that the income actually earned covers the costs actually incurred. The amounts payable arising due to the income earned that exceeds the actual costs, is recorded as contract liabilities and the recognised income of the respective year is decreased accordingly. In case the income earned does not cover the actually incurred service provision costs, the amounts receivable are accounted for as contract assets and the recognized income of the reporting period is increased accordingly. Information about accounting principles and methods related to contract assets/liabilities is presented in Note 11.

**2.14. Recognition of expenses**

Expenses are recognized on the basis of accrual and revenue and expense matching principles in the reporting period when the income related to these expenses was earned, irrespective of the time the money was spent. In those cases when the costs incurred cannot be directly attributed to the specific income and they will not bring income during the future periods, they are expensed as incurred.

The amount of expenses is usually accounted for as the amount paid or due, excluding VAT. In the cases when a long period of payment is established and the interest is not distinguished, the amount of expenses shall be estimated by discounting the amount of payment using the market interest rate.

**2.15. Using the accounting estimates in preparation of financial statements**

The preparation of the financial statements in conformity with International Financial Reporting Standards, as adopted by the EU, requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and costs and disclosure of contingencies, at the reporting date and within the next financial year.

Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant areas of these financial statements, where the accounting estimates are used, include depreciation and impairment of property, plant and equipment, employee benefits, other assets and liabilities, arising due to the difference in the income earned by the Company from air navigation services and expenses incurred for earning that income, impairment of trade and other receivables.

Accounting estimates and other significant information is presented in the notes of these financial statements:

- depreciation and impairment of property, plant and equipment (Notes 2.5 and 5),
- employee benefits (Notes 2.11 and 13),
- other assets and liabilities, arising due to the difference in the income earned by the Company from air navigation services and expenses incurred for earning that income (Notes 2.13 and 11),
- impairment of trade and other receivables (Notes 2.8 and 7).

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**2.16. Fair value measurement**

Some of the Company's accounting policies and disclosures require to estimate the fair value of financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell or paid to transfer a liability in an ordinary transaction between market participants on a principal market, or in the absence of a principal market, on the most advantageous market into which the Company may enter on the date of measurement. The fair value reflects the non-performance risk.

To measure the fair value of assets and liabilities, the Company, to the extent possible, rests on the available data on the market. For fair value measurement, a fair value hierarchy is used, on the basis of the inputs used in valuation:

- Level 1: the quoted prices of active markets for identical assets or liabilities (unadjusted);
- Level 2: other variables than the quoted prices included under level 1 that are observed for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);
- Level 3: asset or liability variables, which are not based on the observed market data (unobserved variables).

If the inputs, used for measurement of the fair value, may be attributed to different levels of a fair value hierarchy, the level of the fair value hierarchy, to which the total measured value is attributed, shall be measured on the basis of the input of the lowest level, significant to the measurement of the total fair value.

The Company recognizes the amounts of transfers between levels of the fair value hierarchy at the end of the reporting period, when the change occurs.

**2.17. Contingencies**

Contingent liabilities are not recognized in the financial statements. They are disclosed in the financial statements 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 in the financial statements when an inflow of economic benefits is probable.

**2.18. Related parties**

Parties are considered related if one party can control the other or exert significant influence over the other in making financial and other decisions. Related parties to the Company include shareholders, members of the Board and the Audit Committee, the Company's management, their close relatives, and other companies or entities that directly or indirectly, through an intermediary, control the Company or are controlled by, either individually or jointly, another party that is also recognized as a related party.

A related party transaction is a transfer of assets and liabilities, provision of services, or other arrangement between related parties, whether compensated or not, that may affect the financial statements.

**2.19. Events after the reporting period**

Events after the reporting date that provide additional information about the Company position at the statement of financial position date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes when material.

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**3. Correction of prior period errors**

In 2024, the Company corrected errors of previous periods related to jubilee benefits stipulated in the Company's collective bargaining agreement (that were paid to all employees until 31 December 2024) and payments to air traffic controllers who exercised their right to a pension after the termination of their employment contract. The impact of these corrections on the financial position statements as of 31 December 2023 and 1 January 2023, as well as on the comprehensive income statement and cash flow statement for the year 2023, is presented below.

	31 December 2023 before adjustments	Adjustments related to jubilee benefits	Adjustments related to annuity payments	31 December 2023 after adjustments
<b>ASSETS</b>				
<b>A. NON-CURRENT ASSETS</b>				
I. INTANGIBLE ASSETS	282	-	-	282
II. PROPERTY, PLANT AND EQUIPMENT	32 694	-	-	32 694
III. OTHER ASSETS	8 052	-	-	8 052
IV. AMOUNTS RECEIVABLE AFTER ONE YEAR	298	-	-	298
V. DEFERRED TAX ASSETS	859	(72)	25	812
<b>TOTAL NON-CURRENT ASSETS</b>	<b>42 185</b>	<b>(72)</b>	<b>25</b>	<b>42 138</b>
<b>B. CURRENT ASSETS</b>	<b>23 959</b>	<b>-</b>	<b>-</b>	<b>23 959</b>
<b>TURTO IŠ VISO</b>	<b>66 144</b>	<b>(72)</b>	<b>25</b>	<b>66 097</b>
<b>EQUITY AND LIABILITIES</b>				
<b>C. EQUITY</b>				
I. SHARE CAPITAL	46 066	-	-	46 066
II. LEGAL RESERVE	533	-	-	533
III. OTHER RESERVES	21	-	-	21
IV. RETAINED EARNINGS	3 061	406	(137)	3 330
<b>TOTAL EQUITY</b>	<b>49 681</b>	<b>406</b>	<b>(137)</b>	<b>49 950</b>
<b>D. ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>				
<b>I. NON-CURRENT LIABILITIES</b>				
I.1. DEFERRED INCOME	7 112	-	-	7 112
I.2. EMPLOYEE BENEFITS	1 039	(478)	-	561
I.3. OTHER NON-CURRENT LIABILITIES	1 018	-	-	1 018
	<b>9 169</b>	<b>(478)</b>	<b>-</b>	<b>8 691</b>
<b>II. CURRENT LIABILITIES</b>				
TRADE PAYABLES AND OTHER CURRENT				
II.1. LIABILITIES	2 897	-	162	3 059
II.2. EMPLOYEE BENEFITS	2 421	-	-	2 421
II.3. DEFERRED INCOME	1 659	-	-	1 659
II.4. PAYABLE CORPORATE INCOME TAX	317	-	-	317
	<b>7 294</b>	<b>-</b>	<b>162</b>	<b>7 456</b>
<b>TOTAL ACCOUNTS PAYABLE AND LIABILITIES</b>	<b>16 463</b>	<b>(478)</b>	<b>162</b>	<b>16 147</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>66 144</b>	<b>(72)</b>	<b>25</b>	<b>66 097</b>

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	1 January 2023 before adjustments	Adjustments related to jubilee benefits	Adjustments related to annuity payments	1 January 2023 after adjustments
<b>ASSETS</b>				
<b>A. NON-CURRENT ASSETS</b>				
I. INTANGIBLE ASSETS	183	-	-	183
II. PROPERTY, PLANT AND EQUIPMENT	36 196	-	-	36 196
III. OTHER ASSETS	8 414	-	-	8 414
IV. AMOUNTS RECEIVABLE AFTER ONE YEAR	75	-	-	75
V. DEFERRED TAX ASSETS	1 021	(52)	79	1 048
<b>TOTAL NON-CURRENT ASSETS</b>	<b>45 889</b>	<b>(52)</b>	<b>79</b>	<b>45 916</b>
<b>B. CURRENT ASSETS</b>	<b>15 672</b>	<b>-</b>	<b>-</b>	<b>15 672</b>
<b>TOTAL ASSETS</b>	<b>61 561</b>	<b>(52)</b>	<b>79</b>	<b>61 588</b>
<b>EQUITY AND LIABILITIES</b>				
<b>C. EQUITY</b>				
I. OWNER'S CAPITAL	34 586	-	-	34 586
II. LEGAL RESERVE	2 155	-	-	2 155
III. REVALUATION RESERVE	769	-	-	769
IV. OTHER RESERVES	9 444	-	-	9 444
V. RETAINED EARNINGS	2 206	295	(446)	2 055
<b>TOTAL EQUITY</b>	<b>49 160</b>	<b>295</b>	<b>(446)</b>	<b>49 009</b>
<b>D. ACCOUNTS PAYABLE AND OTHER LIABILITIES</b>				
<b>I. NON-CURRENT LIABILITIES</b>				
I.1. DEFERRED INCOME	5 609	-	-	5 609
I.2. EMPLOYEE BENEFITS	992	(347)	-	645
I.3. OTHER NON-CURRENT LIABILITIES	203	-	162	365
	<b>6 804</b>	<b>(347)</b>	<b>162</b>	<b>6 619</b>
<b>II. CURRENT LIABILITIES</b>				
TRADE PAYABLES AND OTHER CURRENT				
II.1. LIABILITIES	2 464	-	363	2 827
II.2. EMPLOYEE BENEFITS	2 188	-	-	2 188
II.3. DEFERRED INCOME	945	-	-	945
	<b>5 597</b>	<b>-</b>	<b>363</b>	<b>5 960</b>
<b>TOTAL ACCOUNTS PAYABLE AND LIABILITIES</b>	<b>12 401</b>	<b>(347)</b>	<b>525</b>	<b>12 579</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>61 561</b>	<b>(52)</b>	<b>79</b>	<b>61 588</b>

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
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(all the amounts are presented in thousands of euros, unless stated otherwise)

		2023 before adjustments	Adjustments related to jubilee benefits	Adjustments related to annuity payments	2023 after adjustments
I.	SALES	30 345	-	-	30 345
II.	COST OF SALES	(21 442)	82	393	(20 967)
<b>III.</b>	<b>GROSS PROFIT</b>	<b>8 903</b>	<b>82</b>	<b>393</b>	<b>9 378</b>
	GENERAL AND ADMINISTRATIVE				
IV.	EXPENSES	(6 467)	24	(22)	(6 465)
V.	OTHER INCOME	489	-	-	489
VI.	OTHER EXPENSES	(625)	-	-	(625)
<b>VII.</b>	<b>OPERATING PROFIT</b>	<b>2 300</b>	<b>106</b>	<b>371</b>	<b>2 777</b>
VIII.	FINANCE INCOME	332	-	-	332
IX.	FINANCE COSTS	(1)	-	(19)	(20)
<b>X.</b>	<b>PROFIT BEFORE TAX</b>	<b>2 631</b>	<b>106</b>	<b>352</b>	<b>3 089</b>
XI.	INCOME TAX	(474)	(15)	(53)	(542)
<b>XII.</b>	<b>NET PROFIT</b>	<b>2 157</b>	<b>91</b>	<b>299</b>	<b>2 547</b>
<b>XIII.</b>	<b>OTHER COMPREHENSIVE INCOME</b>				
	<i>ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</i>				
XIII.1.		-	-	-	-
	<i>ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS</i>				
XIII.2.					
XIII.2.1.	ACTUARIAL GAIN REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	31	24	-	55
XIII.2.2.		-	-	-	-
XIII.2.3.	DEFERRED TAX	(5)	(3)	(2)	(10)
XIII.2.4.	OTHER	-	-	11	11
		<b>26</b>	<b>21</b>	<b>9</b>	<b>56</b>
<b>XIV.</b>	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>2 183</b>	<b>112</b>	<b>308</b>	<b>2 603</b>

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(all the amounts are presented in thousands of euros, unless stated otherwise)

	2023 before adjustments	Adjustments related to jubilee benefits	Adjustments related to annuity payments	2023 after adjustments
<b>I. CASH FLOWS FROM OPERATING ACTIVITIES</b>				
I.1. Net profit before tax	2 631	106	352	3 089
<b>Adjustments for non-monetary expenses (income)</b>				
I.2. Depreciation and amortisation expenses	3 911	-	-	3 911
I.3. Elimination of financing and investing activities result	(61)	-	-	(61)
I.4. (Profit) loss from disposal of property, plant and equipment	(8)	-	-	(8)
I.5. Impairment allowance for accounts receivable (reversal)	52	-	-	52
I.6. Other non-monetary items	-	-	-	-
<b>Changes in working capital</b>				
I.7. (Increase) decrease in other assets	2 747	-	-	2 747
I.8. (Increase) decrease in trade debtors and other receivables	(2 767)	-	-	(2 767)
I.9. Increase (decrease) in trade payables and other current liabilities	1 199	-	(352)	847
I.10. Increase (decrease) in employee benefits	311	(106)	-	205
I.11. (Paid) corporate income tax	-	-	-	-
I.12. (Paid) interests	-	-	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>8 015</b>	<b>-</b>	<b>-</b>	<b>8 015</b>
<b>II. CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisition of intangible assets and property, plant and equipment	(1 203)	-	-	(1 203)
II.2. Proceeds from disposal of property, plant and equipment	8	-	-	8
II.3. Received interests and fines	61	-	-	61
II.4. (Increase) decrease in fixed term deposits	(2 000)	-	-	(2 000)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(3 134)</b>	<b>-</b>	<b>-</b>	<b>(3 134)</b>
<b>III. CASH FLOWS FROM FINANCING ACTIVITIES</b>				
III.1. Grants and subsidies received	3 212	-	-	3 212
III.2. Grants and subsidies repaid back	(13)	-	-	(13)
III.3. Dividends paid	(1 662)	-	-	(1 662)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1 537</b>	<b>-</b>	<b>-</b>	<b>1 537</b>
<b>IV. INCREASE (DECREASE) IN NET CASH FLOW</b>	<b>6 418</b>	<b>-</b>	<b>-</b>	<b>6 418</b>
<b>V. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>5 146</b>	<b>-</b>	<b>-</b>	<b>5 146</b>
<b>VI. CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>11 564</b>	<b>-</b>	<b>-</b>	<b>11 564</b>

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

**4. Financial risk management**

Financial risk is composed of credit, liquidity and market risks (foreign currency and interest rate risks). By managing these risks, the Company seeks to reduce the impact of factors that could negatively affect the Company's financial performance.

**Credit risk**

Credit risk is related to credit risk of customers (trade debtors), accrued income, cash and cash equivalents as well as fixed deposits held at the banks.

Since the Company has many customers, the concentration of trading partners is not high. As at 31 December 2024 the Company's accounts receivable from two main customers comprised 10,5 percent and 8,3 percent of the total amount of trade receivables (31 December 2023: 9,9 percent and 9,6 percent).

The maximum credit risk associated with trade debtors by geographic regions was:

	<u>2024</u>	<u>2023</u>
Lithuania	334	240
EU member states, excl. Lithuania	1 209	1 137
Turkey, China	799	438
Russia, Belarus	723	277
Other countries	603	1 075
<b>Gross value of trade debtors, total</b>	<b>3 668</b>	<b>3 167</b>
Less: impairment allowance for doubtful trade debtors	(880)	(575)
<b>Total</b>	<b>2 788</b>	<b>2 592</b>

Analysis of ageing of the accounts receivable is presented in Note 7.

The Company holds its cash and fixed deposits in four Lithuanian banks appraised by international rating agencies that have been given a Moody's rating no lower than BAA2 and/or S&P/Fitch rating no lower than BBB. The rating of the bank is evaluated either individually or by applying the logic of the bank group where the risk is. The Company also follows the recommendations of the Central Bank of Lithuania. In order to avoid a significant concentration of credit risk, the Company ensures that its cash held in one bank does not exceed 40% of all the Company's funds.

The carrying amount of financial assets reflects the highest possible credit risk. The maximum credit risk at the reporting date was:

	<u>2023</u>	<u>2022</u>
Bonds and securities	3 080	-
Trade debtors	2 778	2 592
Accrued income	2 614	2 466
Fixed deposits and accrued interests	9 220	5 097
Cash and cash equivalents	6 583	11 564
<b>Total</b>	<b>24 275</b>	<b>21 719</b>

**Market risk**

The Company's income and operating cash flows are not significantly affected by changes in market interest rates as the Company had no loans received or issued as of 31 December 2024, and trade and other receivables and payables do not earn interest and must be settled within one year. Changes in market interest rates can only affect the amounts of other assets (Note 11) accounted for by the Company, as they are discounted using a discount rate that corresponds to the average yield indicators of Lithuanian long-term debt securities. Considering that all amounts related to the other assets will be recovered in a relatively short period of time, i.e. in 2025-2027, the change in the discount rate would not have a significant impact on the Company's income.

The Company is not subject to foreign currency risk because all of its assets as well as liabilities are denominated in euros.

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(all the amounts are presented in thousands of euros, unless stated otherwise)

**4. Financial risk management (continued)**

**Liquidity risk**

Liquidity risk means that the Company may be not able to settle its financial liabilities on time. The Company seeks to ensure that its liquidity is always sufficient for timely settlement of its financial liabilities, without incurring unacceptable losses and without risking to cause damage to the reputation of the Company. The Company constantly keeps to the policy of maintaining sufficient amount of cash and cash equivalents and, when necessary, ensures financing through credit lines or loans.

On 31 December 2024 the current liquidity ratio and quick liquidity ratio was equal to 3,0 (31 December 2023: 3,3 percent).

The table below summarizes the terms of repayment of the Company's financial liabilities as at 31 December 2024 and 31 December 2023 under undiscounted contract payments:

	Up to 3 months	From 3 to 12 months	From 1 to 5 years	After 5 years	Total	Carrying amount
Trade payables	327	-	-	-	327	327
Financial lease	4	13	87	-	104	88
<b>Balance as of 31 December 2024</b>	<b>331</b>	<b>13</b>	<b>87</b>	<b>-</b>	<b>431</b>	<b>415</b>
Trade payables	587	-	-	-	587	587
<b>Balance as of 31 December 2023</b>	<b>587</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>587</b>	<b>587</b>

**Capital risk management**

Capital includes equity attributable to shareholders. The Company manages its own capital in order to ensure the ability to continue as going concern, fulfill obligations to its customers and provide the returns to shareholders. The capital structure is managed considering the changes in economic conditions and risk characteristics of the Company's activities. In order to maintain or change the capital structure, the Company may change the payment of dividends or return capital to shareholders. The Company's management and board monitors the rate of return on equity (which is calculated as net profit divided to average value of equity at the beginning and the end of the reporting period) which was equal to 4,8% as of 31 December 2024 (31 December 2023 – 5,1%) and taking into account the financial results and strategic plans as well as the requirements established by the legislation submit proposals for the payment of dividends.

According to the Law on Joint-Stock Companies of the Republic of Lithuania, the Company must ensure that the equity is not less than 50% of share capital. The Company complies with the legal requirement and meets the ratio mentioned.

**Fair value of financial assets and liabilities**

The carrying amount of Company's trade receivables and trade payables is close to their fair value, as trade receivables and trade payables are receivable/payable within one year (level 3). The fair value of cash and cash equivalents and fixed term deposits is also equal to their fair value (level 2).

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(all the amounts are presented in thousands of euros, unless stated otherwise)

**5. Property, plant and equipment**

As at 31 December property, plant and equipment comprised:

	<u>Buildings and structures</u>	<u>Plant and equipment</u>	<u>Vehicles</u>	<u>Other assets</u>	<u>Construction in progress and prepayments</u>	<u>Total</u>
<b>Acquisition costs and revalued value</b>						
<b>31 December 2022</b>	<b>20 154</b>	<b>58 353</b>	<b>553</b>	<b>1 585</b>	<b>206</b>	<b>80 851</b>
- acquisitions	-	475	-	53	561	1 089
- disposals and write-offs	-	-	(23)	-	-	(23)
- reclassifications to assets held for sale	183	-	-	-	-	183
- reclassifications among the groups	58	515	-	3	(577)	(1)
<b>31 December 2023</b>	<b>20 395</b>	<b>59 343</b>	<b>530</b>	<b>1 641</b>	<b>190</b>	<b>82 099</b>
- acquisitions	-	442	182	49	1 033	1 706
- increase in value after revaluation	1 197	-	-	-	-	1 197
- reversal of previously recognised impairment after revaluation (Note 16)	158	-	-	-	-	158
- disposals and write-offs	(4)	(6 241)	(138)	(471)	-	(6 854)
- reclassifications among the groups	-	195	-	-	(200)	(5)
<b>31 December 2024</b>	<b>21 746</b>	<b>53 739</b>	<b>574</b>	<b>1 219</b>	<b>1 023</b>	<b>78 301</b>
<b>Accumulated depreciation</b>						
<b>31 December 2022</b>	<b>(7 442)</b>	<b>(35 598)</b>	<b>(522)</b>	<b>(1 093)</b>	-	<b>(44 655)</b>
- depreciation	(573)	(3 974)	(10)	(89)	-	(4 646)
- disposals and write-offs	-	-	23	-	-	23
- reclassifications to assets held for sale	(127)	-	-	-	-	(127)
- reclassifications among the groups	-	-	-	-	-	-
<b>31 December 2023</b>	<b>(8 142)</b>	<b>(39 572)</b>	<b>(509)</b>	<b>(1 182)</b>	-	<b>(49 405)</b>
- depreciation	(570)	(3 701)	(32)	(93)	-	(4 396)
- disposals and write-offs	3	6 215	138	468	-	6 824
<b>31 December 2024</b>	<b>(8 709)</b>	<b>(37 058)</b>	<b>(403)</b>	<b>(807)</b>	-	<b>(46 977)</b>
<b>Carrying amount:</b>						
<b>31 December 2023</b>	<b>12 253</b>	<b>19 771</b>	<b>21</b>	<b>459</b>	<b>190</b>	<b>32 694</b>
<b>31 December 2024</b>	<b>13 037</b>	<b>16 681</b>	<b>171</b>	<b>412</b>	<b>1 023</b>	<b>31 324</b>

In 2024 independent experts performed the valuation of Company's buildings and structures to determine their fair value. The asset valuation was conducted using income, comparative and cost methods. Based on the valuation as of 31 December 2024 buildings and structures were accounted for at revalued amounts. The profit generated during the revaluation was disclosed in the tables of movements of property, plant, and equipment and was recognized under the other comprehensive income.

Had the buildings and structures been accounted for at acquisition cost, their carrying amount would be as follows:

	<u>2024</u>	<u>2023</u>
Acquisition cost	19 303	19 303
Accumulated depreciation	(7 936)	(7 365)
<b>Carrying amount as of 31 December</b>	<b>11 367</b>	<b>11 938</b>

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
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(all the amounts are presented in thousands of euros, unless stated otherwise)

**5. Property, plant and equipment (continued)**

As at 31 December the depreciation of the property, plant and equipment was accounted for in profit (loss) as follows:

	<u>2024</u>	<u>2023</u>
Cost of sales	3 564	3 874
General and administrative expenses	524	505
Other expenses	308	267
<b>Total</b>	<b><u>4 396</u></b>	<b><u>4 646</u></b>

As at 31 December the acquisition cost of property, plant and equipment fully depreciated but still used by the Company:

	<u>2024</u>	<u>2023</u>
Buildings and structures	77	679
Plant and equipment	20 349	20 556
Vehicles	350	488
Other assets	488	932
<b>Total</b>	<b><u>21 264</u></b>	<b><u>22 655</u></b>

As at 31 December unfinished projects and prepayments made for property, plant and equipment was accounted for under construction in progress/prepayments for property, plant and equipment and consisted of:

Project	<u>2024</u>			<u>2023</u>		
	Carrying amount	Estimated costs of completion	Expected date of completion	Carrying amount	Estimated costs of completion	Expected date of completion
Wide area multiteration (WAM) system	230	3 600	4 <sup>th</sup> quarter of 2025	-	-	-
Physical security equipment	220	381	1 <sup>st</sup> quarter of 2025	-	-	-
ATIS/D-ATIS system	141	141	1 <sup>st</sup> quarter of 2025	-	-	-
Other	432			190		
<b>Total</b>	<b><u>1 023</u></b>			<b><u>190</u></b>		

**6. Bonds and securities**

As at 31 December bonds and securities consisted of the following:

	<u>2024</u>	<u>2023</u>
Government bonds of the Republic of Lithuania, interest rate – 3.9%, redemption date – 2 August 2026, and related accrued interests	3 080	-
Less: accrued interests receivable within one year (Note 7)	(48)	-
<b>Total</b>	<b><u>3 032</u></b>	<b><u>-</u></b>

As of 31 December 2024, the fair value of the Government bonds of the Republic of Lithuania amounted to 3,054 thousand euros.

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(all the amounts are presented in thousands of euros, unless stated otherwise)

**7. Trade debtors and other receivables**

As at 31 December, trade debtors and other receivables consisted of the following:

	<u>2024</u>	<u>2023</u>
Trade receivables (excluding accounts receivable from related parties), gross value	3 562	3 136
Accrued income	2 614	2 466
Deferred expenses (software as a service – SaaS)	863	-
Deferred expenses (excluding software as a service – SaaS)	610	833
Receivable amounts from related parties, gross value (Note 22)	106	31
Accrued interests related to bonds and securities (Note 6)	48	-
Other receivable amounts, gross value	270	137
	<b>8 073</b>	<b>6 603</b>
Less: impairment allowance for doubtful trade receivables	(880)	(575)
<b>Total</b>	<b>7 193</b>	<b>6 028</b>
Less: non-current part of deferred expenses	(788)	(298)
<b>Total current part of trade debtors and other receivables</b>	<b>6 405</b>	<b>5 730</b>

Change in impairment allowance for doubtful trade debtors during the year:

	<u>2024</u>	<u>2023</u>
<b>1 January</b>	<b>575</b>	<b>523</b>
Recognised	320	56
Used	(15)	(4)
<b>31 December</b>	<b>880</b>	<b>575</b>

Change in impairment allowance for doubtful trade debtors is presented under the general and administrative expenses.

The term of payment of trade receivables varies from 1 to 60 days.

More detailed information on credit risk related to the accounts receivable is provided in Note 4.

As at 31 December 2024 analysis of trade receivables ageing and impairment allowance calculated using a provision matrix is presented below:

	<u>Credit loss rate</u>	<u>Trade receivables, gross value</u>	<u>Impairment allowance</u>	<u>Trade receivables, net value</u>
Not due	2,9%	2 655	(77)	2 578
Overdue less than 30 days	31,5%	147	(46)	101
Overdue from 30 to 60 days	44,9%	126	(57)	43
Overdue from 60 to 90 days	64,8%	103	(67)	36
Overdue from 90 to 120 days	96,6%	47	(45)	2
Overdue for more than 120 days	100%	588	(588)	-
<b>Total</b>		<b>3 666</b>	<b>(880)</b>	<b>2 760</b>

As at 31 December 2023 analysis of trade receivables ageing and impairment allowance calculated using a provision matrix is presented below:

	<u>Credit loss rate</u>	<u>Trade receivables, gross value</u>	<u>Impairment allowance</u>	<u>Trade receivables, net value</u>
Not due	1,3%	2 465	(30)	2 435
Overdue less than 30 days	18,2%	118	(21)	97
Overdue from 30 to 60 days	39,8%	75	(30)	45
Overdue from 60 to 90 days	51,3%	23	(12)	11
Overdue from 90 to 120 days	78,3%	21	(17)	4
Overdue for more than 120 days	100%	465	(465)	-
<b>Total</b>		<b>3 167</b>	<b>(575)</b>	<b>2 592</b>

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(all the amounts are presented in thousands of euros, unless stated otherwise)

**8. Cash and cash equivalents**

As at 31 December 2023 cash and cash equivalents were composed of 6 583 thousand euros of cash held in the bank accounts (31 December 2023: 11 564 thousand euros).

On 31 December 2024 fixed-term deposits held in banks and accrued interests comprised 9 000 thousand euros and 220 thousand euros respectively (31 December 2023: 5 000 thousand euros and 97 thousand euros), the annual interest rate applied to deposits varied from 2.9 percent to 4.1 percent (31 December 2023: from 2.6 percent to 3.5 percent). The fixed-term deposit contracts were concluded for a period not exceeding one year.

**9. Share capital, legal and other reserves**

*Share capital*

As at 31 December 2024 and 31 December 2023 Company's share capital comprised 46 066 thousand euros. The sole shareholder of the Company is the Republic of Lithuania.

*Legal reserve*

Legal reserve is a compulsory reserve under legislation of the Republic of Lithuania. Not less than 5 percent of the distributable profit is annually transferred to this reserve until the reserve reaches the amount equal to 10 percent of the share capital. The legal reserve can only be used to cover the future losses. As at 31 December 2024 the legal reserve comprised 1 294 thousand euros (31 December 2023: 533 thousand euros).

*Other reserves*

Other reserves are formed in accordance with a decision on distributable profit taken by the Company's shareholder and are envisaged in the Articles of Association of the Company. As at 31 December 2024 the other reserves comprised 26 thousand euros (31 December 2023: 21 thousand euros).

**10. Deferred income**

As at 31 December deferred income related to investment projects financed by the EU funds consisted of the following:

	<b>31 December 2023</b>	<b>Received</b>	<b>Repaid back</b>	<b>Recognised as income in profit (loss)</b>	<b>31 December 2024</b>
Grant for acquisition of air traffic control equipment	4 782	-	-	(667)	4 115
Grant the acquisition of a test platform for a new generation air traffic control system	2 291	-	(2 291)	-	-
Grant for modernisation of Advanced Surface Movement Guidance and Control System (A-SMGCS) of Vilnius Airport	749	-	-	(105)	644
Other grants	949	285	-	(564)	670
<b>Total</b>	<b>8 771</b>	<b>285</b>	<b>(2 291)</b>	<b>(1 336)</b>	<b>5 429</b>

	<b>31 December 2022</b>	<b>Received</b>	<b>Repaid back</b>	<b>Recognised as income in profit (loss)</b>	<b>31 December 2023</b>
Grant for acquisition of air traffic control equipment	5 449	-	-	(667)	4 782
Grant the acquisition of a test platform for a new generation air traffic control system	-	2 291	-	-	2 291
Grant for modernisation of Advanced Surface Movement Guidance and Control System (A-SMGCS) of Vilnius Airport	854	-	-	(105)	749
Other grants	251	908	(13)	(197)	949
<b>Total</b>	<b>6 554</b>	<b>3 199</b>	<b>(13)</b>	<b>(969)</b>	<b>8 771</b>

In 2024 and 2023 the Company complied with the conditions set in grant agreements. In 2023 a grant amount of 2 291 thousand euros was mistakenly transferred by the funding provider to the Company's current account instead of the Treasury of the Government of the Republic of Lithuania. Consequently, in 2024 the Company returned this amount to the current account of Treasury of the Government of the Republic of Lithuania.

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**10. Deferred income (continued)**

As at 31 December the non-current and current share of the deferred income related to investment projects, financed from the EU funds, were composed of:

	2024		2023	
	Non-current part	Current part	Non-current part	Current part
Grant for acquisition of air traffic control equipment	3 448	667	4 115	667
Grant for modernisation of Advanced Surface Movement Guidance and Control System (A-SMGCS) of Vilnius Airport	539	105	644	105
Grant the acquisition of a testing platform for a new generation air traffic control system	-	-	2 291	-
Other grants	175	495	62	887
<b>Total</b>	<b>4 162</b>	<b>1 267</b>	<b>7 112</b>	<b>1 659</b>

**11. Other assets and other liabilities**

As at 31 December other assets and other liabilities consisted of the following:

	2024	2023
Assets arising due to the difference between the income earned from air navigation services and the expenses incurred in order to earn that income (Note 14)	8 325	10 409
Liabilities arising due to the difference between the income earned from air navigation services and the expenses incurred in order to earn the income (Note 14)	(2 028)	(789)
<b>Total other assets</b>	<b>6 297</b>	<b>9 620</b>
<b>Less:</b>		
Non-current part of other assets	(2 385)	(8 052)
<b>Current part of other assets</b>	<b>3 912</b>	<b>1 568</b>
The period of other assets reimbursement	2025-2027 m.	2024-2027 m.
Discount rate	2,88 proc.	2,88 percent

Change of other assets (liabilities) during the year:

	2024	2023
<b>1 January</b>	<b>9 620</b>	<b>12 367</b>
Increase in other assets due to the difference between the income earned from air navigation services and the expenses incurred in order to earn that income for the reporting period	116	1 028
Increase (decrease) in other assets due to amounts returned (received) by the Company in the current year related to the difference between the income earned from air navigation services and the expenses incurred in order to earn that income arising in prior periods	(3 578)	(3 953)
Unwind of discount (Note 18)	139	178
<b>31 December</b>	<b>6 297</b>	<b>9 620</b>

The asset and/or liability arising due to the implementation of the Commission Implementing Regulation (EU) No. 2019/317 of 11 February 2019 (hereinafter – the Regulation) laying down a common charging scheme for air navigation services, according to which the charges for air navigation services should be established so that the income earned would cover the expenses incurred. In cases when income actually earned by the Company exceeds or is lower than the expenses incurred in order to earn that income the traffic risk sharing mechanism is applied, over-recovery/under-recovery amounts are calculated in accordance with the provisions of the Regulation and are accounted for as contract liabilities/contract assets. The Regulation also establishes several more risk sharing mechanisms (costs, inflation and etc.), incentive schemes, which can also result in over-recovery/under-recovery amounts. Moreover, when business environment situation changes significantly (for example, the actual flight number is 15 percent lower than the forecasted and etc.) the provisions of the Regulation enable to initiate performance plan amendment during the reference period. Consequently, the differences between the actually applied charge rate and the rate to be applied retrospectively in accordance with the amended plan also result in the over-recovery/under-recovery amounts accounted for as other liabilities/other assets.

