



# Interim Report January-June 2023

Telia Lietuva, AB

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# Management Report



## CEO comment

Historical milestone was reached during the second quarter of 2023. Telia Lietuva has completed the upgrade of its entire mobile network with Ericsson equipment and covered 99 per cent of Lithuania's population with 5G broadband. This early coverage of the entire country will not only benefit the population but also help Lithuania stand out in the international context.

5G connectivity today is much more than just faster internet. Its availability has become an indicator of how well-developed countries are and reaching 99 per cent 5G coverage has put us among Europe's elite. For each of us, this opens new spaces to work, opportunities to dive into virtual reality from any corner of Lithuania, or maybe even to see a robot delivering groceries rolling into our backyard. With such a well-developed 5G network, Lithuania is much more attractive to investors and developers of future technologies.

Lithuania's 5G success story is also special because it was "written" in record time. Protracted negotiations with neighboring countries on 5G frequencies pushed Lithuania into the last European 5G wagon, and commercial frequency auctions were only held in fall of 2022. Nevertheless, Telia Lietuva prepared in advance and on the very first day of the 5G switch-on in September 2022, 80 per cent of the country's population was immediately able to use next-generation connectivity on the Company's network.

Telia Lietuva currently has 1,650 mobile 5G base stations in Lithuania and for the time being shows unwavering leadership in 5G deployment in Lithuania.

New 5G connectivity is up to 10 times more energy efficient in terms of the amount of data it transmits, which is particularly important in view of the ever-increasing volume of data and our goal of achieving zero CO2 emissions in its operations by 2030.

In June, we introduced Voice over Wi-Fi technology - a novelty on the Lithuanian market. The service provides the possibility to make voice calls where the mobile network signal is weak or is not available.

Voice over Wi-Fi and other latest IT and telco technologies as well as the most modern equipment were employed by the Company to ensure an interrupted connectivity and operation of 1,200 workplaces media centre during the historic NATO summit in Vilnius in July 2023.

The number of DDoS attacks on state and private institutions during the NATO summit once again reveals the importance of cyber security solutions provided by Telia Lietuva.

Rapid deployment of 5G network and growing usage of mobile data using both 4G and 5G connectivity led to a double-digit increase in revenue from billed mobile communication services. Revenue from IT services continues to surge, too. Lower energy prices and successful control of other expenses resulted in record high EBITDA for the second quarter of 2023.

At the Annual General Meeting shareholders approved a pay-out of EUR 0.06 dividend per share (in total EUR 34.9 million) for the year 2022. Also, shareholders re-elected members of the Board for a new 2-year term and appointed Deloitte Lietuva as the Company auditor for the years 2023 and 2024. In June, members of the Board re-elected Dan Strömberg as Chair of the Board.

Giedrė Kaminskaitė-Salters  
CEO of Telia Lietuva

# What is Telia Lietuva?

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 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.

Telia Company owns 88.15 per cent of Telia Lietuva shares. Since 2000, Telia Lietuva shares are traded on [Nasdaq Vilnius](#) Stock Exchange (symbol – TEL1L). In total, Telia Lietuva has more than 14 thousand shareholders.

Telia Lietuva was conferred “Prime” status at the specialized ISS-oekom corporate rating, which indicates that the company's shares are considered a **sustainable investment**.

Being the largest telecommunications operator in Lithuania, we are designated by Communication Regulatory Authority (CRA) of Lithuania, as an operator with significant market power (SMP) in 5 telecommunications markets:

- voice call termination on the mobile network,
- calls termination on individual public telephone networks provided at a fixed location,
- wholesale local access provided at a fixed location,
- wholesale central access for mass market products,
- wholesale high quality data transmission services via terminating segment.

Telia Lietuva 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.

