



Interim Report January – March 2023

Telia Lietuva, AB

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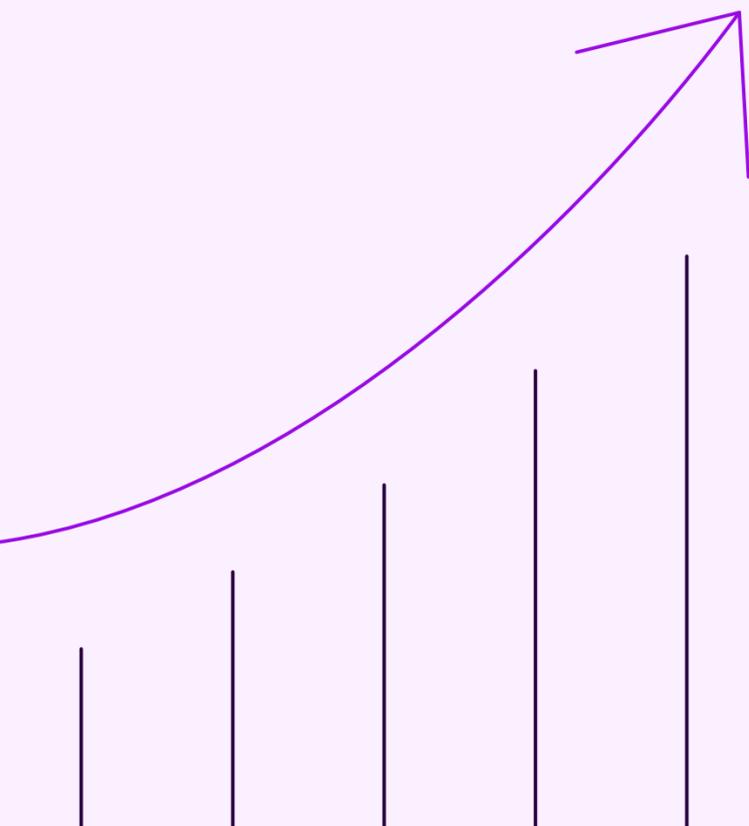
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Management Report

By combining fixed and mobile connection, we provide people and businesses in Lithuania with the most advanced telecommunications, TV and IT services and solutions. Throughout the Lithuania, our team of 2,000 professionals provides services to residents, enterprises, public sector institutions and non-governmental organizations. We are also a service provider to other local and international telecommunications operators.

We are a part of the international [Telia Company](#) Group, operating in the Nordic and Baltic countries. By working together, and sharing experiences and ideas, we provide millions of customers in seven countries with more opportunities and quality.



Financial highlights of Q1 2023

Revenue grew by 12.7%

and amounted to EUR 117.4 million
(2022: EUR 104.2 million)

EBITDA increased by 13.5%

and amounted to EUR 40.5 million
(2022: EUR 35.7 million)

Free cash flow decreased by

57.1% and amounted to EUR 7.5 million
(2022: EUR 17.6 million)

Double digit growth in revenue

from IT and billed mobile communication services and equipment sale

Profit for the period went

up by 33.4% to EUR 16.2 million
(2022: EUR 12.2 million)

The Board proposed to pay **EUR 35 million**

of dividends for the year 2022
(EUR 0.06 per shares)

Adjusted EBITDA went up

by 16.3% to EUR 41.4 million
(2022: EUR 35.6 million)

Total capital investments

amounted to EUR 16.2 million (2022: EUR 13.3 million)

During the quarter **share price**

increased by 1.8% and market capitalisation remained above EUR 1 billion



CEO comment

On 28th of February, we said thank you and farewell to Dan Strömberg who led the Company from July 2018 and will continue to be with Telia Lietuva but in a new role - as Chair of the Company's Board, which performs supervisory, non-executive functions.

The last five years under Dan's exemplary leadership were marked with ongoing business transformation, a major upgrade of fixed and mobile network that climaxed with the launch of 5G communication in the autumn of 2022. Together we survived the pandemic and faced an outbreak of war in Ukraine.

Since 2018, the Company's financials have been steadily going up and Telia Lietuva market capitalization now exceeds EUR 1 billion.

As a new CEO I am taking over a company that is well positioned for market leadership and I am committed to its stewardship for the ultimate benefit of its key stakeholders – our customers, our employees and the Lithuanian society as a whole.

I will continue to focus on improving the quality of the Company's customer experience. To differentiate ourselves through quality, we need to raise the bar for customer experience even higher and become their first choice when it comes to simplicity, speed, and the ability to provide all telecommunication services from a single set of hands.

The first quarter of 2023 was in line with our ambitious course of direction. Our revenue and EBITDA showed a double-digit growth, reaching a record high level. We recorded an increase in revenue from services as well as equipment sales in both consumer and business customer segments. We are successfully coping with inflationary and high energy price challenges, too.

Besides, we are steadily approaching our goal of having 99 per cent of Lithuania's territory covered by Telia's 5G network by the end of the summer. During the first three months of 2023, 5G connection became available in three eastern Lithuanian cities ensuring 90 per cent geographical coverage. We are determined to be the 5G deployment leader in Lithuania.

Our commitment to sustainable operations and continuous progress was recognized – Telia Lietuva was ranked as the country's telecommunication industry leader in Sustainable Business Index.

In March 2023, we welcomed a new independent member of the Board, Leda Iržiukevičienė, whose in-depth expertise in finance and corporate management will provide a valuable steer to our strategic agenda.

Following a year of record high capital investments marked with the launch of 5G communication and taking into consideration the current economic environment, the Board decided to take a prudent approach and proposed to the forthcoming Annual General Meeting of Shareholders to approve a pay-out of EUR 0.06 dividend per share (in total EUR 34.9 million) for the year 2022.

Giedrė Kaminskaitė-Salters
CEO of Telia Lietuva

Financial figures

(in thousands of EUR unless otherwise stated)

	Jan-Mar 2023	Jan-Mar 2022	Change (%)	Jan-Mar 2021
Revenue	117,402	104,212	12.7	99,655
Adjusted EBITDA excluding non-recurring items	41,386	35,582	16.3	33,956
Adjusted EBITDA margin excluding non-recurring items (%)	35.3	34.1		34.1
EBITDA	40,515	35,687	13.5	34,776
EBITDA margin (%)	34.5	34.2		34.9
Operating profit (EBIT) excluding non-recurring items	20,178	14,832	36.0	14,342
EBIT margin excluding non-recurring items (%)	17.2	14.2		14.4
Operating profit (EBIT)	19,307	14,937	29.3	15,162
EBIT margin (%)	16.4	14.3		15.2
Profit before income tax	18,231	14,264	27.8	14,712
Profit before income tax margin (%)	15.5	13.7		14.8
Profit for the period	16,244	12,179	33.4	13,070
Profit for the period margin (%)	13.8	11.7		13.1
Earnings per share (EUR)	0.028	0.021	33.4	0.022
Number of shares (thousand)	582,613	582,613	-	582,613
Share price at the end of period (EUR)	2.02	1.99	1.5	2.04
Market capitalisation at the end of period	1,176,879	1,159,400	1.5	1,188,530
Total assets	620,678	650,444	(4.6)	608,448
Shareholders' equity	344,435	342,233	0.6	331,507
Cash flow from operations	33,630	34,226	(1.7)	32,049
Operating free cash flow	7,548	17,577	(57.1)	22,420
Capital investments (CAPEX)	16,177	13,280	21.8	12,123
Net debt	92,741	77,523	19.6	46,885

Operating figures

	31-03-2023	31-03-2022	Change (%)	31-03-2021
Mobile service subscriptions, in total (thousand)	1,599	1,532	4.4	1,385
— Post-paid (thousand)	1,282	1,245	3.0	1,117
— Pre-paid (thousand)	317	287	10.5	268
Broadband Internet connections, in total (thousand)	427	422	1.2	418
— Fiber-optic (FTTH/B) (thousand)	314	306	2.6	299
— Copper (DSL, VDSL) (thousand)	113	116	(2.6)	119
TV service customers (thousand)	258	254	1.6	253
Fixed telephone lines in service (thousand)	193	223	(13.5)	253
Number of personnel (headcounts)	2,007	2,101	(4.5)	2,136
Number of full-time employees	1,883	1,954	(3.6)	1,984

Financial ratios*

	31-03-2023	31-03-2022	31-03-2021
Return on capital employed (%)	15.4	13.1	15.1
Return on average assets (%)	11.0	9.7	11.0
Return on shareholders' equity (%)	18.8	17.4	17.5
Operating cash flow to sales (%)	30.6	30.2	32.1
Capex (excl. mobile licenses) to sales (%)	18.3	22.4	13.7
Net debt to EBITDA ratio	0.61	0.56	0.34
Gearing ratio (%)	26.9	22.7	13.6
Debt to equity ratio (%)	30.3	46.0	36.2
Current ratio (%)	71.1	87.8	127.2
Rate of turnover of assets** (%)	74.2	67.9	68.6
Equity to assets ratio (%)	55.5	52.6	55.8
Price to earnings (P/E) ratio	19.5	20.7	21.1