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

**12. Trade and other payables**

As at 31 December trade and other payables consisted of the following:

	<u>2024</u>	<u>2023</u>
Accrued expenses related to payments to employees	2 965	2 049
Vacation accrual	1 220	1 160
Trade debts (excluding accounts payable to related parties)	259	528
Accounts payable to related parties (Note 22)	68	59
Other payables	311	281
<b>Total</b>	<b>4 823</b>	<b>4 077</b>
Less: non-current part of accrued expenses related to payments to employees	-	(1 018)
Less: non-current part of other liabilities	(76)	-
<b>Total current part of trade and other payables</b>	<b>4 747</b>	<b>3 059</b>
Trade and other payables:		
Attributable to financial liabilities	415	587
Non-attributable to financial liabilities	4 408	3 490

Terms and conditions for financial liabilities are as follows:

- a) interest is not charged on trade debts, they are usually paid within 1–60 days;
- b) interest is not charged on other payable sums, their average term for payment is 1–60 days.

**13. Employee benefits**

As at 31 December employee benefits consisted of the following:

	<u>2024</u>	<u>2023</u> (restated)
Employee benefits according to the Collective Bargaining Agreement	2 366	2 242
Retirement benefits	723	687
Jubilee benefits	-	53
<b>Total</b>	<b>3 089</b>	<b>2 982</b>
<b>Less non-current part of liabilities:</b>		
Employee benefits according to the Collective Bargaining Agreement	(10)	(7)
Retirement benefits	(561)	(554)
<b>Total current part of employee benefits</b>	<b>2 518</b>	<b>2 421</b>

The change in employee benefits during the period was accounted for as follows:

	<u>2024</u>	<u>2023</u> (restated)
At the beginning of the year	2 982	2 833
Recognised in profit (loss)	107	174
Recognised in other comprehensive income	-	(25)
<b>At the end of the year</b>	<b>3 089</b>	<b>2 982</b>

The main assumptions used for estimation of the retirement and jubilee benefits are as follows:

	<u>2024</u>	<u>2023</u>
Discount rate	2,88 proc.	2,88 percent
Annual average employee turnover	3,5 proc.	4,4 percent
Annual average growth of wages	2,0 proc.	2,0 percent

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

**14. Sales**

For the year ended at 31 December sales consisted of the following:

	<u>2024</u>	<u>2023</u>
Income from en-route services	25 257	24 914
Income from terminal services	10 315	8 356
Income recognised related to adjustment for under – recovery/over-recovery of income from en-route services provided (Note 11)	(2 801)	(3 701)
Income recognised related to adjustment for under – recovery/over-recovery of income from terminal services (Note 11)	(661)	776
<b>Total</b>	<b><u>32 110</u></b>	<b><u>30 345</u></b>

Revenue from the provision of en-route and terminal air navigation services is recognized at a point in time, i.e., when airspace users enter the airspace controlled by the Company and begin using air navigation services (gain control of the services).

**15. Cost of sales**

For the year ended at 31 December cost of sales consisted of the following:

	<u>2024</u>	<u>2023</u> <u>(restated)</u>
Wages and other employee related expenses (including social insurance expenses)	14 914	14 035
Change of the accrued expenses related to employees and employee benefits	681	848
Depreciation and amortisation	2 780	3 098
Repair and maintenance of equipment	1 684	590
Insurance	565	885
Other expenses	1 893	1 511
<b>Total</b>	<b><u>22 517</u></b>	<b><u>20 697</u></b>

**16. General and administrative expenses**

For the year ended at 31 December general and administrative expenses consisted of the following:

	<u>2024</u>	<u>2023</u> <u>(restated)</u>
Wages and other employee related expenses (including social insurance expenses)	4 371	3 989
Change of the accrued expenses related to employees and employee benefits	401	356
Depreciation and amortisation	574	546
Insurance	206	183
Audit and consulting expenses	169	320
Reversal of impairment previously recognised on property, plant and equipment after revaluation	158	-
Other expenses	1 163	1 071
<b>Total</b>	<b><u>7 042</u></b>	<b><u>6 465</u></b>

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

**17. Other income (expenses)**

For the year ended at 31 December other income (expenses) consisted of the following:

	<u>2024</u>	<u>2023</u>
<b>Other income</b>		
EU financing income related to projects implemented by the Company	534	187
Sales of radar information	230	207
Other income	534	95
<b>Total</b>	<b>1 298</b>	<b>489</b>
<b>Other expenses</b>		
<i>Expenses related to projects implemented by the Company (partially financed by the EU)</i>		
Remuneration and social security contributions	(811)	(208)
Other expenses	(229)	(75)
<i>Other expenses related to income from other activities</i>		
Depreciation	(308)	(267)
Remuneration and social security contributions	(61)	(43)
Other expenses	(107)	(32)
<b>Total</b>	<b>(1 516)</b>	<b>(625)</b>
<b>Profit (loss) from other activities</b>	<b>(218)</b>	<b>(136)</b>

**18. Finance income**

For the year ended at 31 December finance income consisted of the following:

	<u>2024</u>	<u>2023</u>
Interest income	366	123
Unwind of discount (Note 11)	139	178
Other finance income	63	31
<b>Total</b>	<b>568</b>	<b>332</b>

**19. Corporate income tax**

Total amount of corporate income tax expenses may be reconciled to the profit before tax:

	<u>2024</u>	<u>2023</u> <u>(restated)</u>
Profit before tax	2 887	3 089
Corporate income tax, 15 percent	433	463
Impact of non-taxable income	(3)	(7)
Impact of non-deductible expenses and temporary differences on taxable profit	716	600
Impact of taxable losses carried forward	(802)	(739)
Impact of deferred tax	101	225
<b>Corporate income tax expenses</b>	<b>445</b>	<b>542</b>
<i>Effective corporate income tax rate</i>	<i>15,4 proc.</i>	<i>17,5 proc.</i>

For the year ended 31 December the corporate income tax expenses (income) comprised:

	<u>2024</u>	<u>2023 (restated)</u>
Corporate income tax expenses for the year	344	317
Change in deferred tax	101	225
<b>Total corporate income tax expenses (income)</b>	<b>445</b>	<b>542</b>

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

**20. The deferred tax**

The change in the deferred tax during the period:

	<u>2024</u>	<u>2023</u>
<b>At the beginning of the year</b>	<b>812</b>	<b>1 048</b>
Recognised in profit (loss)	(101)	(225)
Recognised in other comprehensive income	(191)	(10)
<b>At the end of the year</b>	<b>520</b>	<b>812</b>

In 2024 the deferred tax assets and liabilities were calculated applying a tax rate of 16 percent (2023 – 15 percent).

As at 31 December deferred tax asset and the liability were composed of:

	<u>2024</u>	<u>2023</u> (restated)
<b>Deferred tax asset</b>		
Taxable loss carried forward	661	1 422
Employee benefits	494	447
Other	641	432
<b>Total deferred tax assets</b>	<b>1 796</b>	<b>2 301</b>
Less: the unrecognised part of deferred tax asset	-	-
<b>The recognised part of deferred tax asset</b>	<b>1 796</b>	<b>2 301</b>
<b>Deferred tax liability</b>		
Other assets arising from the difference between the air navigation service income earned by the Company and the expenses incurred to earn that income (Note 11)	(1 008)	(1 443)
Revaluation of property, plant and equipment	(268)	(46)
<b>Total deferred tax liability</b>	<b>(1 276)</b>	<b>(1 489)</b>
<b>Net deferred tax asset (liability)</b>	<b>520</b>	<b>812</b>

Deferred tax asset is recognized only to the extent that it is probable that taxable profit will be available in the future.

**21. Financial relations with the management of the Company**

	<u>2024</u>	<u>2023</u>
Salary calculated for the management for year	841	708
Other amounts calculated for the Company's management over the year, as stipulated in the employment contract and/or the Collective Bargaining Agreement	126	188
The average number of executive officers per year	10	10

In 2024 and 2023 the Company's management includes the Chief Executive Officer, the Head of Communications, the Head of the Legal, Risk, and Compliance Management Division, the Head of the Safety and Quality Division, the Head of the Human Resources Division, the Head of the Technical Operations Department, the Head of the Development and Innovation Department, the Head of the Finance and Administration Department, and the Head of the Internal Audit Service.

In 2024 the remuneration calculated for the members of the Board amounted to 112 thousand euros (2023 – 125 thousand euros). In 2024 the remuneration calculated for the members of the Audit Committee amounted to 43 thousand euros (2023 – 39 thousand euros).

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

**22. Related party transactions**

During the year ended at 31 December 2024 and 31 December 2023 the Company carried out transactions including sales and purchases with the related parties (i.e. other companies controlled by the state).

The table provided below reflects the transactions with related companies during the period ended at 31 December 2024:

<b>Related party</b>	<b>Accounts receivable (incl. VAT)</b>	<b>Accounts payable (incl. VAT)</b>	<b>Sales (excl. VAT)</b>	<b>Purchases (excl. VAT)</b>
Air Base of Lithuanian Armed Forces	81	1	2 076	4
Airspace Surveillance and Control Command of the Air Force of Lithuanian Armed Forces	19	-	234	-
AB Lithuanian Airports	2	40	55	284
Lithuanian Hydrometeorological CRCO	1	4	45	19
GE Lithuanian Transport Safety Administration	2	-	34	-
Vilnius Gediminas Technical University	1	-	6	1
ME Šiauliai Airport	-	-	2	-
PI Transport Competence Agency	-	17	-	93
PI Vilniaus šilumos tinklai	-	6	-	30
SĮ Vilniaus atliekų sistemos administratorius	-	-	-	4
Communications Regulatory Authority of Lithuania	-	-	-	3
UAB Vilniaus vandenys	-	-	-	3
PI Antakalnio poliklinika	-	-	-	3
Kaunas university of technology	-	-	-	2
Kaunas district Municipality Administration	-	-	-	2
SE Centre of registers	-	-	-	2
PI Vilnius City Clinical Hospital	-	-	-	1
UAB Palangos vandenys	-	-	-	1
<b>Total</b>	<b>106</b>	<b>68</b>	<b>2 452</b>	<b>452</b>

The table provided below reflects the transactions with related companies during the period ended at 31 December 2023:

<b>Related party</b>	<b>Accounts receivable (incl. VAT)</b>	<b>Accounts payable (incl. VAT)</b>	<b>Sales (excl. VAT)</b>	<b>Purchases (excl. VAT)</b>
Air Base of Lithuanian Armed Forces	4	-	1 593	5
Airspace Surveillance and Control Command of the Air Force of Lithuanian Armed Forces	27	28	173	-
GE Lithuanian Transport Safety Administration	-	-	47	-
AB Lithuanian Airports	-	-	44	257
Lithuanian Hydrometeorological CRCO	-	6	36	23
ME Šiauliai Airport	-	-	2	-
PI Transport Competence Agency	-	19	-	107
PI Vilniaus šilumos tinklai	-	6	-	34
PI Vilnius City Clinical Hospital	-	-	-	6
Vilnius Gediminas Technical University	-	-	-	5
PI Energetikų mokymo centras	-	-	-	5
Vilnius City Municipality Administration	-	-	-	3
Communications Regulatory Authority of Lithuania	-	-	-	3
UAB Vilniaus vandenys	-	-	-	3
PI Antakalnio poliklinika	-	-	-	2
Kaunas university of technology	-	-	-	2
UAB Palangos vandenys	-	-	-	1
SE Centre of registers	-	-	-	1
<b>Total</b>	<b>31</b>	<b>59</b>	<b>1 895</b>	<b>457</b>

**EXPLANATORY NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AT 31 DECEMBER 2024**

(all the amounts are presented in thousands of euros, unless stated otherwise)

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**23. Contingent liabilities and contingent assets**

The unprovoked military invasion of the Republic of Ukraine by the Russian Federation, which began on February 24, 2022, significantly impacted en-route flight flows in the Baltic States and the broader region of Northern European countries bordering the Russian Federation. Shortly after the start of the military conflict, sanctions imposed by the EU and other Western countries—prohibiting Russian Federation airspace users from using EU airspace entirely—as well as reciprocal mirror sanctions imposed by Russia on EU airlines, led to a drastic reduction in en-route flights across the entire Northern European region. En-route flights have always been the main and most significant source of revenue for the Company's services.

The Company's main activities are regulated by directly applicable EU implemented regulations (in this case, Regulation No. (EU) 2019/317, which establishes the performance and charging scheme for the Single European Sky). This regulation sets out the financing mechanism for air navigation services operations (i.e., charges) based on Performance plans prepared by the Member State for the Reference Periods of five years and approved by the local supervisory authority following a compliance assessment by the European Commission. The war situation significantly affecting regional air traffic flows occurred in the middle of the Third Reference Period (RP3, covering years 2020–2024). Therefore, the Company, accurately assessing the significant and potentially long-term impacts of this event on the business environment and its risks and prospects, together with other participants in the national air navigation services ecosystem and the supervisory authority, urgently initiated amendments to the national Performance Plan for RP3 (2020–2024) in spring 2022. It also adjusted service charges to reflect the new reality—a substantially lower number of service units provided and planned for 2022–2024. The revised Performance Plan, which ensures the Company's cost reimbursement adapted to the current market situation, developments, and prospects, was approved by the European Commission (EC) in December 2022. This approval ensured sufficient revenue and cost reimbursement for the provision of services from main operations for the year 2023 and 2024. Additionally, through the year 2023 charges adjustments as outlined in Regulation (EU) 2019/317, the Company got covered for the costs not reimbursed in 2022.

The impact to the Company's activities of the ongoing unprovoked military aggression of the Russian Federation against the sovereign Republic of Ukraine was brought under control by the end of 2022. In 2023 and 2024 the Company maintained stable positive cash flows and earned profit. Furthermore, as of now, in 2025, the charges for the services are already based on the new Fourth Reference Period plan (RP4 – 2025–2029), which still awaits approval by the European Commission. However, it has been prepared with the assumption that this geopolitical situation (the war, the application of sanctions) will continue to impact regional air traffic flows over the next five years. In other words, it has been adapted to the newly established and already stable reality—the conservative baseline scenario. The Company expects the Member State's Performance Plan to be approved as final. Thus, if the situation remains unchanged or improves in the coming years, the Company's financial risks are managed, meaning that the risks of significant cash flow decline and/or deterioration of operational results (profitability) are minimal.

The Company did not take part in any other court proceedings that according to the management would have a significant effect on financial reporting or that would contain information that would have to be additionally disclosed.

**24. Events after the reporting period**

After the end of the financial year until the approval of these financial statements, there have been no events after the reporting period that would have a material effect on the financial statements or should be additionally disclosed.

The financial statements were signed on 14 March 2025:

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Saulius Batavičius  
Chief Executive Officer

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Simona Širvaitytė  
Head of Financial Accounting Division

\* \* \*



# MANAGEMENT REPORT OF AB ORO NAVIGACIJA FOR 2024

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# FOREWORD OF THE CHAIRMAN OF THE BOARD



In 2024, having defined the key strategic directions of operation, AB Oro Navigacija pursued the implementation of the set strategic goals expediently.

It is obvious that the environment in which the Company operates is changing. Alongside the conventional aviation the drone traffic becoming increasingly active, thus, it creates pathways to new fields of business as well as defence, development and public service opportunities. That is a new field of activity for AB Oro Navigacija which brings along certain

characteristic challenges that we must respond to in timely and appropriate manner. The Company has a rare opportunity to expand the variety of the provided services and to enhance financial independence.

Another priority of the organization encompassed the rapidly developing technologies and their application in digitalization air traffic control services as well as other fields of activity of AB Oro Navigacija. Our goal is to be the leaders in the region in introducing advanced solutions allowing the Company to improve the services as well as to enhance flight safety simultaneously ensuring that AB Oro Navigacija operates more efficiently.

The world of aviation will remember year 2024 as that of DHL cargo plane accident. This incident was an obvious reminder of the significance of flight safety and every single part of flight procedure, including also flight control. The meaning and value of work of AB Oro Navigacija became more evident than ever just as the responsibility burden undertaken by the Company employees. The organization is well-aware of that and seeks to ensure safety every day.

In this context not only separate mistakes bear significance, but the targeted efforts of third parties aiming to cause uncertainty by disrupting GPS signal. The main tool of the Company to overcome this challenge is consistent, professional and precise work every day to enable the aircraft to always take-off and land. Most significant is implementing it safely.

*Jūratė Stanišauskienė*  
*The Chairman of the Board of*  
*AB Oro Navigacija*

# FOREWORD OF THE CHIEF EXECUTIVE OFFICER



In 2024, we targeted our strategic directions consistently.

**iTEC alliance.** In 2024, a contract was signed on the development of new generation air traffic control system SkyNex, which will be of even greater assistance to air traffic control officers in the future.

**U-Space ecosystem.** In 2024, common information service (CIS) and U-Space system service (USSS) platforms were successfully introduced. They were presented to the

shareholder and the interested parties, furthermore, interest in them was shown by the community of drone operators. A significant step was taken in the field of regulation as legal acts were prepared regarding introduction of taxation for CIS. On 25 February 2025 CIS certification process was completed and AB Oro Navigacija received CIS provider certificate. This service provides a foundation for further development of U-Space ecosystem.

**Remote aerodrome control centre (rTWR).** In 2024, after a thorough feasibility study and coordination of solution introduction plan with the Board, the procurement procedures were initiated. It is expected to sign the contract at the beginning of 2025 and to commence the introduction of Vilnius remote auxiliary tower system.

**Enhancing secondary surveillance services.** In 2024, a contract was signed with the provider regarding the technological solutions, which will enable wide area multilateration system (WAM). The system is expected to be installed at the end of 2025. Later, the secondary surveillance radar equipment (SSR) both in Vilnius and Palanga aerodromes will be upgraded. That in turn will ensure better coverage of surveillance system and simultaneously the flight safety.

**System-wide information management (SWIM) platform.** In 2024, the introduction of integrational platform was commenced and a partial funding contract was signed with the EU fund regarding the development and introduction of additional functionalities. The respectful functionalities will enable to implement (Common Project 1) data exchange requirements and enhance the efficiency of data transfer as well as interoperability among the systems of our organization and the systems of other aviation sector participants.

*Saulius Batavičius*

*The Chief Executive Officer of  
AB Oro Navigacija*

# GENERAL INFORMATION

The management report for 2024 (hereinafter referred to as the report) of public limited liability company Oro Navigacija (hereinafter referred to as Oro Navigacija, ON or the Company) prepared for the period from 1 January 2024 to 31 December 2024 (hereinafter referred to as the reporting period).



Address of registered office of the company – Balio Karvelio St. 25, LT 02184, Vilnius, Lithuania  
Air Traffic Control Centres are located in Vilnius, Kaunas, Palanga and Šiauliai



Chief Executive Officer  
Saulius Batavičius



Nature of activity – air transport infrastructure company  
Field of activity – air transport services (NACE 52.23 service activities characteristic to air transport)



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+370 706 94 502;  
E-mail: [info@ans.lt](mailto:info@ans.lt);  
Website : [www.oronavigacija.lt](http://www.oronavigacija.lt)



Legal status – public limited liability company  
Code of the legal person: 210060460  
VAT payer code LT100604610



Social networks:  
[linkedin.com/company/oro-navigacija/](https://www.linkedin.com/company/oro-navigacija/)  
[facebook.com/Oronavigacija](https://www.facebook.com/Oronavigacija)



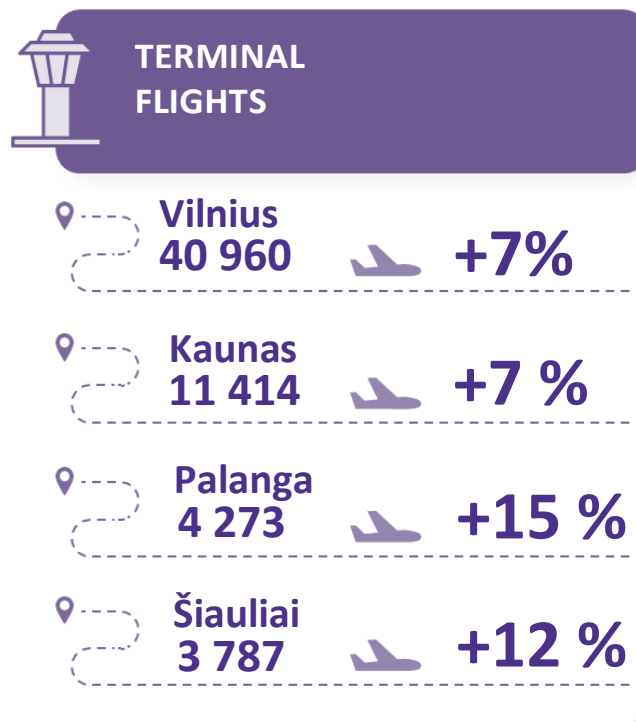
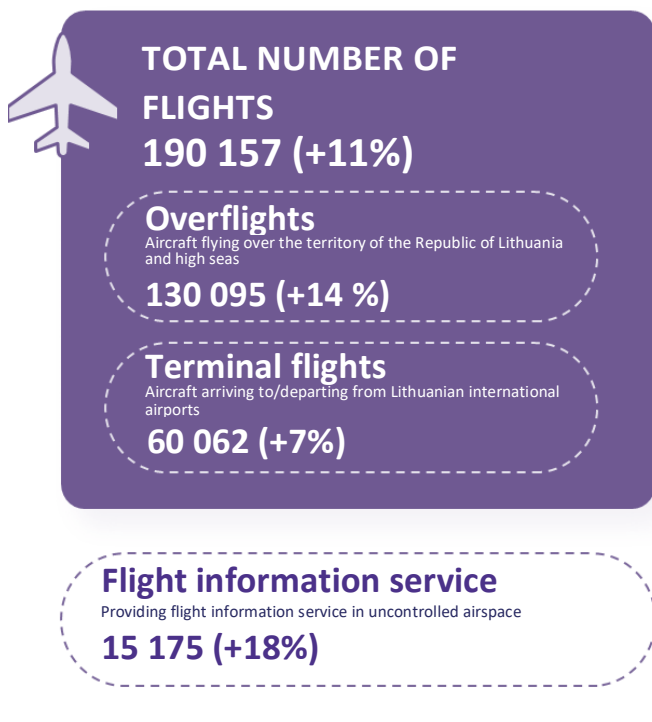
Certifications:  
- air navigation service provider certification  
- air traffic control officer training organisation certification  
- Certificate of sole provider of common information services (CIS)



Certificates:  
- ISO 9001:2015 certificate  
- ISO 37001:2016 certificate

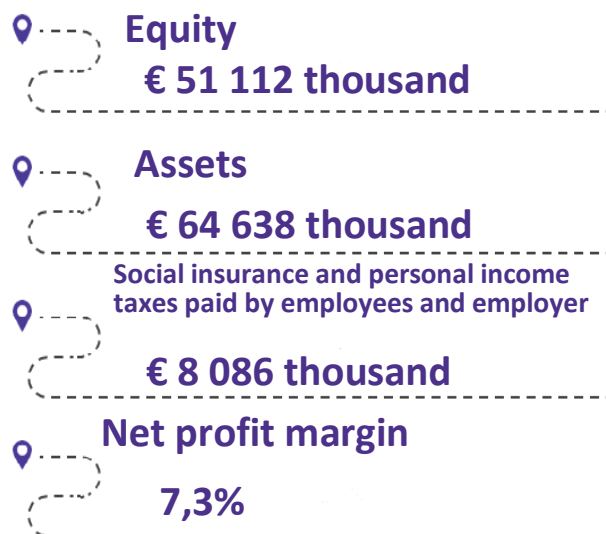
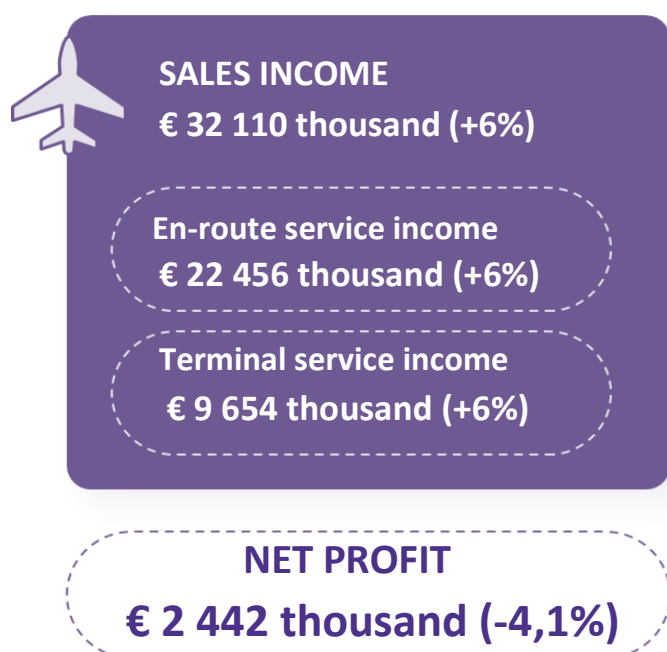
# PERFORMANCE INDICATORS

Change in comparison to 2023



# FINANCIAL INDICATORS

Change in comparison to 2023



# MAJOR EVENTS

## January 2024

- On 30 January 2024 enhancing the international cooperation with Latvia and Estonian air navigation service providers ON organised the conference "Surveillance Equipment in Civil Aviation. Current and Nearest Future Challenges". During the conference the representatives of ANSPs of the Baltic states discussed the public procurement experience when acquiring surveillance service equipment, experience in using the equipment that ON intends to acquire as well as the good practice in introducing new surveillance equipment. This event allowed air navigation specialists of the Baltic states to share knowledge, experience and discuss the most advanced technologies in the field of surveillance systems. That in turn improved regional cooperation and contributed to ensuring high quality of air traffic control services.

## March 2024

- On 4 March 2024, the Board of ON approved the implementation stages of Remote Control Center "rTWR" installation project, with the aim of completing the project in the shortest possible time. During the 1<sup>st</sup> stage of this project it is planned to establish Vilnius tower back-up centre (in 2026), the works planned for the implementation of the 2<sup>nd</sup> stage, which would allow to provide the services of Vilnius airport control centre in remote manner (in 2027), during the 3<sup>rd</sup> stage Kaunas tower is also included – adapted to provide continuous air traffic control services (in 2028) and the 4<sup>th</sup> stage includes Palanga tower also adapted to provide continuous air traffic control services (in 2028).

## April 2024

- On 1 April 2024, ON established a new Air Traffic Flow and Permeability Management Division. The implementation of this structural alteration encompassed several objectives: to ensure identification of airspace permeability indicators and their constant monitoring as well as timely upgrading; to improve cooperation in managing tactical air traffic flow; to have a separate organizational unit, responsible for planning air traffic flows and permeability, analysis of various requests and preparation of replies. These changes will allow the Company to control and optimize the air traffic flows and permeability in a more efficient manner, thus, ensuring more fluent and safe air traffic control.
- In April 2024, ON signed a contract with "Era", a company that belongs to Czech capital "Omnipol Group", regarding the implementation of wide area multilateration (WAM) system. This 3.6 million EUR project will enable ON to provide higher level aircraft surveillance services and ensure wider coverage. The company plans to introduce WAM system during the fourth quarter of 2025. Having introduced this system, Vilnius, Kaunas, Palanga and Šiauliai airports will be able to use WAM coverage and optimize the aircraft approach process in the respective airspaces. This will contribute to smoother and safer air traffic management in Lithuania.
- On 18 April 2024 the Board of ON elected Jūratė Stanišauskienė as the independent member of Audit Committee to replace the resigned member of Audit Committee Gediminas Almantas.
- On 18 April and 23 October 2024 the team of ON participated at VILNIUS TECH GRAVITY and KTU WANTED Career Days, where they introduced the activity dynamics, perspectives and challenges of the Company activity to the students. The team of ON also provided answers for the questions of the students about the mission of the Company and the competencies necessary for airspace management. The events were aimed at strengthening the image of ON as attractive employer and to entice students, willing to use their engineering skills. Both initiatives provided the students with an opportunity to communicate with professionals and gain valuable advice about the career in aviation industry.
- ON will introduce drone risk assessment measure "Wingman" and for this purpose in April 2024 the Company signed an agreement with startup "Skyzr" that is part of Austrian capital high-tech group of companies "Frequentis Group". That is the first automatic risk analysis service in the world, allowing to shorten the request processing time up to 75 percent. ON will be the first company in Europe introducing "Wingman" service for digital risk assessment. This service will be integrated into the forthcoming Lithuanian unmanned aerial vehicle traffic management system. This solution will enable ON to manage the increasing drone traffic in Lithuanian airspace

more efficiently. Automated risk assessment will enable to accelerate the coordination of drone flights and ensure high level of air traffic safety.

## May 2024

- On 6-17 May 2024, the team of ON participated in Lithuanian Air Force (LAF) training courses "Budrus sakalas 2024" and "Astralinis riteris" held in Kaunas and Šiauliai regions. During the training, units of Lithuanian Air Force performing different functions trained in performing defence assignments. Participation in this training provided the team of ON with valuable experience related to airspace surveillance and management challenges. This cooperation with Lithuanian Air Force is an important step in increasing cooperation and synergy between the civil and military aviation sectors in Lithuania.
- On 22 May 2024, the first search and rescue training organized by the Polish and Lithuanian Air Force, PANSAs (Polish Air Navigation Services Agency) and ON took place. The aim of the training, called Baltic SAREX 2024, was to find and rescue the crew and passengers of an aircraft that allegedly crashed. Such initiatives are necessary to ensure smooth and effective response to critical situations.

## June 2024

- On 13 June 2024, ON completed the strategic initiative "Elimination of Air Traffic Service Route Network". The project implemented the relevant parts of the European Route Network Improvement Plan (ERNIP) and other relevant requirements of European Commission regulations. These measures aimed to improve the efficiency and capacity of European air traffic management (ATM). These efforts also include important environmental objectives – reducing fuel consumption and CO<sub>2</sub> emissions.
- On 13-14 June 2024, CANSO2 "Global ATM Summit 2024" was held in Baku (Azerbaijan), with the participation of ON team. The event discussed key challenges and issues faced by air navigation service providers (ANSPs). The need to strengthen the role of CANSO in representing the positions and interests of air navigation service providers at the European Commission was also discussed.

## August 2024

- In August 2024 an official meeting – consultation of all the stakeholders was organised regarding the upcoming 4<sup>th</sup> reporting period (RP4) and the performance plan prepared by Lithuania, as a Member State, i.e., the provider of air navigation services (ANS) in Lithuania. The meeting was attended and the plans for the period of 2025–2029 were introduced by ANSPs of the country: ON, Lithuanian Hydrometeorological Service, Transport Competence Agency (TCA), representatives of airspace users (IATA, Lufthansa), representatives of Performance Review Board assisting the European Commission and representatives of the trade unions of TCA. During the meeting discussions were held and opinions as well as expectations were exchanged regarding the performance plan of Lithuania intended to be submitted, cost bases and investment plans (budgets) were coordinated, which are necessary for ANSP, including also ON, activity implementation and ensuring the continuity of services in 2025-2029. The target indicators to be achieved by the Member State in the four key areas of the performance plan were also discussed: safety, environmental protection, traffic permeability and cost-effectiveness.

## September 2024

- On 1 September 2024 ON and EUROCONTROL jointly organised international European U-space stakeholder conference in Vilnius. The objective of the event was to discuss challenges, related to operation of unmanned aerial systems in the Baltic Sea region. The participants of the conference also aimed to share experience, acquired while implementing U-space initiatives in the entire region, also to consider the implemented strategies, the status of implemented strategies, regulations, standards and scientific research as well as any possible changes.
- In September 2024 the management team of ON had a meeting with the air navigation service providers from Poland (PANSAs) and Ukraine (UKSATSE) in Lviv. The main topics of this meeting were development of bilateral cooperation and resuming aviation operation in Ukrainian airspace. During the meeting the CEO of UKSATSE introduced the plan of the nearest further actions, the participants also thoroughly discussed the ATCO trainings, support of intergovernmental organisations and strategic projects.