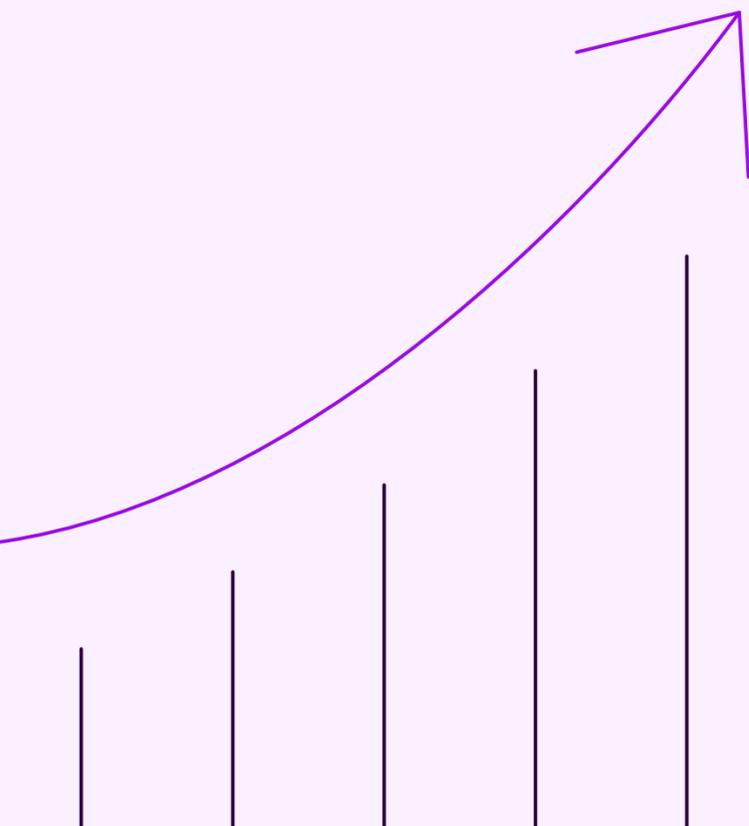
Together with other largest Lithuanian telecommunications operators, Bitė Lietuva and Tele2, we have established the not-for-profit organization VŠĮ Numerio Perkėlimas, which administers a central database for ensuring telephone number portability in Lithuania. The Company has no other investments into subsidiaries or associates and has no branches or representative offices.

Our activities are certified for compliance with the following ISO standards: IT Management (ISO 20000), Information Security Management (ISO 27001), Quality Management (ISO 9001), Environmental Management (ISO 14001) and Occupational Health & Safety (ISO 45001).

Telia Lietuva, AB is a public company (joint-stock company) incorporated on 6 February 1992. The Company is headquartered in Vilnius, the capital of the Republic of Lithuania. Address of its registered office is Saltoniškių str. 7A, LT-03501, Vilnius, Lithuania. Our other offices are in Kaunas and Šiauliai.



Telia Lietuva operating model is based on customers' segment. The Company's operations are managed and reported by the following segments: business and residential customers. Business customers segment (B2B) implies telecommunication and IT services, equipment sale and customer care for large, medium and small business, public institutions and enterprises, local and international telecommunication operators. Residential customers segment (B2C) implies telecommunication and TV services to private individuals. Other operations include operations of Technology and Support units of the Company. The financial statements of the Company have been prepared according to the International Financial Reporting Standards as adopted by the European Union.



## Financial highlights of Q2 2023

### Revenue grew by 2.2%

and amounted to EUR 113.1 million (2022: EUR 110.7 million)

### Adjusted EBITDA up by 11% to

EUR 41.6 million (2022: EUR 37.5 million)

### EBITDA increased by 9.2%

and amounted to EUR 41 million (2022: EUR 37.5 million)

### Profit for the period went up by 10.6%

to EUR 15.6 million (2022: EUR 14.1 million)

### Capital investments

amounted to EUR 14.5 million (2022: EUR 18.6 million)

### EUR 35 million of dividends

were paid for the year 2022 (EUR 0.06 per shares)

## Financial highlights of H1 2023

### Revenue grew by 7.2%

and amounted to EUR 230.5 million (2022: EUR 214.9 million)

### Adjusted EBITDA up by 13.6%

to EUR 83 million (2022: EUR 73.1 million)

### EBITDA increased by 11.3%

and amounted to EUR 81.5 million (2022: EUR 73.2 million)

### Profit for the period went up by 21.2%

to EUR 31.8 million (2022: EUR 26.3 million)

### Capital investments

amounted to EUR 30.6 million (2022: EUR 31.9 million)

### Free cash flow decreased by

**48.8%** and amounted to EUR 19.8 million (2022: EUR 38.6 million)

# Financial figures

(in thousands of EUR unless otherwise stated)