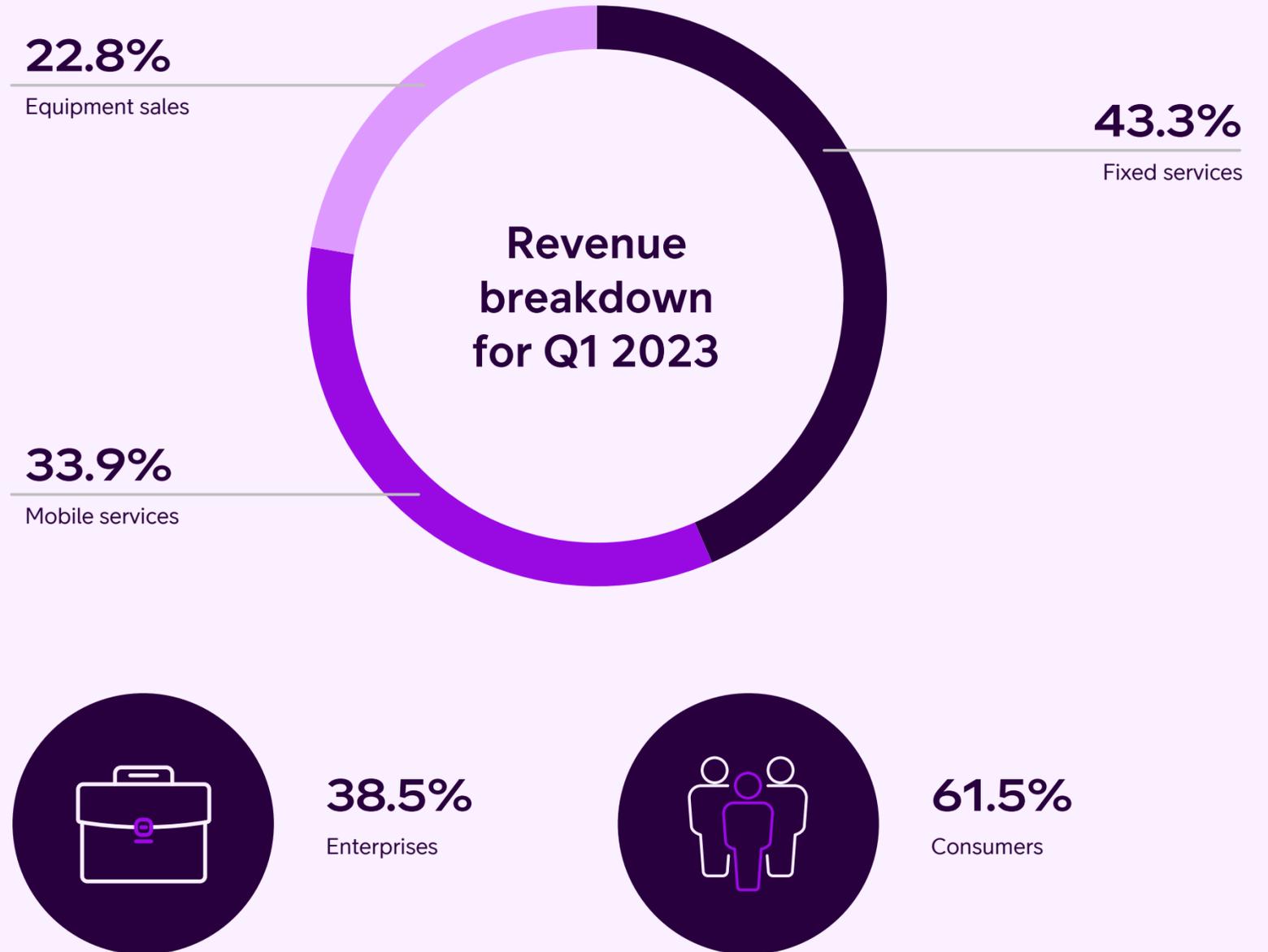
Notes: *Description of financial ratios and their calculation is provided at <https://www.telia.lt/eng/investors/financial-results>

Revenue

(in thousands of EUR)

	Jan-Mar 2023	Jan-Mar 2022	Change (%)
Fixed services	50,869	46,961	8.3
Voice telephony services	10,198	9,772	4.4
Internet services	18,394	16,861	9.1
Datacom and network capacity services	4,462	4,407	1.2
TV services	9,334	9,616	(2.9)
IT services	5,981	4,479	33.5
Other services	2,500	1,826	36.9
Mobile services	39,745	35,130	13.1
Billed services	36,448	31,371	16.2
Other mobile service	3,297	3,759	(12.3)
Equipment	26,788	22,121	21.1
Total	117,402	104,212	12.7

Revenue increase in Q1 2023 was driven by a double-digit growth in revenue from mobile communication and IT services and supported by revenue stream from equipment sale.



Revenue

As of 31 March 2023, almost 77 thousand of households were enjoying the advantages of converged fixed and mobile services offer, **Telia1**, that provides higher Internet speed, more gigabytes, and more TV content.

During January-March of 2023, the number of post-paid **mobile communication** service subscriptions increased by 4 thousand, while number of pre-paid service subscription went down by 9 thousand. Over the last 12 months, the total number of active mobile subscriptions went up by 67 thousand. Larger customers' base, higher usage of mobile data and ARPU resulted in stable double-digit growth of revenue from billed mobile services.

Revenue from mobile calls termination services went down by 39.1 per cent due to mobile interconnect prices regulation but was partially offset with higher than a year ago stream of revenue from incoming mobile roaming services and that led to 12.3 per cent decline in revenue from **other mobile services**.

During the first quarter of 2023, the number of fixed telephony lines eased by 7 thousand, while over the last 12 months it went down by 30 thousand. Revenue from voice transit service during January-March of 2023 was 19.3 per cent higher than a year ago and compensated decline of 13.5 per cent in revenue from retail **voice telephony** services caused by lower number of fixed telephony customers.

During the first 3 months of 2023, the number of **broadband Internet** access users over fiber-optic network using FTTH/B technologies increased by 1 thousand, while number of broadband Internet service users over the copper DSL connections went down by 1 thousand. Over the last 12 months, the number of Internet connections over the fiber-optic network increased by 8 thousand, while the number of copper DSL connections eased by 3 thousand. Over the year, the total net increase in number of broadband Internet users was 5 thousand.

By employing the Company's 5G network that is already covering 90 per cent of the country's territory speedy Internet with fixed wireless access solution is available even in remote and rural areas.

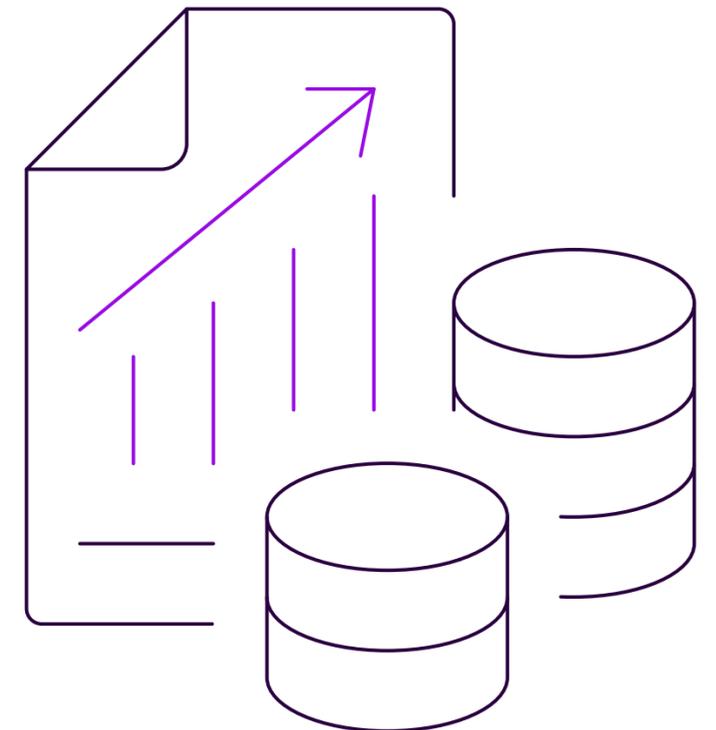
The number of **television** service users during the first quarter of 2023 went up by 1 thousand, while over the last 12 months – by 4 thousand. The number of subscribers is recovering after cut off of Russian TV channels in spring 2022, while Telia Play service became available to anyone at any screen regardless of access provider.

The Company's expertise in provision of **IT services** was recognized at VMware Partner Awards 2022 by naming Telia Lietuva the Cloud Partner of the Year in the Baltics. Revenue from IT services continuously showed a double-digit growth.

Double-digit **equipment sale** growth was fueled by strong demand for flagships mobile gadget introduced in the beginning of 2023 and implementation of some business customers' projects.

Revenue from **other services** consists of the non-telecommunication services such as lease of premises, discount refunds and other.

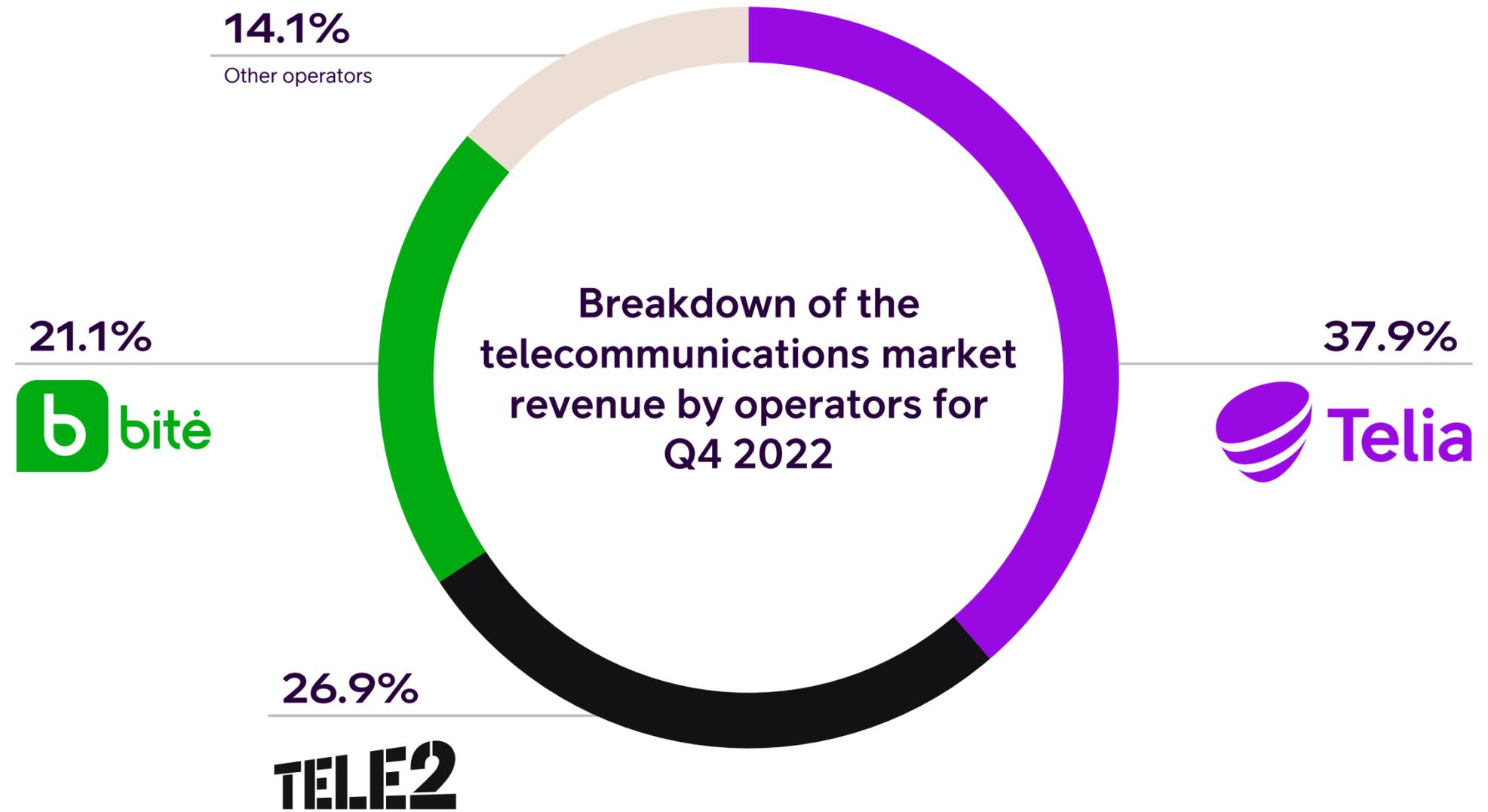
Gain or loss from sale of property, plant and equipment, as well as gain or loss on currency exchange is recorded at net value as **other gain (loss)**.