## October 2024

- On 7 October 2024 Andrius Šniuolis became the new independent member of the Board of ON and will hold this position under the end of the tenure of the Board of the Company on 2 August 2026. He was elected after Gediminas Almantas resigned from the Board on 1 April 2024 and the Ministry of Transport and Communications of the Republic of Lithuania announced a public selection of the vacant position of the member of the Board of the Company.
- On 29 October 2024, a presentation of U-Space system functionalities took place, during which a drone flight was demonstrated to ON shareholder and other interested parties. This event marked an important milestone, as the acceptance work of U-Space system was completed in September 2024, following the completion of the system implementation process that lasted more than a year. U-Space system includes an innovative Drone Operator App – a mobile application for drone users. The next step is the launch of Drone Operator App, as well as the acquisition of a common information service (CIS) provider certificate. These steps will contribute to the smooth operation and development of U-Space system in Lithuania.
- The European Commission (EC) was officially submitted the final performance plan of Lithuania (as a Member State) for air navigation service (ANS) provision for the 4<sup>th</sup> reporting period (RP4 – 2025-2029), the compliance of which must still be approved by the EC, nevertheless, it was prepared based on the assumption that the current geopolitical situation (war, sanctions imposed) will continue and affect air traffic flows in the region in the course of the next 5 years, i.e. the newly submitted plan has been adapted to the newly occurring and already established reality – conservative basic scenario. The Company expects that the performance plan of the member state will be approved as the final, therefore, assuming the situation remains unchanged or improves during the upcoming years, the financial risks of the Company are under control, i.e., the risks of a significant decline in cash flows and/or deterioration in operating results (profitability) are minimal. In spring 2025, the EC is expected to issue an official decision on the compliance (harmonization) of Lithuanian RP4 performance plan and the target indicator values set therein with the established European Union-wide indicators, as well as the final approval and entry into force of the Lithuanian performance plan.

## December 2024

- On 11 December 2024 a new collective agreement was signed and Remuneration System approved, which is an Annex to it. This was an important achievement, attained as result of constructive social dialogue between employees and the employer. The agreement came into force on 1 January 2025 and will be valid until 31 December 2029, negotiations regarding a new agreement will begin not later than on 31 May 2029.
- 12 December 2024 as has become a tradition ON together with Transport Competence Agency (TCA) and Lithuanian Hydrometeorology Service organised a meeting with the users of Lithuanian airspace. The meeting reviewed the results of the year, changes in the aviation sector, new projects, and issues relevant to users of the services. Various airspace users participated in the meeting: representatives of airlines, the Lithuanian Air Force, aero clubs, and training organizations.
- On 17 December 2024, the Board of ON approved the new organizational structure of the Company, which shall be valid as of 1 January 2025. Two new subdivisions of shall be operating since 2025: Business Development Division, the focus of which shall be the growth of additional income by developing unregulated services and sales, and Remote Aerodrome Control Centre (NASVC). These changes will contribute significantly to implementing two of the strategic goals: “Creation of lower airspace ecosystem U-space and development of new services” – implemented by Business Development Division, and “Implementation of remote tower (rTWR) and air traffic control service delegation among neighbouring countries (ACC cross border) projects” – implemented by Remote Aerodrome Control Centre.

## Information about major events after the end of the reporting period

### February 2025

- On 25 February 2025, a sole provider of common information service certificate was issued to ON. From now on the Company shall provide common information services. This service is the fundamental precondition for further development of U-space services.

# DESCRIPTION OF ACTIVITY

ON is a certified air navigation service provider, providing air traffic control, communication, navigation and surveillance, search and rescue coordination as well as aeronautical information services.

The Company provides air navigation services in the entire airspace of the Republic of Lithuania, also above the territorial waters of the country and the airspace above the Baltic Sea, which is part of Vilnius flight information region (FIR).

While providing the services and implementing the activity the Company follows the requirements of the legal acts of the Republic of Lithuania, the European Union, International Civil Aviation Organization (ICAO), the European Organization for the Safety of Air Navigation (EUROCONTROL), European Union Aviation Safety Agency (EASA) and other acceptable means of compliance (AMC), standards, international programs.

Air Navigation Service Provider Certificate confirms that the Company provides the air traffic management and air navigation services within the airspace of the Republic of Lithuania pursuant to Commission Implementing Regulation (EU) 2017/373 as well as other pertaining Regulations, whereas Certificate for Air Traffic Controllers Training Organization (ATCO TO) confirms that the Company is certified in accordance with Commission Regulation (EU) 340/2015 Part ATCO.OR and is entitled to organize trainings for air traffic control officers defined under the certificate. The Company operates in transparent manner and always seeks the highest quality.

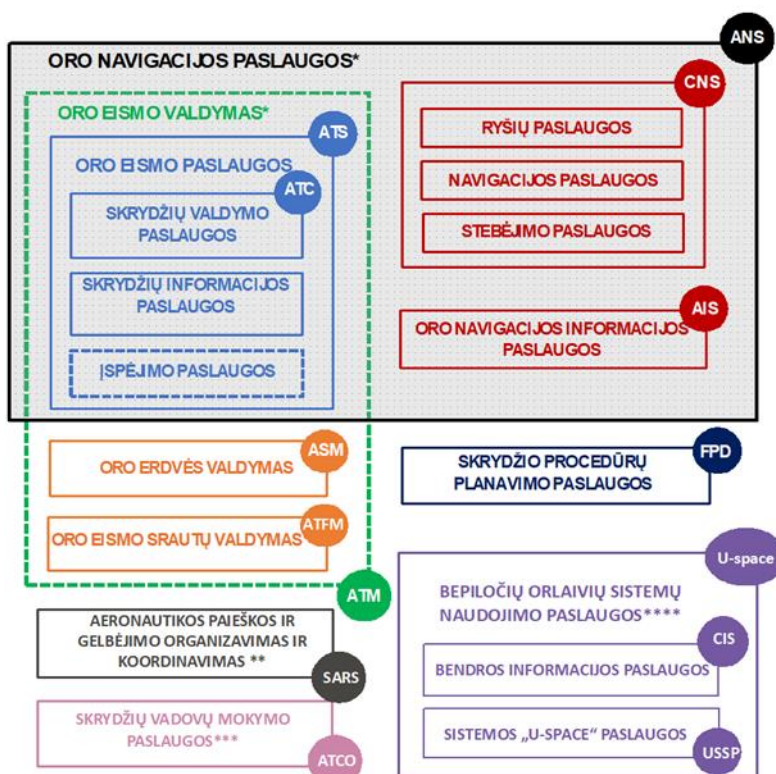
## PROVIDED SERVICES

**Air traffic services (ATS)** constitute the most important link in the air traffic management and air navigation service system chain, comprising air traffic control (area, approach and aerodrome air traffic control), flight information and alerting services.

The Company is the sole air traffic control service provider in Lithuania, providing the services in the airspace of 76,126 km<sup>2</sup>. Most of the services are provided to the aircraft crossing the airspace of the Republic of Lithuania in overflight. ON provides air traffic control services from four main Lithuanian airport aviation centers located in Vilnius, Kaunas, Palanga and Šiauliai. Area Control Centre (ACC) monitors the airspace above flight level (FL) 95.

**Airspace management (ASM) services**, the purpose of which is to define the airspace structure for air traffic services, assign the appropriate classes to it, define or participate in defining special operations airspace and control it, to provide detailed information on special operations airspace status and allocation thereof to airspace users.

**Air traffic flow management (ATFM) services**, the purpose of which is to optimize the use of airspace and airports to avoid overload and ensure smooth and safe aircraft traffic. This service includes flight plan management, real-time monitoring and adjustment of air traffic flows to ensure that air traffic flow is balanced with airspace capacity and airport capabilities.



**Communication, navigation and surveillance (CNS)** services are provided within the entire Vilnius FIR. Communication, navigation and surveillance equipment allows to ensure the safety of the flights. ON uses only air traffic control equipment that complies with international standards and pursuant to national and international regulations is under strict supervision of the Company air traffic safety electronic specialists holding special qualification.

**Aeronautical information services (AIS):** the Company publishes and distributes aeronautical information products and provides pre-flight information services.

**Flight procedure planning (design) services (FPD),** the purpose of which is to ensure the safety, regularity and efficiency of flights and which includes the preparation and determination of air traffic service routes and their continuous review.

**Search and rescue services (SARS):** the Company performs the function of organizing and coordinating aeronautical search and rescue.

**Air traffic control officer (ATCO) training and other training activity** comprises trainings necessary for obtaining and extending air traffic control officer licenses, also acquiring and maintaining air traffic safety electronics specialist qualifications as well as other trainings. These training sessions are organized by ON Competence Centre, which provides services not only inside the Company, but to external clients as well, i.e., to the employees of the Lithuanian Airforce and Lithuanian Hydrometeorological Service.

**Unmanned aircraft systems operation services (common information services and U-space services (USSP)):** in 2023, amendments to the Law on Aviation of the Republic of Lithuania came into force, on the basis of which, by the Order of the Minister of Transport and Communications of the Republic of Lithuania, ON was appointed the official provider of common information services (CIS) in Lithuania. On 25 February 2025, ON was issued the certificate of the sole provider of common information services, and from now on, the Company is the official CIS provider. This service is a crucial step in the further development of the U-Space ecosystem. Lithuanian Transport Safety Agency (LTSA), in cooperation with ON, is preparing legal acts regulating the establishment of geographical zones for unmanned aircraft. One of these zones will be designated as U-space airspace – a special airspace where the use of unmanned aircraft will be allowed only using U-Space ecosystem. ON aims to be a leading and innovative company providing services for unmanned aircraft.

## SCIENTIFIC RESEARCH

ON participates in SESAR 2020 program<sup>[66]</sup> and carries out scientific/industrial projects and contributes to the development of the vision for the future European Air Traffic Management (ATM) system, the preparation of the new long-term European ATM Master Plan and the development of the latest SESAR technological solutions. Projects that pass the scientific research stage later become real projects that are implemented at the European level. ON implements projects together with partners from other European countries, therefore partnership and international cooperation are among the most important components of this process. In 2020-2023, ON participated in stages II and III of the program and implemented seven scientific/industrial (innovation development) projects.

In the second half of 2023 a new stage of the program was commenced – SESAR 3, which will continue until 2030. ON participates in seven projects of the new ATM scientific research programme SESAR stage (SESAR 3):

- Operate anywhere (OPERA);
- ATM/U-space interface and airspace reconfiguration service (ENSURE);
- Gain environmental efficiency by saving energy (GEESE);
- Virtual center with triangle architecture and cyber-resilience (VITACY);
- Performance estimation, assessment, reporting and simulation (PEARL);
- SESAR3 ATM master planning and monitoring (AMPLE3);
- iTEC SkyNex development of the air traffic service platform architecture, which will assist in implementing the virtual centre concept (iSNAP).

ON intends to continue the participation in research activities. In 2025, the application process for the next phase of SESAR 3 program will begin, under which the Company seeks to actively contribute to innovation and progress in the aviation sector.

# MANAGEMENT OF THE COMPANY

Since 2 January 2023 State Enterprise (SE) Oro Navigacija was reorganized into public limited liability company and the new articles of association of public limited liability company Oro Navigacija were registered at the Register of Legal Entities. The articles of association of ON were published on the website of the Company: <https://www.ans.lt/lt/apie-imone/valdymas-1>. In accordance with the articles of association of ON the management bodies of the Company are the general meeting of the shareholders, the Board and the Chief Executive Officer. No Supervisory Board is composed at ON.

**The general meeting of the shareholders** (hereinafter referred to as GMS) can be attended by the shareholders, who are registered as the shareholders of the Company on the day of accounting of GMS. The GMS of the Company is summoned, organised and the decisions are made following the provisions of the Law on Companies of the Republic of Lithuania. The owner of all shares of ON is a sole entity (Republic of Lithuania, the tangible and intangible rights of which are implemented by the Ministry of Transport and Communications of the Republic of Lithuania), therefore written decisions of this body are equal to GMS decisions. The exclusive rights of GMS are defined under the articles of association of the Company (see Annex 2) and the Law on Companies of the Republic of Lithuania.

All members of **the Board** together form the collegial management body of the Company. According to the articles of association of the Company, the Board of ON consists of five members of the Board.

The members of the Board are elected for a term of four years. The members of the Board are elected by GMS in accordance with the procedure established under the Law on Companies of the Republic of Lithuania. The Board elects the Chairman of the Board from the members thereof for a term of four years. The Board represents the shareholders and performs a supervisory and controlling function. The competence and functions of the Board are defined in the articles of association of the Company (see Annex 3), the work regulations of the Board. The structure of the Company is determined by the Board of the Company (organizational structure of ON is depicted in Annex 1).

The Board forms **the Audit Committee**, which is the advisory body to the Board and the main goal thereof is to increase the efficiency of finance monitoring. The purpose of the activity of the Audit Committee is strengthening the protection of the interests of the Board of the Company, as far as financial reporting and internal control are concerned. The Audit Committee is formed for a term of four years from three members, two members of which are appointed from the Board of the Company, one is a certified auditor in accordance with the procedure established under the legal acts. The competence and functions of the Audit Committee are defined under the performance regulations of the Audit Committee (see Annex 5).

The Board elects and revokes also dismisses the **Chief Executive Officer of the Company**, determines the remuneration, other conditions of the labour contract, approves the job regulations, promotes the CEO and imposes penalties. The CEO of the Company is a sole person management body of the Company, who, according to the authority, organizes the daily activity of the Company and acts on behalf of the Company in relations with other persons. The labour contract with the CEO of the Company is signed by the Chairman of the Board or another authorized Member of the Board. The CEO is hired for a term of 5 years and may be elected for a maximum of 2 consecutive terms. The wage of the CEO consists of a fixed share and bonuses, paid taking into consideration the performance of the Company and the activity of the CEO. The duties and authorisations of the CEO are determined by the articles of association of the Company (see Annex 4) and the work regulations approved by the CEO.

## General meeting of the shareholders



**Board** → Audit Committee



**Chief Executive Officer**

## THE BOARD

On 3 August 2022 the Board of ON was elected for a term of four years. During the reporting period the board was composed of 5 members of the Board, including 3 independent members, 1 representative delegated by the Ministry of Transport and Communications and 1 representative delegated by the employees of ON. On 2 January 2023 ON became public limited liability company and the Board elected back in 2022 continued their tenure. On 1 April 2024 one member of the Board Gediminas Almantas resigned from the position of independent member of the Board of ON, which he held for a period longer than one term. On 7 October 2024 Andrius Šniuolis was elected as a new independent member of the Board of ON. During the reporting period the Board operated as a body composed of four persons for a period of six months.

In 2024, 16 meetings of the Board of the Company were held, during which 114 matters were discussed, with the main focus on the following areas: strategy, goals, objectives and performance indicators, the draft strategic business plan for 2025-2029 of the Company, major investment projects and progress in their implementation, quarterly operational and financial results, aviation safety and security. Several extraordinary meetings were dedicated to the management of the situation following the aircraft accident in Vilnius on 25 November 2024, as well as other matters within the competence of the Board of the Company. 34 decisions were made and 23 assignments for the Company were formulated during the meetings.

The main tasks performed by the Board in 2024:

1. Continued monitoring the strategy implementation – active supervision and decision-making of strategic digitalization and lower airspace management service projects:
  - 1.1. Lower airspace control project “U-space” – introduced common information services (CIS) and “U-Space” system service platform (USSP), a demo version of which was successfully presented to the shareholder. CISP certification process was commenced, development of ecosystem was initiated, the second international lower airspace user conference was organised.
  - 1.2. Introduction of remote towers (rTWR) – carried out comprehensive study, prepared solution installation plan, initiated solution procurement procedures.
  - 1.3. Digitalisation of air traffic control in order to ensure cross-border delegation in the future – a new generation air traffic control system SkyNex development contract signed on iTEC alliance level, which enhanced the status of the Company in the field of technology innovations; made a decision to introduce and develop iTEC SkyNex air traffic control system.
  - 1.4. Enhancement of secondary surveillance by introducing new generation solutions (WAM) and ensuring national safety – signed a contract with the supplier for wide-area multilateration system (WAM) enabling the implementation of technological solutions, the introduction was commenced.
2. Initiated detailed analysis of air traffic controller productivity.
3. Discussed the use, risks, and governance of artificial intelligence.
4. Actively monitored the collective agreement negotiation process with trade unions of ON.
5. Focused on anti-corruption, national security and other risk management.
6. Enhanced the risk management process by new competencies and activities at ON.
7. Improved the remuneration management policy, introduced a system for linking strategic goals with the allocation of variable share of the remuneration.
8. Initiated ON policy tree audit and update of the policies.
9. Work related to stakeholder management and cooperation:
  - 9.1. Continuous monitoring of the hot air balloon situation in order to create a dialogue between stakeholders, respond to the needs of the public and pilots, simultaneously ensuring the safety of flights for all airspace users.
  - 9.2. Continued dialogue with the trade unions, in 2024 the Board held 2 meetings with the representatives of the trade unions, discussed strategic priorities for further development of ON.
  - 9.3. Held meetings with the Board of Lithuanian Airports, discussed possible synergy and relevant cooperation matters.
10. Situation management during a crisis and communication monitoring, discussions of situation analysis and plan of performance improvement measures, risk assessment pertaining to aircraft accident in Vilnius.

## REMUNERATION OF BOARD MEMBERS

The remuneration of the members of the Board has been established under the performance contracts concluded with the members of the Board following the Order of the Minister of Transport and Communications of the Republic of Lithuania No. 4-1420 of 30 December 2022 "On Remuneration of the Members of the Board and Committees of Public Limited Liability Company Oro Navigacija" (hereinafter referred to as the Order). Subitem 3.2. of this Order establishes that the Order as well as the fixed remuneration for the members of the Board of the Company shall be valid until the end of tenure of the Board elected under the Order of the Minister of Transport and Communications No. 3-390 of 3 August 2022 "On the Board of State Enterprise Oro Navigacija". The Order is equivalent to a decision of the General Meeting of Shareholders of the Company. This Order establishes that the monthly remuneration of the Chairman of the Board of ON is 2 791 EUR, the monthly remuneration of the independent member of the Board of ON and the member of the Board who is the other person selected by the Ministry of Transport and Communications of the Republic of Lithuania/employee representative is 2 093 EUR, and the monthly remuneration of the member of the Board of ON who is a civil servant is 1 047 EUR. The Order also establishes that elected individual members of the Board receive remuneration equivalent to that of the members of the current Board.

In 2024 the remunerations to the members of the Board of ON comprised 112 363 EUR. The attendance of the meetings of the members of the Board and the remuneration in 2024:

Name, surname	Position	Beginning and end of term	Attendance of the meetings	Remuneration, EUR	Other benefits, EUR
<b>Jūratė Stanišauskienė</b>	Chairwoman (independent member)	03-08-2022 – 03-08-2026	16 (100%)	33 492	1 806
<b>Gediminas Almantas</b>	Independent member (resigned)	03-08-2022 – 01-04-2024	4 (25%)	6 279	236
<b>Andrius Šniuolis</b>	Independent member (newly elected)	07-10-2024 – 03-08-2026	6 (37.5%)	5 824	-
<b>Darius Stravinskas</b>	Member (representative of the Ministry of Transport and Communications)	03-08-2022 – 03-08-2026	16 (100%)	12 564	-
<b>Mantas Šukevičius</b>	Independent member	03-08-2022 – 03-08-2026	14 (87.5%)	25 116	1 930
<b>Vytautas Vaižmužis</b>	Member (representative of the employees)	03-08-2022 – 03-08-2026	15 (93.75%)	25 116	-

Note. The remuneration column indicates the amount accrued (including all taxes) to every member of the board for the work done in 2024. The column of other benefits indicates the amount of compensation for transport expenses, calculated and paid to the member of the board. The members of the Board did not receive any additional benefits in 2024 besides the remuneration indicated in the Table.

## MEMBERS OF THE BOARD

### **Jūratė Stanišauskienė (chairwoman, independent member)**



**Education:** Oxford Said Business School, Organisation Efficiency Programme (2022); Baltic Institute of Corporate Governance, Board Member Qualification (2020); BI Norwegian Business School, Executive Master of Management (2006); International School of Management, Master of Business Management and Administration (2006); Kaunas Technology University, Master of Computer Science (2001).

**Current professional activity:** since 2024 Managing Partner of MB "Govern". Code of legal entity 306987459; since 2023 Member of the Board of UAB "Legal Balance". Code of legal entity 302528679; since 2022 Independent Member of the Board of AB "Lietuvos paštas". Code of legal entity 121215587.

### **Mantas Šukevičius (independent member)**



**Education:** Vilnius University, Bachelor of Economics (banking) (1997); Vilnius University Institute of International Relations and Political Sciences, Bachelor of Political Sciences (1998); Vilnius University Institute of International Relations and Political Sciences, Master of European Union Studies (2000).

**Current professional activity:** since 2022 Independent Member of the Supervisor Board, Member of Audit Committee of JSCB "Biznesni rivojlantirish banki"; since 2022 Chairman of the Board of AB "Detonas". Code of legal entity 134170932; since 2022 Independent Member of Supervisor Board and Audit Committee of AB "KN Energies". Code of legal entity 110648893; since 2021 Independent Member of the Board of UAB "Demus Asset Management". Code of legal entity 304411219; since 2020 Member of MB "Buteo Invest". Code of legal entity 305589356.

### **Andrius Šniuolis (independent member)**



**Education:** Vilnius Gediminas Technical University, Master of Management and Business Administration (2004); Vilnius Gediminas Technical University, Antanas Gustaitis Aviation Institute, aircraft piloting, graduate engineer pilot qualification (2002); General Jonas Žemaitis Military Academy Infantry Platoon Commander Reserve Lieutenant (2002); Vilnius Gediminas Technical University, Aviation Institute, aircraft piloting, engineer qualification (2001).

**Current professional activity:** Head of Activity Planning and Quality Division of AB "Energijos skirstymo operatorius". Code of legal entity 304151376.

### **Darius Stravinskas (member delegated by the Ministry of Transport and Communications)**



**Education:** BI Norwegian Business School, Master of Business Management; International School of Management, Master of Management; Vilnius Gediminas Technical University, Telecommunication Technology Programme, Bachelor of Electronic Engineering; Athlone Institute of Technology Ireland, Bachelor of Mobile Communications.

**Current professional activity:** Ministry of Transport and Communications, Head of Future Communication Policy Group. Code of legal entity 188620589.

### **Vytautas Vaižmužis (member, representative of ON employees)**



**Education:** Vilnius Gediminas Technical University, Antanas Gustaitis Aviation Institute, aircraft piloting, graduate engineer pilot qualification (1998); Vilnius Gediminas Technical University, Aviation Institute, aircraft piloting, engineer qualification (1997).

**Current professional activity:** Head of Aeronautical Rescue Coordination Centre of Operational Department of ON.

## **AUDIT COMMITTEE**

On the 3<sup>rd</sup> of February 2023 a new Audit Committee (hereinafter referred to as AC) of the Company was composed under the Resolution of the Board of ON until the end of the term of the Board. On the 1<sup>st</sup> of April 2024 Gediminas Almantas resigned from the position of independent member of AC of ON, which he held for more than one term. In order to ensure continuous and competent operation of AC, on the 18<sup>th</sup> of April 2024 the Board of ON elected Jūratė Stanišauskienė for the position of independent member of AC.

In 2024, AC of ON held 10 meetings, during which 64 matters were discussed, related with the functions defined under AC operating regulations. In 2024, following the operating regulations of AC, the following was implemented by AC:

1. ON budget execution monitoring. Reviewed the annual report for 2023, assessed the financial statements for 2023 and the profit (loss) distribution project for 2023, dividend payment options of ON for 2023, the impact on ON capital and compliance with legal acts. Followed the results of ON of 2024 by analyzing quarterly sets of financial statements.
2. Monitored the financial reporting process and provided recommendations on ensuring the reliability. Cooperated with external auditors in the field of financial risk identification and management, supervised the independence and impartiality of the auditors performing the financial audit and received written confirmation that the auditor(s) performing the audit or the audit firm performing the audit are independent of ON. Discussed the audit report for 2023 prepared by UAB "ROSK Consulting". In 2024 held regular meetings with external auditors UAB "ROSK Consulting", during which no significant violations were identified. The deadlines for submitting the final audit results have been agreed upon.
3. Provided ON recommendations related to the selection of external auditor(s) or audit company, and the terms of the contract with the external auditor(s) or audit company for the period 2024–2026. Supervised the selection procedures for independent auditors. AC participated in meetings with the selected external audit company UAB "TaxLink auditas", during which they discussed the risks and observations identified by the auditors in 2024, as well as the audit deadlines.
4. Cooperated with the Internal Audit Service (hereinafter referred to as IAS). AC monitored the implementation of IAS annual performance plan. Got acquainted with and evaluated the internal audits performed in 2024 and recommendations presented by IAS to eliminate identified deficiencies. The members of AC monitored the quality of IAS activities, compliance with international standards and the strategic goals of the shareholder and the Company. Participated in the development of an independent/autonomous risk management and internal audit function quality assurance system for IAS. The members of AC got acquainted with the risk management methods applied by IAS and provided recommendations on improving risk identification, assessment and rating methods. The members of AC reviewed and evaluated IAS Quality Assurance Program and made recommendations on updating the program and including an efficiency indicator. The members of AC provided recommendations for IAS activity plan and budget for 2025.
5. Supervised risk management process of ON. AC members held regular meetings with the Head of Risks of ON and provided feedback on the development and implementation of risk management process at ON.
6. Conducted a review of ON compliance management system.
7. Evaluated business continuity plans of ON. Provided recommendations on centralizing business continuity plans of ON.
8. Supervised the operation of internal control system of ON. The members of the AC assessed the possibilities for the development and improvement of ON activities. They were interested in changes in performance efficiency indicators and the reasons behind them, thus, monitoring the operating ON internal control system.

In 2024, the total remuneration of ON Audit Committee members amounted to 43 033 EUR. Attendance of the meetings and remuneration of Audit Committee members of the Company in 2024:

Name, surname	Position	Beginning and end of term	Attendance of the meetings	Wage, EUR	Other benefits, EUR
<b>Mantas Šukevičius</b>	Chairman (independent member)	03-02-2023 – 03-08-2026	10 (100%)	18 852	-
<b>Jūratė Stanišauskienė</b>	Independent member (newly elected)	18-04-2024 – 03-08-2026	6 (60%)	8 476	-
<b>Gediminas Almantas</b>	Independent member (resigned)	03-02-2023 – 01-04-2024	3 (30%)	3 141	-
<b>Irina Kiškina</b>	Independent member	03-02-2023 – 03-08-2026	9 (90%)	12 564	-

Note. The remuneration column indicates the amount accrued (including all taxes) to every member of the audit committee for work done in 2024.

## MEMBERS OF AUDIT COMMITTEE

<p><b>Mantas Šukevičius</b> (chairman, independent member)</p>	<ul style="list-style-type: none"> <li>• Education: Vilnius University, Bachelor of Economics (banking) (1997); Vilnius University Institute of International Relations and Political Sciences, Bachelor of Political Sciences (1998); Vilnius University Institute of International Relations and Political Sciences, Master of European Union Studies (2000).</li> <li>• Current professional activity: since 2022 Independent Member of the Supervisor Board and Member of Audit Committee of JSCB “Biznesni rivojlantirich banki”; since 2022 Chairman of the Board of AB “Detonas”. Code of legal entity 134170932; since 2022 Independent Member of the Supervisor Board and Member of Audit Committee of AB “KN Energies”. Code of legal entity 110648893; since 2021 Member of the Board of UAB “Demus Asset Management”. Code of legal entity 304411219; since 2020 Member of MB “Buteo Invest”. Code of legal entity 305589356.</li> </ul>
<p><b>Irina Kiškina</b> (independent member)</p>	<ul style="list-style-type: none"> <li>• Education: Vilnius University, Economic Informatics, Master’s Degree; Vilnius University International Business School, International Business, Bachelor’s Degree.</li> <li>• Current professional activity: since 5 February 2025 Independent Member of Audit Committee of AB “Klaipėdos energija”. Code of legal entity 14024952.</li> </ul>
<p><b>Jūratė Stanišauskienė</b> (independent member)</p>	<ul style="list-style-type: none"> <li>• Education: Oxford Said Business School, Organisation Efficiency Programme (2022); Baltic Institute of Corporate Governance, Board Member Qualification (2020); BI Norwegian Business School, Executive Master of Management (2006); International School of Management, Master of Business Management and Administration (2006); Kaunas Technology University, Master of Computer Science (2001).</li> <li>• Current professional activity: since 2024 Managing Partner of MB “Govern”. Code of legal person 306987459; since 2023 Member of the Board of UAB “Legal Balance”. Code of legal entity 302528679; since 2022 Independent Member of the Board and Chairwoman of AB “Lietuvos paštas”. Code of legal entity 121215587.</li> </ul>

## MANAGEMENT

<p><b>Saulius Batavičius*</b> Chief Executive Officer</p>	<ul style="list-style-type: none"> <li>• Vytautas Magnus University Company Organisation and Management Study Programme</li> <li>• Master of Business Administration</li> </ul>
<p><b>Ingrida Daugirdė</b> Head of Communications</p>	<ul style="list-style-type: none"> <li>• Kaunas University of Technology Bachelor of Business Administration</li> </ul>
<p><b>Ana Daukšienė</b> Head of Law, Risk and Compliance Management Unit</p>	<ul style="list-style-type: none"> <li>• Mykolas Romeris University Bachelor of Law</li> <li>• Vilnius University Bachelor of Economics</li> <li>• Mykolas Romeris University Master of Business Law</li> </ul>
<p><b>Donatas Dačkevičius</b> Head of Safety and Security Unit</p>	<ul style="list-style-type: none"> <li>• Vilnius University Business Information Management Study Programme</li> <li>• Bachelor of Communications and Informatics</li> </ul>

<p><b>Tomas Montvila</b> Head of Operational Department</p>	<ul style="list-style-type: none"> <li>•Mykolas Romeris University European Union Law Study Programme</li> <li>•Master of Law</li> </ul>
<p><b>Vilija Apulskė</b> Head of Human Resources Unit</p>	<ul style="list-style-type: none"> <li>•Vilnius University Master of Management and Business Administration</li> <li>•International School of Management Master’s degree for Managers</li> </ul>
<p><b>Modestas Pikutis</b> Head of Technical Department</p>	<ul style="list-style-type: none"> <li>•Vilnius Gediminas Technical University Doctor of Electricity and Electronic Engineering</li> </ul>
<p><b>Inga Jankūnaitė</b> Head of Department of Development and Innovations</p>	<ul style="list-style-type: none"> <li>•Vilnius University Master of Management and Business Administration</li> </ul>
<p><b>Eugenijus Krupinas</b> Head of Department of Finance and Administration</p>	<ul style="list-style-type: none"> <li>•Vilnius University Bachelor of Applied Mathematics</li> </ul>
<p><b>Janina Pumputienė</b> The Acting Head of Internal Audit</p>	<ul style="list-style-type: none"> <li>•Vilnius University Master of Management and Business Administration</li> </ul>

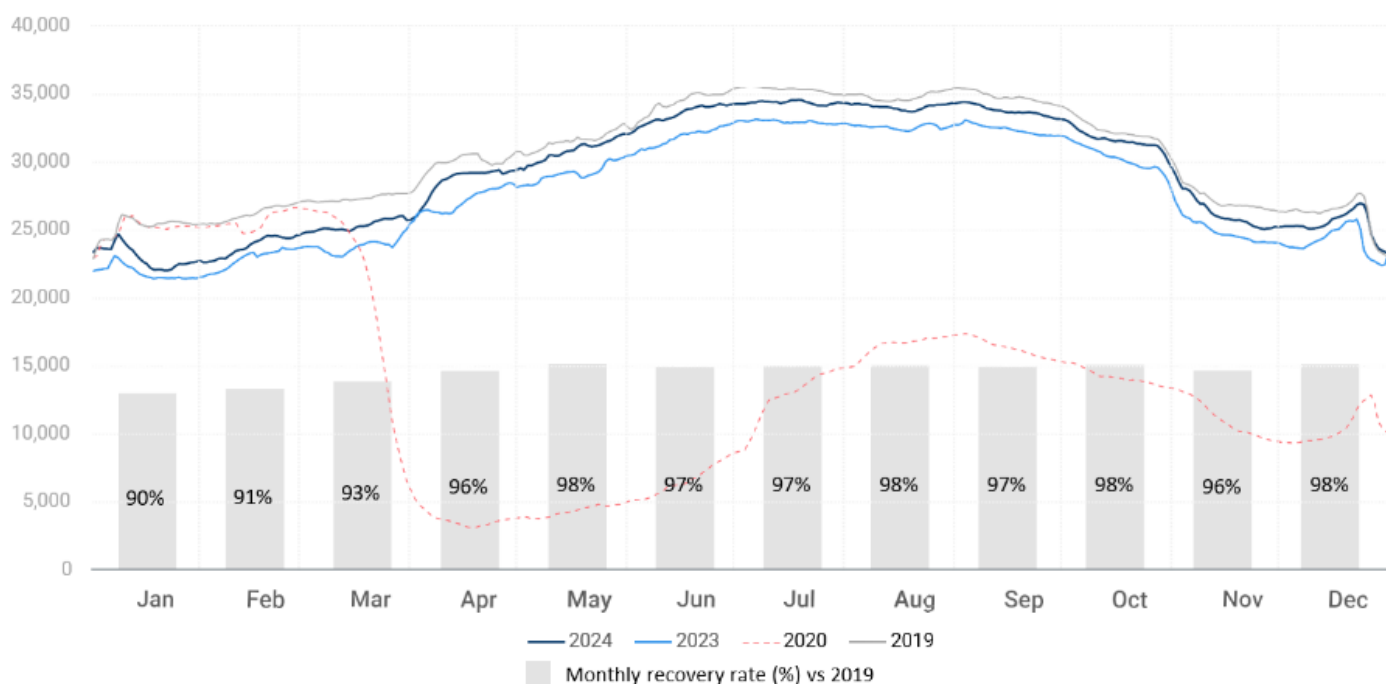
\*The CEO does not hold any other management positions.