	January - June 2023	January - June 2022	Change (%)	January - June 2021
Revenue	230,471	214,901	7.2	201,293
Adjusted EBITDA excluding non-recurring items	83,003	73,067	13.6	68,034
Adjusted EBITDA margin excluding non-recurring items (%)	36.0	34.0		33.8
EBITDA	81,496	73,206	11.3	68,787
EBITDA margin (%)	35.4	34.1		34.2
Operating profit (EBIT) excluding non-recurring items	40,441	31,391	28.8	29,494
EBIT margin excluding non-recurring items (%)	17.5	14.6		14.7
Operating profit (EBIT)	38,934	31,530	23.5	30,247
EBIT margin (%)	16.9	14.7		15.0
Profit before income tax	36,306	30,408	19.4	29,290
Profit before income tax margin (%)	15.8	14.1		14.6
Profit for the period	31,829	26,272	21.2	25,381
Profit for the period margin (%)	13.8	12.2		12.6
Earnings per share (EUR)	0.055	0.045	21.2	0.044
Number of shares (thousand)	582,613	582,613	-	582,613
Share price at the end of period (EUR)	1.895	1.935	(2.1)	2.01
Market capitalisation at the end of period	1,104,052	1,127,356	(2.1)	1,171,052
Total assets	611,442	606,167	0.9	592,754
Shareholders' equity	325,063	298,065	9.1	298,627
Cash flow from operations	62,986	71,550	(12.0)	56,606
Operating free cash flow	19,794	38,647	(48.8)	34,760
Capital investments (CAPEX)	30,649	31,909	(3.9)	31,012
Net debt	114,856	117,218	(2.0)	92,485

# Operating figures

	30-06-2023	30-06-2022	Change (%)	30-06-2021
Mobile service subscriptions, in total (thousand)	1,611	1,582	1.8	1,409
— Post-paid (thousand)	1,288	1,265	1.8	1,136
— Pre-paid (thousand)	323	317	1.9	273
Broadband Internet connections, in total (thousand)	427	424	0.7	417
— Fiber-optic (FTTH/B) (thousand)	314	309	1.6	300
— Copper (DSL, VDSL) (thousand)	113	115	(1.7)	117
TV service customers (thousand)	258	254	1.6	254
Fixed telephone lines in service (thousand)	188	215	(12.6)	246
Number of personnel (headcounts)	1,979	2,050	(3.5)	2,124
Number of full-time employees	1,855	1,904	(2.6)	1,963

# Financial ratios\*

	30-06-2023	30-06-2022	30-06-2021
Return on capital employed (%)	16.1	13.3	14.8
Return on average assets (%)	11.5	9.9	10.8
Return on shareholders' equity (%)	18.9	18.0	17.8
Operating cash flow to sales (%)	28.7	32.5	29.6
Capex (excl. mobile licenses) to sales (%)	17.3	21.8	14.9
Net debt to EBITDA ratio	0.74	0.82	0.71
Gearing ratio (%)	35.3	39.3	32.9
Debt to equity ratio (%)	38.0	51.1	48.1
Current ratio (%)	54.7	65.3	91.6
Rate of turnover of assets** (%)	74.4	69.0	68.5
Equity to assets ratio (%)	53.2	49.2	50.4
Price to earnings (P/E) ratio	17.8	19.5	20.4