Market information

According to the Reports of the Communications Regulatory Authority (CRA), the Lithuanian electronic communications market in terms of revenue for the year 2022 amounted to EUR 803.5 million, an increase by 5.4 per cent over the total market revenue of EUR 762.1 million for the year 2021.

Telia Lietuva remains the largest telecommunications' service provider in Lithuania with the market share (in term of revenue) of 37.9 per cent for the fourth quarter of 2022 (38.4 per cent a year ago).



Expenses

Strong equipment sale was the main reason for increase in goods and services for the first quarter of 2023 compared with the same period a year ago. Employee related expenses in 2023 are higher than in 2022 due to salaries' increase. During January-March 2023, expenses for energy alone were almost 2 times higher that a year ago. Also, in 2023 more expenses were allocated for marketing.

(in thousands of EUR)	Jan-Mar 2023	Jan-Mar 2022	Change (%)
Cost of goods and services	(46,451)	(40,326)	15.2
Operating expenses	(30,432)	(28,379)	7.2
Employee related	(15,025)	(14,597)	2.9
Other	(15,407)	(13,782)	11.8
Non-recurring expenses	(739)	(142)	419.0
Operating expenses (excl. non-recurring expenses)	(29,693)	(28,237)	5.2
Employee related	(14,712)	(14,499)	1.5
Other	(14,981)	(13,737)	9.1

During January-March 2023, the total number of employees (headcount) decreased by 44 – from 2,051 to 2,007. In terms of full-time employees (FTE), the total number of employees decreased by 42 – from 1,925 to 1,883. Over the last 12 months total number of employees went down by 94 and in terms of number of full-time employees – by 71.

Non-recurring redundancy pay-outs for the first quarter of 2023 amounted to EUR 313 thousand (2022: EUR 98 thousand) and other non-recurring expenses mainly related to business transformation program amounted to EUR 426 thousand (2022: EUR 45 thousand).

Earnings

(in thousands of EUR)	Jan-Mar 2023	Jan-Mar 2022	Change (%)
EBITDA	40,515	35,687	13.5
Margin (%)	34.5	34.2	
Depreciation and amortisation	(21,208)	(20,750)	2.2
Operating profit (EBIT)	19,307	14,937	29.3
Margin (%)	16.4	14.3	
Non-recurring expenses	(739)	(142)	419.0
Gain (loss) on sale of property	(132)	247	(153.3)
Adjusted EBITDA excluding non-recurring items	41,386	35,582	16.3
Margin (%)	35.3	34.1	
EBIT excluding non-recurring items	20,178	14,832	36.0
Margin (%)	17.2	14.2	

Non-recurring items for the first quarter of 2023 were comprised from one-off redundancy pay-outs of EUR 313 thousand (2022: EUR 98 thousand), non-recurring other expenses of EUR 426 thousand (EUR 45 thousand) and loss of EUR 132 thousand (EUR 247 thousand gain in 2022) from sale of property.

(in thousands of EUR)	Jan-Mar 2023	Jan-Mar 2022	Change (%)
Profit before income tax	18,231	14,264	27.8
Margin (%)	15.5	13.7	
Income tax	(1,987)	(2,085)	(4.7)
Profit for the period	16,244	12,179	33.4
Margin (%)	13.8	11.7	

The profit tax rate in Lithuania is 15 per cent. Following the provisions of the Law on Corporate Profit Tax regarding tax relief for investments in new technologies, the profit tax relief for the year 2023 amounted to EUR 0.9 million (2022: EUR 0.8 million).

Financial position

As of 31 March 2023, the total **non-current assets** amounted to 82.3 per cent (73.3 per cent a year ago), the total **current assets** – to 17.6 per cent (26.3 per cent), whereof cash alone represented 1.9 per cent (12.3 per cent) of total assets. At the end of March 2023, **shareholders' equity** amounted to 55.5 per cent of the total assets (52.6 per cent a year ago).

(in thousands of EUR)	31-03-2023	31-03-2022	Change (%)
Total assets	620,678	650,444	(4.6)
Non-current assets	510,827	476,742	7.1
Current assets	109,227	170,999	(36.1)
whereof cash and cash equivalents	11,576	79,793	(85.5)
Assets for sale	624	2,703	(76.9)
Shareholders' equity	344,435	342,233	(0.6)

Till August 2022, to avoid negative interest rate charged for the Company's residuals at the banks the Company was granting loans to the largest shareholder of the Company, Telia Company AB, for up to 3 months at a zero-interest rate. The lent funds were available to the Company on demand within 2 business days. As of 31 March 2022, the total amount of lending to the Parent company amounted to EUR 65 million.

To ensure sufficient liquidity, in January 2023, the Company had signed an agreement regarding revolving credit facility with Telia Company AB that provides the Company with the possibility to borrow any amount up to total limit of EUR 50 million for 3 or 6 months within 2 business days. During the first quarter of 2023, the Company in total had borrowed EUR 30 million from Telia Company.

(in thousands of EUR)	31-03-2023	31-03-2022
Loans from banks	30,000	30,000
Loans from Telia Company AB	30,000	-
Liabilities under reverse factoring agreements	44,317	126,952
Liabilities under financial lease agreements	-	364
Borrowings	104,317	157,316
Cash and cash equivalents	11,576	79,793
Net debt	92,741	77,523
Net debt to equity (Gearing) ratio (%)	26.9	22.7

The Company participates in reverse factoring or Supplier Invoice Financing (SIF) program where suppliers' invoices are paid by the banks within 7 days for an agreed fee which is covered by supplier. The Company does not pay any credit fees and does not provide any additional collateral or guarantee to the banks. The Company pays to the banks full invoice amount in up to one-year period (actual term depends on few variables agreed between all three parties). Due to increase of Euribor interest rate the payment to the banks terms has shortened and that had a negative impact on the Company's cash flow.

Capital investments and cash flow

Investments into customers' access projects and transformation program led to an increase in **capital investments**:

(in thousands of EUR)	Jan-Mar 2023	Jan-Mar 2022	Change (%)
Fixed network	6,111	3,669	66.6
Mobile network	3,863	4,237	(8.8)
IT systems and infrastructure	2,512	2,918	(13.9)
Transformation program	3,559	2,427	46.6
Other	132	29	355.2
Total capital investments	16,177	13,280	21.8
Capital investments to revenue ratio (%)	18.3	22.4	

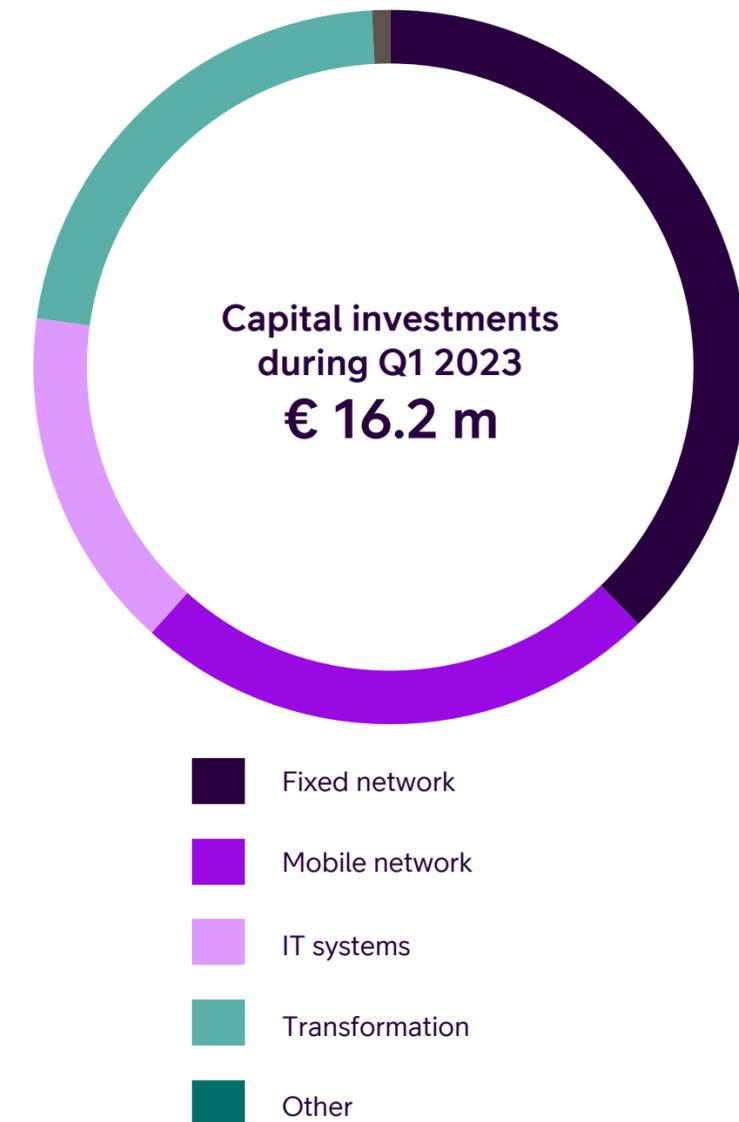
Upgrade of the Company's **radio access network** (RAN) that has started in 2021 is almost on the finish line. By the end March of 2023, almost 1,500 of the Company's base stations were already upgraded with Ericsson equipment that supports 5G connection. By the end of summer, it is planned that Telia Lietuva 5G network will cover up to 99 per cent of the country's territory. Currently it covers 90 per cent of the Lithuania.