## OVERVIEW OF ON’S PERFORMANCE RESULTS

### OVERVIEW OF EUROPEAN AVIATION SECTOR

In 2024, the number of flights recorded in Europe reached 10.7 million EUR, which is 5% more in comparison to 2023. Since the end of COVID-19 pandemic European aviation sector is still in recovery, while the most prominent increase was recorded during the summer season, when the number of flights was growing fastest. In 2024, in comparison to the level before COVID-19 pandemic, the total number of flights in European network reached 96% of the numbers recorded in 2019. Even though the total number of all EUROCONTROL member states has not yet reached the pre-pandemic level of 2019, the situation in separate regions is not the same. Most of the South European countries have already significantly surpassed the indicators of 2019 due to the increased tourist interest in these vacation and tourism destinations. As the passenger flows from Asia (China, India) are in gradual recovery and certain parts of the airspace are still under closure because of the war in Ukraine, the flight flows as well as the workload of air navigation service providers in Southeastern Europe kept on growing. Whereas the Northern and Northeastern European countries are still significantly behind the level of 2019, since due to the airspace closures mentioned before and changes in the flight routes they lose significant overflight flows.

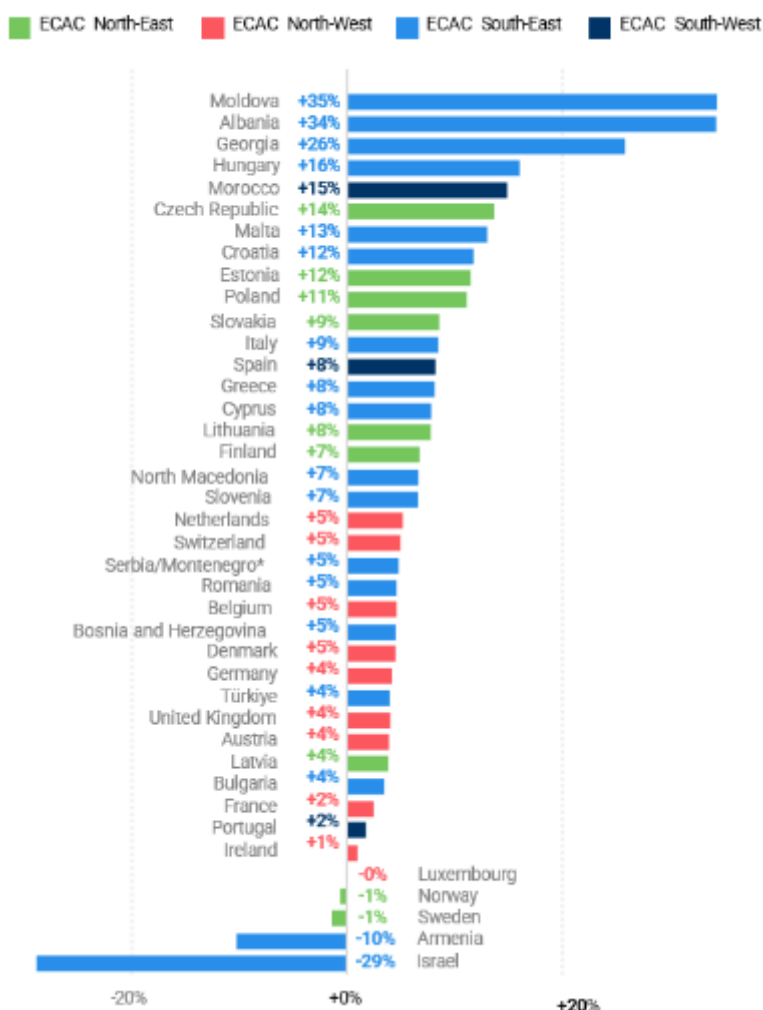
Evolution of traffic in the EUROCONTROL Network (all flights including overflights)



Data source: EUROCONTROL European Aviation overview 2024

In 2024, in comparison to 2023, there was a significant variation in the number of flights among countries and regions. The South-Eastern European region demonstrates the fastest growth, while the North-Eastern region, which includes Lithuania, although facing certain challenges, still records faster growth in the number of flights than the North-Western region, which includes such large countries as Germany, the United Kingdom and France.

States - Traffic (departure/arrival) variations 2024 compared to 2023

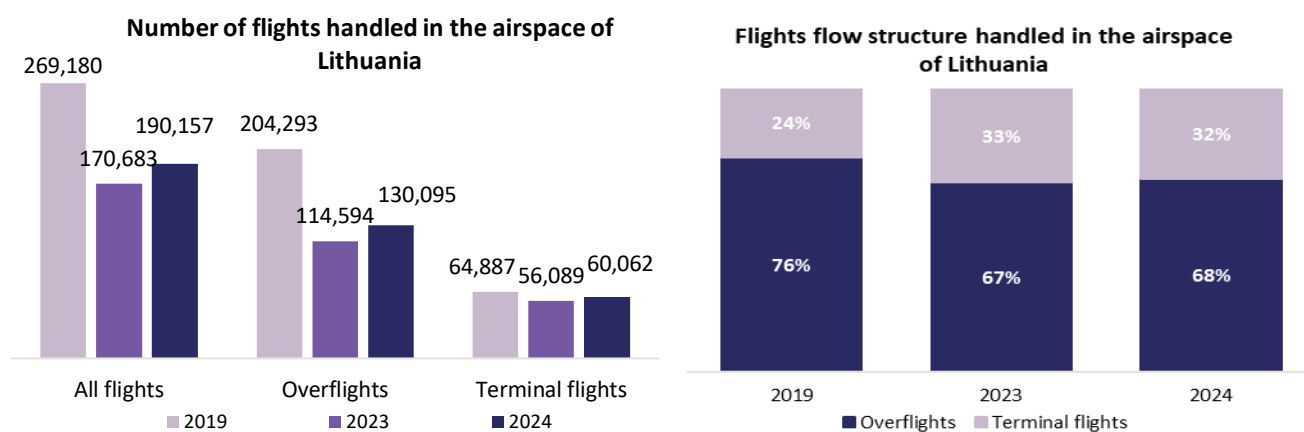


Data source: EUROCONTROL European Aviation overview 2024

## OVERVIEW OF ON'S PERFORMANCE RESULTS

In 2024, the total number of flights that were provided air navigation services in the airspace of the Republic of Lithuania amounted to 190 157 and recorded a growth of 11% in comparison to 2023. Even though it was a positive change, the number of the handled flights remains significantly lower (by 29%) than before COVID-19 pandemic in 2019.

In 2024, the number of overflights increased significantly faster (by 14%) in comparison to the growth of merely 3% recorded in 2023. A faster growth in terminal flights was also recorded as it reached 7% in comparison to only 3% in 2023. Even though a positive change was recorded in the number of overflights, their share remains significantly smaller than before the war in Ukraine, when overflights comprised 75-80% of all flights. From 2022 to 2024 the number of overflights essentially did not change and on average comprised 67% of all flights, which is 11 p.p. less than in 2019. The share of terminal flights decreased by 1 p.p. in comparison to 2023 and comprised 32% of all flights. Nevertheless, the number of these flights still has a more significant share in the total number of flights, which demonstrated a faster growth since 2022. These tendencies show that air traffic sector is on the path of slow recovery, nevertheless, it still faces challenges related to the geopolitical situation and market fluctuations.



In 2024, the distribution of airlines operating in the airspace controlled by Lithuania remains stable: the first two positions in the list of TOP 10 airlines with the biggest number of flights are the same as in 2023. Out of this list three airlines stand out: Irish airlines Ryanair, Turkish Airlines (Türk Hava Yollari) and Finnish airlines Finnair. All TOP 10 airlines increased their number of flights in comparison to 2023, and their flights accounted for 62% of all flights which were provided air navigation services in Lithuanian airspace and at four international airports of the country.

Airlines (TOP 10)	Flights in LT airspace in 2024	Change in 2024/ 2019, percent	Change in 2024/ 2023, percent
Ryanair	21 130	↑ 39	↑ 15
Turk Hava Yollari	20 412	↑ 243	↑ 12
Finnair	20 061	↓ -14	↑ 9
Airbaltic	18 381	↓ -32	↑ 16
LOT	7 683	↓ -41	↑ 1
Air China	7 105	↑ 95	↑ 123
Aeroflot	6 343	↓ -73	↑ 0
Pegasus	6 339	Naujas	↑ 7
Rossiya Airlines	5 870	↓ -57	↑ 44
Pobeda Airlines	5 276	↑ 35	↑ 20

In 2024, just as in 2023, the highest positions of TOP 10 terminal flight market were shared by Irish airlines Ryanair, Latvian airlines Airbaltic, Hungarian airlines Wizz Air was the third, but switched places with Scandinavian airlines SAS that occupied the fifth position. The number of flights of Hungarian airlines Wizz Air decreased by 18%, whereas the number of flights of SAS increased by 17%. In total the terminal flights operated by TOP 10 overflight airlines comprised 78% of all flights handled at four international airports of the country, which were provided air navigation services (in 2023 – 72%).

Airlines (TOP 10)	Terminal flights in 2024	Change in 2024/ 2019, percent	Change in 2024/ 2023, percent
Ryanair	15 862	↑ 33	↑ 17
Airbaltic	8 083	↑ 5	↑ 24
SAS	4 250	↑ 2	↑ 17
LOT	3 953	↓ -33	↑ 3
Wizz air	3 837	↓ -43	↓ -18
Finnair	2 714	↑ 31	↑ 11
Turk Hava Yollari	1 659	↑ 34	↓ -11
Lufthansa	1 550	↓ -11	↑ 32
Getjet Airlines	1 213	↓ -59	↓ -18
NATO	1 085	n/d	↑ 2

In 2024, the biggest number of overflights within the airspace of the Republic of Lithuania were carried out by the same three airlines as in 2023: Turkish airlines Türk Hava Yollari, Finnish airlines Finnair and Latvian airlines Airbaltic. The growth in the number of flights of the Chinese airline Air China particularly stood out in the TOP 10, since in comparison to 2023 increased by 123%. This growth can be attributed to the recovery of Chinese travellers and airline flights, which occurred later than in other regions of the world after COVID-19 pandemic. The flights of TOP 10 overflight airlines in the airspace of the Republic of Lithuania comprised 66% of all the flights. This indicator remained stable compared to the previous year.

Airlines (TOP 10)	Overflights in 2024	Change in 2024/ 2019, percent	Change in 2024/ 2023, percent
Turk Hava Yollari	18 753	↑ 298	↑ 14
Finnair	17 347	↓ -19	↑ 9
Airbaltic	10 298	↓ -47	↑ 11
Air China	7 105	↑ 95	↑ 123
Aeroflot	6 343	↓ -71	↑ 0
Pegasus	6 339	↑ 368	↑ 7
Rossiya Airlines	5 870	↓ -57	↑ 44
Pobeda Airlines	5 276	↑ 35	↑ 20
Ryanair	5 267	↑ 62	↑ 11
Ural Airlines	3 765	↑ 4	↓ -24

The data of 2024 shows that the most popular flight destinations from and to Lithuanian international airports retain the same tendencies as during the previous years. The dominating destinations include the countries, where a lot of Lithuanian citizens who emigrated abroad reside, vacation destinations also remain among the popular routes. There is also a lot of focus on the main airports within the respectful region (aviation hubs), such as Warsaw, Copenhagen and Helsinki, which offer the passengers wider connection opportunities for reaching further and exotic countries.

In 2024, the biggest number of flights was carried out on the same routes: Vilnius – Warsaw, Vilnius – Riga and Vilnius – Helsinki. In comparison to 2023 the most significant increase in flights was recorded on route Vilnius – Copenhagen, which demonstrated a growth of 26%. In addition, when comparing with the pre-pandemic 2019, the number of charter flights on route Vilnius – Antalya, popular among travellers, increased by 33%.

Vilnius (TOP 5)	Terminal flights in 2024	Change in 2024/2019, percent	Change in 2024/2023, percent
Vilnius - Warsaw - Vilnius	3 510	↓ -2	↑ 7
Vilnius - Riga - Vilnius	2 951	↓ -26	↑ 3
Vilnius - Helsinki - Vilnius	2 758	↑ 31	↑ 11
Vilnius - Antalya - Vilnius	2 172	↑ 33	↓ -2
Vilnius - Copenhagen - Vilnius	1 741	↑ 2	↑ 26
Kaunas (TOP 5)			
Kaunas - London Luton - Kaunas	1 372	↑ 10	↑ 11
Kaunas - Copenhagen - Kaunas	805	↑ 13	↑ 27
Kaunas - Cologne - Kaunas	697	↑ 12	↑ 2
Kaunas - Stockholm - Kaunas	667	New	↑ 104
Kaunas - London Stansted - Kaunas	617	↑ 34	↑ 8
Palanga (TOP 5)			
Palanga - Copenhagen - Palanga	1 369	↑ 14	↑ 10
Palanga - Riga - Palanga	1 074	↓ -23	↑ 34
Palanga - Oslo - Palanga	477	↑ 53	↑ 3
Palanga - London Stansted - Palanga	461	↑ 115	↑ 38
Palanga - Dublin - Palanga	167	New	↓ -5

In 2024, the number of flights at international airports (IAs) of the Republic of Lithuania increased by 8%, exceeding 60 thousand flights. Growth was recorded in all IAs, but Palanga IA stood out especially, since there the number of flights increased by 15% in comparison to 2023. This trend was positively affected by improving connections with other European countries – for example, airline AirBaltic launched direct flights from Palanga IA to Amsterdam in June.

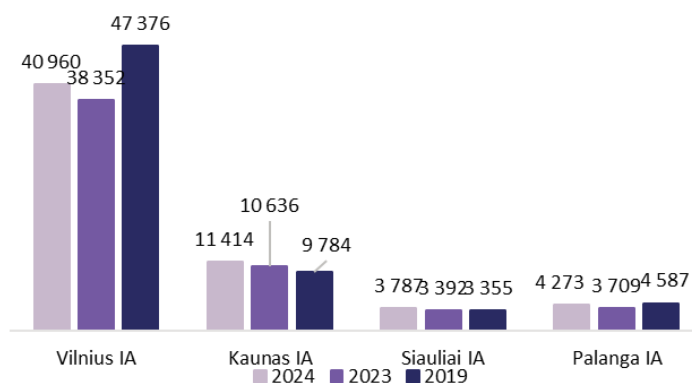
Kaunas TOU continues to exceed pre-pandemic indicators rapidly and demonstrates further growth – in 2024 the number of flights was already 17% higher than in 2019.

Šiauliai TOU recovery is also noticeable: the number of flights increased by 12%. This growth is related to the specifics of the airport and the geopolitical situation. In 2024, a lot of military exercises were organised and more military flights and missions took place.

The overall flight performance of all 4 IAs was positively influenced by the attraction of new airlines and the development of existing carriers, including increasing the frequency of flights and offering new routes.

In 2024, terminal flight structure of Lithuanian IA remained stable in comparison to 2023. As in previous years, the largest market share was held by Vilnius IA, which operated 68% of all flights in the Lithuanian IA network.

Number of terminal flights in IAs of the Republic of Lithuania in 2023 - 2024 and in pre-pandemic 2019



# OVERVIEW OF ON'S FINANCIAL RESULTS

## KEY FINANCIAL INDICATORS OF 2019, 2022 – 2024

Key performance indicators, units	2019	2022	2023	2024	2024/ 2023 change, units	2024/ 2023, change, %	2024/ 2019 change, units	2024/ 2019 change, %
En-route air navigation service units	618 822	375 999	404 023	456 815	52 792	13%	-162 007	-26%
Terminal air navigation service units	34 156	30 262	31 747	34 678	2 931	18%	522	9%
Key financial indicators, th. EUR	2019	2022	2023 (corrected)	2024	2024/ 2023 change, units	2024/ 2023, change, %	2024/ 2019 change, units	2024/ 2019 change, %
Revenue	28 969	27 658	30 834	33 408	2 573	8%	4 438	15%
Gross profit	9 445	7 789	9 378	9 593	215	2%	148	2%
EBITDA <sup>1</sup>	7 275	6 009	6 688	5 836	-852	-13%	-1 439	-20%
Normalized <sup>2</sup> EBITDA	7 461	6 327	6 749	6 230	-519	-8%	-1 231	-16%
Operating profit (EBIT)	3 872	2 049	2 777	2 332	-445	-16%	-1 540	-40%
Normalized EBIT	4 058	2 368	2 838	2 725	-113	-4%	-1 333	-33%
Net profit	3 095	1 950	2 547	2 442	-105	-4%	-653	-21%
Profitability indicators, %	2019	2022 (corrected)	2023 (corrected)	2024	2024/ 2023 change, units	2024/ 2023, change, %	2024/ 2019 change, units	2024/ 2019 change, %
Gross profit margin	32.6%	28.2%	30.4%	28.7%	-1.7%		-3.9%	
EBITDA margin	25.1%	21.7%	21.7%	17.5%	-4.2%		-7.6%	
Normalized EBITDA margin	25.8%	22.9%	21.9%	18.6%	-3.2%		-7.1%	
EBIT margin	13.4%	7.4%	9.0%	7.0%	-2.0%		-6.4%	
Normalized EBIT margin	14.0%	8.6%	9.2%	8.2%	-1.0%		-5.9%	
Net profit margin	10.7%	7.1%	8.3%	7.3%	-1.0%		-3.4%	
Return on assets (ROA 12 months)	4.5%	3.2%	4.0%	3.7%	-0.3%		-0.7%	
Return on equity (ROE 12 months)	6.3%	4.1%	5.1%	4.8%	-0.3%		-1.5%	
Liquidity indicators	2019	2022 (corrected)	2023 (corrected)	2024	2024/ 2023 change, units	2024/ 2023, change, %	2024/ 2019 change, units	2024/ 2019 change, %
Current ratio	2.44	2.63	3.21	3.00	-0.22	-7%	0.55	23%
Cash ratio	1.77	0.86	1.55	0.76	-0.80	-51%	-1.01	-57%
Non-current assets turnover	0.67	0.60	0.73	0.87	0.14	19%	0.19	29%
Financial leverage indicators	2019	2022 (corrected)	2023 (corrected)	2024	2024/ 2023 change, units	2024/ 2023, change, %	2024/ 2019 change, units	2024/ 2019 change, %
Total liabilities to equity ratio	0.44	0.26	0.32	0.26	-0.06	-18%	-0.18	-40%
Debt to equity ratio	0.00	0.00	0.00	0.00	0.00		0.00	
Other financial indicators, th. EUR	2019	2022 (corrected)	2023 (corrected)	2024	2024/ 2023 change, units	2024/ 2023, change, %	2024/ 2019 change, units	2024/ 2019 change, %
Investments	2 340	3 183	1 250	1 949	699	56%	-391	-17%
Total assets	69 488	61 588	66 097	64 638	-1 459	-2%	-4 850	-7%
Cash and cash equivalents	19 102	5 146	11 564	6 583	-4 981	-43%	-12 519	-66%
Equity	48 099	49 009	49 950	51 112	1 162	2%	3 013	6%
Working capital	15 595	10 075	16 665	17 403	900	5%	1 808	12%

<sup>1</sup> EBITDA – operating profit + depreciation and amortization costs + re-evaluation, depreciation (recovery) and write-off of fixed assets.

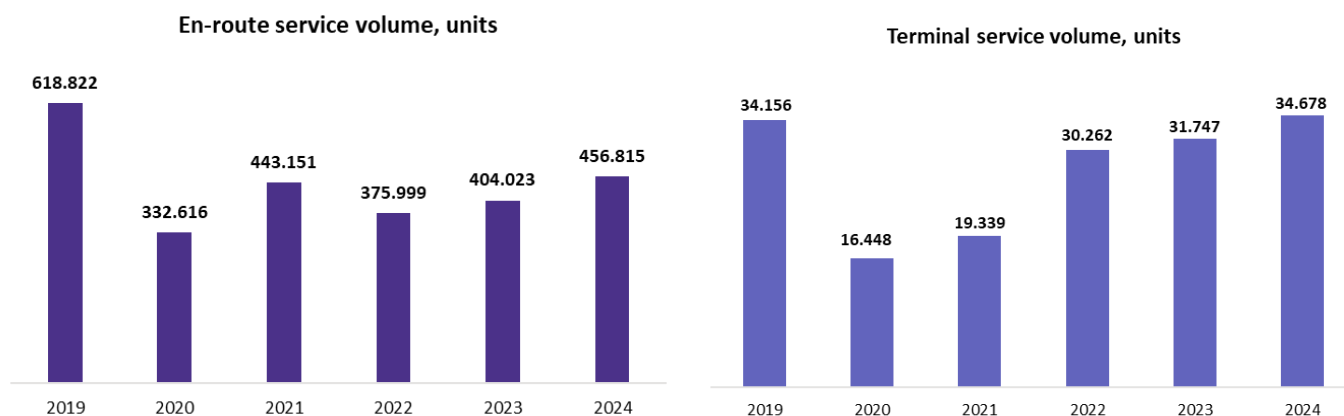
<sup>2</sup> Normalization adjustments mean elimination of income received from EU funds and intended to compensate part of the costs incurred while participating in SESAR project activities, costs related to the respectful activities and costs of the tax for the use of state capital, which were incurred before reorganisation of ON into public limited liability company.

## SCOPE OF THE SERVICES AND INCOME

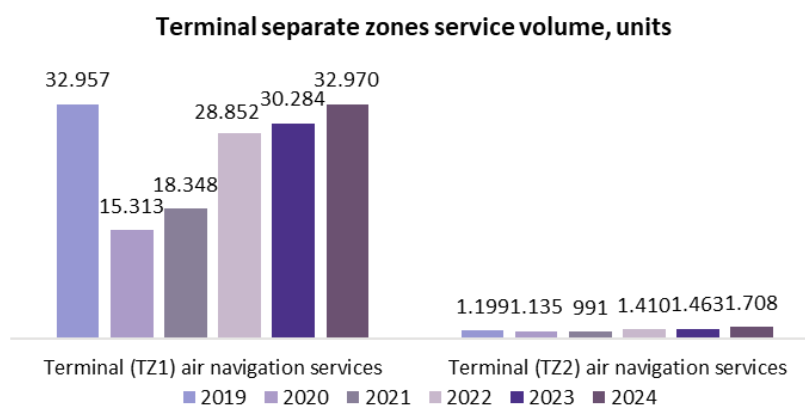
In 2024, an increase in the scope of service units was recorded again both in en-route and terminal services. The only difference was the scope of terminal services has already returned and has even slightly surpassed pre-pandemic level of 2019 (+9%), whereas the scope of en-route services in 2024 amounted to 74% of the level reached in 2019. The latter situation was influenced by the war in Ukraine and the EU sanctions imposed upon the airlines from the Russian Federation.

This significant decrease in the en-route services is associated with the war in Ukraine and the sanctions imposed upon the airlines from the Russian Federation due to the war as well as the changes in the flight routes within the airspace of the Republic of Lithuania. Since the 27<sup>th</sup> of February 2022 the airlines, holding the airline certificate issued by the Russian Federation, can only use the airspace above the Baltic Sea's neutral (international) waters. Even under the scenario that this military conflict is resolved or currently closed airspaces open due to a cease of active military actions, it is very likely that the imposed sanctions will remain, therefore, neither in the near future nor in the long term (until 2029) is it expected that the volume of en-route services will return to the level of 2019.

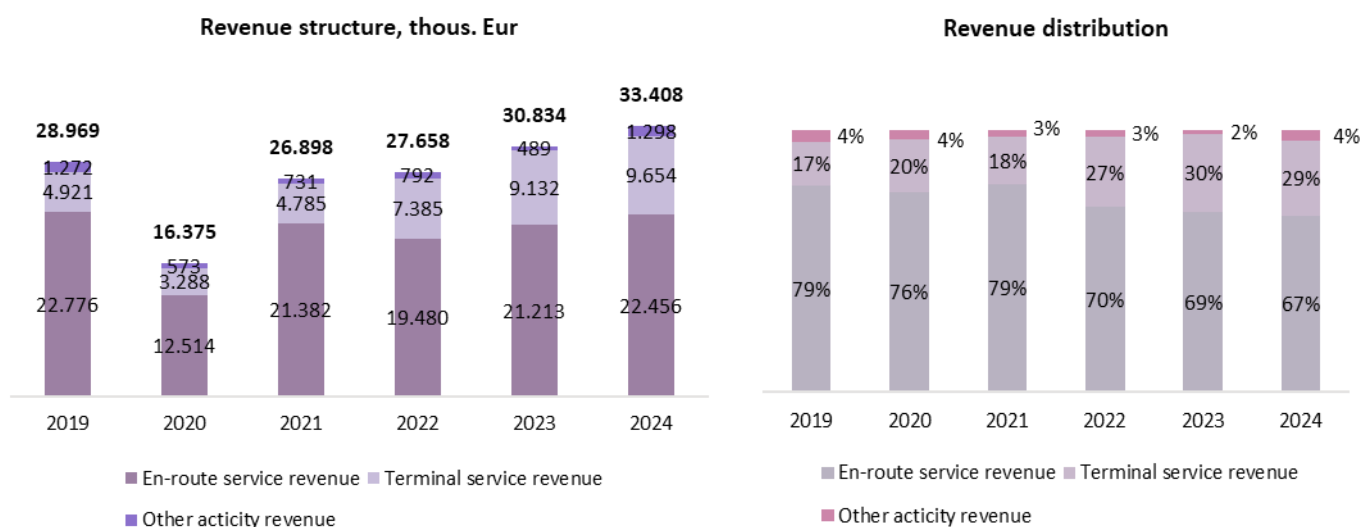
In 2024, the scope of the en-route and terminal air navigation services provided by the Company increased in comparison to 2023 by 13% and 18% respectively.



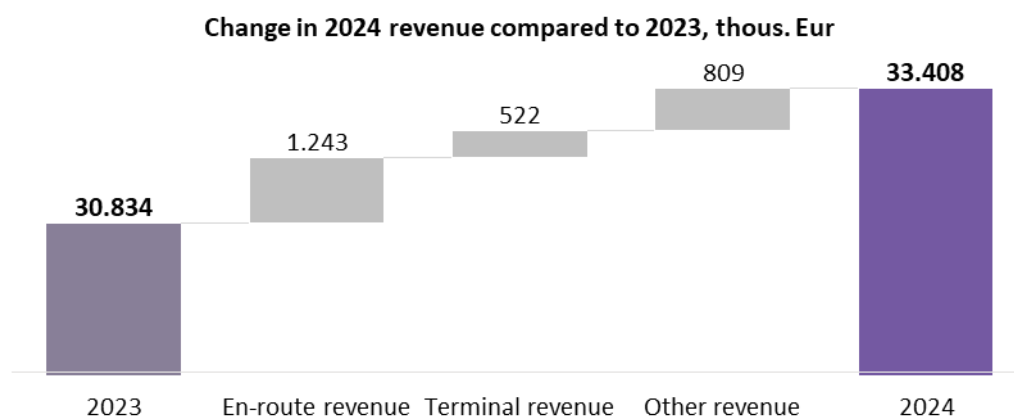
From the beginning of 2023 two separate terminal service charging zones were established (Vilnius, Kaunas, Palanga international airports – Charging Zone I and Šiauliai international airport – Charging Zone II), where different charge rates apply instead of the previously uniform rate at all international airports (single terminal Charging Zone). The distribution of terminal service volumes between zones I and II does not change almost throughout the years and is about 95% and 5% respectively.



As the volume of services increased, the sales revenue of the Company increased simultaneously. In 2024, the sales revenue of the Company increased by 8% in comparison to 2023 and amounted to 33 408 th. EUR. This included revenue from the core activities equal to 32 110 th. EUR, while the revenue from other activities amounted to 1 298 th. EUR. Revenue from the core activities of the Company, which comprises the income from en-route and terminal services, during the reporting period in comparison to the respectful period in 2023 increased mainly due to larger scope of services. En-route services revenue amounted to 22 456 th. EUR and was 6% higher in comparison to 2023. The revenue from these services comprised 67% of all revenue of the Company. Revenue from terminal air navigation services reached 9 654 th. EUR or 29% of the total revenue of the Company. Other revenue received not from regulated ANS activities increased as well. Revenue from participation in SESAR scientific-research project activity comprised a significant share of revenue from other activities (approximately 41%) and this revenue was three times higher in comparison to 2023 due to the new projects that were gaining momentum and more significant involvement in these projects. Increase in the revenue from other activities was also determined by sales of different services (information, training services, rent of premises) and AIS information products, revenue from asset sales (auctions) as well as income rewarded in court cases regarding reimbursement of the damages.



En-route services revenue increased by 6% in comparison to the previous year due to the amount of provided services which was higher by 13%, since en-route service charge rate decreased by 11% in comparison to 2023. Overall terminal service revenue was also 6% higher in comparison to 2023. The growth of this revenue was determined by both larger scope of the provided services and slightly higher charges rates. Under current tendencies of overflights, it is possible that the share of terminal service revenue will remain bigger than ever before in the history of the Company.

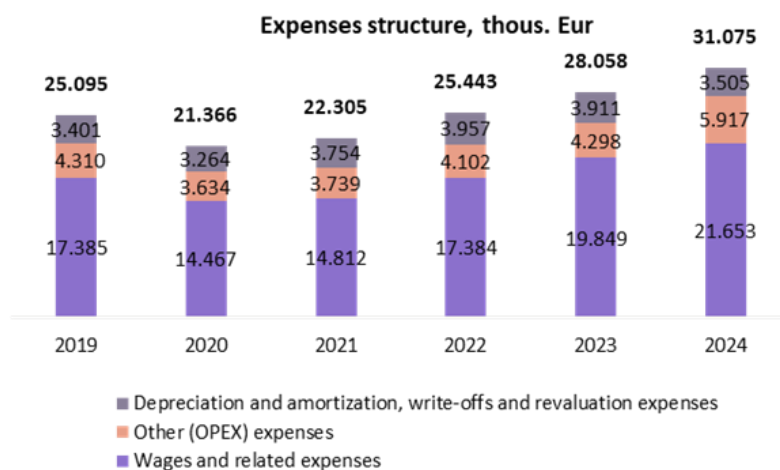


## EXPENSES

In 2024, the expenses of the Company comprised 31 075 th. EUR. This sum is approximately 11% higher in comparison to 2023. The largest group of costs continues to be wages and related personnel costs – about 70% of all costs of the Company.

The overall increase of costs in comparison to 2023 was caused by the increase in wages and the related costs (+1 804 th. EUR or +9%). The main factors leading to the growth of wage costs include the increasing average wage of employees, which is dictated by the labour market and huge spur of inflation during the previous 2022-2023 years (subsequently also the decrease in purchasing power as well as the need to restore it at least partially), the obligations stipulated in the Collective Agreement of ON and the increasing number of employees (vacant positions were filled). The second fastest growing group of operating costs is equipment maintenance costs. In comparison to 2023 the costs of this group increased by 1 140 th. EUR or 147%. This growth was essentially caused by the end of warranty term of the main air traffic management system and costs related to the post-warranty servicing and maintenance services provided during the entire calendar year.

In 2024, depreciation and amortization expenses were 6% lower than a year ago. The main reason for this decrease was the delayed implementation of various equipment acquisition and renewal projects, which were carried out later than planned. As a result, already completely depreciated equipment remained in operation. It should be noted that the re-evaluation of tangible assets carried out at the end of 2024 had a positive impact of 157 th. EUR on the costs, i.e. by reducing the level of the depreciation and amortization, IT write-off and revaluation expenses group level.



In 2024, other operating costs (other than personnel costs) amounted to 5 917 th. EUR and, in comparison to 2023, increased by 38%. The growth of these costs in comparison to the previous year was mostly influenced by the higher equipment maintenance and staff training costs and other costs related to personnel activities. Equipment maintenance costs increased mainly due to service and maintenance costs of air traffic control systems. Other expenses increased due to the impairment allowance for doubtful trade receivables (+264 th. EUR). The impairment of receivables was mainly due to the debts of airlines registered in the Russian Federation, which are experiencing difficulties in making payments due to financial sanctions for received en-route services (for flights still operating over Baltic Sea's international waters) provided by air navigation service providers (ANSPs) of European countries. In 2024, personnel related operating costs increased by approximately 30% in comparison to 2023, mainly due to higher training and training-related business-travel costs. As the Company implements many strategic projects (example.g. U-space, contingency remote tower air traffic control centre) and prepares to install new future flight control systems (iTEC SkyNex), there is an increasing need for advanced training and internships.

