

Remuneration report for the year 2022

Introduction

This report describes how the guidelines of the Policy for Remuneration of CEO and Members of the Board of Telia Lietuva, AB (hereinafter 'the Policy') adopted by the Annual General Meeting of Telia Lietuva, AB (hereinafter 'the Company') shareholders on 28 April 2020, were implemented in 2022. Following the requirement of the Lithuanian Law on Companies the Policy is publicly available at the Company's <https://www.telia.lt/eng/about-us/corporate-governance>.

This report has been prepared following the requirements of the Law on Companies of the Republic of Lithuania. The report provides information on remuneration to the CEO and member of the Board of the Company in 2022.

Information on remuneration to the Company's key management is available in Note 27 (Related party transactions) of the Company's financial statements for the year ended 31 December 2022. Information on the activities of the Remuneration Committee in 2022 is set out in the Corporate Governance part of the Company's Annual Report for the year 2022.

Remuneration of the member of the Board is resolved annually by the Annual General Meeting of the Company's shareholders.

Key developments

During 2022, the Company's revenue grew by 5.7 per cent and amounted to EUR 444.6 million (2021: EUR 420.8 million). EBITDA increased by 6.4 per cent and amounted to EUR 147.5 million (2021: EUR 138.6 million). Profit for the year eased by 0.7 per cent to EUR 56.4 million (2021: EUR 56.8 million). The Company's share price went down by 2.8 per cent while market capitalisation throughout the year remained above EUR 1 billion.

The Company's overall performance in 2022 is summarised in Management Report in the Company's Annual Report for the year 2022.

Remuneration Guidelines

The design of the remuneration system in the Company is consistent and aligned with the Company's strategy as well as long-term goals and interest of the Company, including its sustainability goals, in the following manners:

- remuneration system in the Company is based on fairness and consistency with the responsibilities assigned and the capabilities demonstrated, it ensures balance between long-term and short-term performance criteria,
- a successful implementation of remuneration system ensures that the Company can attract, motivate and retain the best people, enabling the Company to execute its business strategies and serve the Company's long-term interests,
- ensure that contractual terms, and any payments made, are fair to the individual and to the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognized.

Principles of CEO remuneration

The Policy provides that the remuneration package of the CEO consists of:

- (i) the fixed salary,
- (ii) variable pay which are paid out taking into consideration the financial results of the Company and personal performance results of the CEO; and
- (iii) other benefits.

No deferred payments mechanisms are applied to the remuneration of the CEO unless it is agreed otherwise by mutual agreement of the Company and CEO. The maximum amount of the variable pay to the CEO may amount to 50 percent of the CEO's annual salary. The Company may provide other benefits and programs in accordance with market practice which may change from time to time. The CEO may be entitled to a company car, health and care provisions, etc. Premiums and other costs relating to such benefits may amount to not more than 10 percent of the fixed annual cash salary.

CEO remuneration in 2022

No deviations from the guidelines have been decided and no derogations from the procedure for implementation of the guidelines have been made for the CEO. No remuneration has been reclaimed.

The information about remuneration of CEO of Telia Lietuva, AB during 2022 (in EUR):

Name of CEO	Fixed salary	Variable pay	Other benefits	Total remuneration	Employer's contribution	Daily allowance
Dan Strömberg	416,661	-	39,737	453,398	8,078	11,967

From August 2020, Dan Strömberg became Senior Vice President & Head of cluster Lithuania, Estonia and Denmark (LED) at Telia Company as well as member of Telia Company Group Executive Management (GEM). Following Telia Company policies members of GEM are not entitled to variable pay.

Other benefits (income in kind) imply lease of apartment for CEO, who expatriated from his home country Sweden to work in Lithuania, transportation and other. Other benefits amounted to 9.5 per cent of the CEO's fixed salary. Following the Law, the employer's contribution to Social Insurance Fund in 2022 amounted to 1.77 per cent of the employee's remuneration. In addition, the Company shall contribute a difference, if any, following the agreement of Double taxation between the Republic of Lithuania and the Kingdom of Sweden. The Company does not offer any share-related incentive plans to the CEO and makes no contributions to the CEO's pension funds.

Principles of members of the Board remuneration

The Policy states that the General Meeting may decide to make payments for the members of the Board, according to the provisions of the Law on Companies of the Republic of Lithuania. Members of the Board who are employees of Telia Company AB, a controlling shareholder holding 88.15 per cent the Company's shares, get remuneration according to the signed employment contracts with their respective employers. No additional payments for their activities as members of the Board (tantiemes) are made to them by the Company. The Company only remunerates independent members of the Board, who receive a fixed annual payment. The General Meeting decides on the exact amount of such a payment, while approving the distribution of profit. Such payments are not treated as employment related income, instead they are payments for the activities of the member of the Board (tantiemes). The payments to the independent members of the Board are set by taking into account relevant information from comparable companies (market benchmark).

Remuneration of members of the Board in 2022

Following the Policy that provides that members of the Board that are employed by Telia Company AB, a largest shareholder of the Company, are not entitled to any remuneration from the Company, only two independent members of the Board – Dovilė Grigienė and Mindaugas Glodas – by decision of the Annual General Meeting received tantiemes (annual payment) for the year 2021: EUR 16,500 per person or EUR 33 thousand in total. No other remuneration or pay-outs from the Company to the Board members was allocated.

The information about remuneration of Telia Lietuva, AB Board members during 2022 (in EUR):

Name of the Board member	Member of the Audit Committee	Member of the Remuneration Committee	Employed by Telia Company	Independent member of the Board	Annual payment (tantiemes)	Other pay-outs
Douglas Lubbe*	-	X	X	-	-	-
Agneta Wallmark	X	-	X	-	-	-
Claes Nycander	-	X	X	-	-	-
Hannu-Matti Mäkinen**	-	X	X	-	-	-
Dovilė Grigienė***	X	-	-	X	16,500	-
Mindaugas Glodas	X	X	-	X	16,500	-

* Resigned from the Board from 14 October 2022

** Member of the Remuneration Committee from 18 October 2022

*** Resigned from the Board on 15 December 2022

Comparative information on the change of remuneration and the Company's performance

The information on change of remuneration and the Company's performance (in thousands of EUR):

	2020	Change	2021	Change	2022
CEO remuneration	561	-46 (-8.3%)	515	-62 (-11.9%)	453
Profit for the period	55,914	+894 (+1.6%)	56,808	-410 (-0.7%)	56,398
Average employee salary (EUR)	1,864	+240 (+12.9%)	2,104	+253 (+12.0%)	2,357