According to the latest Communication Regulatory Authorities measurement data, the average mobile data download speed in Telia Lietuva network remains the highest in the country amounting to 159.9 Mbps (104.5 Mbps a year ago).

By the end of March 2023, the Company had 968 thousand households passed (955 thousand a year ago), or 71 per cent of the country's households, by the fiber-optic network.

The Company continues its business **transformation program** by migrating customers, finance and business management from legacy systems into new SAP based ones.

Net **cash flow from operating activities** for the first quarter of 2023 was EUR 33.6 million (2022: EUR 34.2 million) although due to payments for capital investments made in 2022 **operating free cash flow** (operating cash flow excluding capital investments) for January-March 2023 amounted to EUR 7.5 million (EUR 17.6 million a year ago).



Share capital and shareholders

The **authorised capital** of the Company amounts to 168,957,810.02 euro and consists of 582,613,138 ordinary registered shares with a nominal value of 0.29 euro each. The number of the Company's shares that provide voting rights during the General Meeting is 582,613,138.

582,613,138 ordinary registered shares of Telia Lietuva, AB (ISIN code LT0000123911) are listed on the Main List of Nasdaq Vilnius stock exchange (code: TEL1L). Nasdaq Vilnius stock exchange is a home market for the Company's shares.

From January 2011, the Company's shares are included into the trading lists of Berlin Stock Exchange (Berlin Open Market (Freiverkehr), Frankfurt Stock Exchange (Open Market (Freiverkehr), Munich Stock Exchange and Stuttgart Stock Exchange. Telia Lietuva share's symbol on German stock exchanges is ZWS.

Information on **trading in Telia Lietuva shares** on Nasdaq Vilnius stock exchange during January-March 2023:

Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover (units)	Turnover
EUR	1.985	2.05	1.98	2.02	2.005	650,013	1,303,056

Shareholders, holding more than 5 per cent of the share capital and votes, as on 31 March 2023:

Name of the shareholder (name of the enterprise, type and registered office address, code in the Register of Enterprises)	Number of ordinary registered shares owned by the shareholder	Share of the share capital (%)	Share of votes given by the shares owned by the right of ownership (%)	Share of votes held together with persons acting in concert (%)
Telia Company AB, 169 94 Solna, Sweden, code 556103-4249	513,594,774	88.15	88.15	-
Other shareholders	69,018,364	11.85	11.85	-
Total:	582,613,138	100.00	100.00	-

The total number of shareholders on the shareholders' registration day (9 March 2023) for the last General Meeting of Shareholders, which was held on 16 March 2023, was 14,694.

Trading in the Company's shares on [Nasdaq Vilnius stock exchange](#) since beginning of listing



Dividends

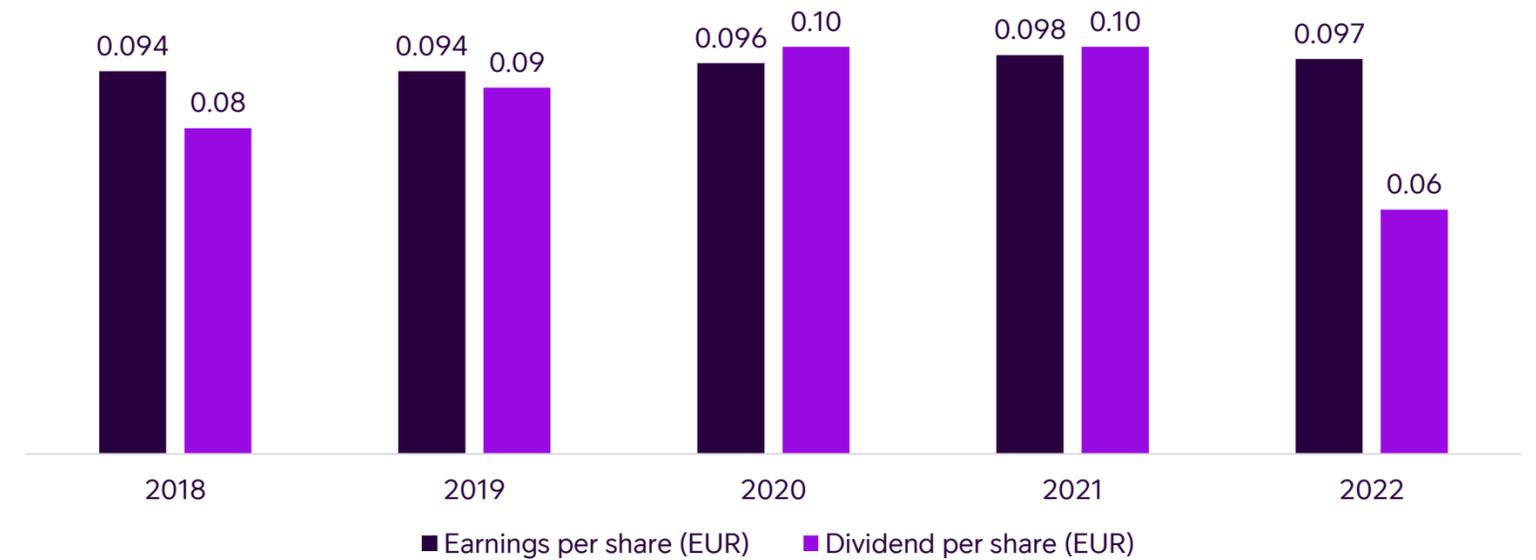
In 2017, the Board of the Company approved dividend policy which provides that the Company must maintain the net debt to EBITDA ratio not higher than 1.5 and to pay out up to 80 per cent of free cash flow as dividend. Each year the Company pays dividends although there was no officially approved dividend policy until 2017.

The Board of the Company proposed to the Annual General Meeting of Shareholders to be held on 27 April 2023 to allocate from the Company's distributable profit of EUR 144.3 million an amount of EUR 35 million for the payment of **dividends** for the year 2022, i.e. EUR 0.06 dividend per share, and carry forward to the next financial year an amount of EUR 107.4 million as retained earnings (undistributed profit).

Dividends paid to legal entities (residents and non-residents) will be subject to withholding Corporate income tax of 15 per cent and dividends paid to natural persons (residents and non-residents) will be subject to withholding Personal income tax of 15 per cent.

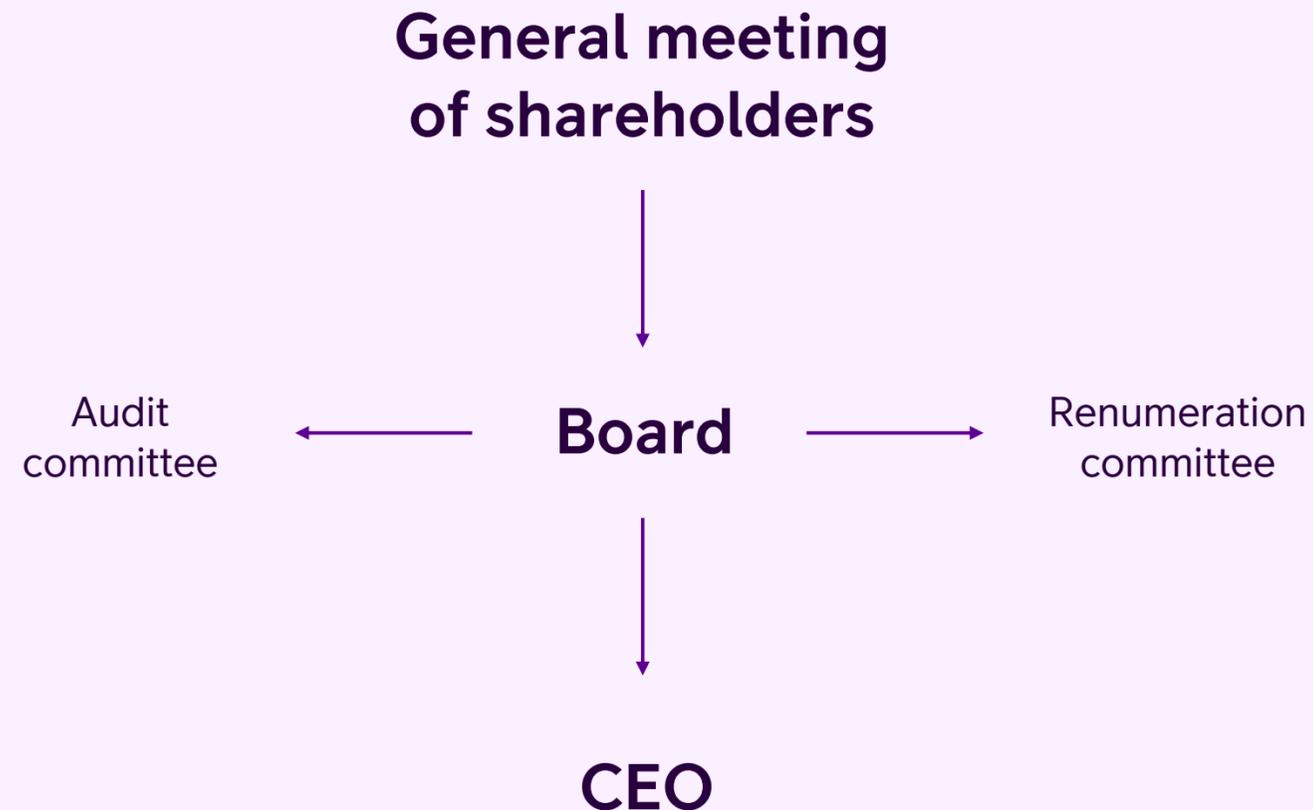
Information about the Company's dividend pay-out during the last five years (in EUR thousand unless otherwise stated):

Year	Profit for the period	Earnings per share (EUR)	Dividends paid	Dividend per share (EUR)	Dividends to profit ratio (%)
2018	54,700	0.094	46,609	0.08	85.2
2019	54,726	0.094	52,435	0.09	95.8
2020	55,866	0.096	58,261	0.10	104.2
2021	56,808	0.098	58,261	0.10	102.0
2022	56,398	0.097	34,957	0.06	62.0



Corporate governance

According to the By-Laws of the Company, the **governing bodies of the Company** are the General Shareholder’s Meeting, the Board and the CEO. The Law of the Republic of Lithuania on Companies provides that Lithuanian companies at their discretion could have either two (Supervisory Council and Board) or only one collegial governing body. There is no Supervisory Council in the Company.