Breakdown of other operating expenses in 2019 – 2024:

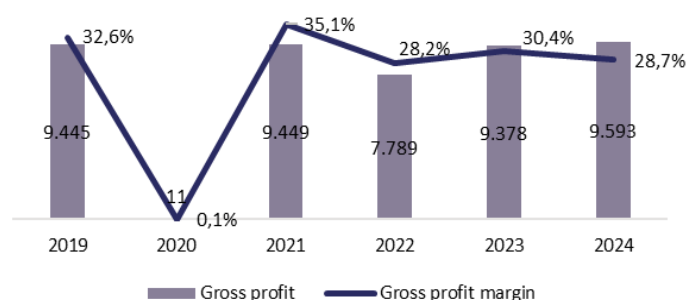
Group of expenses	2019	2020	2021	2022	2023	2024	Δ 2024 vs PY	Δ% 2024 vs PY	Δ 2024 vs 2019	Δ% 2024 vs 2019
<b>Equipment maintenance expenses</b>	1 208	1 093	865	488	777	1 917	1 140	147%	709	59%
<b>Electricity and utility expenses</b>	427	399	417	826	446	469	23	5%	42	10%
<b>Office maintenance expenses</b>	669	447	586	607	664	738	74	11%	69	10%
<b>Communication expenses</b>	137	271	426	435	435	354	-81	-19%	217	159%
<b>Personnel operating expenses</b>	581	217	260	419	595	772	177	30%	191	33%
<b>Insurance expenses</b>	221	262	303	363	437	504	67	15%	283	128%
<b>Other expenses</b>	1 067	946	880	964	944	1.163	219	23%	96	9%
<b>Other operating (OPEX) expenses</b>	<b>4 310</b>	<b>3 634</b>	<b>3 739</b>	<b>4 102</b>	<b>4 298</b>	<b>5 917</b>	<b>1 619</b>	<b>38%</b>	<b>1 607</b>	<b>37%</b>

## PROFITABILITY

For performance profitability measurement, the Company mainly uses normalised EBITDA and normalised EBIT indicators. Normalisation corrections in case of both indicators include eliminating the income received from the EU funds, which are ascribed for compensating part of the costs, incurred while participating in SESAR scientific research programs project activities.

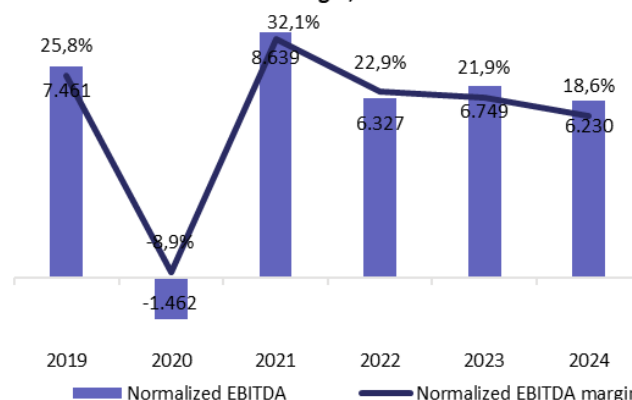
In 2024, the gross profit of the Company amounted to 9 593 th. EUR and, in comparison to 2023, it increased by 215 th. EUR (+2%).

Gross profit, thous. Eur and gross profit margin, %



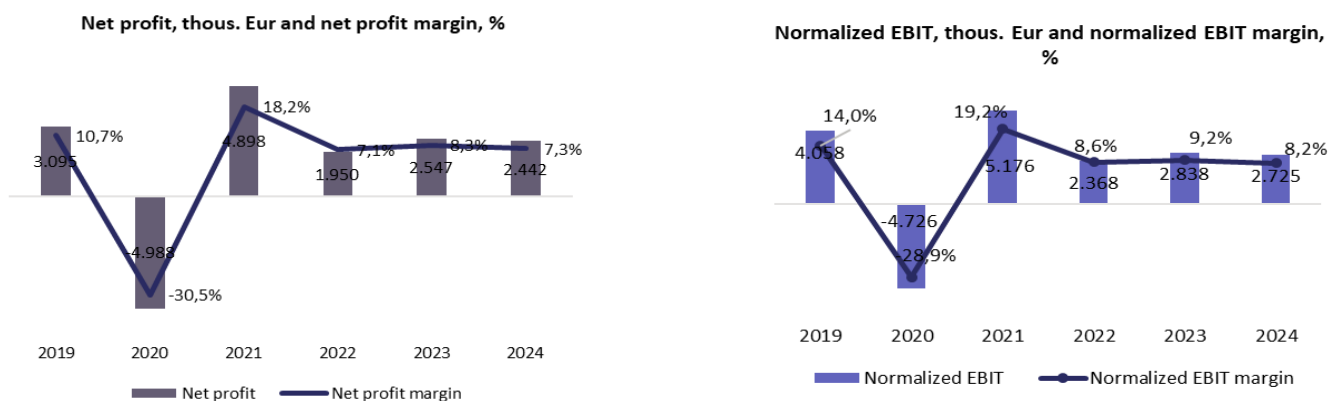
In 2024 the Company's earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 5 836 th. EUR and was 13% smaller in comparison to 2023. EBITDA margin decreased by 4.2 percentage points from 21.7% to 17.5%. The main cause of decreased EBITDA was the negative impact of income corrections, occurring due to regulated risk sharing mechanisms imposed on the activity of the Company, i.e. decrease in income was caused by traffic risk and inflation corrections as well as corrections of allowed expenses due to the investment deviations from the planned volumes. Normalised EBITDA indicator was 3.2 p.p. lower in comparison to 2023 respectively.

Normalized EBITDA, thous. Eur and normalized EBITDA margin, %



In 2024, Company's earnings before interest and taxes (EBIT) amounted to 2 332 th. EUR and was 16% lower in comparison to the previous year. In 2024, the normalised EBIT margin was insignificantly by 1 p.p. lower in comparison to 2023.

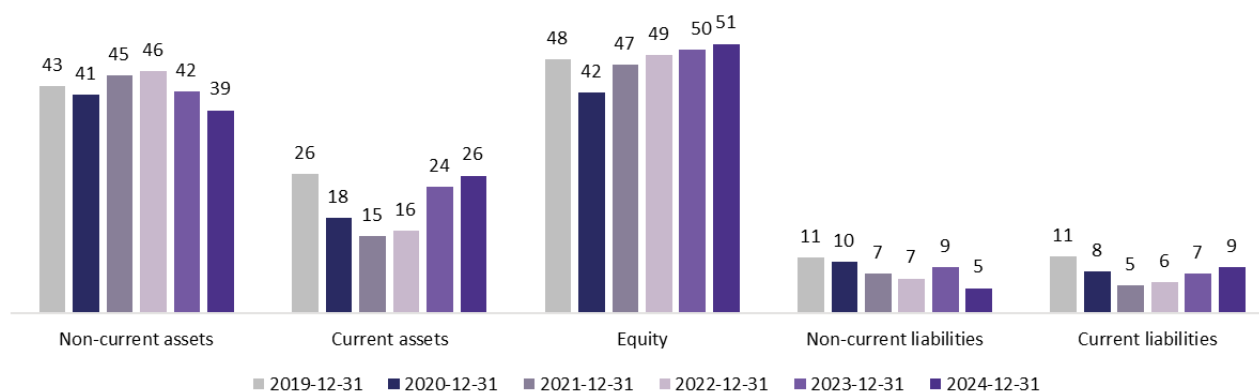
During the reporting period net profit of the Company amounted to 2 442 th. EUR and was 4% or 105 thousand EUR lower in comparison to the previous year. Net profitability decreased slightly by 1 p.p. in comparison to 2003



## BALANCE AND CASH FLOWS

At the end of 2024 the value of the assets of the Company amounted to 64 638 th. EUR, the biggest share of which was composed of non-current assets (60%). During the year the value of non-current assets decreased by 3 620 th. EUR. This change was mostly influenced by the decrease in other non-current assets (assets resulting from the difference between the air navigation services revenue earned by the Company and the costs incurred to earn this revenue) due to part recovered regulatory differences (revenue not collected during COVID-19 pandemic period) and returnable revenue due to not implemented investments during the period of 2022-2024. The decrease of non-current assets was also influenced by the decrease in tangible assets due to smaller investments into new assets (in 2024, the acquisition of new non-current assets comprised 1 949 th. Eur) in comparison to depreciation of the existing assets. During the year the value of the current assets increased by 2 161 th. EUR.

Changes of financial position items, million Eur



At the end of 2024 the share capital of the Company amounted to 46 066 thousand EUR or 90% of equity. Equity increased by 1.2 million EUR in comparison to 2023, mainly due to the re-evaluation of real estate (buildings and other constructions).

The share capital of the Company was subdivided into 46 065 786 ordinary registered shares, the nominal value of one share – 1 EUR. The sole shareholder of the Company is the Republic of Lithuania, the property and non-property rights of which are implemented by the Ministry of Transport and Communications of the Republic of Lithuania (owns 100% of shares). The Company has not purchased and does not have own shares. Furthermore, the Company has not acquired or transferred own shares during the reporting period.

The largest share of payables and liabilities comprised of deferred income (40%), trade and other short-term liabilities and employee benefits – 35 and 23% respectively. The non-current deferred income is related to investment projects

on the main systems currently used by the Company for the provision of air traffic control services, which are partially financed by EU funds (grants). The amount of funding received from Innovation and Networks Executive Agency (INEA) for financing the purchase of air traffic control equipment iTEC amounted to 6 672 th. EUR, also 1 045 th. EUR for the modernization of the Vilnius Aerodrome Traffic Surveillance and Control System (A-SMGCS), the balance value of which on the 31<sup>st</sup> of December 2024 amounted to 3 447 th. EUR and 540 thousand EUR respectively. The balance value of other smaller grants on the 31<sup>st</sup> of December 2024 amounted to 46 th. EUR. In 2024, an advance grant of 129 th. EUR was also received for the CLEAN ATM data exchange digitalization project, which will have to be implemented during 2025.

In 2024, the change of net cash flows was negative and amounted to -4 981 th. EUR. Cash flows from the main activity were positive and amounted to 7 953 th. EUR and were of similar level to that of the previous year. Net cash flows from investment activity reached -8 524 th. EUR and were the highest since 2019. Such flow was determined by the decisions of the Company regarding investment of temporarily available larger free funds. Over the last two years, it has been decided to invest the part of recovered revenue not collected during COVID-19 pandemic in both long-term financial investments – national government bonds, and short-term instruments – fixed term deposits. Due to these reasons, the balance of cash and cash equivalents at the disposal of the Company also decreased from 11 564 thousand EUR at the end of 2023 to 6 583 thousand EUR at the end of 2024.

Cash flows of the Company during 2019 – 2024.

Thousand EUR	2019	2020	2021	2022	2023	2024	$\Delta$ 2023 vs PY	$\Delta\%$ 2023 vs PY
<b>Cash and cash equivalents balance at the beginning of the period</b>	<b>14.582</b>	<b>19.102</b>	<b>12.075</b>	<b>6.914</b>	<b>5.146</b>	<b>11.564</b>	6.418	125%
<b>Net cash flows from the main activity</b>	4.705	(6.799)	(491)	2.007	8.015	7.953	(62)	-1%
<b>Net cash flows from investment activity</b>	(2.052)	(1.580)	(3.239)	(3.275)	(3.134)	(8.524)	(5.390)	172%
<b>Net cash flows from financial activity</b>	1.867	1.352	(1.431)	(500)	1.537	(4.410)	(5.947)	-387%
<b>Cash and cash equivalents increase (decrease)</b>	4.520	(7.027)	(5.161)	(1.768)	6.418	(4.981)	(11.399)	-178%
<b>Cash and cash equivalents at the end of the period</b>	<b>19.102</b>	<b>12.075</b>	<b>6.914</b>	<b>5.146</b>	<b>11.564</b>	<b>6.583</b>	(4.981)	-43%

## DIVIDENDS

Since the 1<sup>st</sup> of January 2023 when the Company changed the legal form and became a public limited liability company, the Board approved the Dividend Policy of the Company. When distributing and paying the dividends the Company follows the Law on Companies of the Republic of Lithuania as well as other relevant legal acts regulating the activity of state-controlled companies and Dividend Policy of the Company.

### The number of dividends proposed for approval of the general meeting of shareholders



**Return on equity,  
%**

- Does not exceed 1 %
- Above 1 %, but does not exceed 3 %
- Above 3 %, but does not exceed 5 %
- Above 5 %, but does not exceed 10 %
- Above 10 %, but does not exceed 15 %
- Above 15 %



**Amount of dividends, part of  
distributable profit of the Company, %**

- At least 85 %
- At least 80 %
- At least 75 %
- At least 70 %
- At least 65 %
- At least 60 %

In accordance with Dividend Policy, the general meeting of shareholders of ON will be proposed to approve 2 009 thousand EUR for dividend payment<sup>3</sup>. For financial year 2023, after the shareholder of the Company made a decision to allocate dividends, the Company paid out 2 296 thousand EUR of dividends.

## AUDIT

The financial reports of ON are prepared in accordance with the International Financial Reporting Standards adopted for application in the European Union. In 2024, the institution implementing shareholder rights and duties (the Ministry of Transport and Communications) obliged ON to carry out public procurement procedures to select an independent auditor of financial reports for 2024-2026. UAB "TaxLink auditas" was announced the winner of public procurement for performing the audit of financial reports of ON for 2024-2026, the annual remuneration (in 2024, 2025 and 2026) for the implementation of compulsory financial report audit will amount to 14 500 EUR (not including VAT). During the year that ended in 2024 UAB "TaxLink auditas" did not provide other services unrelated to the audit of financial reports to the Company.



<sup>3</sup> Preliminary sum of dividends.

# KEY IMPLEMENTED INVESTMENT PROJECTS

ON implements investment projects in accordance with the Strategic Performance Plan for 2024–2028, which is consistent with the requirements of the respectful regulations of the European Commission, the tasks of the European ATM Master Plan, SESAR Deployment Manager Program and the obligations of Lithuania undertaken under Local Single Sky Implementation Plan (LSSIP). By ensuring the required level of flight safety and quality of service provision, ON together with other interested parties (state enterprise Lithuanian Airports, Transport Competence Agency (TCA), the Lithuanian Air Force (LAF), Lithuanian Hydrometeorological Service and etc.) implements LSSIP tasks and ongoing European projects, carries out national and regional projects.

Investment projects implemented/planned by ON are directly related with the technological tasks, indicated under Third Level Document of European ATM Master Plan, SESAR Deployment Manager Program and Performance Based Navigation (PBN) plan.

In 2024, the Company invested the biggest share of funds into the implementation of the following projects:

Project	2024, thousand EUR
<b>U-Space ecosystem</b>	654
<b>Installation of wide area multilateration (WAM) system</b>	290
<b>Aeronautical information management system</b>	243
<b>System wide information management (SWIM)</b>	228
<b>Automatic terminal information system (ATIS/DATIS)</b>	141
<b>Remote aerodrome air traffic control centre (rTWR)</b>	127

The key investment projects implemented/planned by ON during the period of 2025-2029 are indicated in Annex 6.

## RISK MANAGEMENT

A new stage in the field of ON risk management was initiated in 2024 in order to introduce and ensure systematic risk management. On 8 April 2024 a new Head started running the office at Law, Risk and Compliance Management Division (a new position for risk management was approved on 2 May 2023). New criteria has been established, using which the risks of the Company should be evaluated as TOP risks. In accordance with the Decision of the Board of the Company No. VL-38 of 23 October 2024 Risk Management Policy of public limited liability company Oro Navigacija was updated. The Policy states that risk management model is based on the guidelines of ISO 31000:2018 standard “Risk Management. Guidelines” and other good risk management practices. The policy is made public on the website of ON at [www.ans.lt](http://www.ans.lt).

During the 4<sup>th</sup> quarter of 2024 risk identification, analysis and assessment sessions were commenced that involved the representatives of all structural subdivisions. The risk levels are calculated by multiplying risk manifestation probability and impact. It is planned to evaluate the risks in accordance with the impact on achieving strategic goals, reputation, safety, performance continuity and finances.

In 2025 it is planned to complete thorough risk identification, to prepare and implement risk management plans, to carry out risk management plan monitoring and to upgrade risk management.

The main risks associated with the activity of the Company and the measures for their implementation are listed under Annex No. 7.

# KEY INTANGIBLE ASSETS

## AVAILABLE HUMAN RESOURCES

The knowledge, skills and experience of the ATCOs and ATSEPs determine the service provision standards and efficiency.

ATCOs are of utmost importance in ensuring safe and efficient air traffic control. Their ability to make the right decisions, to respond to the arising challenges in prompt manner and to solve technical faults is necessary while seeking to avoid incidents and to ensure fluent air traffic control. These employees are the essential guarantee of safety and service reliability, which has direct impact on customer satisfaction.

ATSEP specialists are responsible for maintenance and operation of the advanced technologies, used in air traffic control systems. Their knowledge about technical equipment and the ability to supervise it in efficient manner as well as to carry out the repairs are fundamental for ensuring uninterrupted provision of the services.

ATCOs and ATSEPs comprise an integral part in creating the value of the Company. Their competencies and continued development are the main factors determining the success of the Company. Therefore, the investments into these specialists constitute a strategic priority, when seeking to retain the highest safety and efficiency standards.

Training of the employees is a process, regulated under the quality management procedure “Employee Training” approved by the Company. This procedure comprises regularly assessing and improving the skills of ATCOs and ATSEPs. Consistently organised training procedure ensures that the specialists improve their qualification continually, comply with the highest safety requirements and contribute to the long-term success of the Company.

## CERTIFICATES

The certificate of air navigation service provider (ANSP) confirms that the Company acts in compliance with Implementing Regulation (EU) 2017/373 as well as other applicable regulations when providing air traffic control and air navigation services within the airspace of the Republic of Lithuania. This certificate enhances the trust among the clients, partners and providers of technological equipment as they can be confident to receive high quality and safe services.

The certificate of air traffic control officer training organization (ATCO TO) confirms that the Company has been certified in accordance with part ATCO.OR of Commission Regulation (EU) No. 340/2015 ATCO.OR and is entitled to organize the trainings for air traffic controllers indicated under the certificate. Thus, consequently the certificate has a direct impact upon the reputation of the Company, allowing it to stand out in the competitive market. Moreover, this certificate enables the Company to ensure that the employees of the Company, such as ATCOs and ATSEPs are properly trained and have the necessary qualifications. This does not only increase the efficiency of the services, but also decreases the risk of mistakes, which is a fundamental aspect in the field of air traffic control. Properly trained specialists contribute to safety and reliability of the services and these factors are of great importance determining satisfaction and loyalty of the customers.

The certificate of sole common information service (CIS) provider enables the Company to become official CIS provider. This service is essential precondition for further successful development of U-space ecosystem.

The above listed certificates may assist the Company in seeking new markets and opportunities. That enables the Company to expand the activity and increase the income. Furthermore, the compliance with applicable legal regulations ensures that the Company is operating legally, which is of high importance not only from the perspective of reputation, but for promoting financial stability as well.

## MEMBERSHIP IN ASSOCIATIONS

Cooperation with international organizations such as Baltic Functional Airspace Block (FAB)<sup>4</sup>, iTEC<sup>5</sup> and CANSO<sup>6</sup> ensures the Company access to important intangible resources. These resources enable the Company to improve the quality of services, optimize the costs and promote innovations.

## EMPLOYEES AND WAGES

Employees are one of the most important factors ensuring the provision of safe and high-quality air navigation services, therefore ON strives to foster a culture of employee involvement, to constantly develop employee competencies that enable the employees to work efficiently and in qualitative manner, as well as ensures social guarantees and a benevolent atmosphere of mutual understanding, encourages and appreciates the employee initiatives and their responsible attitude.

Employee Code of Conduct of ON defines principles of ethical activity, norms of behaviour that encourage employees and stakeholders to act according to the highest standards of behaviour, to achieve better results. Code of Conduct specifies the principles of ethical and responsible activity that the Company follows in carrying out the activities and what behaviour the Company expects from the employees, also encourages the business partners to implement similar principles of ethical activity in their activity. The provisions of Code of Conduct are implemented together with Rules of Work Procedure of ON, the purpose of which is to define the principles of behaviour of the employees of the Company, work discipline, ensure work quality and rational use of working time, and increase work efficiency.

The values of the Company: (1) professionalism, (2) creativity and (3) cooperation define our basic principles of work, mutual communication and shape the organizational culture. In our daily work, we encourage both professional growth and enhancing the knowledge, as well as interest in innovations, striving to improve processes and listening to the needs of internal and external customers. Together, we learn to communicate openly, respect different opinions, listen to each other and hear, foster a culture of feedback. We aim to empower the managers and strengthen the leadership in the organization so that managers inspire team members to achieve personal and company goals by their example.

Along with the Rules of Work Procedure and the Employee Code of Conduct of ON, the provisions of Violence and Harassment at Work Environment Prevention Program of ON are also implemented, the purpose of which is to create such work environment, where violence and harassment at work would be intolerable, whereas any employee or group of employees would not experience hostile, unethical, humiliating, aggressive, abusive, insulting actions that attack the honour and dignity of an individual employee or their group, physical or psychological integrity of a person, or that aim to intimidate, degrade or push an employee or their group into a helpless and powerless situation.

Description of ON procedure for implementing the principles of equal opportunities and monitoring their implementation ensures that the same requirements regarding the quality and competence of the work performed are applied to all employees of the Company, regardless of gender, language, origin, social status, faith, beliefs or views, age, sexual orientation, disability, ethnicity, religion.

The purpose of the Collective Agreement concluded between ON and the representatives of the employees of the Company is to establish the conditions for the harmonious operation of the organization, to guarantee the level of wages, safety and health of employees and other working conditions for various categories of employees, in a wider scope than is established under the legal acts of the Republic of Lithuania. The new Collective Agreement came into force on 1 January 2025 and will be valid until 31 December 2029.

<sup>4</sup> In 2012 on the basis of international agreement Lithuania and Poland established Baltic Functional Airspace Block (FAB), covering the airspace of Lithuania and Poland and agreed on joint organization of the air navigation service provision within this common airspace.

<sup>5</sup> European iTEC (Interoperability through European Collaboration) alliance is air navigation service provider partnership project, the purpose of which is to jointly develop the air traffic control systems, ensuring their complete mutual compatibility and generation of added value by taking advantage of the unification of the air traffic control systems used. Members of European iTEC alliance include the biggest European air navigation service providers: ENAIRE (Spain), DFS (Germany), NATS (United Kingdom), AVINOR (Norway), LVNL (the Netherlands), PANSO (Poland), NAV (Canada) and technological partner – manufacturer of air traffic control systems "Indra".

<sup>6</sup> CANSO is a global air traffic management industry representative organization that brings together navigation service providers from the whole world, leading innovators of the industry and air traffic management professionals enabling them to share knowledge, develop best practices and shape the future of safe and integral airspace.

## EMPLOYEE STATISTICS

On the 31<sup>st</sup> of December 2024 ON had 307 employees, i.e. 13 employees or 1.7% more than at the end of 2023. Most of the employees (82%) worked at the main office of ON, including Area Control Centre (ACC) and Vilnius Aerodrome Control Centre (ACC):

Number of employees	2022	2023	2024
Office of ON, including ACC, Vilnius ACC	242	239	252
Kaunas ACC	25	24	25
Palanga ACC	20	21	19
Šiauliai ACC	12	10	11
<b>Total number of employees</b>	<b>299</b>	<b>294</b>	<b>307</b>

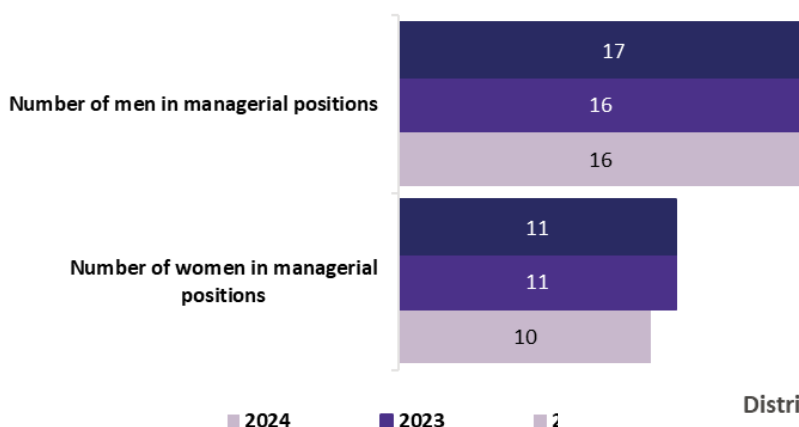
The divisions with the biggest number of employees in ON are Operational Department (47%) and Technical Department (21%).

Division	2022	2023	2024
Management*	10	10	11
Units under direct subordination to the CEO	17	17	21
Operational Department	141	138	144
Technical Department	63	63	63
Department of Development and Innovations	29	29	31
Department of Finance and Administration	39	37	37

\*The management consists of the following bodies: the Chief Executive Officer, heads of the departments, deputy heads of the departments, heads of structural divisions under direct subordination to the CEO, head of communications.



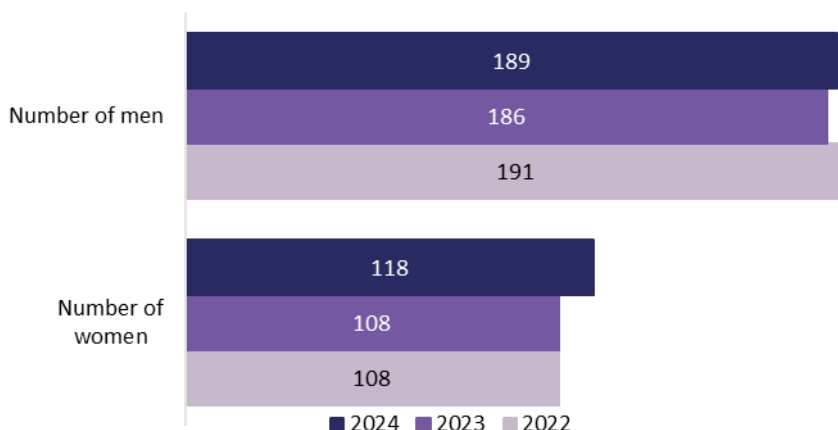
Distribution of employees in accordance with sex 2022 - 2024



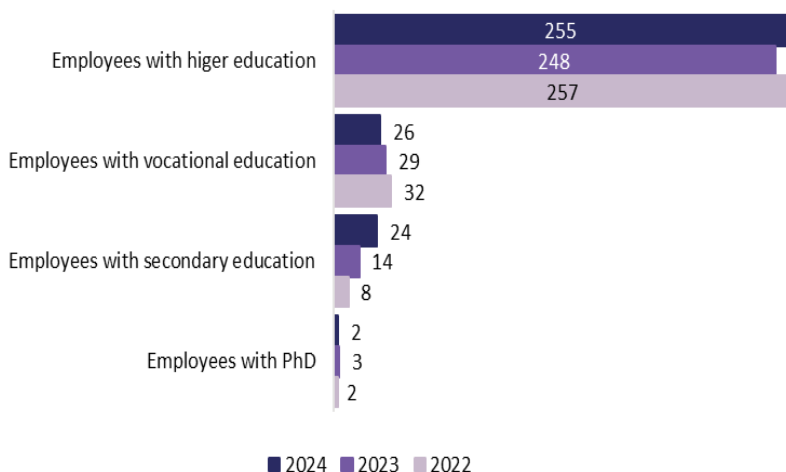
The number of ON managers increased slightly over the year: in 2024, there were 28 people in management positions, whereas in 2023 – 27 people. In 2024, the share of women in management positions was 39%, and men – 61%. In comparison to 2023, the number of women in management positions remained unchanged, while the number of men increased.

Over the past three years, the Company has seen a gradual increase in the proportion of women working, although men still make up a larger percentage. The percentage of women working has consistently increased from 36% in 2022 to 38% in 2024.

Distribution of employees in accordance with sex 2022 - 2024



Education of employees in 2022 - 2024



Most of the employees of ON have higher education. In 2024, the employees with higher education comprised 83 percent, employees with higher and secondary education – both 8% respectively. Whereas the share of employees with Doctoral Degree amounted to 1 percent.

Most of employees at ON have work experience of 1 – 9 years. During the last three years the number of employees in this group increased from 39% in 2022 to 46% in 2024. While the number of employees with average work experience (20 – 29 years) decreased from 18% in 2022 to 12% in 2024.

Number of employees by work experience (years of work)	2022	2023	2024
<1	28	16	24
1-9	118	129	140
10-19	54	55	55
20-29	54	44	37
>30	45	50	51

Most of the employees (56 percent) of ON are 30 – 39 years and 40 – 49 years old (28% in each of them respectively). During the last three years the number of employees who are 50 – 59 years old decreased most significantly (17 percent).

Number of employees by age (years)	2022	2023	2024
20-29	48	49	52
30-39	75	76	87
40-49	88	86	86
50-59	52	48	43
>60	36	35	39

## WAGES

Company employee remuneration procedure is regulated by ON employee Remuneration System (hereinafter referred to as the System), which is an integral part of the Collective Agreement of ON and all the employees are subject to it except for the CEO. The goal of the System is to ensure that remuneration of the employees is defined following precise and transparent rules, in accordance with system based on objective criteria and motivated solutions. Based on the System, the wage costs of the Company would be managed efficiently and due to the System motivational incentives would be created for employees encouraging to contribute to the implementation of the mission, vision, values, and goals of the Company.

In order to prevent discrimination on the basis of gender and other grounds, men and women are paid equal wages for the same or equivalent work. Remuneration received by employees is a value package provided to an employee, which consists of wage, financial and non-financial benefits.

On 27 June 2024 the Board of ON approved the Remuneration System for the CEO (hereinafter – the System), which regulates the procedure and conditions of implementation of the wage and other benefits. The System came into force on 1 July 2024. In accordance with the System the wage of the CEO is established following the provisions of the Order of the Minister of Transport and Communications No. 3-542 of 28 December 2003 "On Wage of Public Limited Liability Company "Oro Navigacija" CEO" and Subitems 1.1.-1.6. of the Resolution of the Government of the Republic of Lithuania No. 1341 of 23 August 2002 "On the Wage of the CEOs of State-managed Companies". The wage consists of: 1) a fixed salary, determined in a specific amount; 2) a variable share of up to 30% of the annual wage; 3) a bonus of up to 4 wages for exceptional results. The CEO can be allocated other benefits, the value of which cannot exceed 10% of the annual wage. The Ceo of the Company is not subject to the Collective Agreement enforced by the Company. The remuneration system is made public on the website of the Company at <https://www.ans.lt>.

In 2024, the total employee wage fund amounted to 19 397 thousand EUR (in 2023 – 17 467 thousand EUR), the average monthly wage of the employee was – 5 440 EUR. The calculated employee wage during the period of 2022 – 2024:

Indicator	2022	2023	2024
<b>Wage, thousand EUR</b>	14 936	16 646	18 484
<b>Annual variable share of the wage, thousand EUR</b>	135	821	913
<b>Total wage fund, thousand EUR</b>	15 071	17 467	19 397
<b>Average monthly employee wage, EUR</b>	4 500	5 154	5 440

Note. The variable share of the wage of the employees for 2023 was calculated in 2024, but the accrued expenses were accounted for in December 2023. When calculating the average monthly wage full-time equivalent (hereinafter referred to as FTE) is used. FTE is a HR measurement unit and it is used to calculate the number of full-time employees.

Since 1 July 2024, after the Chief Executive Officer remuneration system approved by the Board came into force, the remuneration of the Chief Executive Officer of ON is composed of the fixed share, variable share and bonus for exceptional results. The variable share was revoked in 2023, but it was reinstated in the second quarter of 2024. The monthly wage allocated for Chief Executive Officer of ON during the period of 2022 – 2024:

Indicator	2022	2023	2024
<b>Fixed share of the wage, EUR</b>	5 215	8 500	9 175
<b>Variable share of the wage, EUR</b>	2 542		
<b>Total monthly wage, EUR</b>	7 757	8 500	9 175

Note. The table indicates average allocated monthly wage during the respectful period. The variable share for 2024 will be paid in 2025m.

Sums allocated for Chief Executive Officer of ON, pertaining to work relationship during the period of 2022 – 2024:

Indicator	January - December 2022	January - December 2023	January - December 2024
<b>Wage, EUR</b>	93 022	94 267	111 308
<b>Annual bonus for the previous year results, EUR</b>	7 822	15 844	27 540
<b>Total wage, EUR</b>	100 844	110 111	138 848

Note. The calculated amounts do not include additional benefits: reimbursement of travel expenses, pension insurance, benefits according to the Collective Agreement.

Average monthly employee wage by department during the period of 2022-2024, in EUR:

Department	2022	2023	2024
Operational Department	4 982	6 049	6 061
Technical Department	3 963	4 403	4 409
Department of Finance and Administration	3 085	3 442	3 648
Department of Development and Innovations	4 106	4 362	4 761
<b>Units under direct subordination to the CEO</b>	3 664		
Personnel Division	no data	3 658	3 870
Law, Risk and Compliance Management Division	no data	3 900	4 019
Safety and Quality Division	no data	5 195	4 840

Note. The provided average monthly employee wage by department does not include the wages of the department heads.

# SUSTAINABLE DEVELOPMENT INITIATIVES

The sustainable growth of the Company is an integral part of providing safe and efficient air navigation services, therefore sustainable development initiatives or related measures are integrated into the Strategic Performance Plan of the Company.