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

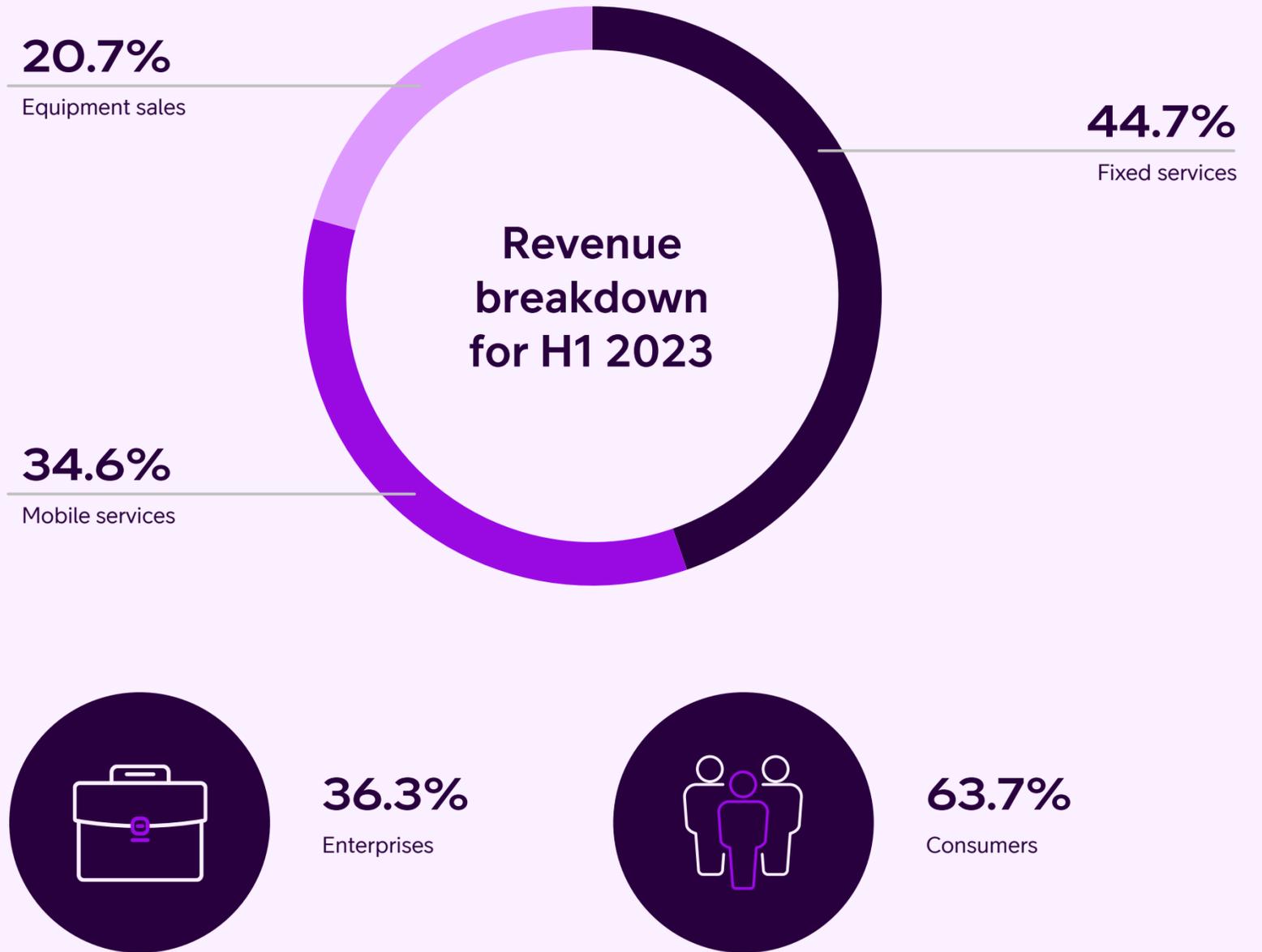
# Revenue

(in thousands of EUR)

	April - June 2023	April - June 2022	Change (%)
<b>Fixed services</b>	<b>52,067</b>	<b>48,879</b>	<b>6.5</b>
Voice telephony services	11,067	10,952	1.1
Internet services	18,821	17,425	8.0
Datacom and network capacity services	4,516	4,515	0.0
TV services	9,339	9,395	(0.6)
IT services	6,447	4,809	34.1
Other services	1,877	1,783	5.3
<b>Mobile services</b>	<b>39,967</b>	<b>38,081</b>	<b>5.0</b>
Billed services	37,878	34,012	11.4
Other mobile service	2,089	4,069	(48.7)
<b>Equipment</b>	<b>21,034</b>	<b>23,729</b>	<b>(11.4)</b>
<b>Total</b>	<b>113,068</b>	<b>110,689</b>	<b>2.1</b>

(in thousands of EUR)