Decisions of the Extraordinary General Meeting of Shareholders

The Extraordinary General Meeting of shareholders, that was held on 16 March 2023:

- taking into consideration that two members of the Board has resigned in 2022, for the current term of the Board has elected Dan Strömberg and Leda Iržikevičienė (both proposed by Telia Company AB) to the Board of the Company,
- authorized CEO of the Company to conclude the agreement with UAB Deloitte Lietuva for the audit of the Company’s financial statements and the assessment of the annual report for the year 2022, establishing the payment for services as agreed between the parties but in any case, not more than EUR 161 thousand (VAT excluded).

Convocation of the Annual General Meeting

The Annual General Meeting will be held on 27 April 2023 with the following agenda proposed by the Board:

- Presentation by the Company’s auditor.
- Approval of the Company’s annual financial statements for the year 2022 and presentation of the Company’s annual report for the year 2022.
- Allocation of the Company’s profit for the year 2022.
- Approval of the Company’s Remuneration Report for the year 2022.
- Election of the Company’s auditor.
- Election of the Company’s Board members.
- Regarding the implementation of decisions.

Decisions of the Board

On 3 April 2023, the Board of Telia Lietuva elected:

- Dan Strömberg as a Chair of the Board,
- Claes Nycander as a Chair of the Remuneration Committee,
- Leda Iržikevičienė as a member of the Audit Committee.

Members of the Board

(as of 31 March 2023)



Dan Strömberg
(born in 1958)

Chair of the Board since 3 April 2023, member of the Board since 16 March 2023 (nominated by Telia Company AB).

Education: IHM/Stockholm University (Sweden), Finance and IHM Business School (Sweden), Marketing.

Employment – Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Senior Vice President & Head of cluster Lithuania, Estonia and Denmark (LED).

Involvement in activities of other entities:

– Telia Eesti AS, Mustamäe tee 3, 15033 Tallinn, Estonia, code 10234957, Chair of the Supervisory Council.

Dan Strömberg has no direct interest in the share capital of Telia Lietuva.



Claes Nycander
(born in 1963)

Member of the Board since 29 April 2014, re-elected for the two-year terms on 29 April 2015, 27 April 2017, 26 April 2019 and 27 April 2021 (nominated by Telia Company AB), **Chair of the Remuneration Committee.**

Education: Uppsala University (Sweden), Master of Business and Administration; Stanford University Palo Alto (U.S.A.), Master of Science in Electrical Engineering; Institute of Technology at University of Linköping (Sweden), Master of Science in Electrical Engineering, and University of Linköping (Sweden), Bachelor of Science in Mathematics.

Employment – Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Vice President & Head of Chief Operating Officer Office & member of LED (Lithuania, Estonia, Denmark) Management at Common Products and Services (CPS).

Current Board Assignments:

– TT-Netværket P/S, Amager Strandvej 60, 2300 København S, Denmark, code 34230625, Chair of the Board;

– Telia Company Danmark A/S, Holmbladsgade 139, 2300 København S, Denmark, code 18530740, Chair of the Board;

– Telia Mobile Holding AB, 169 94 Solna, Sweden, code 556855-9040, Chair of the Board;

– Telia Nättjänster Norden AB, Mårbackagatan 11, 123 43 Farsta, Sweden, code 556459-3076, Chair of the Board;

– Telia Towers AB, 169 94 Solna, Sweden, code 559196-5164, member of the Board;

– Telia Towers Finland Oy, Pasilan asema-aukio 1, FI-00520 Helsinki, Finland, code 2933075-9, member of the Board;

– Telia Towers Norway AS, Lørenfare 1 A, 0585 Oslo, Norway, code 921589298, member of the Board;

– Systecon AB, Rehnsgatan 20, 113 57 Stockholm, Sweden, code 556536-6605, member of the Board;

– Systecon Group AB, Rehnsgatan 20, 113 57 Stockholm, Sweden, code 556710-8492, member of the Board;

– Systecon Software AB, Rehnsgatan 20, 113 57 Stockholm, Sweden, code 556714-5403, member of the Board;

– Svenska UMTS-Nät AB, Warfvinges Väg 45 4tr, 11251 Stockholm, Sweden, code 556606-7996, Chair of the Board;

– Svenska UMTS-licens AB, Warfvinges Väg 45, 112 51 Stockholm, Sweden, code 556606-7772, Chair of the Board;

– Telia Eesti AS, Mustamäe tee 3, 15033 Tallinn, Estonia, code 10234957, member of the Supervisory Council;

– Latvijas Mobilais Telefons (LMT) SIA, Ropažu iela 6, Rīga, LV-1039 Latvia, code 50003050931, member of the Supervisory Council.

Claes Nycander has no direct interest in the share capital of Telia Lietuva.

Members of the Board

(as of 31 March 2023)



Agneta Wallmark
(born in 1960)

Member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019 and 27 April 2021 (nominated by Telia Company AB), **Chair of the Audit Committee**.

Education: Stockholm School of Economics (Sweden), B. Sc. Econ with special focus on Accounting and Finance and Stockholm University (Sweden), LL M with special focus on Tax and Economics.

Employment – Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Vice President, Head of Group Treasury.

Current Board assignments:

- Telia Försäkring AB (Telia Insurance), 169 94 Solna, Sweden, code 516401-8490, Chair of the Board;
- Swedish Pension Fund of Telia, 169 94 Solna, Sweden, member of the Board;
- Andra AP-fonden, Östra Hamngatan 26, 404 24 Gothenburg, Sweden, member of the Board & Chair of Risk Committee;
- Skandia Life Insurance (Mutual), Lindhagensgatan 86, 112 18 Stockholm, Sweden, code 516406-0948, Chair of Nomination Committee for Council elections.

Agneta Wallmark has no direct interest in the share capital of Telia Lietuva.



Hannu-Matti Mäkinen
(born in 1970)

Member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019 and 27 April 2021 (nominated by Telia Company AB), **member of the Remuneration Committee**.

Education: University of Arizona (U.S.A), College of Law, LL.M (Master of Laws) in International Trade Law, and University of Lapland (Finland), School of Law, LL. B (Bachelor of Laws) and LL.M (Master of Laws) in Finnish and EU-Law.

Employment – Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Chief Legal Counsel, Telia Asset Management.

Current Board Assignments:

- Telia Finland Oyj, PL 106, FI-0051 Sonera, Finland, code 1475607-9, member of the Board;
- Tilts Communications A/S, Holmbladsgade 139, 2300 København, Denmark, code 17260642, member of the Board;
- Tet SIA, Dzirnava iela 105, Rīga, LV-1011 Latvia, code 40003052786, member of the Supervisory Council;
- Valokuitunen Oy, Hämeentie 15, 00500 Helsinki, Finland, code 3101706-7, member of the Board;
- Telia Towers AB, 169 94 Solna, Sweden, code 559196-5164, Chair of the Board;
- Telia Towers Finland Oy, Pasilan asema-aukio 1, FI-00520 Helsinki, Finland, code 2933075-9, Chair of the Board;
- Telia Towers Sweden AB (Sweden), 169 94 Solna, Sweden, code 559162-3342, Chair of the Board;
- Telia Towers Norway AS, Lørenfareet 1 A, 0585 Oslo, Norway, code 921589298, Chair of the Board.

Hannu-Matti Mäkinen has no direct interest in the share capital of Telia Lietuva.

Members of the Board

(as of 31 March 2023)



**Leda
Iržikevičienė**
(born in 1973)

Independent member of the Board since 16 March 2023 (as independent member of the Board nominated by Telía Company AB), **member of the Audit Committee**.

Education: Baltic Management Institute (Lithuania), Executive Master of Business Administration (EMBA), and Vilnius University (Lithuania), Bachelor's degree in business administration and Master's degree in business administration

Employment – OP Corporate Bank plc Lithuanian branch, Konstitucijos ave. 29, LT-08105 Vilnius, Lithuania, code 302535257, Country Manager

Involvement in activities of other entities :

– Association 'Lyderė', Jogailos g. 9, LT-01116 Vilnius, Lithuania, code 304439065, member of the Board.

Leda Iržikevičienė has no direct interest in the share capital of Telía Lietuva.



**Mindaugas
Glodas**
(born in 1972)

Independent member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019 and 27 April 2021 (as independent member of the Board nominated by Telía Company AB), **member of the Audit and Remuneration Committees**.

Education: University of Antwerp, Centre for Business Administration UFSIA (Belgium), Master of Business Administration (MBA), and Vilnius University, Faculty of Economics (Lithuania), Bachelor of Business Administration (BBA).

Employment:

– NRD Companies AS, Løkketangen 20 B, 1337 Sandvika, Norway, code 921985290, General Manager;

– Norway Registers Development AS, Løkketangen 20 B, 1337 Sandvika, Norway, code 985221405, General Manager;

– Norway Registers Development AS Lithuanian branch, Gynėjų g. 14, LT-01109 Vilnius, Lithuania, code 304897486, General Manager.