In 2024, the following essential social, environmental and corruption prevention initiatives were carried out at ON:

- In order to ensure efficient prevention of corruption in the Company, the anti-corruption management system procedure was reviewed and updated: “Anti-corruption Control Measures” and “Corruption Risk Assessment”.
- Internal Audit Service of the Company conducted an audit of Corruption Risk Management, during which 6 recommendations were submitted, they have been implemented according to the plan of measures for implementing the recommendations.
- The anti-corruption awareness of employees was increased by organizing corruption prevention training for them using e-learning platform of the Special Investigations Service of the Republic of Lithuania. 291 employees completed the training and passed the test. The employees completed training on the topic “Conflicts of Interest”.
- 7 reports about possible corruption-related violations of the law were received via Reporting Channels of the Company (Trust Line), i. e. 2 reports less than in 2023. All reports have been investigated.
- two general meetings of the employees were organized. During the meetings, managers reviewed the relevant topics and answered the questions of the employees.
- 83% of all energy consumed by ON came from renewable sources;
- The employee involvement rate reached 45 percent, which is 7% higher in comparison to 2023.
- As part of workplace violence and harassment prevention program of the Company, the employees were invited to participate in interactive training course.
- Additional benefits of the Collective Agreement for employees, which were suspended during the period from 1 January 2021 to 31 December 2023, were renewed.
- The new Collective Agreement and the remuneration system, which is an Annex to it, were signed in December. The Collective Agreement comes into force on 1 January 2025 and will be valid until 31 December 2029.
- Project “ON Employer Identity” was launched to highlight the uniqueness of the Company as an employer. To achieve the goals of the project actions were chosen to identify the strengths as well as plan internal and external communication. The purpose is to create a pleasant working environment and ensure a good reputation of ON, so that the Company becomes a desirable workplace.
- In order to facilitate the document movement process and reduce paper usage, the Company has implemented the signing of employment contracts and their amendments using a qualified electronic signature. This solution will contribute to the preservation of trees and the reduction of CO2 emissions.
- ON is an active participant of long-term project of the Ministry of Transport and Communications “Transport Career Laboratory”. In order to achieve closer mutual cooperation with educational institutions, ON signed cooperation agreements with VGTU Engineering Lyceum and Employment Service, providing these institutions with the opportunity to contribute to the promotion of engineering education.
- The Company became a winner of “500 Lithuanian Business Leaders”. This rating is presented by “Verslo žinios” confirming the status of the Company as that of a Lithuanian business leader. This assessment means that ON not only develops the business sustainably, but also responsibly shares the success with Company employees and society.
- ON organized winter event for children of the employees and summer event for the employees.

More information about sustainability goals, initiatives and achievements of ON will be provided in Sustainability Report of the Company for 2024, which will be published in the second quarter of 2025 on the website of ON at [www.ans.lt](http://www.ans.lt) under "Sustainability" section.

# STRATEGY AND GOALS

In 2024, the Company updated the Strategic Performance Plan (hereinafter referred to as SPP) for 2025–2029, which places special emphasis on the continuity of the previous strategy (SPP for 2024–2028), taking into consideration the progress achieved in 2024 in the implementation of priority projects. The four priority areas presented in the SPP for 2025–2029 will ensure sustainable and profitable performance of the Company, the highest safety and quality standards of the air navigation services provided, and compliance with the expectations of regulators, the shareholder and other interested parties.

## >> Mission

To provide outstanding quality air navigation services safely and efficiently.

## >> Vision

As a transparent, efficiently operating, financially sustainable company and a reliable guide in the sky, we aim to become European leaders in the application of advanced air traffic control methods and tools.

## Values that unite us:



### Professionalism

- Maintaining interest in innovations and enhancing professional knowledge.
- Analysing and considering the needs of clients and colleagues.
- Monitoring and improving the procedures.



### Creativity

- Searching for innovative solutions, generating higher value for both the Company and the clients, also implementing these solutions.
- Searching for and applying advanced air traffic control methods and tools.



### Cooperation

- Communicating with colleagues directly, simultaneously respecting each other and not offending.
- Listening, hearing, reaching an agreement.
- Knowing the Company goals and seeking to implement them together.

In 2025-2029, ON will emphasize the performance in the following priority strategic targets and goals



### Meeting the needs of clients, society and shareholders

- Organisation, generating great benefit for the society
- Improvement of service pricing



### Efficiency and ownership

- Unification of ATC system
- Financially sustainable organisation



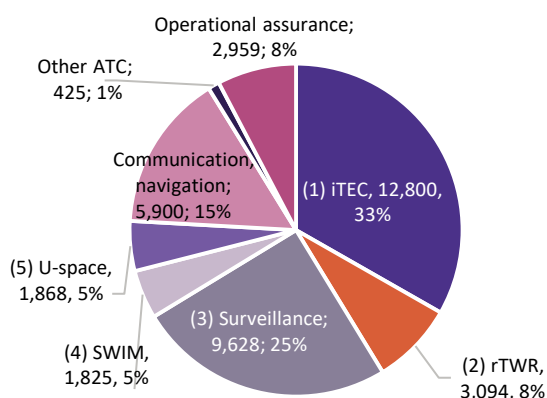
### Innovations and entrepreneurship

- Modernisation, integration and virtualisation of technological systems
- Creation of U-space ecosystem and development of new services
- rTWR and ACC cross border project implementation



### A unique place for work and career

- Increasing employee engagement



When selecting the priorities the following fields were singled out: (1) iTEC alliance activity and new generation air traffic control system developed by the alliance, (2) rTWR (remote towers), (3) surveillance services, (4) SWIM (system-wide information management) and (5) U-space. The diagrams below depict the subdivision of the planned investments by field, including the five listed priorities. The investment sums are indicated in thousands of EUR.

In order to ensure the implementation of the strategy, to maintain the relevance of the mission and vision every year, the Company prepares a strategic plan with strategic goals and the key performance indicators for the upcoming five years. The monitoring of Strategic Performance Plan implementation is performed every month by revising the implementation of strategic targets, goals and task indicators. Assessing the implementation of Strategic Performance Plan for 2024-2028 indicators during 2028, the implementation of strategic targets, goals and task indicators is depicted in Appendix 8.

More detailed information about the strategy of the Company for the period of 2025 – 2029 is provided in the document Strategy of AB Oro Navigacija, which is published on the website of ON at <https://www.ans.lt>.



# FORECASTS

## FINANCIAL RESULTS OVERVIEW

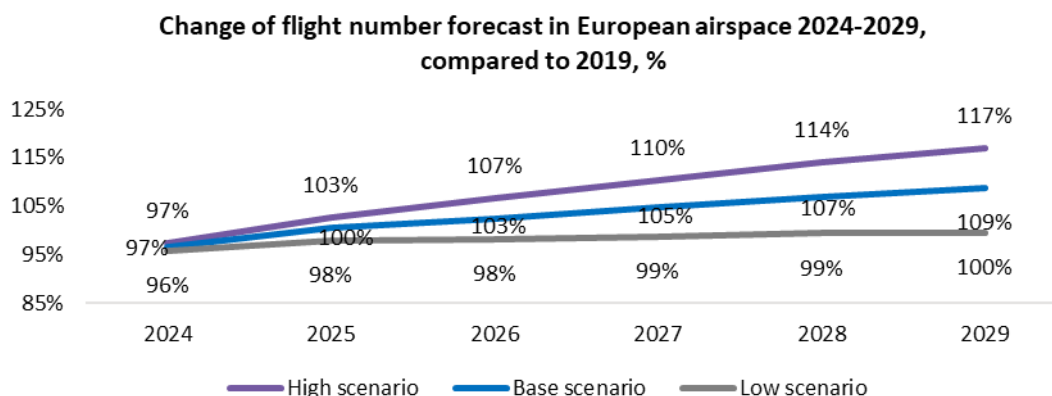
The main actual financial indicators of the Company for 2019 and 2022-2024, also forecasted financial indicators for 2025-2029.

Key performance indicators, units	2019	2022	2023	2024	2025	2026	2027	2028	2029
En-route air navigation services	618 822	375 999	404 023	456 815	480 850	493 539	503 113	515 135	525 058
Terminal air navigation services	34 156	30 262	30 262	34 678	37 726	40 022	41 154	42 619	43 985
Key financial indicators, Thousand EUR	2019	2022	2023	2024	2025	2026	2027	2028	2029
Revenue (w/o financial revenue)	28 969	27 658	30 834	33 408	35 992	37 901	38 972	41 261	42 927
EBITDA	7 275	6 009	6 688	5 836	5 707	6 093	6 667	7 709	7 932
Normalized <sup>7</sup> EBITDA	7 461	6 327	6 749	6 230	5 665	6 072	6 636	7 677	7 901
Operating profit (EBIT)	3 872	2 049	2 777	2 332	2 101	2 450	2 707	2 766	2 836
Normalized EBIT	4 058	2 368	2 838	2 725	2 059	2 428	2 676	2 734	2 805
Net profit	3 095	1 950	2 547	2 442	2 202	2 446	2 533	2 450	2 512
Profitability indicators,%	2019	2022	2023	2024	2025	2026	2027	2028	2029
EBITDA margin	25.1%	21.7%	21.7%	17.5%	15.9%	16.1%	17.1%	18.7%	18.5%
Normalized EBITDA margin	25.8%	22.9%	21.9%	18.6%	15.7%	16.0%	17.0%	18.6%	18.4%
EBIT margin	13.4%	7.4%	9.0%	7.0%	5.8%	6.5%	6.9%	6.7%	6.6%
Normalized EBIT margin	14.0%	8.6%	9.2%	8.2%	5.7%	6.4%	6.9%	6.6%	6.5%
Net profit margin	10.7%	7.1%	8.3%	7.3%	6.1%	6.5%	6.5%	5.9%	5.9%
Return on assets (ROA 12 months)	4.5%	3.2%	4.0%	3.7%	3.4%	3.6%	3.7%	3.5%	3.6%
Return on equity (ROE 12 months)	6.3%	4.1%	5.1%	4.8%	4.3%	4.8%	4.9%	4.7%	4.6%
Liquidity indicators	2019	2022	2023	2024	2025	2026	2027	2028	2029
Current ratio	2.44	2.63	3.21	3.00	2.63	2.28	2.15	2.21	2.21
Cash ratio	1.77	0.86	1.55	0.76	1.04	0.83	0.97	1.13	1.23
Non-current assets turnover	0.67	0.60	0.73	0.87	0.86	0.82	0.81	0.88	0.94
Financial leverage ratios	2019	2022	2023	2024	2025	2026	2027	2028	2029
Total liabilities to equity ratio	0.44	0.26	0.32	0.26	0.30	0.32	0.33	0.31	0.29
Debt to equity ratio	0.00	0.00	0.00	0.00	0.04	0.03	0.03	0.03	0.03
Other financial indicators, thousand EUR	2019	2022	2023	2024	2025	2026	2027	2028	2029
Investments (w/o U-space project)	2 340	3 183	1 250	1 949	10 565	9 524	9 781	4 470	2 291
Total assets	69 488	61 588	66 097	64 638	66 598	68 127	69 719	68 855	68 493
Cash and cash equivalents	19 102	5 146	11 564	6 583	9 825	8 093	9 700	11 250	12 571
Equity	48 099	49 009	49 950	51 112	51 153	51 797	52 346	52 746	53 271
Working capital	15 595	10 075	16 665	17 403	10 359	7 390	6 504	6 995	7 383

<sup>7</sup> Normalization adjustments mean elimination of income received from EU funds and intended to compensate part of the costs incurred while participating in SESAR project activities, costs related to the respectful activities and costs of the tax for the use of state capital until 2022.

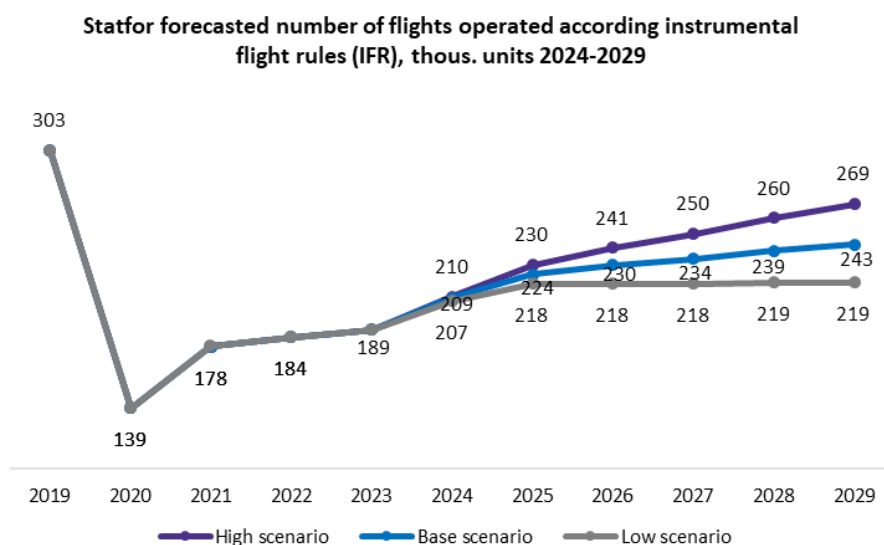
## FINANCIAL FORECAST ASSUMPTIONS

The performance of the Company by 99 percent depends on core activities -number of flights using Lithuania’s airspace and services provided to them - the number of air navigation service units (en-route and terminal). The Company plans the flights and the scope of services taking into consideration the forecasts provided by STATFOR unit of EUROCONTROL. In September 2024 STATFOR unit of EUROCONTROL provided the most up-to-date preliminary flight flow growth forecasts for the network of European Single Sky and separate member states thereof for the period of 2024-2029.

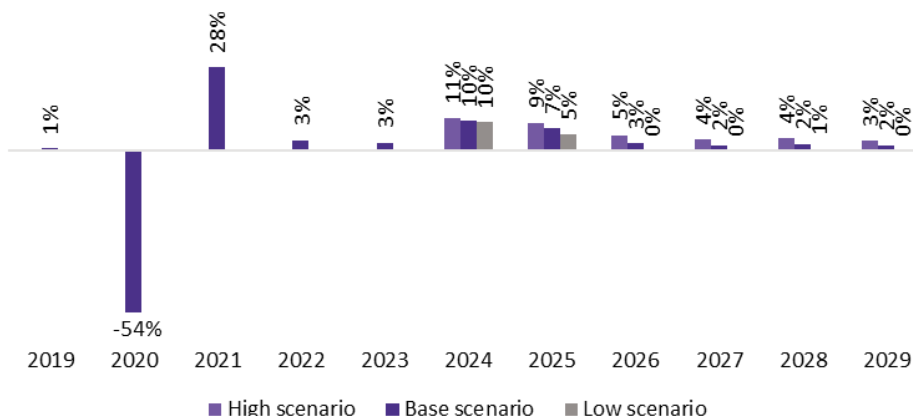


Although COVID-19 pandemic, which had an unprecedented impact on the aviation industry, is already becoming only a difficult experience of the past, the military aggression of the Russian Federation against Ukraine, which started in 2022 and has been continuing for almost three years, the related mutual sanctions that affect the use of airspace and changed flight routes, as well as the general unstable and difficult-to-predict economic and geopolitical situation in Europe and the world do not allow to expect the recovery of flight flows and their more significant growth in the medium and long term, especially in the Baltic region, which is the external border of EU-Russia and NATO-Russia. Despite the above listed causes, according to the basic scenario forecasts flight numbers in Europe will reach the level of 2019 in 2025 already, but for further growth, it is foreseen to be moderate.

After the start of the war in Ukraine and the imposed sanctions against Russian airlines, Lithuania lost a significant part of overflights. Taking into consideration the current realities and assumptions, it is not expected that overflights will be able to recover to the level of 2019 during the next five years, i.e. until 2029.



Change of Statfor actual and forecasted number of flights in 2019-2029 for Lithuania



When planning forecasts for service unit volumes, the Company takes into account the forecasts provided by STATFOR, especially the base scenario. However, based on the latest trends and available information, it uses more accurate and realistic forecasts prepared by internal analysts.

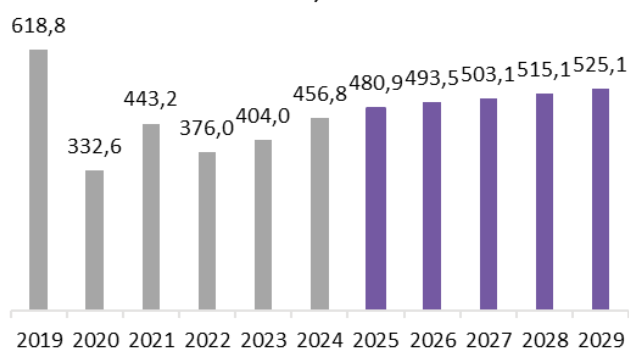
## INCOME FORECAST

When planning the air navigation service income and expenses for the period of 2025-2029 it is important to ensure the execution of the economic efficiency indicators (decrease of the average actual annual change of unit expenses for en-route air navigation service provision), ratified under the European Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky, therefore, it is necessary to take into consideration forecasted changes in inflation and purchasing power parity index for the period of 2025-2029.

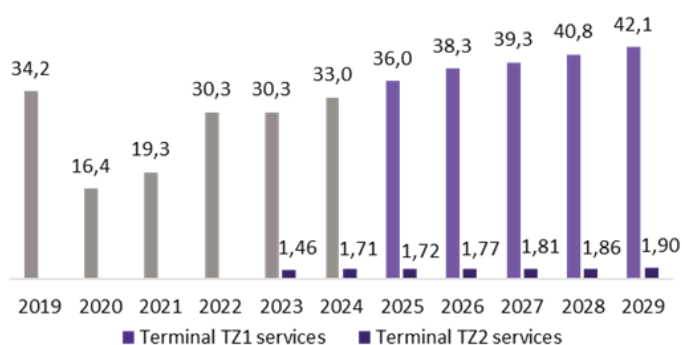
Air navigation service unit charges rates are established in accordance with ICAO, EU and EUROCONTROL documents and are always adjusted with the airspace users under multilateral consultations. The unit rates of air navigation service charges are calculated and established every year, in accordance with Articles 22-28 of Chapters V-VI and Annexes VII-IX of the European Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019.

The actual number of provided en-route and terminal air navigation service units for the period of 2019-2024 and the forecasts for the period of 2025-2029 are depicted in the diagrams below. It should be noted that from the beginning of 2023, 2 terminal rate zones were introduced, instead of the one that existed until then. This first terminal zone (TZ1) covers Vilnius, Kaunas and Palanga aerodromes, whereas the second (TZ2) – Šiauliai aerodrome, therefore, the income is calculated and planned by separate zones.

Number of en-route air navigation services 2019-2029, thous. units

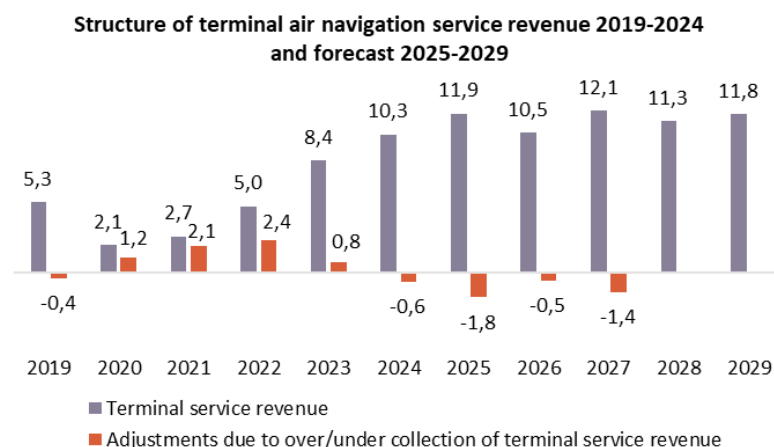
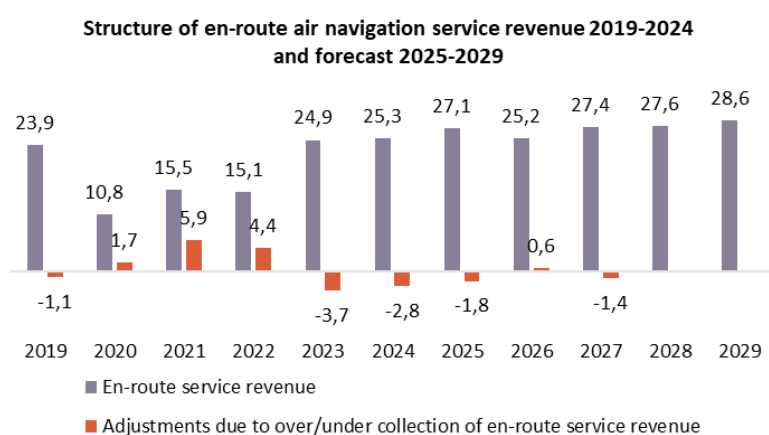


Number of terminal air navigation services 2019-2029, thous. units



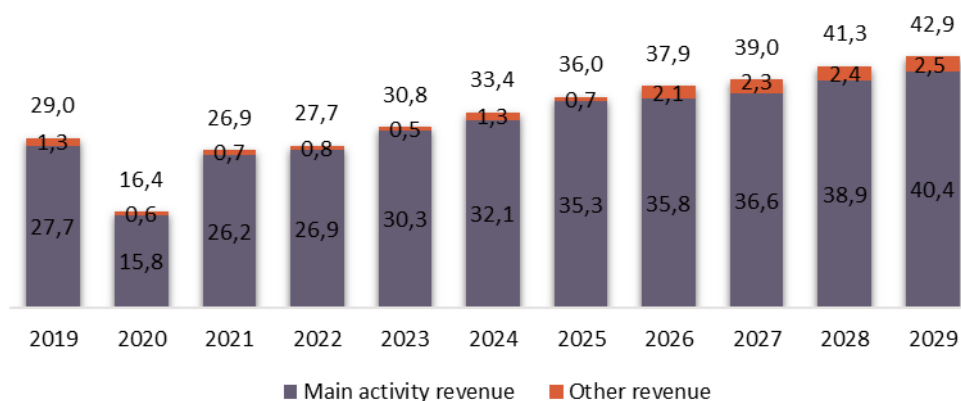
Following the European Commission Implementation Regulation (EU) No 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky the charges for air navigation services are established so that the received income would cover the incurred expenses.

The income for en-route air navigation services is calculated by multiplying the forecasted en-route air navigation service unit number from the forecasted service unit rate, after evaluation of the corrections made due to surplus/shortage of en-route air navigation service income recovery for the previous periods. The income for the terminal air navigation services is calculated in the same manner. When planning the future periods, a presumption is made that the actual traffic will match the defined (planned) under the Performance Plan. In the forecasted period of 2025-2029, it is planned that through the regulation establishing the financing mechanism for this activity and the risk sharing provided for in it (especially – traffic risk sharing mechanism), the Company will fully recover the costs not covered by the traffic lost due to the COVID-19 pandemic and the consequences of the war and sanctions, incurred in 2020-2022.



During the period of 2025-2029 an increase in en-route air navigation service income is forecasted in comparison to 2024 directly related to consistent growth of forecasted number of flights in the airspace of the Republic of Lithuania as well as consistent growth of the number of service units. During the period of 2025-2029 terminal service income will increase due to the same reasons as those of en-route service income – growing number of terminal services. Since 2026 a decrease is foreseen in the service rates of terminal zone 1 due to separation of apron management services and complete recovery of returnable sums for previous periods, which also decreases forecasted terminal income despite larger scope of services. It is forecasted that in 2025-2029 the general income for air navigation services shall comprise approximately 96% (other activity income – approximately 4 percent) of the total income of ON during the respectful period.

ON revenue structure 2019-2024 and forecast 2025-2029, in million Eur



It is forecasted that since 2026 the share of other income will increase significantly, because the Company plans to provide partial apron management services at the aerodromes and such service provision model has impact upon both terminal service cost basis and income during the forthcoming periods.

Also, the sale of common information services (CIS) is planned from 2026. The Company, as the sole authorized CIS provider, completed the implementation of the CIS system in 2024 and plans to provide services to external users since 2026, including Lithuanian Transport Safety Administration, Lithuanian Armed Forces, national defence system institutions, and, in the future, after establishing U-space zones, USSP providers as well.

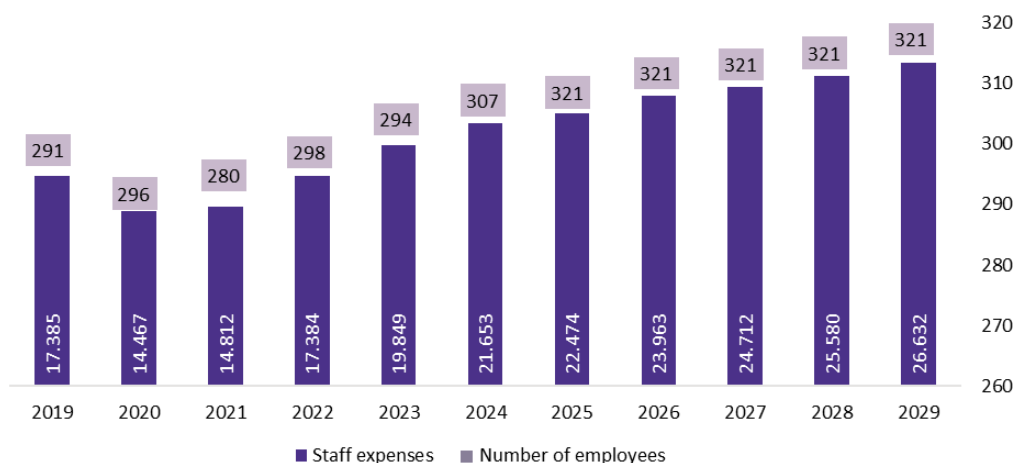
## EXPENSE FORECAST

The expenses of ON for the period of 2025-2029 were planned taking into consideration the implementation of the strategic projects, strategic goals and measures, development and renewal of new and current IT systems as well as macroeconomic factors.

When forecasting the expenses of ON personnel during the period of 2025-2029, the calculations were made based on the assumptions that approximately 321 employees will be working at ON during the above mentioned period, whereas the personnel expenses (including the benefits of the Collective Agreement and the amount of annual variable wage) in 2025 will increase by around 6% in comparison to 2024, during the period of 2026-2029 – approximately by 5%.

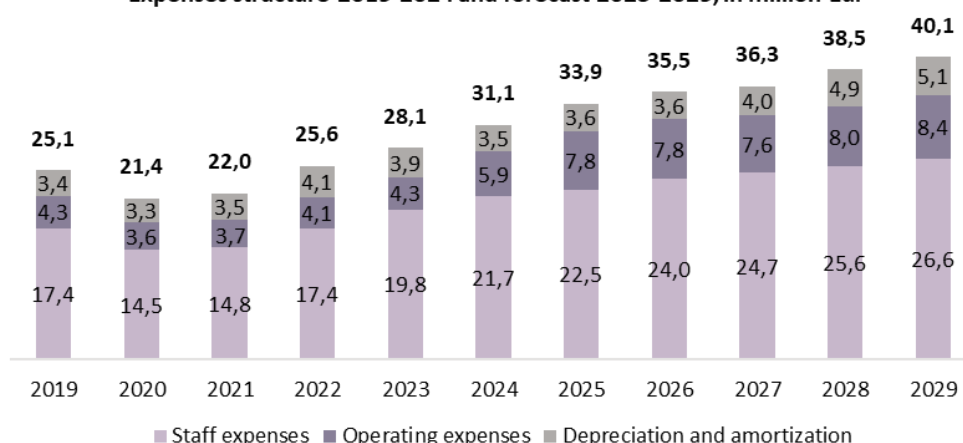
In 2022 the expenses related to personnel returned to the pre-pandemic level, since during the period of 2020-2021 measures for saving were implemented to cut expenses due to a drastic decline in flight numbers and respectful decrease of income.

**Number of employees (units) and dynamics of staff expenses (thous. Eur) 2019-2029**



During the period of 2025-2029 just like during the previous years, the expenses related to employees will comprise the largest share of forecasted expenses of ON (approximately 67%). Another significant share of the expenses will be comprised by operational expenses (approximately 21%) as well as depreciation and amortization – approximately 12%. The increasing disbalance between Lithuanian and European labour market, the growing mobility of employees in Europe, causes the need to invest into development of competencies of ON employees, in order to motivate them as well as to attract value-creating employees. In accordance with the assessment of the Company, the future planned wage growth is minimal, which is necessary in order not to lose the attractiveness of ON as an employer, but the prospects of a faster increase in the wage fund, taking into consideration the unfavourable forecast of air traffic flows and the strict position of EC on increasing cost efficiency during the upcoming reporting period (RP4 2025 -2029), are very limited.

**Expenses structure 2019-2024 and forecast 2025-2029, in million Eur**

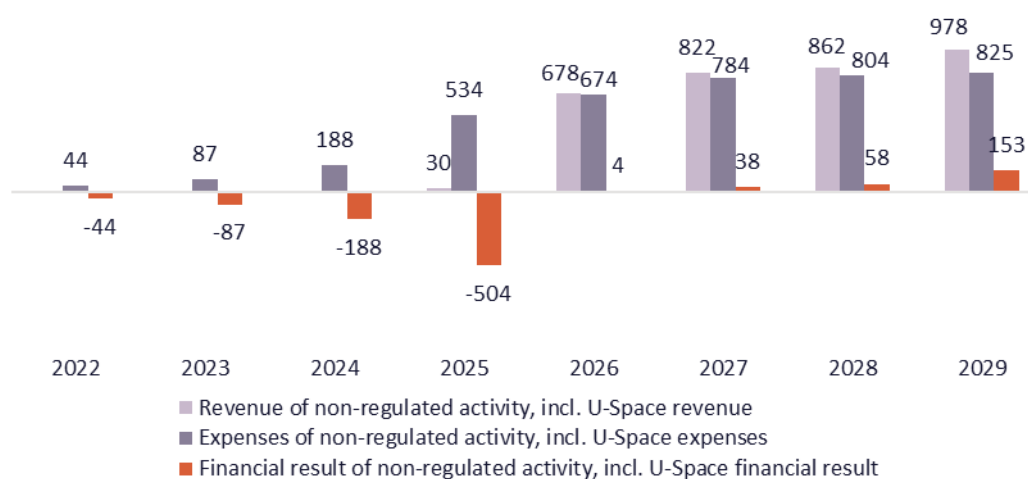


More rapid increase in the operational expenses during the period of 2025-2029 is related to post-warranty maintenance of the main air traffic control systems, operation of new equipment and development of current systems. The increase of the mentioned expenses is also partially related to the provision of new planned services for unmanned aerial vehicles (UAV's) (CIS, later also USSP), the coverage of which so far is planned to be restrictedly minimal, because the market is in the very early stage of development only, moreover, the principles for financing and rating of these services has not been defined yet.

In the nearest future, in accordance with Commission Implementing Regulation (EU) 2019/947 and on its basis approved the decision of the Ministry of Transport, the Company is preparing for the provision of common information services (CIS) for unmanned aerial vehicles. It is planned that the provision of CIS services will commence starting from

2025. That will require human resources as well as system purchased and installed for the respectful purpose. No funding has been planned for this activity yet, and there are no approved charging principles and methodologies. The Company is seeking to obtain a special obligation for this activity, under which costs not covered by income are financed from the state budget. Also, interested state institutions that ensure the state functions of public security, defence and public order are considering the possibilities of using the CIS system. CIS system will display information about static and dynamic prohibited and restricted geographical areas, for the publication of which it is expected to receive a portion of the revenue. After assessing the costs incurred in connection with CIS activities, which include the costs of system implementation and maintenance, personnel remuneration and related costs, and potential sources of income, the financial result of these activities is presented below. Since the harmonization of charging principles and methodologies at the inter-institutional level is a long process, as is obtaining special obligation status, it is planned that the performance of U-Space in both 2024 and 2025 will have a negative impact on the financial results of the Company.

**2022-2024 actual and 2025-2029 forecasted U-space and other non-regulated activity sales revenue, expenses and financial result, thous. Eur**



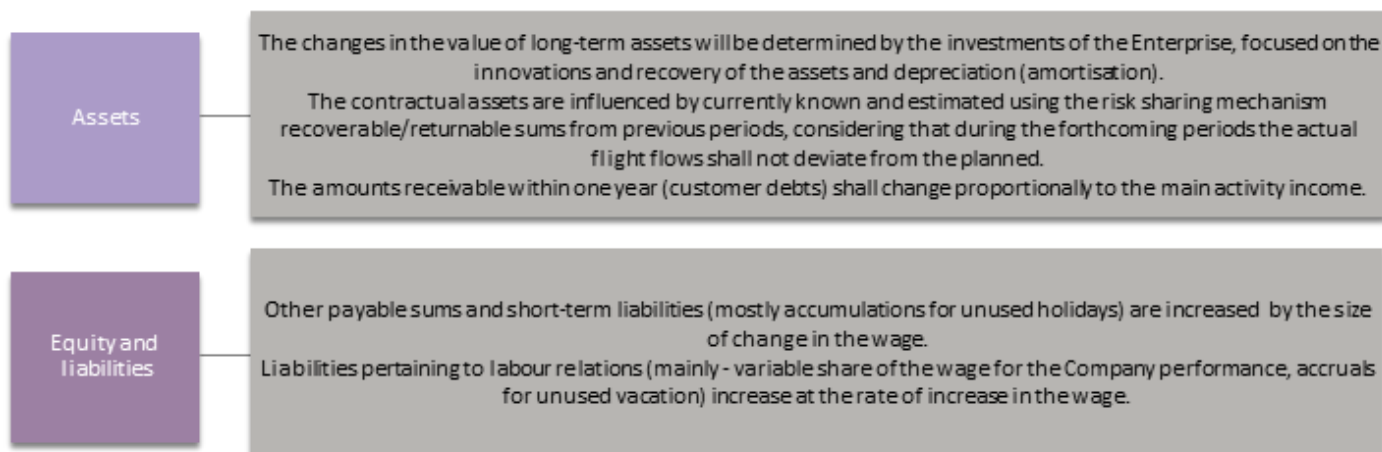
## PERFORMANCE RESULT FORECAST

The main activity of the Company is controlled under the Regulations of the EC, which envisage mechanisms ensuring covering the expenses incurred while providing air navigation services and defined profit of restricted scale. Both en-route and terminal charges are set to cover the costs of the Company and allow for a defined return on assets. Despite COVID-19 pandemic that lasted two years and the drastically reduced volumes of service units, the performance of the Company remains and will remain profitable, due to the compensation mechanisms applied to regulated activities.