Involvement in activities of other entities:

– Association Žinių Ekonomikos Forumas, Saulėtekio al. 15, LT-10221, Vilnius, Lithuania, code 225709520, member of the Council;

– Lithuanian National Committee for UNICEF, Aušros Vartų g. 3, LT- 01304 Vilnius, Lithuania, code 191588169, Chair of the Board;

– Association INFOBALT, A. Goštauto g. 8-313, LT-01108 Vilnius, Lithuania, code 122361495, member of the Board and Vice President;

– MB Vox Proxima, Perkūno g. 32, Gilužių k., LT-14195 Vilniaus r., Lithuania, code 303481474, member of partnership (50 per cent);

– UAB Privacy Partners Group, Smolensko g. 6, LT-03201 Vilnius, Lithuania, code 302415083, shareholder (39 per cent).

Mindaugas Glodas has no direct interest in the share capital of Telía Lietuva.

Governing structure of Telia Lietuva

valid from 1 July 2022



Dan Strömberg, CEO of the Company from 4 July 2018, has resigned from the office as of 28 February 2023, and the Board has appointed Giedrė Kaminskaitė-Salters as a new CEO of Telia Lietuva from 1 March 2023. Until then Giedrė Kaminskaitė-Salters was Head of Sales & Customer Care of Telia Lietuva. On 16 March 2023, Dan Strömberg was elected to the Board of the Company and became Chair of the Board.

From 1 March 2023, Lina Bandzinė was appointed as a new Head of Sales & Customer Care of Telia Lietuva.

Management Team

(as of 31 March 2023)



**Giedrė
Kaminskaitė-
Salters**
(born in 1978)

CEO from 1 March 2023.

Education: Maastricht University (The Netherlands), Doctor of Law; BPP Law School, London (United Kingdom), law conversion studies, juris doctor equivalent; Oxford University (United Kingdom), MPhil in International Relations; London School of Economics (United Kingdom), Bachelor of Science in International Relations.

Involvement in activities of other entities:

— Vilnius University Institute of International Relations and Political Science, Vokiečių g. 10-403, Vilnius, Lithuania, code 125745184, member of the Board of Trustees.

Giedrė Kaminskaitė-Salters has no direct interest in the share capital of Telia Lietuva and has no shareholdings that exceed 5 per cent of the share capital of any company.



**Elina
Dapkevičienė**
(born in 1983)

Head of Consumer (B2C) from 1 July 2022.

Education – Stockholm School of Economics in Riga (Latvia), Bachelor degree in Economics and Business Administration.

She is not involved in activities of other entities. Elina Dapkevičienė has no direct interest in the share capital of Telia Lietuva, AB and has no shareholdings that exceed 5 percent of the share capital of any company.



**Daniel
Karpovič**
(born in 1982)

Head of Enterprise (B2B) from 6 June 2019.

Education – Catholic University of Lublin in Poland, Master of Psychology and studies in Marketing.

He is not involved in activities of other entities. Daniel Karpovič has no direct interest in the share capital of Telia Lietuva and has no shareholdings that exceed 5 per cent of the share capital of any company.



**Lina
Bandzinė**
(born in 1981)

Head of Sales & Customer Care from 1 March 2023.

Education – Mykolas Romeris University (Lithuania), Master's degree in Law and Management, and Vilnius Gediminas Technical University (Lithuania), Bachelor's degree in Business Management

She is not involved in activities of other entities. Lina Bandzinė has no direct interest in the share capital of Telia Lietuva, AB and has no shareholdings that exceed 5 percent of the share capital of any company.

Management Team

(as of 31 March 2023)



**Andrius
Šemeškevičius**
(born in 1976)

Head of Technology from 18 August 2014.

Education – Vilnius Gediminas Technical University (Lithuania), Bachelor's degree in Engineering Informatics and Master's degree in Engineering Informatics.

He is not involved in activities of other entities.

Andrius Šemeškevičius has 8,761 shares of Telia Lietuva that accounts to 0.0015 per cent of the total number of the Company's shares and votes. He has no shareholdings that exceed 5 per cent of the share capital of any company.



**Diana
Gold**
(born in 1982)

Head of Digital & Analytics from 1 September 2022.

Education: Vilnius University (Lithuania), Bachelor's degree in Management Information Systems and Master's degree in Management Information Systems; KTH / Royal Institute of Technology (Sweden), Master's degree in ICT Entrepreneurship.

She is not involved in activities of other entities. Diana Gold has no direct interest in the share capital of Telia Lietuva, AB and has no shareholdings that exceed 5 percent of the share capital of any company.



**Daina
Večkytė**
(born in 1971)

Head of Finance from 4 July 2022.

Education: Vytautas Magnus University (Lithuania), Bachelor of Business Administration and MBA, Finance and Banking.

She is not involved in activities of other entities. Daina Večkytė has no direct interest in the share capital of Telia Lietuva and has no shareholdings that exceed 5 per cent of the share capital of any company.



**Ramūnas
Bagdonas**
(born in 1974)

Head of People and Engagement from 1 June 2014.

Education: Vytautas Magnus University (Lithuania), Master of Business Administration; Baltic Management Institute (BMI) (Lithuania), Executive Master of Business Administration.

Involvement in activities of other entities:

— Association of Personnel Management Professionals, Galvydžio g. 5, LT-08236 Vilnius, Lithuania, code 300563101, Chair of the Board.

Ramūnas Bagdonas has no direct interest in the share capital of Telia Lietuva. He has no shareholdings that exceed 5 per cent of the share capital of any company.

Management Team

(as of 31 March 2023)



**Daiva
Kasperavičienė**
(born in 1968)

Head of Legal and Corporate Affairs from 25 January 2019.

Education – Vilnius University (Lithuania), Law Master's degree.

She is not involved in activities of other entities. Daiva Kasperavičienė has no direct interest in the share capital of Telia Lietuva. She has no shareholdings that exceed 5 per cent of the share capital of any company.



**Vaida
Jurkonienė**
(born in 1971)

Head of Marketing from 1 July 2022.

Education: Kaunas Technology University (Lithuania), Bachelor of Business Administration (following Norwegian Business School BI program) and Master in Economics studies.

She is not involved in activities of other entities. Vaida Jurkonienė has no direct interest in the share capital of Telia Lietuva and has no shareholdings that exceed 5 per cent of the share capital of any company.



**Birutė
Eimontaitė**
(born in 1983)

Head of Communication from 1 January 2019.

Education: Vilnius University (Lithuania), Bachelor's degree in Communication and Information, and Vilnius University, Institute of International Relations and Political Science (Lithuania), Master's degree in Political Science.

She is not involved in activities of other entities. Birutė Eimontaitė has no direct interest in the share capital of Telia Lietuva. She has no shareholdings that exceed 5 per cent of the share capital of any company.



**Vytautas
Bučinskas**
(born in 1974)

Head of Business Assurance & Transformation from 15 December 2017.

Education: Baltic Management Institute (BMI) (Lithuania), Executive Master of Business Administration; Kaunas Technology University (Lithuania), Bachelor of Management of Production and Master of Marketing.

Involvement in activities of other entities:

- Member of the Cyber Security Council (Lithuania)
- Association INFOBALT, A. Goštauto g. 8-313, LT-01108 Vilnius, Lithuania, code 122361495, Deputy Chair of Cybersecurity Committee.

Vytautas Bučinskas has no direct interest in the share capital of Telia Lietuva. He has no shareholdings that exceed 5 per cent of the share capital of any company.

Financial Statements

Statement of profit or loss and other comprehensive income

	Notes	January – March	
		2023	2022
Revenue	3	117,402	104,212
Cost of goods and services	4	(46,451)	(40,326)
Employee related expenses		(15,025)	(14,597)
Other operating expenses	5	(15,407)	(13,782)
Other income		-	-
Other gain / (loss) – net	6	(4)	180
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale	11	(21,208)	(20,750)
Operating profit		19,307	14,937
Gain/loss from investment activities		-	-
Finance income		516	249
Finance costs		(1,592)	(922)
Finance and investment activities – net	7	(1,076)	(673)
Profit before income tax		18,231	14,264
Income tax	8	(1,987)	(2,085)
Profit for the year		16,244	12,179
Other comprehensive income:			
Other comprehensive income for the period		-	-
Total comprehensive income for the period		16,244	12,179
Profit and comprehensive income attributable to:			
Owners of the Parent		16,244	12,179
Non-controlling interests		-	-
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in EUR per share)	9	0.028	0.021

Statement of financial position

	Notes	As at 31 March 2023	As at 31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	11	267,149	269,653
Goodwill	12	26,769	26,769
Intangible assets	12	142,456	142,650
Right-of-use assets	13	45,389	44,995
Costs to obtain contract	14	5,544	5,498
Contract asset		581	537
Trade and other receivables		17,771	17,440
Finance lease receivables		5,168	4,027
		510,827	511,569
Current assets			
Inventories	15	17,751	14,461
Contract asset		1,193	1,266
Trade and other receivables		72,902	69,929
Current income tax assets		-	-
Finance lease receivables		5,805	6,129
Cash and cash equivalents	16	11,576	7,099
		109,227	98,884
Assets classified as held for sale		624	594
Total assets		620,678	611,047

	Notes	As at 31 March 2023	As at 31 December 2022
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Issued capital	17	168,958	168,958
Legal reserve	18	16,896	16,896
Retained earnings		158,581	142,337
Equity attributable to owners of the Company		344,435	328,191
Non-controlling interests		-	-
Total equity		344,435	328,191
LIABILITIES			
Non-current liabilities			
Borrowings	19	30,000	30,000
Lease liabilities	19	42,457	42,121
Deferred tax liabilities		17,589	17,874
Deferred revenue and accrued liabilities		19,353	20,261
Contract liability		-	-
Provisions	20	13,160	13,179
		122,559	123,435
Current liabilities			
Trade, other payables and accrued liabilities		61,621	59,600
Current income tax liabilities		1,264	261
Borrowings	19	74,317	83,548
Contract liability		2,468	2,389
Lease liabilities	19	14,014	13,623
Provisions	20	-	-
		153,684	159,421
Total liabilities		276,243	282,856
Total equity and liabilities		620,678	611,047