Actual results of ON performance for 2023-2024 and forecast for 2025-2029, in thousand EUR:

Items	2023 (corrected)	2024	2025	2026	2027	2028	2029
Main activity revenue	30.345	32.110	35.278	35.756	36.649	38.889	40.430
Other activity revenue	489	1.298	714	2.144	2.323	2.371	2.497
OPEX	24.146	27.571	30.285	31.808	32.304	33.552	34.995
Depreciation	3.911	3.505	3.606	3.643	3.960	4.943	5.096
Operating profit (EBIT)	2.777	2.332	2.101	2.450	2.707	2.766	2.836
Financial activity result	312	555	489	296	177	116	119
Profit before tax (EBT)	<b>3.089</b>	<b>2.887</b>	<b>2.590</b>	<b>2.746</b>	<b>2.884</b>	<b>2.882</b>	<b>2.955</b>
Profit tax	543	445	389	300	351	432	443
Net profit	<b>2.547</b>	<b>2.442</b>	<b>2.202</b>	<b>2.446</b>	<b>2.533</b>	<b>2.450</b>	<b>2.512</b>

Prerequisites for the forecasts of financial status of ON for the period of 2025-2029 are summarized below:



Actual results of financial state for 2023-2024 and forecast for 2025-2029, in thousand EUR:

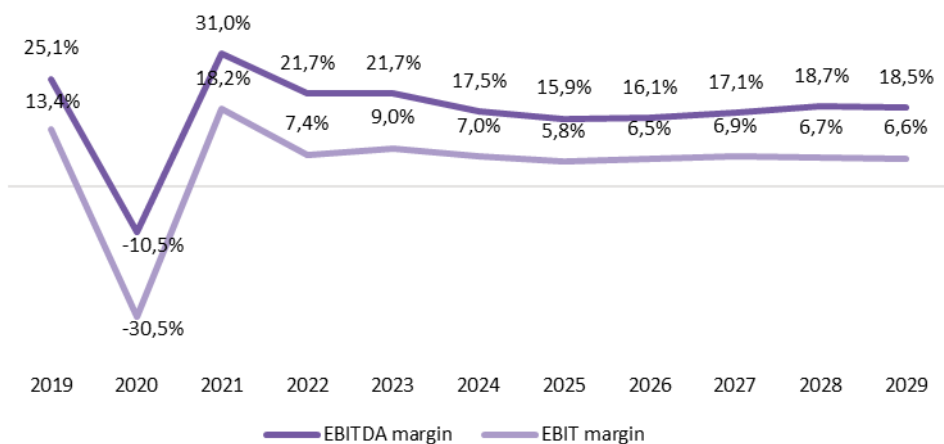
Items	2023 (corrected)	2024	2025	2026	2027	2028	2029
<b>Assets</b>							
<b>Non-current assets</b>	42.138	38.518	41.836	46.025	48.226	46.927	45.869
Intangible assets	282	468	419	304	203	102	1
Property, plant and equipment	32.694	31.324	37.511	42.299	45.022	43.825	42.869
Other assets	8.052	2.385	345	0	0	0	0
Securities	0	3.032	3.000	3.000	3.000	3.000	3.000
Amounts receivable after one year	298	788	0	0	0	0	0
Deferred tax assets	812	520	561	422	0	0	0
<b>Current assets</b>	23.959	26.120	24.762	22.101	21.495	21.928	22.624
Inventories	9	0	0	0	0	0	0
Trade debtors and other receivables	5.809	6.405	7.897	6.797	6.795	5.678	5.053
Other assets	1.568	3.912	2.040	2.211	0	0	0
Fixed term deposits	5.000	9.220	5.000	5.000	5.000	5.000	5.000
Cash and cash equivalents	11.564	6.583	9.825	8.093	9.700	11.250	12.571
Assets held for sale	9	0	0	0	0	0	0
<b>Total assets</b>	<b>66.097</b>	<b>64.638</b>	<b>66.598</b>	<b>68.127</b>	<b>69.719</b>	<b>68.855</b>	<b>68.493</b>
<b>Equity and liabilities</b>							
<b>Equity</b>	49.950	51.112	51.153	51.797	52.346	52.746	53.271
Share capital	46.066	46.066	46.066	46.066	46.066	46.066	46.066
Legal reserve	533	1.294	1.987	2.538	3.149	3.783	4.395
Re-evaluation reserve	0	1.048	898	748	598	448	298
Other reserves	21	26	0	0	0	0	0
Retained earnings	3.330	2.678	2.202	2.446	2.533	2.450	2.512
<b>Accounts payable and liabilities</b>	16.147	13.526	15.445	16.329	17.374	16.110	15.223
Trade payables after one year and non-current liabilities	8.691	4.809	6.042	6.618	7.383	6.177	4.982
Trade payables and other current liabilities	7.457	8.717	9.403	9.711	9.991	9.932	10.241
<b>Total equity and liabilities</b>	<b>66.097</b>	<b>64.638</b>	<b>66.598</b>	<b>68.127</b>	<b>69.719</b>	<b>68.855</b>	<b>68.493</b>

ON cash flow actual results for 2023-2024 and forecast for 2025-2029, in thousand EUR:

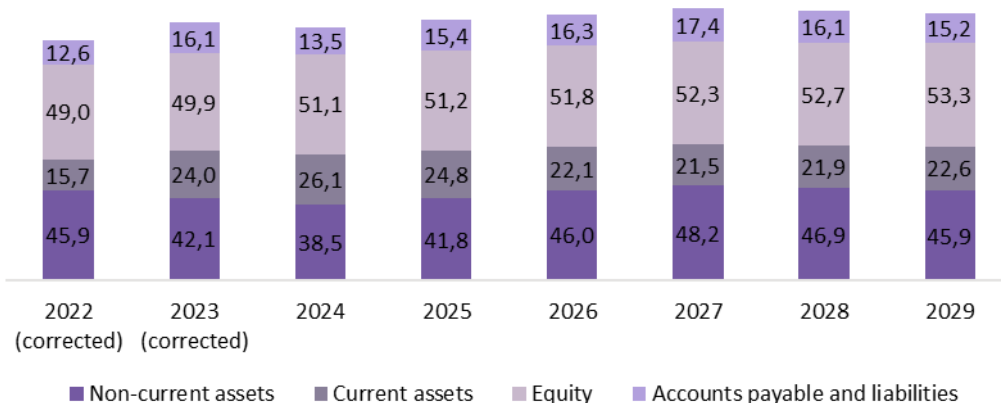
Item No	Items	2023 (corrected)	2024	2025	2026	2027	2028	2029
<b>I.</b>	<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
I.1.	Net profit before tax	3.089	2.887	2.590	2.746	2.884	2.882	2.955
	Adjustments for non-monetary expenses (income)							
I.2.	Depreciation and amortization expenses	3.911	3.662	3.606	3.643	3.960	4.943	5.096
I.3.	Elimination of financing and investing activities result	-61	-250	-169	-167	-167	-164	-161
I.4.	(Profit) loss from disposal of property, plant and equipment	-8	-27	0	0	0	0	0
I.5.	Impairment allowance for doubtful accounts receivables (reversal)	52	320	956	910	968	975	1.011
I.6.	Reversal of impairment of property, plant and equipment	0	-158	0	0	0	0	0
I.7.	Other non-monetary items	0	-13	0	0	0	0	0
	Changes in working capital							
I.8.	(Increase) decrease in other assets	2.747	3.323	3.912	174	2.211	0	0
I.9.	(Increase) decrease in trade debtors and other receivables	-2.767	-1.994	607	2.600	1.502	1.117	626
I.10.	Increase (decrease) in trade payables and other current receivables	847	576	-1.719	-520	1.836	-1.795	-3.976
I.11.	Increase (decrease) in employee benefits	205	106	475	150	160	150	170
I.12.	Increase (decrease) of contractual liability	0	0	0	0	0	0	0
I.13.	Interest received (paid)	0	-3	6	27	27	24	21
I.14.	Paid profit tax	0	-475	-258	-259	-300	-351	-432
	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>8.015</b>	<b>7.953</b>	<b>10.007</b>	<b>9.304</b>	<b>13.082</b>	<b>7.780</b>	<b>5.310</b>
<b>II.</b>	<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
II.1.	Acquisition of intangible assets and real estate, equipment and facilities	-1.203	-1.770	-10.565	-9.524	-9.781	-4.470	-2.291
II.2.	Income from intangible assets and real estate, equipment and facilities transfers	8	27	0	0	0	0	0
II.3.	Acquisition of securities	0	-3.152	0	0	0	0	0
II.4.	Interests and fines received	61	371	162	140	140	140	140
II.5.	Money withdrawal from fixed-term deposits	-2.000	-4.000	4.220	0	0	0	0
	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-3.134</b>	<b>-8.524</b>	<b>-6.183</b>	<b>-9.384</b>	<b>-9.641</b>	<b>-4.330</b>	<b>-2.151</b>
<b>III.</b>	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
III.1.	Loans received	0	0	1.500	0	0	0	0
III.2.	Loans returned	0	0	0	0	0	0	0
III.3.	Grants and subsidies received	3.212	285	0	0	0	0	0
III.4.	Grants and subsidies returned	-13	-2.390	0	0	0	0	0
III.5.	Dividends paid	-1.662	-2.296	-2.082	-1.651	-1.834	-1.900	-1.837
III.6.	Rent payments paid	0	-9	0	0	0	0	0
<b>IV.</b>	<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>1.537</b>	<b>-4.410</b>	<b>-582</b>	<b>-1.651</b>	<b>-1.834</b>	<b>-1.900</b>	<b>-1.837</b>
<b>V.</b>	<b>Increase (decrease) in net cash flow</b>	<b>6.418</b>	<b>-4.981</b>	<b>3.242</b>	<b>-1.732</b>	<b>1.607</b>	<b>1.550</b>	<b>1.322</b>
<b>VI.</b>	Cash and cash equivalents at the beginning of the period	5.146	11.564	6.583	9.825	8.093	9.700	11.250
<b>VII.</b>	Cash and cash equivalents at the end of the period	<b>11.564</b>	<b>6.583</b>	<b>9.825</b>	<b>8.093</b>	<b>9.700</b>	<b>11.250</b>	<b>12.571</b>

After evaluating the income and cost forecasts also the ongoing/planned investment projects, the forecast of financial state of the Company for the period of 2025-2029 was performed. The significant decrease in profitability indicators in 2025 is associated with higher than usual provisions for receivables, which arose due to the ongoing Russian war in Ukraine and sanctions on payments via Russian banks. Due to these sanctions, Russian airlines are facing difficulties in paying for services provided, which is leading to an increasing growth in provisions for impairment of receivables. It is predicted that the same problem will continue in the future, in other words, the Company will have to recognize higher impairment amounts for receivables than usual.

**Actual results 2019-2024 and forecast 2025-2029 of activity profitability indicators of normalized EBITDA and EBIT margins**



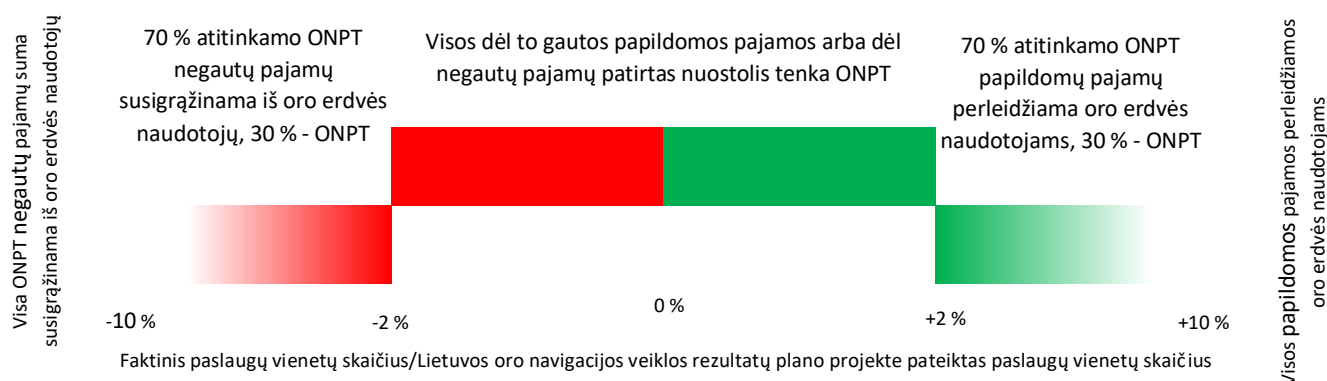
**Actual results 2022-2024 and forecast 2025-2029 of financial position items, in million Eur**



## SIMULATION OF THE IMPACT OF EXTERNAL FACTORS UPON THE PERFORMANCE RESULTS OF THE COMPANY

One of the most significant risks that may occur is the risk related to air traffic flows. The simulation of external specific factor impact upon the performance of the Company is performed in respect of this risk.

The mechanism for sharing the risk, related to the flight flows is established under Article 27 of the European Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky and repealing Implementing Regulations (EU) No 390/2013 and (EU) 391/2013. Following the mechanism for sharing the risk related to the flight flows, when the income changes due to deviations from the service unit forecasts set out in the performance plan, the risk is shared between the air navigation service providers and the airspace users, in accordance with the following provisions: 1) when the actual number of service units deviates from the forecast included in the performance plan by not more than 2%, the resulting additional income or the resulting income loss shall be borne in full by the air navigation service provider; 2) when the number of service units does not deviate by more than 10 percent, the risk sharing mechanism shall be applied: 30% of the risk related to air traffic is borne by the air navigation service provider and 70% – by the airspace users; 3) when the number of service units increases or decreases by more than 10%, the total sum of not received income shall be recovered from airspace users or all the additional income is transferred to airspace users.



Since the mechanism for sharing the risk related to the flight flows is applicable to en-route air navigation services only, whereas the terminal air navigation services are not subject to this risk sharing mechanism, i.e. the total sum not received by the air navigation service provider is recovered from the airspace users or all the additional income is transferred to the airspace users, thus, the simulation of the impact of external factors upon the performance of the Company is performed only in respect of en-route air navigation services. The assessment of the impact of external factors is executed without taking into consideration the outbursts of global pandemic and the political decisions pertaining to them that introduce border permeability restrictions. Taking into consideration the participation of the experts of the Company in the preparation of the respectful regulations, related to market liberalization and the established deadlines thereof, no changes in the service portfolio are forecasted before 2028.

## INVESTMENTS AND THEIR FUNDING RESOURCES

During the period of 2025-2029 ON will mostly invest into the tangible assets (other equipment, devices, tools and machines) – on average approximately 98% of the total sum of investments. During the period of 2025-2029 ON will mainly fund investments by using equity. In 2025-2027 the Company plans to acquire and install new generation air traffic control simulation platform iTEC SkyNex, it is expected to receive the EU grants for it. The sum of the grants during the above-mentioned period should amount to approximately 4.5 million EUR.

ON investments and their funding resource factual results for the period of 2022-2024 also forecast for the period of 2025-2029, in th. EUR:

Investments/funding resources	2023	2024	2025	2026	2027	2028	2029
Intangible assets	163	1	89	25	17	167	507
Real estate, devices and equipment	475	705	6.681	5.937	6.188	3.283	240
Buildings and constructions			555	25			
Devices and equipment	475	524	6.076	5.847	6.138	3.283	205
Vehicles		182	50	65	50	0	35
Other assets	53	49	570	37	26	20	44
Construction in progress and prepayments	559	1.193	3.225	3.525	3.550	1.000	1.500
<b>Total investments</b>	<b>1.250</b>	<b>1.949</b>	<b>10.565</b>	<b>9.524</b>	<b>9.781</b>	<b>4.470</b>	<b>2.291</b>
Funding resources	1.250	1.949	10.565	9.524	9.781	4.470	2.291
Equity	1.250	1.949	9.065	8.024	8.281	4.470	2.291
Loans							
State budget							
EU funds			1500	1500	1500		

During the planned period the Company will invest the biggest amounts into new generation air traffic control system iTEC SkyNex, digital remote tower (rTWR) solution, upgrading surveillance systems and updating other operational support systems - i.e. for equipment renewal and modernization – property restoration. The main investments planned by ON for the period of 2025-2029 are presented in Annex No. 4. The calculation of the financial payback of investments is not provided in this document, since when approving investments, different methods of their evaluation are applied, depending on the specifics of the investment: cost-benefit analysis, other investment justification criteria (regulatory requirements, equipment life cycle, impact on assessed areas of activity defined by the EC, etc.).

# FOLLOWING THE PROVISIONS OF TRANSPARENCY GUIDELINES

In accordance with Guidelines on Management of the State-controlled Enterprises prepared by the Organisation for Economic Co-operation and Development (OECD) and implementing the good corporate governance practice, ON follows the provisions of the Guidelines on the Procedure of Ensuring the Transparency of Performance of State Controlled Enterprises. Following the provisions of the guidelines for ensuring transparency of the performance of state-controlled enterprises:

Item No.	Compliance with the provisions of the guidelines for ensuring the transparency of the activities of state-controlled enterprises	Implementation Yes/No/Not applicable	Notes
<b>Chapter II. Disclosing the information of state-controlled enterprise</b>			
1.	5. The following data and information must be published on the website of the state-controlled enterprise:		
	5.1. Name.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.2. Code and register, where the data about the Company is collected and stored.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.3. Registered office (address).	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.4. Legal form, in case the state-controlled enterprise is restructured, reorganised (indicating the method of reorganisation), liquidated, is under bankruptcy procedure or has already gone bankrupt.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.5. Name of the institution representing the state and a link to the website thereof.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.6. Goals, vision and mission of activity.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.7. Structure.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.8. Information about Chief Executive Officer.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.9. Information about the Chairman of the Board and the Members of the Board, in case the Board is composed in accordance with the articles of association.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.10. Information about the Chairman and Members of the Supervisory Board, in case the Board is composed in accordance with the articles of association.	Not applicable	There is no Supervisory Board at the Company.
	5.11. Names of the committees, the information about their chairmen and members, provided that the committees are composed.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.12. The sum of the nominal values (in EUR, at the accuracy of a cent) of the stock which belongs to the state under ownership right and their share (in percent) in the authorised capital of the state-controlled enterprise.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	5.13. The executed special liabilities, which are established in accordance with the recommendations ratified by the Minister of the Economy and Innovation of the Republic of Lithuania: the goal of the special liabilities is indicated, budget subsidies allocated for their implementation within the calendar year as well as legal acts, under which the state controlled enterprise is appointed to execute the special liabilities, the conditions of the execution of special liabilities are established and (or) the pricing is regulated.	Not applicable	The Company does not execute special liabilities.

Table continued

Item No.	Compliance with the provisions of the guidelines for ensuring the transparency of the activities of state-controlled enterprises	Implementation Yes/No/Not applicable	Notes
	<b>5.14. Information about the social responsibility initiatives and measures, significant executed or planned investment projects.</b>	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
2.	6. To ensure the publicity regarding the governance and supervisory bodies composed at the state-controlled enterprises, also the professionalism of the Members of the Committees, the following data about the persons, identified under Subitems 5.8-5.11 of the Description are announced: name, surname, the start date of the current position, other currently held managing positions in other legal persons, education, qualification, professional experience. In case the person indicated under Subitems 5.9-5.11 of the Description has been elected or appointed as independent member, this fact must be indicated additionally next to the personal data.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
3.	<b>The following documents of the state-controlled enterprise must be announced on the website thereof:</b>		
	7.1. The articles of association.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	7.2. A note from the institution representing the state on establishing the goals and expectations of the state for the state-controlled enterprise.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	7.3. Performance strategy or a summary thereof, in case it contains confidential information or information which is considered trade (manufacturing) secret.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	7.4. A document establishing the wage policy, encompassing the procedure of establishing the wages for the Chief Executive Officer of the Company, also the members of collegial bodies and committees composed within the state-controlled enterprise, which is described in more detail in the Governance Code of the Companies.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	7.5. Annual and intermediary statements of the state-controlled enterprise, annual and intermediary performance reports of the state enterprise for a period not shorter than 5 years.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	7.6. Annual and intermediary financial reports for a period not shorter than 5 years and auditor's conclusions of the annual financial reports.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	8. In case the state-controlled enterprise is a controlling company, the website thereof must provide information on the structure of the group of companies, also the data indicated under Subitems 5.1-5.3 of the Description of the subsidiaries and further line subsidiaries, also website addresses, the share of the stock (in percent) controlled by the controlling company in their authorised capital, also annual consolidated financial reports and annual consolidated notifications.	Not applicable	The Company is not a controlling company, thus, not applicable.
	9. In case the state-controlled enterprise is a member of other legal entities than those identified under Item 8 of the Description, the website of such enterprise must provide the information indicated under Subitems 5.1-5.3 of the Description of those legal persons as well as their website addresses.	Not applicable	The Company is not a member of legal entities, thus, not applicable.

Table continued

Item No.	Compliance with the provisions of the guidelines for ensuring the transparency of the activities of state-controlled enterprises	Implementation Yes/No/Not applicable	Notes
	9 <sup>1</sup> . In case the Company is a subsidiary of a state-controlled company or a subsequent subsidiary, the website of such Company must provide information about the supervising company indicated under Subitems 5.1-5.3 of the Description and provide a link to the website of the supervising company.	Not applicable	The Company is not a subsidiary of a state-controlled company or a subsequent subsidiary, thus, not applicable.
4.	10. In case the data indicated under Items 5 and 6, Subitems 7.1-7.4, Items 8, 9 and 9 <sup>1</sup> of the Description are amended or announced incorrectly, the respectful information and documents must be changed on the website immediately as well.	Yes	The information announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> is constantly updated.
5.	11. The collection of annual financial statements of the state-controlled company, the annual report of the state-controlled company, the annual activity report of the state-controlled company, as well as the conclusion of the auditor of the annual financial statements of the state-controlled company must be published on the website of the state-controlled company within 10 working days of the collection of annual financial statements of the state-controlled company confirmation.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
6.	<b>12. The intermediary financial reports of the state-controlled enterprise and intermediary performance reports of the state-controlled enterprises must be announced on the website not later than within 2 months after the end of the reporting period.</b>		<b>The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a>.</b>
7.	13. The documents indicated in Item 7 of the Description are announced in PDF format and technical opportunities to print them out are ensured.	Yes	The documents indicated in Item 7 of the Description are announced publicly in PDF format on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> , technical opportunities to print them out are provided.
<b>Chapter III. Preparation of financial report collections and performance report notifications</b>			
8.	14. State-controlled enterprises manage their accounting so as to ensure the preparation of financial reports in accordance with international accounting standards.	Yes	The Company manages the accounting following the international accounting standards.
9.	15. Besides the annual financial reports a state-controlled enterprise also prepares intermediary financial reports of 6 months, whereas a state enterprise prepares intermediary financial reports of 3, 6 and 9 months.	Yes	The Company prepares intermediate report of 6 months and announces those reports on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
10.	16. In accordance with the Law on Financial Report Audit a state-controlled enterprise is ascribed to the group of companies of public interest, thus, besides the annual performance report it also additionally prepares intermediary performance report of 6 months. In accordance with the Law on Financial Report Audit a state enterprise is ascribed to the group of companies of public interest, thus, besides the annual performance report it also additionally prepares intermediary performance report of 6 months.	Yes	The Company prepares annual performance report and intermediate report of 6 months and announces those reports on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
11.	17. The annual performance report of state-controlled enterprise or the annual performance report of a state enterprise besides meeting the contents requirements established under the Law on Financial Responsibility of the Republic of Lithuania or The Law on State and Municipality of the Republic of Lithuania must additionally provide:		
	17.1. Short description of business model of the state-controlled enterprise.	Yes	Description of business model is provided under the Chapter "DESCRIPTION OF ACTIVITY".

Table continued

Item No.	Compliance with the provisions of the guidelines for ensuring the transparency of the activities of state-controlled enterprises	Implementation Yes/No/Not applicable	Notes
	<b>The information about the most significant events, which occurred during the financial year and after the end thereof (until the preparation of the annual performance report), that also had essential influence upon the activity of the state-controlled enterprise.</b>		<b>Information about the significant events, which took place during the financial year and after the end thereof (until the preparation of the annual performance report), that also had essential influence upon the activity of the Company, is provided under Chapter "MAJOR EVENTS".</b>
	17.3. Results of implementation of the goals established under the performance strategy of the state-controlled enterprise.	Yes	Results of implementation of the goals established under the performance strategy of the Company are provided under Annex "STRATEGY IMPLEMENTATION AND UPDATING THEREOF".
	17.4. Indicators of profitability, liquidity, assets turnover, debt.	Yes	Indicators of profitability, liquidity, assets turnover, debt are provided under Chapter "REVIEW OF FINANCIAL RESULTS".
	17.5. Implementation of special liabilities.	Not applicable	The Company does not implement special liabilities.
	17.6. Implementation of investment policy, the executed and planned investment projects and the investments during the reporting year.	Yes	Information about the implementation of investment projects, executed and planned investment projects as well as investments during the reporting year is provided under Chapter "MAJOR EXECUTED INVESTMENT PROJECTS".
	17.7. Implementation of risk management policy applied in the state-controlled enterprise.	Yes	Information about the implementation of applicable risk management policy is provided under Chapter "RISK MANAGEMENT".
	17.8. Implementation of dividend policy at state-controlled enterprises.	Yes	Information about dividend policy is provided under Chapter "REVIEW OF FINANCIAL RESULTS".
	17.9. Implementation of remuneration policy.	Yes	Information about the implementation of remuneration policy is provided under Chapter "EMPLOYEES AND WAGES".
	<b>17.10. Total annual wage fund, the average monthly wage by the position and (or) subdivision.</b>		<b>Total annual wage fund and average monthly wage by the position are disclosed under Chapter "EMPLOYEES AND WAGES".</b>
	17.11. Information about compliance with the provisions of Chapters II and III: it is indicated, how they are implemented, what provisions are not followed, providing an explanation – why.	Yes	Information about compliance with the provisions of Chapters II and III is provided under Chapter "FOLLOWING THE PROVISIONS OF TRANSPARENCY GUIDELINES".

Table continued

Item No.	Compliance with the provisions of the guidelines for ensuring the transparency of the activities of state-controlled enterprises	Implementation Yes/No/Not applicable	Notes
12.	18. For the state enterprises and state-controlled enterprises, which are not liable to prepare the corporate social responsibility report, it is recommended to supplement the annual notification or the annual performance report respectfully with the information related to environment protection, social, human resources, ensuring human rights, anti-corruption and bribery matters.	Yes	The information related to environment protection, social, human resource, ensuring human rights, anti-corruption and bribery matters is provided under Chapter "SUSTAINABLE DEVELOPMENT INITIATIVES". The Company also prepares Corporate Social Responsibility Report and announces it on the website <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
13.	19. In case the information indicated under Item 17 of the Description is considered trade (manufacturing) secret of the state-controlled enterprise or confidential information, the state-controlled enterprise may refrain from disclosing such information in the performance report thereof, nevertheless, the annual performance report must respectfully indicate that this information is not disclosed and identify the reason for non-disclosure.	Yes	The Company provides the information indicated under Item 17 of the Description in the annual performance report, which is announced on website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
14.	20. The annual notification of the state-controlled enterprise or the annual performance report of state enterprise may also provide other information, not indicated under this Description.	Yes	
	21. State-controlled enterprise, which is a supervising company, must supplement the annual consolidated report thereof (in case it is not obliged to prepare the consolidated report itself – the annual performance report thereof) with the structure of the group of companies of the company, also provide the data indicated in Subitems 5.1-5.3 of the Description of every subsidiary, the share of the controlled stock (in percent) in the authorised capital of the subsidiary, both financial and non-financial performance of the financial year. In case the state-controlled enterprise, which is a supervising company, prepares the consolidated annual report, the requirements of Item 17 of the Description are applicable to it <i>mutatis mutandis</i> .	Not applicable	The Company is not a controlling company.
15.	22. The intermediary notification of state-controlled enterprise or intermediary performance report of state enterprise provides brief description of the business model of state-controlled enterprise, analysis of the financial performance of the reporting period, information about the significant events of the reporting period, also about the profitability, liquidity, asset turnover, debt indicators and their changes, in comparison to the respectful period last year.	Yes	The intermediary performance report of Company provides brief description of the business model of the Company, analysis of the financial performance of the reporting period, information about the significant events of the reporting period, also about the profitability, liquidity, asset turnover, debt indicators and their changes, in comparison to the respectful period last year. The intermediary reports of the Company are announced on website <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .

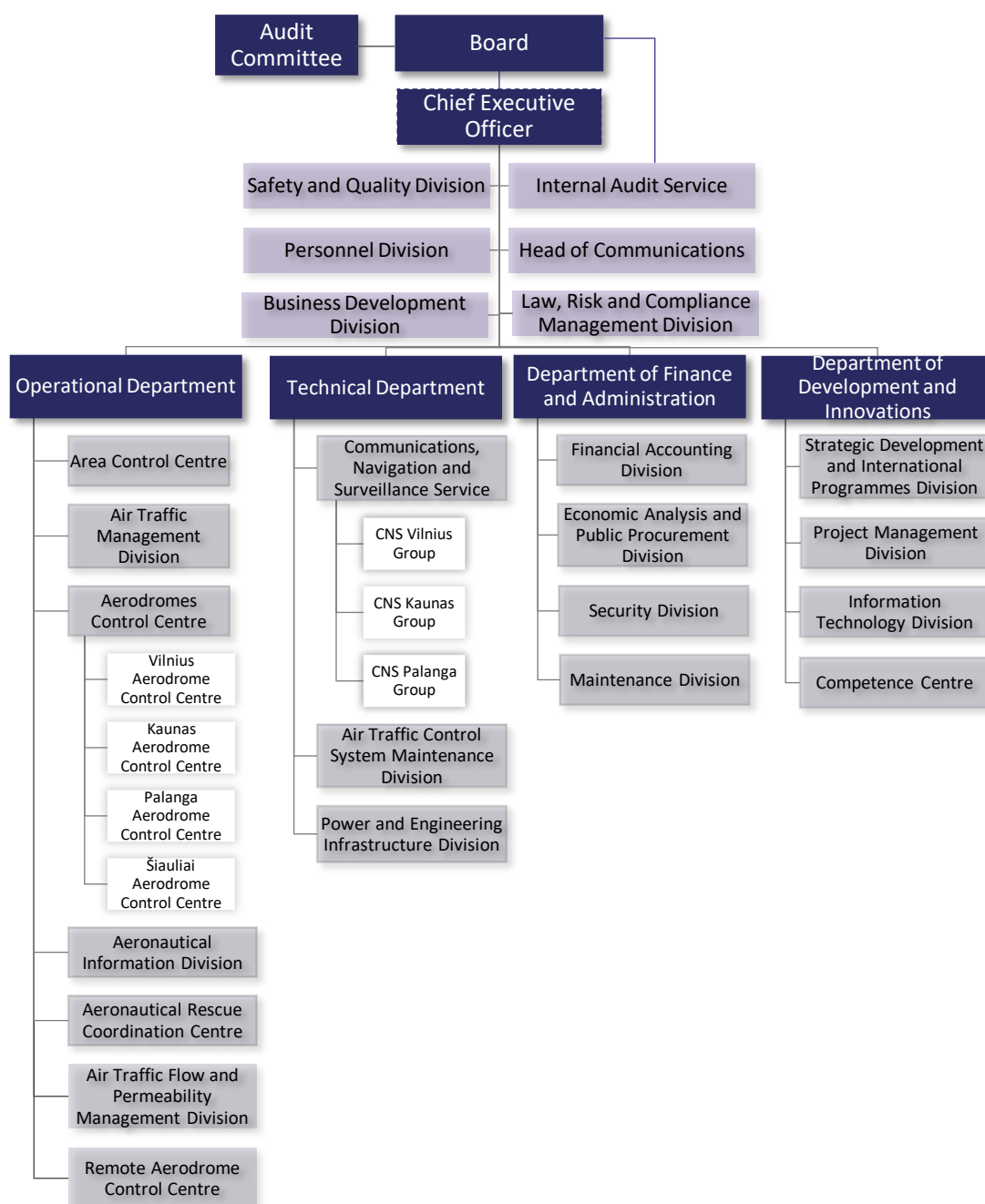
In order to ensure the greatest possible transparency, the Company discloses the information in accordance with information disclosure guidelines established under in the Corporate Governance Code for the companies listed on NASDAQ Vilnius:

Item No.	THE CORPORATE GOVERNANCE CODE FOR THE COMPANIES LISTED ON NASDAQ VILNIUS (principle 9: disclosure of information)	Implementation Yes/No/Not applicable	Notes
1.	9.1. Without breaching the procedure for disclosing the confidential information of the Company and trade secrets thereof, also the requirements of the legal acts, regulating the personal data management, the information publicly disclosed by the Company should include, without limitations, the following:		
	9.1.1. Performance of the Company and financial results.	Yes	The information is disclosed in the annual and intermediary 6-month reports of the Company, which are announced publicly, also made available on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.2. The performance goals of the Company and non-financial information.	Yes	The information is disclosed in the annual and intermediary 6-month reports of the Company, which are announced publicly, also made available on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.3. The persons, who own the stock of shares under the ownership right either directly and (or) indirectly, and (or) control it with the related persons, also about the structure of the group of companies and their interconnections, indicating the final beneficiary.	Yes	The sole shareholder of ON is the Republic of Lithuania, the tangible and intangible rights are implemented by the Ministry of Transport of the Republic of Lithuania (100% of the shares are owned) – this information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.4. Members of the monitoring and governance bodies of the Company, who are considered independent, the Chief Executive Officer of the Company, the shares possessed by them or their votes within the Company as well as participation in the governance of other companies, their competence and remuneration.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.5. Notifications of the current committees about their composition, number of meetings and participation of the members at the meetings during the previous year, also about their main fields of activity and activity results.	Yes	The information is disclosed in the annual and intermediary 6-month reports of the Company, which are announced publicly, also made available on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.6. The key risk factors that are possible to be predicted, the Company risk management and monitoring policy.	Yes	The information is disclosed in the annual and intermediary 6-month reports of the Company, which are announced publicly, also made available on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.7. The transactions of the Company with the related parties.	Yes	Information about the operations carried out by the Company, including purchases and sales, with related parties is disclosed in the explanatory note to the financial statements of the Company. The financial statements of the Company are announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.8. The main matters related to the employees and other stakeholders (for example, human resource policy, participation of the employees in the governance of the Company, awarding with the shares of the Company or share options, relations with the creditors, suppliers, local community etc.).	Yes	The information is disclosed in the annual and intermediary 6-month reports of the Company, which are announced publicly, also made available on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.9. The governance structure of the Company and strategy thereof.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
	9.1.10. Corporate social responsibility policy, anti-corruption initiatives and measures, significant executed or planned investment projects.	Yes	The Company prepares Corporate Social Responsibility Reports, which are announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
2.	9.2. When disclosing the information indicated under Item 9.1.1. of Recommendation 9.1., it is recommended for the Company, which is a controlling company of other companies, to provide the information about the consolidated results of the entire group of companies.	Not applicable	ON is not a controlling company of other companies, therefore, only the information about the performance and financial results of ON is provided, the results are publicly announced on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .

Table continued

Item No.	THE CORPORATE GOVERNANCE CODE FOR THE COMPANIES LISTED ON NASDAQ VILNIUS (principle 9: disclosure of information)	Implementation Yes/No/Not applicable	Notes
3.	9.3. When disclosing the information indicated under Item 9.1.4. of Recommendation 9.1., it is recommended to provide the information about the professional experience, qualification and potential conflicts of interests of the members of the monitoring and governance bodies of the Company and the Chief Executive Officer of the Company, which may influence their decisions. It is also recommended to reveal the wage received from the Company or income of another nature, as it is established in more detail under Principle 7, by the members of the monitoring and governance bodies of the Company as well as the Chief Executive Officer of the Company.	Yes	The information is announced publicly on the website of the Company <a href="https://www.ans.lt/lt/">https://www.ans.lt/lt/</a> .
4.	9.4. The information is to be disclosed in such a manner that no shareholders or investors are discriminated by way of information provision or in respect of the scope thereof. The information should be disclosed to everybody simultaneously.	Yes	Publishable information is disclosed to everybody simultaneously, there is no discrimination by way of information provision or in respect of the scope thereof.

# ANNEX 1. ORGANISATIONAL MANAGEMENT STRUCTURE OF ON



## ANNEX 2. IN ACCORDANCE WITH THE ARTICLES OF ASSOCIATION OF ON THE EXCLUSIVE RIGHTS OF GENERAL MEETING OF SHAREHOLDERS

**The general meeting of shareholders has the exclusive right to:**

- to amend the articles of association of the Company, apart from the exceptions defined under the Law on Companies of the Republic of Lithuania;
- to change the registered office of the Company;
- to elect the members of the Board;
- to revoke the Board or members thereof;
- to elect and revoke an auditor or an audit company to audit a collection of annual financial statements, to determine the terms of payment for audit services;
- to determine the class, number, nominal value and minimum issue price of shares issued by the Company;
- to make a decision to convert the shares of one class of the Company to another, to approve the description of the procedure for the conversion of shares;
- to make a decision to change the number of shares of the same class issued by the company and the nominal value of the share, without changing the size of the authorized capital;
- to approve a collection of annual financial statements;
- to make a decision on the formation, use, reduction and destruction of reserves;
- to approve a collection of interim financial statements compiled in order to make a decision on the allocation of dividends for a period shorter than the financial year;
- to make a decision on the allocation of dividends for a period shorter than the financial year;
- to make a decision to issue convertible bonds;
- to make a decision to increase the authorised capital;
- to make a decision to decrease authorised capital, apart for the exceptions defined under the Law on Companies of the Republic of Lithuania;
- to make a decision to reorganise or separate the Company and approve reorganisation or separation conditions, apart for the exceptions established under the Law on Company of the Republic of Lithuania;
- to make a decision to reorganise the Company;
- to make decisions regarding the restructuring of the Company in cases established under the Law on Insolvency of Legal Persons of the Republic of Lithuania;
- to make a decision to liquidate the Company, to cancel the liquidation of the Company, apart from the exceptions established under the Law on Companies of the Republic of Lithuania;
- to elect and revoke the liquidator of the Company, apart from the exceptions defined under in the Law on Companies of the Republic of Lithuania.

# ANNEX 3. IN ACCORDANCE WITH THE ARTICLES OF ASSOCIATION OF ON THE BOARD

## **The Board considers and approves:**

- performance strategy of the Company, including Company performance budget;
- annual report of the Company (prepared in accordance with the provisions of the Law on Financial Statements of the Companies of the Republic of Lithuania);
- intermediate report of the Company;
- organizational management structure of the Company and employee positions;
- positions, for which the employees are hired by a competition;
- articles of association of Company branches and representative offices;
- Company support management rules;
- other documents regulating the performance of the Company (guidelines, policies, etc.), which are related to the fields of competence of the Board;
- the Board elects and dismisses the CEO of the Company, determines the remuneration, other conditions of the employment contract, approves the job regulations, promotes the CEO and imposes penalties. The Board also approves the nominations of branch and representative office managers;
- the Board determines information which is considered the commercial (production) secret of the Company and confidential information.

## **The Board approves:**

- the decisions for the Company to become a founder, participant of other legal entities;
- the decisions to establish branches and representative offices of the Company;
- the decisions regarding investment, transfer of non-current assets, the balance value of which is equal to or exceeds 1/20 of the authorised capital of the Company (calculated for every kind of transaction separately);
- the decisions regarding rent of non-current assets, the balance value of which is equal to or exceeds 1/20 of the authorised capital of the Company (calculated for every kind of transaction separately);
- the decisions regarding pledge and mortgage of non-current assets, the balance value of which is equal to or exceeds 1/20 of the authorised capital of the Company (the total sum of the transactions is calculated);
- the decisions regarding the surety or guarantee of performance of the obligations of other persons, the sum of which is equal to or exceeds 1/20 of the authorised capital of the Company;
- the decisions to acquire non-current assets for a price, which is equal to or exceeds 1/20 of the authorised capital of the Company;
- the decisions to give consent to the CEO of the Company:
  - o to conclude transactions for procurement of works, goods and services, the value of every transaction is equal to or higher than 2 000 000 not including the value added tax (hereinafter referred to as VAT);
  - o make all the decisions, related to assets, which are part of public transport infrastructure – air traffic system equipment (transfer, pledge or other encumbrance of tangible rights, guarantee, surety or in some other way ensuring the fulfilment of the obligations of the person and other persons, renting, using or transferring to other persons for use in another way, recognition as unnecessary or unsuitable (impossible) for use, etc.).
- the Board may also make decisions on other matters ascribed for the competence of the Board under the Law on Companies of the Republic of Lithuania, articles of association of the Company and decisions of the general meeting of the shareholders.

## **The Board considers and evaluates the material presented by the CEO of the Company about:**

- Company performance strategy and budget implementation;
- Company performance organisation;
- financial state of the Company;

- economic performance results, income and expense estimates, inventories and other accounting data of asset changes;
- the Board considers document drafts submitted by the CEO of the Company for public procurement of goods, services or works, the estimated value of which is equal to or higher than 2 000 000 not including value added tax (hereinafter referred to as VAT), document projects (before the Company announces such public procurement of goods, services or works);
- the Board considers and evaluates the collection of the collection of annual financial statements, the profit (loss) distribution project and, together with feedback and proposals regarding them, submits the annual report of the Company to the general meeting of shareholders. The Board also provides information on the implementation of the strategy and budget of the Company to the general meeting of shareholders;
- the Board considers, evaluates the project of the decision on the allocation of dividends for a period shorter than the financial year and for the adoption a collection of interim financial statements, which together with feedback and proposals regarding them and the interim report of the Company, are submitted to the general meeting of the shareholders.

**The Board performs the following monitoring functions:**

- monitors the activity of the CEO of the Company, submits feedback and suggestions regarding the activity of the CEO of the Company to the general meeting of shareholder;
- considers whether the CEO of the Company is suitable for the position, if the Company is operating unprofitably or there are other circumstances that raise doubts of the shareholder or the Board about the suitability of the CEO of the Company to perform these functions;
- submit proposals to the CEO of the Company to revoke the decisions that are contrary to laws and other legal acts, the articles of association of the Company, decisions of the general meeting of shareholders or the Board, public interest or national security;
- resolves other matters of supervising the Company and the CEO of the Company assigned to the competence of the Board in the articles of association of the Company, as well as in the decisions of the general meeting of shareholders.

# ANNEX 4. IN ACCORDANCE WITH THE ARTICLES OF ASSOCIATION OF ON THE CHIEF EXECUTIVE OFFICER

## **The Chief Executive Officer:**

- organizes the daily operation of the Company, hires and fires employees, concludes and terminates employment contracts with them, promotes them and decides on the application of responsibility for the violation of work duties, approves their job regulations;
- prepares and submits the commercial economic activity reports of the Company to the Board;
- represents the Company or ensures the representation of the Company in institutions, bodies, organizations, courts, arbitrations and in relations with third parties;
- ensures the protection of the assets of the Company, the creation of normal working conditions for the employees of the Company, the protection of the commercial (production) secrets of the Company;
- the CEO acts on behalf of the Company and has the right to conclude transactions;
- the CEO must protect the commercial (production) secrets of the Company, confidential information, which became known while performing these duties.

## **The Chief Executive Officer is responsible for:**

- organization of the operation of the Company and implementation of the goals thereof;
- compilation of a collection of annual financial statements, preparation of the annual report of the Company and compilation of the profit (loss) distribution project and their submission to the Board;
- preparation of the draft decision on the allocation of dividends for a period shorter than the financial year, compilation of a collection of interim financial statements and preparation of an interim report, for the adoption of the decision on the allocation of dividends for a period shorter than the financial year;
- conclusion of a contract with an auditor or audit company. The CEO must ensure that the auditor is provided with all company documents required for the inspection specified in the contract with the auditor or audit company;
- submission of information and documents to the general meeting of shareholders and the Board in cases established under the law or at their request;
- submission of draft documents for the public procurement of goods, services or works, the estimated value of which is equal to or greater than 2,000,000 not including value added tax (hereinafter referred to as VAT), to the Board for consideration (before the Company announces such public procurement of goods, services or works);
- submission of the Company documents and data to the administrator of the Register of Legal Entities;
- submission of the Company documents to the Bank of Lithuania and the Central Securities Depository;
- public announcement of information indicated under the law in the source specified in the articles of association;
- notification of the shareholders and the Board about the most important events, affecting the operation of the Company;
- provision of information to shareholders;
- implementation of the decisions of the general meeting of shareholders and the Board of the Company;
- the performance of duties established under the Law on Public Limited Liability Companies and other laws and legal acts of the Republic of Lithuania, the articles of association of the Company and the duties of the CEO of the Company.

# ANNEX 5. RESPONSIBILITIES OF AUDIT COMMITTEE

## Responsibilities of Audit Committee:

- to notify the Board of the audited Company about the results of the financial report audit and to explain, how the respective audit contributed to the reliability of the financial reports and what was the role of Audit Committee in executing that;
- to monitor the procedure of financial accountability and to provide recommendations on ensuring reliability thereof;
- to monitor internal quality control, risk and compliance management systems that affect the financial reports of the Company, internal control or the Company financial status and provide recommendations for the improvement of these systems;
- to monitor the efficiency of internal quality control without breaching the independence of internal audit also provide remarks and recommendations;
- to monitor the efficiency of internal quality control and risk management systems of the Company affecting the audited financial reporting of the Company, internal quality control and risk management systems of the Company for the prevention of corruption, bribery of foreign officials in international transactions, money laundering and terrorist financing and, when applicable, internal audit efficiency without compromising the independence of internal audit;
- to monitor the efficiency of control and risk management of the Company, which affect the financial reporting of the Company, internal control or the financial state of the Company, processes and the effectiveness of the internal audit, without violating the independence of the internal audit, also provide observations and recommendations;
- to monitor the efficiency of internal quality control and risk management systems of the Company affecting the audited financial reporting of the Company, internal quality control and risk management systems of the Company for the prevention of corruption, bribery of foreign officials in international transactions, money laundering and terrorist financing;
- to monitor the audit of annual financial statements and consolidated financial statements, paying particular attention to the performance, taking into consideration the shortcomings of the audit of financial statements identified during the inspection of the Company and the conclusions reached in accordance with Paragraph 6 of Article 26 of the Regulation;
- to review and to monitor the independence of the auditor(s) or audit companies, as established under Article 4 of the Law and Article 6 of the Regulation, especially regarding the adequacy of the provision of non-audit services to the audited Company in accordance with Article 5 of the Regulation. Require that the auditor(s) performing the audit or the audit company assess whether the independence requirements are met, before agreeing to perform or continue the audit task of the Company, and, above all, whether there are no threats to independence due to relations with the Company, and annually confirm their independence to the Audit Committee and to discuss with the Audit Committee all threats to the independence, as well as the measures to be applied to reduce those threats;
- to provide the Board of the Company with recommendations related to the selection, appointment and cancellation of the external auditor(s) or audit company and the terms of the contract with the external auditor(s) or audit company. The selection procedure of auditor(s) or audit company(s) is carried out in accordance with the requirements of the Regulation. Tender documents must specify transparent and non-discriminatory selection criteria;
- to annually receive a written confirmation from the auditor(s) or audit company performing the audit that the auditor(s) performing the audit or the audit company performing the audit are independent of the Company;
- to annually discuss threats to their independence with the auditor(s) or audit company performing the audit and the measures applied to reduce those threats;
- to carry out the orders of the Board, to perform other actions related to monitoring of financial and tax accounting, financial reporting, budget preparation, internal audit or control, risk management or compliance management, related to the competence of the Audit Committee.

# ANNEX 6. THE MAIN INVESTMENTS FOR 2025-2029

	Sum (thousand EUR) in 2025	Sum (thousand EUR) in 2025- 2029	Investment period
<b>(1) iTEC</b>	3 225	12 800	
iTEC SkyNex air traffic control system integration-testing platform installation (DEVICE)	3 225	9 100	2025-2027
iTEC SkyNex air traffic control system installation (licences)		1 700	2025-2028
iTEC SkyNex air traffic control system installation (operational platform)		2000	2028-2029
<b>(2) rTWR (remote towers)</b>	850	3 094	
Digital remote tower (rTWR) solution	850	3 094	2025-2027
<b>(3) Surveillance</b>	2 778	9 628	
Upgrading Vilnius aerodrome wide area multilateration surveillance system (LMLAT)		750	2027
Upgrading the surface movement radar (SMR) of Vilnius aerodrome		100	2026
Replacement of Palanga secondary airspace surveillance radar PSR/MSSR		2 000	2027-2028
Replacement of Vilnius secondary airspace surveillance radar PSR/MSSR		4 000	2026-2027
Territorial wide-area multilateration (WAM) surveillance system study and installation (+ADS-B)2	2 678	2 678	2025
inNOVA air traffic control system and wide area multilateration (WAM) surveillance system interface compatibility integration	100	100	2025
<b>(4) SWIM</b>	375	1 825	
Adaptation of automated air traffic control system ALS ATM for FF-ICE1		700	2026
Aeronautical information (AI) data exchange (workflow) software		150	2028
Adaptation of inNOVA air traffic control system for FF-ICE1		200	2026
LT-ON-AMHS system SWIM interface installation	150	150	2025
Adaptation of air traffic control systems for depicting the received MET information using SWIM service (meteorological information exchange - en-route and approach)	225	225	2025
SWIM software		100	2029
Automated pre-flight briefing system – SMART home briefing software		300	2029
<b>(5) U-space</b>	372	1 868	
U-space (OPEX)	372	1 868	2025-2029
<b>Communications and navigation</b>	2 170	5 900	
LT-ON-AMHS system spare equipment at Kaunas AeCC		280	2026
Replacement of radio communication equipment in Vilnius ACC and AeCC	350	350	2025
Vilnius ACC and AeCC voice communication system		500	2028
Kaunas AeCC and Palanga AeCC voice communication system		940	2026
DME navigation radio beacon network development in Kaunas		550	2027
DME navigation radio beacon network development in Palanga		550	2028
Kaunas ILS/DME 26 instrumental landing system replacement	520	1 430	2025-2026

Vilnius DVOR/DME radio beacon replacement	1 200	1 200	2025
Antenna tower at Kaunas AeCC	100	100	2025
<b>Other ATC systems</b>	<b>209</b>	<b>425</b>	
Palanga AeCC air traffic control system equipment	209	209	2025
Introduction of "clearance delivery" functionality of inNova air traffic control system		216	2026
<b>Ensuring the performance</b>	<b>958</b>	<b>2 959</b>	
Digital switching/routing devices and service station	168	428	2025-2029
Aerodrome air traffic control simulator	36	97	2025-2027
Aeronautical Rescue Coordination Centre equipment and tool upgrading		400	2027
Solar power plant and electromotor development		200	2027
Data centre infrastructure development	200	200	2025
Modernization of energy equipment – infrastructure renewal in Vilnius, Kaunas, Palanga	78	374	2025-2029
Vehicles	50	200	2025-2029
Other measures for ensuring performance	426	1060	2025-2029
<b>In total:</b>	<b>10 565</b>	<b>38 499</b>	

# ANNEX 7. THE KEY RISKS RELATED TO THE ACTIVITY OF THE COMPANY AND THEIR MANAGEMENT MEASURES IN 2024

RISK GROUP	RISK	RISK IMPACT	RISK MANAGEMENT MEASURES
STRATEGIC	Risk related to air traffic flows	The difference between the planned and actual number of service units in the performance plan of a country for a given reporting period results in an amount to be reimbursed to/ collected from the airspace users, which reduces/ increases the income of ON and taxable profit.	In accordance with the provisions of the European Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky, terminal air navigation services are not subject to air traffic risk sharing mechanism, nevertheless, en-route air navigation services are subject to risk sharing mechanism. In 2023 the Performance Plan of the 3rd regulatory period has been changed, reflecting the impact of the sanctions imposed due to the war in Ukraine on air traffic flows.
	Company losses due to unimplemented liabilities of the suppliers, not received goods, repeated purchase costs	Delayed implementation of the obligations of the concluded purchase agreements by the suppliers, in case of bankruptcy of the supplier, the unrecovered advance amounts paid may cause losses to the Company.	Risk management measures: communication with suppliers, proper contract management, provision of necessary reserves and tools, litigation.
OPERATIONAL	Risk of shortage of goods, services and procedures of external suppliers	Due to the impact of the war or political/military conflicts in separate regions and application of measures selected for responding to it the economic, global supply chains and other fields of industry may face a shortage of services or goods.	Risk management measures: when planning and acquiring external supplier services or resources, to carry out external supplier service safety risk assessment, when necessary, to carry out external supplier qualification safety audit or analysis, implementing safety requirement compliance monitoring. Risk management measures are defined under SP402 "External Supplier Service Safety Management".
	Air navigation safety risk	The air traffic control services provided by the Company must be characterised by high air navigation safety and efficiency level. In order to maintain high safety level and decrease the probability of safety incidents, measures for ensuring safety are continually implemented.	Every incident is investigated separately taking into consideration the type of the incident. Continual incident analysis within every field of focus is implemented. Based on these analyses, recommendations are submitted, which are then implemented. The Company has an operating Safety and Quality Unit, which manages air navigation safety matters and risks, which are relevant to more than one department.
	Public procurement process delay risk	Delays in public procurement processes can also lead to delays in all other activities that require the purchase of equipment, services or works.	Risk management measures: compiling public procurement plan by planning the procurements, controlling the terms established for procurement initiation under this plan and procurement process implementation, a lot of attention is dedicated to quality assurance of public procurement documentation, planning consolidation of procurements, aspiring to conclude long-term contracts.
	Investment project timely implementation risk	The risk of timely implementation of investment projects may disrupt the continuity of air navigation services.	According to the risk management measures defined in the quality management procedure VP-3-06 "Project Management": the project working group performs safety assessments (if necessary, a separate safety assessment working group is formed), the project manager must ensure that the overall project implementation and the risk of decisions pertaining to it is identified, assessed and managed. Additional risk management measures: uniform adherence to project management principles at ON, investments into the development of project manager competencies, etc.
	Corruption risk	Improper regulation of procurement, employment, business trip, Company assets management, work organisation and similar fields in legal acts and procedures of the Company or improper implementation of such procedures, lack of employee awareness (culture) may create pre-conditions for manifestation of corruption.	Risk management measures: risk management measures are defined in the ON Anti-Bribery Policy, the Anti-Corruption Management System Manual, and the Description of the Procedure for Reconciling Public and Private Interests, and the ON Corruption Risk Reduction Plan.  In 2018 ON has introduced and is successfully implementing anti-corruption management system in accordance with the LST ISO 37001:2017 standard.  Corruption risks are managed by ON in accordance with LST ISO 37001:2017 standard.

	Air traffic management (ATM) safety risk	The occurrence of air traffic management (ATM) safety risks (risk of installation of functional systems, amendments thereto, intervention into ATM systems) may disrupt the continuity of services provided by ON.	Risk management measures: safety audits are carried out in order to identify problems before they affect safety, a mandatory and voluntary safety incident reporting system is in place, safety incident analysis or investigations are carried out. Risk management process and measures are defined under ON Safety Manual, SP 201 "Provision of Notifications on Air Traffic Management Safety Incidents and Internal Investigation of these Incidents".
	Cyber safety risk	Failure to ensure information confidentiality, integrity and availability, which can pose a risk to ensuring continuity of the services provided by ON.	Risk management measures (implemented as a cycle): <ul style="list-style-type: none"> <li>- Identify possible threats to information, procedures, employees, infrastructure;</li> <li>- Analyse possible impact and damage;</li> <li>- Evaluate possible impact reduction measures;</li> <li>- Select measures in order to decrease risk and possible impact;</li> <li>- Implement the selected measures;</li> <li>- Monitor and regularly update the risk assessment.</li> </ul> Technical risk management measures applied: <ul style="list-style-type: none"> <li>- Firewalls, intrusion detection and prevention systems;</li> <li>- Email content checking systems, including anti-virus programs and spam checking systems using artificial intelligence;</li> <li>- Intermediate and reverse intermediate service stations;</li> <li>- Workplace protection;</li> <li>- Implementation of cyber defence safety control measures.</li> </ul> Risk management measures are defined in Security Manual of ON and Cyber Incident Management Plan of ON has been approved.
	Professional risk	Professional risk can disrupt the continuity of services provided by ON.	Risk management measures: stress management programme has been prepared, fatigue risk management measures have been applied - the organization of employee working time is ensured by providing additional rest hours, installing rooms for relaxation, etc. Risk management measures are defined in the ON occupational risk assessment regulations.
	Credit, liquidity, currency, interest rate risks	Since according to the signed multilateral agreement, Lithuania entrusts EUROCONTROL to calculate and collect air navigation service charges on its behalf, to control the debts of airlines, therefore, ON does not incur credit risk. As ON pursues a policy of having sufficient cash and cash equivalents at all times or securing funding through lines of credit or loans, the level of liquidity risk is minimal. ON is also not exposed to market risk as it has no financial liabilities at fixed or variable interest rates and the monetary assets of ON and liabilities thereof are denominated in EUR.	Risk management measures: credit, market and liquidity restrictions are applied to the financial instruments used by the Company, credit limits are set according to investment directions, investments are diversified according to economic entities, issuers and geographical distribution of investments, investment limits are set, continuous financial risk management process is ensured. Risk management measures are defined under the description of Financial Risk Management Policy of ON.
	Liquidity risk	As the flight flows decrease due to imposed sanctions, liquidity risk might be faced.	In order to minimise the impact of this risk the Company revises the performance plans thereof, charge rates both in route and in terminal fields, for balancing out money flows as the scope of the provided services changes.
	Inflation and wage growth risk	Higher inflation and wage growth than forecasted in the Performance Plan of the country for the specific reporting period directly determine the actual change in en-route and terminal air navigation service charges.	Inflation and wage growth risk sharing mechanism is applied in accordance with the provisions of the European Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky.
FINANCIAL	Risks associated with failure to implement the expense plan	Higher costs than forecasted in the Performance Plan of the country for the specific reporting period directly determine the financial results of ON, the actual amount of en-route and terminal air navigation service charges.	Risk management measures: monitoring the implementation of the expenditure plan, etc. Risk sharing mechanism related to non-compliance with the expenditure plan is applied in accordance with the provisions of the European Commission Implementing Regulation (EU) No 2019/317 of 11 February 2019 laying down a performance and charging scheme in the single European sky.
	Risk of non-compliance with the established requirements	The risk of non-compliance with the established requirements may disrupt the continuity of services provided by ON.	Safety and quality management system and compliance monitoring implementation, identified non-compliance elimination and recommendation implementation monitoring, following VP-5-02 quality management procedure "Internal Audit".
	Risk of extreme situations, natural disasters and contingencies	Extreme situations, natural disasters and contingencies may disrupt the continuity of the services provided by ON.	Risk management measures: contingency plans are drawn up by working groups set up under the order of the Chief Executive Officer, the drafts of which are coordinated with the national supervising authority.

	performance continuity		
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# ANNEX 8. IMPLEMENTATION OF STRATEGIC PERFORMANCE PLAN FOR 2024 - 2028 IN 2024

Strategic priority	Strategic goal/objective	Strategic goal/objective indicator	Target value in 2024	Fact in 2024
Responding to the needs of customers, society and shareholders	<b>1.1 Organization generating significant benefit for the society</b>	<b>1.1.a Decreasing CO2 emissions, %</b>	≤-43	unrated*
		<b>1.1.b Aviation incident index</b>	≤ 0.41	0.375
		<b>1.1.c Average duration of ATFM delay associated with air navigation services for one flight route, in minutes</b>	≤0.02	0
	1.1.1 Improvement of safety	1.1.1.a Decrease in airspace user ATM safety incidents in Palanga aerodrome area (CTR), %	~25	unrated*
		1.1.1.b Decreasing number of ATM safety incidents in the control area of Vilnius aerodrome Air Control Center (VACC), %	≤4	2
	1.1.2 Decreasing environmental impact	1.1.2 Change in energy consumption in comparison to the average of 2019-2021, in GWh	≤-0.263	-0.909
	1.1.3 Application of green purchase requirements	1.1.3 Value of green purchases, %	100	98.7
	1.1.4 Improvement of cooperation with the main stakeholders, by maximising the benefit for the society	1.1.4 Reflection of ON strategic goals or objectives in National Progress Plan (NPP), number		Values for 2024 not provided*
	<b>1.2 Improvement of service pricing</b>	<b>1.2 En-route air navigation service unit cost index deviation, in points</b>	≤1.05	0.92
	1.2.1 Improvement of financial model of the services: GAT, U-space, LOU, KOP, etc.	1.2.1 Implementation of model improvement action plan, %	50	50
Efficiency and ownership	<b>2.1 ATC system unification</b>	<b>2.1 Air traffic control and voice communication system maintenance cost level, %</b>	≤7.3	7.1
	2.1.1 Terminal and en-route service concept until 2035	2.1.1. Implementation of terminal and en-route service roadmaps, %	≥30	30
	<b>2.2 Financially sustainable organization</b>	<b>2.2.a Normalised EBIT profitability, %</b>	≥4.3	8.2
		<b>2.2.b Profitability of regulated activity (CoC), %</b>	≥5	5
		<b>2.2.c Dividends, thousand EUR</b>	1 660	2 296
		<b>2.2.d Financial debt to equity ratio, in times</b>	0	0
	2.2.1 Increase the efficiency of organizational activities in the areas of organizational structure, risk management, action plan standards, and cybersecurity	2.2.1.a Cost execution plan for regulated activities (en-route services)	≤22 962	22 929*
		2.2.1.b Cost execution plan for regulated activities (terminal services)	≤9 611	9 606*
2.2.1.c Good governance index		A+	A+	

Strategic priority	Strategic goal/objective	Strategic goal/objective indicator	Target value in 2024	Fact in 2024
Innovations and entrepreneurship	<b>3.1 Implementation of remote tower (rTWR) and air traffic control service delegation among neighbouring countries (ACC cross border) projects</b>	<b>3.1.a Implementation of digital remote tower solution, %</b>	10	9.8
		<b>3.1.b Number of other countries to be provided ATC services since 2032</b>	-	Values for 2024 not provided*
	3.1.1 ACC cross border services	3.1.1 Action plan for installation of virtual SkyNex platform enabling ACC cross border service (until 2032), %	≥10	6
	3.1.2 Terminal modernization and centralization (iTower)	3.1.2 Implementation of concept preparation action plan, %	100	100
	<b>3.2 Creation of U-space ecosystem and development of new services</b>	<b>3.2.a Number of new CIS/USSP users (connected and using the system)</b>	-	Values for 2024 not provided*
		3.2.b Unregulated activity income, %	≥2.1	2.8
	3.2.1 U-space strategy, creation of ecosystem	3.2.1 Implementation of U-space ecosystem creation action plan, %	≥50	49.2
	3.2.2 Concept of development of other services	3.2.2 Implementation of other service development action plan, %	≥15	15
	<b>3.3 Modernization, integration and virtualization of technological systems</b>	<b>3.3 Reduction of energy costs by means of virtualization, %</b>	<b>Costs estimated, MW</b>	<b>Costs estimated</b>
	3.3.1 Virtualization of data centre	3.3.1 Data centre virtualization action plan implementation, %	≥20	20
	3.3.2 Updating and improving surveillance services	3.3.2 Area of coverage, %	≥65	65
3.3.3 Data exchange/transformation integration platform (SWIM), compliance with compulsory CP1 requirements	3.3.3 Share of integrated/to be integrated systems, %	List compiled	List compiled	
Unique place for work and career	<b>4.1 Increasing employee involvement and educating talents</b>	<b>4.1.a Employee involvement indicator, %</b>	≥40	45
		<b>4.1.b Internal career, %</b>	≥34	43
	4.1.1 Human resource management strategy	4.1.1.a Total employee indicator, %	≤10	5.73
	4.1.2 ON branding strategy	4.1.2 ON employer branding action plan implementation, %	100	100

\*1.1.a Following the agreement with the external organization carrying out the evaluation, due to the complexity of the data, the factual data of 2024 is evaluated and the data is confirmed during the 1<sup>st</sup> quarter of 2025 only.

1.1.1.a. Not evaluated due to failure to receive the compulsory consent for evaluation and methodology thereof from LGS (Latvian air navigation service provider).

1.1.4 The factual values for 2024 are not provided, since the indicator is established for a five-year period. Significant stages towards the implementation of this objective were covered in 2024.

2.2.1.a and 2.2.1.b the values of the indicators are not final, since they have not been reviewed by the institutions supervising the Company (Transport Competence Agency, European Commission Performance Review Body). In accordance with Article 37 of Commission Implementing Regulation (EU) 2019/317 the term for provision of the factual data for the previous year of the reporting period: "not later than 1 June of each year."

3.1.b Due to the characteristics of the indicator (implementation planned in 2032) the values for 2024-2028 are not provided.

3.2.a The factual values for 2024 are not provided. Significant stages towards the implementation of this objective were covered in 2024.

Contacts and details

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