Statement of changes in equity

	Share capital	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2022	168,958	16,896	144,200	330,054
Profit for the year	-	-	12,179	12,179
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	-	-	12,179	12,179
Dividends paid for 2021	-	-	-	-
Balance at 31 March 2022	168,958	16,896	156,379	342,233
Balance at 1 January 2023	168,958	16,896	142,337	328,191
Profit for the year	-	-	16,244	16,244
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	-	-	16,244	16,244
Dividends paid for 2022	-	-	-	-
Balance at 31 March 2023	168,958	16,896	158,581	344,435

Statement of cash flows

	Notes	January – March	
		2023	2022
Operating activities			
Profit for the year		16,244	12,179
Adjustments for:			
Income tax expenses recognized in profit or loss	8	1,987	2,085
Depreciation, amortisation and impairment charge	5, 11	21,926	21,562
Other gain / (loss) – net	6	(190)	(305)
Interest income	7	(516)	(249)
Interest expenses	7	1,579	899
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):			
Inventories / Assets held for sale		(3,405)	(2,581)
Trade and other receivables		(3,622)	1,926
Decrease/(increase) in contract assets		29	42
Decrease/(increase) in contract costs		(46)	(195)
Trade, other payables and accrued liabilities, deferred tax liability		2,919	1,325
Increase/(decrease) in contract liabilities		79	(87)
Increase/(decrease) in deferred revenue and accrued liabilities		(908)	(6)
Increase/(decrease) in provisions	20	(19)	-
Cash generated from operations		36,057	36,595
Interest paid		(1,222)	(842)
Interest received		64	46
Income taxes paid		(1,269)	(1,573)
Net cash generated by operating activities		33,630	34,226

	Notes	January – March	
		2023	2022
Investing activities			
Purchase of property, plant and equipment and intangible assets		(26,374)	(19,747)
Proceeds from disposal of property, plant and equipment and intangible assets		292	3,098
Proceeds from / repayments for finance sublease receivables		1,406	1,114
Net cash used in investing activities		(24,676)	(15,535)
Financing activities			
Repayment of borrowings	19	(62,472)	(19,179)
Proceeds from borrowings	19	62,030	21,814
Increase (decrease) in lease liabilities		(4,035)	(3,302)
Dividends paid to shareholders		-	-
Net cash received in financing activities		(4,477)	(667)
Increase (decrease) in cash and cash equivalents		4,477	18,024
Movement in cash and cash equivalents			
At the beginning of the financial year		7,099	61,769
Increase (decrease) in cash and cash equivalents		4,477	18,024
At the end of the financial year	16	11,576	79,793

Notes to the financial statements

1 General information

Telia Lietuva, AB (hereinafter – the Company) is a public company (joint-stock company) incorporated on 6 February 1992. The Company is domiciled in Vilnius, the capital of the Republic of Lithuania. Address of its registered office is Saltoniškių str. 7A, LT-03501, Vilnius, Lithuania.

The Company's shares are traded on Nasdaq Vilnius stock exchange from 16 June 2000. Nasdaq Vilnius stock exchange is a home market for the Company's shares. From January 2011, the Company's shares are included into the trading lists of the Berlin Stock Exchange, the Frankfurt Stock Exchange, the Munich Stock Exchange, and the Stuttgart Stock Exchange.

The shareholders' structure of the Company was as follows:

	31 March 2023		31 December 2022	
	Number of shares	%	Number of shares	%
Telia Company AB (publ), Sweden	513,594,774	88.15	513,594,774	88.15
Other shareholders	69,018,364	11.85	69,018,364	11.85
	582,613,138	100.00	582,613,138	100.00

The Company's principal activity is provision of telecommunications, TV and IT services to business and residential customers in the Republic of Lithuania.

The Company has a limited activities electronic money institution license issued by the Bank of Lithuania. The license grants the right to issue electronic money and provide payment services as set out in Article 5 of the Payments Law of the Republic of Lithuania.

The Communication Regulatory Authority (CRA) of Lithuania has designated the Company together with its related legal entities as an operator with significant market power (SMP) in 6 telecommunications markets. Following the provisions of the Law on Electronic Communications of the Republic of Lithuania the Company is obliged to provide access to other undertakings, to follow obligation of non-discrimination, obligation of transparency, obligations of price control and cost accounting, obligation of accounting separation. Also, to publish public offer regarding the access.

The number of full-time employees of the Company as at 31 March 2023 amounted to 1,883 (31 December 2022: 1,954).

The investments included in the Company's financial statements are indicated below:

Associate	Country of incorporation	Ownership interest in %		Profile
		31 March 2023	31 December 2022	
VšĮ Numerio Perkėlimas	Lithuania	50%	50%	A non-profit organization established by Lithuanian telecommunications operators administers central database to ensure telephone number portability

As at 31 March 2023 and 31 December 2022, the Company had no investments in subsidiaries.

2 Basic of preparation

The interim financial statements for the three months' period ended 31 March 2023 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2022.

These financial statements for the period ended 31 March 2023 are not audited. Financial statements for the year ended 31 December 2022 are audited by the external auditor Deloitte Lietuva UAB.

The presentation currency is euro. The financial statements are presented in thousands of euro, unless indicated otherwise.

The financial statements are prepared under the historical cost convention.

Notes to the financial statements

3 Revenue

	January – March	
	2023	2022
Mobile services	39,745	35,130
Equipment sales revenue	26,788	22,121
Internet services	18,394	16,861
Voice telephony services	10,198	9,772
TV services	9,334	9,616
IT services	5,981	4,479
Data communication and network capacity services	4,462	4,407
Other services	2,500	1,826
Total	117,402	104,212

4 Cost of goods and services

	January – March	
	2023	2022
Costs of goods and services purchased	32,869	26,843
Network's interconnection	10,408	10,053
Network capacity costs	3,174	3,430
Total	46,451	40,326

5 Other operating expenses

	January – March	
	2023	2022
Energy, premises and transport costs	4,442	4,036
Marketing expenses	4,159	3,583
Consultations and other services from group	2,736	2,604
Maintenance and other services	1,922	1,610
Impairment of accounts receivable	603	694
Other expenses	1,545	1,255
Total	15,407	13,782

6 Other gain (loss)

	January – March	
	2023	2022
Gain on sales of property, plant and equipment	225	344
Loss on sales of property, plant and equipment	(35)	(39)
Other gain (loss)	(194)	(125)
Total	(4)	180

Notes to the financial statements

7 Financial and investment activities

	January – March	
	2023	2022
Gain/loss from investments in subsidiaries and associates	-	-
Interest income from instalments amortisation	155	202
Interest income on finance leases	296	1
Interest income on cash and cash equivalents	64	46
Other finance income	1	-
Finance income	516	249
Interest expenses on leases	(733)	(750)
Interest expenses on borrowings	(846)	(149)
Foreign exchange gain (loss) on financing activities	(3)	(13)
Other finance costs	(10)	(10)
Finance costs	(1,592)	(922)
Financial and investment activities – net	(1,076)	(673)

8 Income tax

The tax expenses for the period comprise current and deferred tax.

Profit for 2023 is taxable at a rate of 15 per cent in accordance with Lithuanian regulatory legislation on taxation (2022: 15 per cent).

	January – March	
	2023	2022
Current tax expenses	2,273	2,369
Deferred tax change	(286)	(284)
Total	1,987	2,085

As at 1 January 2009, amendments to Law on Corporate Profit Tax came into effect which provides tax relief for investments in new technologies. As a result, the Company's calculated profit tax relief amounts for 2023 to EUR 0.9 million (2022: EUR 0.8 million). Investments in new technologies are capitalised as property, plant and equipment, and their depreciation is deductible for tax purposes, therefore, the tax relief does not create any deferred tax liability.

The tax authorities may at any time inspect the books and records within 3 years from the end of the year when tax declaration was submitted and may impose additional tax assessments with penalty interest and penalties.

The Company's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

Notes to the financial statements

9 Earnings per share

Basic earnings per share are calculated by dividing the net profit (loss) for the period by the weighted average number of ordinary shares in issue during the period. The Company has no dilutive potential ordinary shares and therefore diluted earnings per share are the same as basic earnings per share.

The weighted average number of shares for both reporting periods amounted to 582,613 thousand.

	January – March	
	2023	2022
Net profit	16,244	12,179
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613
Basic earnings per share (EUR)	0.028	0.021

10 Dividends per share

A dividend that relates to the period to 31 December 2022 to be approved by the Annual General Meeting of Shareholders on 27 April 2023. The total proposed amount of allocated dividend, that should be paid off in May 2023, is EUR 34,957 thousand or EUR 0.06 per ordinary share.

11 Property, plant and equipment

The depreciation, amortisation and impairment charge in the statement of profit or loss items:

	January – March	
	2023	2022
Depreciation of property, plant and equipment (Note 11)	12,219	13,176
Impairment of property, plant and equipment (Note 11)	8	89
Amortisation of intangible assets (Note 12)	6,384	4,817
Impairment of intangible assets (Note 12)	-	-
Amortisation of right-of-use-asset (Note 13)	2,597	2,668
Total	21,208	20,750
Impairment of assets classified as held for sale	-	-
Total	21,208	20,750

	Land and buildings	Ducts and telecommunication equipment	Other tangible fixed assets	Construction in progress	Total
Three months ended 31 March 2022					
Opening net book amount	8,976	217,180	14,556	26,322	267,034
Additions	-	-	-	8,055	8,055
Reclassifications	(189)	(8)	-	61	(136)
Disposals and write-offs	70	(107)	(6)	-	(43)
Transfers from construction in progress	603	14,373	3,056	(18,032)	-
Depreciation charge	(311)	(10,953)	(1,912)	-	(13,176)
Impairment charge	(72)	(17)	-	-	(89)
Closing net book amount	9,077	220,468	15,694	16,406	261,645
At 31 March 2022					
Cost	30,793	793,224	55,680	16,406	896,103
Accumulated depreciation	(21,675)	(571,122)	(39,985)	-	(632,782)
Impairment charge	(41)	(1,634)	(1)	-	(1,676)
Net book amount	9,077	220,468	15,694	16,406	261,645
Three months ended 31 March 2023					
Opening net book amount	9,776	225,343	10,943	23,591	269,653
Additions	-	-	-	9,902	9,902
Reclassifications	(177)	15	20	61	(81)
Disposals and write-offs	-	(138)	40	-	(98)
Transfers from construction in progress	487	10,922	1,597	(13,006)	-
Depreciation charge	(339)	(10,649)	(1,231)	-	(12,219)
Impairment charge	-	(8)	-	-	(8)
Closing net book amount	9,747	225,485	11,369	20,548	267,149
At 31 March 2023					
Cost	31,577	798,484	50,790	20,548	901,399
Accumulated depreciation	(21,789)	(571,659)	(39,420)	-	(632,868)
Impairment charge	(41)	(1,340)	(1)	-	(1,382)
Net book amount	9,747	225,485	11,369	20,548	267,149

Notes to the financial statements

12 Intangible assets

	Licenses and software	Goodwill	Other intangible assets	Construction in progress	Total
Three months ended 31 March 2022					
Opening net book amount	57,492	26,769	31,242	25,291	140,794
Additions	-	-	-	5,225	5,225
Reclassifications	5,787	-	-	(5,841)	(54)
Disposals and write-offs	(23)	-	-	-	(23)
Amortisation charge	(3,958)	-	(859)	-	(4,817)
Closing net book amount	59,298	26,769	30,383	24,675	141,125
At 31 March 2022					
Cost	125,131	29,408	57,711	24,675	236,925
Accumulated amortisation	(65,833)	-	(23,744)	-	(89,577)
Impairment charge	-	(2,639)	(3,584)	-	(6,223)
Net book amount	59,298	26,769	30,383	24,675	141,125
Three months ended 31 March 2023					
Opening net book amount	88,540	26,769	27,805	26,305	169,419
Additions	-	-	-	6,272	6,272
Reclassifications	10,361	-	-	(10,439)	(78)
Disposals and write-offs	(4)	-	-	-	(4)
Amortisation charge	(5,524)	-	(860)	-	(6,384)
Closing net book amount	93,373	26,769	26,945	22,138	169,225
At 31 March 2023					
Cost	172,577	29,408	53,124	22,138	277,247
Accumulated depreciation	(79,204)	-	(26,179)	-	(105,383)
Impairment charge	-	(2,639)	-	-	(2,639)
Net book amount	93,373	26,769	26,945	22,138	169,225

13 Right-of-use-assets

	Land and premises	Dark fibre	Equipment rent	Other	Total
Three months ended 31 March 2022					
Opening net book amount	35,765	9,662	-	697	46,124
Additions	1,054	-	623	-	1,677
Lease modifications	1,556	30	-	-	1,586
Disposals and write-offs	-	-	(623)	-	(623)
Amortisation charge	(2,285)	(316)	-	(68)	(2,669)
Closing net book amount	36,090	9,376	-	629	46,095
At 31 March 2022					
Cost	59,274	13,267	-	1,440	73,981
Accumulated amortisation	(23,184)	(3,891)	-	(811)	(27,886)
Net book amount	36,090	9,376	-	629	46,095
Three months ended 31 March 2023					
Opening net book amount	36,018	8,134	-	843	44,995
Additions	935	-	1,771	2	2,708
Lease modifications	1,869	194	-	(9)	2,054
Disposals and write-offs	-	-	(1,771)	-	(1,771)
Amortisation charge	(2,236)	(266)	-	(95)	(2,597)
Closing net book amount	36,586	8,062	-	741	45,389
At 31 March 2023					
Cost	68,396	13,127	-	1,953	83,476
Accumulated depreciation	(31,810)	(5,065)	-	(1,212)	(38,087)
Net book amount	36,586	8,062	-	741	45,389

Notes to the financial statements

14 Costs to obtain a contract

Contract cost assets balance roll forward:

	As at 31 March 2023	As at 31 December 2022
Contract cost assets at the beginning of the period	5,498	4,837
Increase of contract assets due to new contracts within the year	1,848	7,430
Amortization expense of costs to obtain contracts	(1,802)	(6,769)
Contract cost assets at the end of the period	5,544	5,498

Costs to obtain a contract are incremental costs incurred resulting in obtaining a contract with a customer, where the Company would not have incurred if the contract had not been obtained. These costs are typically external commissions paid or internal commission or bonus paid related to obtaining a new contract. The asset is amortized on a straight-line basis over the average customer life period, assessed at a portfolio level. If the Company pays a significant commission on contract renewal, the asset is amortized over the minimum contract term.

15 Inventories

	As at 31 March 2023	As at 31 December 2022
Goods for resale	18,314	15,017
Supplies and consumables	259	151
	18,573	15,168
Less: allowance for obsolete inventory	(822)	(707)
Total	17,751	14,461

16 Cash and cash equivalents

	As at 31 March 2023	As at 31 December 2022
Cash in hand and at bank	11,576	7,099
Short-term investments	-	-
Total	11,576	7,099

17 Share capital

The authorised share capital comprises of 582,613,138 ordinary shares of EUR 0.29 nominal value each. All shares are fully paid up.

18 Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The amount of the legal reserve surplus which exceeds the size of legal reserve required by the legislation can be added to retaining earnings for the profit distributing purpose.

As at 31 March 2023 and as at 31 December 2022 legal reserve – EUR 16.9 million.

Notes to the financial statements

19 Borrowings

	As at 31 March 2023	As at December 2022
Current		
Borrowings	30,000	-
Reverse factoring	44,317	83,548
Lease liabilities	14,014	13,623
	88,331	97,171
Non-current (due between 2 and 5 years)		
Borrowings	30,000	30,000
Lease liabilities	42,457	42,121
	72,457	72,121
Total borrowings and lease liabilities	160,788	169,292

All the borrowings denominated in EUR.

In November 2021, the Company repaid a half (EUR 30 million) of a syndicated banks' loan of EUR 60 million granted in May 2017. The outstanding amount of EUR 30 million will be repaid in May 2024.

To ensure sufficient liquidity, in January 2023, the Company had signed an agreement regarding revolving credit facility with Telia Company AB that provides the Company with the possibility to borrow any amount up to total limit of EUR 50 million for 3 or 6 months within 2 business days.

Reverse factoring or Supplier Invoice Financing (SIF) is a program where invoices are paid by 3rd party banks in 7 days for the agreed fee which is covered by supplier. The Company does not pay any credit fees and does not provide any additional collateral or guarantee to the banks. Company pays banks full amount in approximately one-year period, no longer than that (actual term depends on few variables agreed between all 3 parties).

20 Provisions

The Company provisions movement during January-March 2023:

	Provision for restructuring	Assets retirement obligation	Total
Closing net book amount at 31 December 2021	-	12,398	12,398
Additions	-	-	-
Used provisions	-	-	-
Discounting	-	-	-
Closing net book amount at 31 March 2022	-	12,398	12,398
Closing net book amount at 31 December 2022	-	13,179	13,179
Additions	-	-	-
Used provisions	-	(19)	(19)
Discounting	-	-	-
Closing net book amount at 31 March 2023	-	13,160	13,160

The Company leases land for the construction of mobile stations. Upon expiry of the lease term the mobile stations should be disassembled and land restored so that it could be returned to the land owner in a condition it was before the lease. Similarly, the Company has telecommunication equipment installed in the premises or on the buildings leased from third parties. This equipment will have to be disassembled when the lease agreement expires.

To cover these estimated future costs, assets retirement obligation has been recognized. The Company expects that assets retirement obligation will be realized later than after one year. Therefore, the whole amount of assets retirement obligation has been classified as non-current provision for other liabilities and charges.

Notes to the financial statements

21 Related party transactions

The Company is controlled by Telia Company AB (publ), registered in Sweden, and owning 88.15% of the Company's shares and votes. The largest shareholder of Telia Company AB is the State of Sweden.

The following transactions were carried out with related parties:

	January – March	
	2023	2022
Sales and purchases from Telia Company AB and its subsidiaries:		
Sales of telecommunication and other services	2,120	1,516
Purchases of assets and services:		
Purchases of services	210	-
Purchases of assets	4,383	4,816
Total purchases of assets and services	4,593	4,816

Balances arising from sales/purchase of assets/services and other transaction to/from Telia Company AB and its subsidiaries:

	January – March	
	2023	2022
Long-term receivables from related parties	-	112
Receivables from related parties	328	348
Accrued revenue from related parties	469	884
Total receivables and accrued revenue from related parties	797	1,344
Short term investments	-	65,000
Total short term investments	-	65,000

In order to avoid negative interest rate charged for the Company's residuals at the banks and following the Board's approval the Company started to grant loans to the largest shareholder of the Company, Telia Company AB, for up to three months at a zero interest rate. The lent funds are available to the Company on demand within 2 business days. As at 31 March 2022, the total amount of lending to the Parent company amounted to EUR 65 million.

	January – March	
	2023	2022
Borrowings	30,000	-
Short term borrowings	30,000	-
Payables to related parties	2,127	2,437
Accrued expenses to related parties	16	11
Total borrowings, payables and accrued expenses to related parties	2,143	2,448

To ensure sufficient liquidity, in January 2023, the Company had signed an agreement regarding revolving credit facility with Telia Company AB that provides the Company with the possibility to borrow any amount up to total limit of EUR 50 million for 3 or 6 months within 2 business days.

Confirmation of responsible persons

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Giedrė Kaminskaitė-Salters, CEO of Telia Lietuva, AB, and Daina Večkytė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, the not audited Interim Financial Statements of Telia Lietuva, AB for the 3 months' period ended 31 March 2023 prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit and cash flows of Telia Lietuva, AB.

Giedrė Kaminskaitė-Salters
CEO

Daina Večkytė
Head of Finance

Vilnius, 25 April 2023



Name of the Company	Telia Lietuva, AB
Legal form	public company (joint-stock company)
Date of registration	6 February 1992
Name of Register of Legal Entities	State Enterprise Centre of Registers
Code of enterprise	1212 15434
LEI code	5299007A0LO7C2YYI075
Registered office	Saltoniškių str. 7A, LT-03501 Vilnius, Lithuania
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