	January - June 2023	January - June 2022	Change (%)
<b>Fixed services</b>	<b>102,935</b>	<b>95,840</b>	<b>7.4</b>
Voice telephony services	21,265	20,724	2.6
Internet services	37,215	34,286	8.5
Datacom and network capacity services	8,978	8,922	0.6
TV services	18,673	19,011	(1.8)
IT services	12,428	9,288	33.8
Other services	4,376	3,609	21.3
<b>Mobile services</b>	<b>79,712</b>	<b>73,211</b>	<b>8.9</b>
Billed services	74,326	65,383	13.7
Other mobile service	5,386	7,828	(31.2)
<b>Equipment</b>	<b>47,822</b>	<b>45,850</b>	<b>4.3</b>
<b>Total</b>	<b>230,469</b>	<b>214,901</b>	<b>7.2</b>



# Revenue

Revenue increase was mainly driven by a double-digit growth in revenue from billed mobile communication and IT services.

During January-June of 2023, the number of post-paid **mobile communication** service subscriptions increased by 10 thousand, while the number of pre-paid service subscription went down by 3 thousand. Over the last 12 months, the total number of active mobile subscriptions went up by 29 thousand. Larger customer base, 99 per cent of Lithuania’s population being covered by the 5G network and continuously growing usage of mobile data led to stable double-digit growth of revenue from billed mobile services.

According to the Company statistics, currently one fourth of smart gadgets connected to Telia Lietuva network supports the next generation connectivity and from the beginning of 2023 usage of 5G mobile data in the Company’s network has tripled accounting for the tenth of the total mobile data flow.

Revenue from **other mobile services** for the first half of 2023 compared with the same period a year ago went down by 31.2 per cent due to mobile interconnect prices regulation and lower stream of revenue from incoming mobile roaming services.

During the first 6 months of 2023, the number of fixed telephony lines eased by 12 thousand, while over the last 12 months it went down by 27 thousand. Revenue from voice transit service during January-June of 2023 was 14.5 per cent higher than a year ago and compensated decline of 13.6 per cent in revenue from retail **voice telephony** services caused by lower number of fixed telephony customers.

The Company introduced a new service – **Voice over Wi-Fi**. The service provides a possibility to make voice calls where signal of mobile network is weak or does not reach.

During January-June of 2023, the number of **broadband Internet** access users over fiber-optic network using FTTH/B technologies increased by 1 thousand, while the 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 5 thousand, while the number of copper DSL connections eased by 2 thousand. Over the year, the total net increase in number of broadband Internet users was 3 thousand.

By employing the Company’s 5G network covering 99 per cent of population speedy Internet with **fixed wireless access** solution is available even in remote and rural areas.

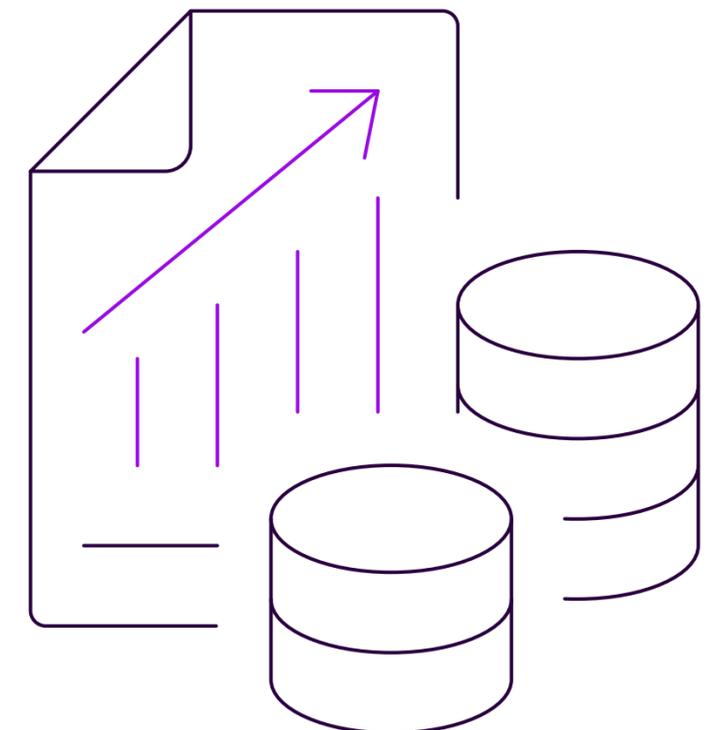
The number of **television** service users during the first half of 2023 went up by 1 thousand, while over the last 12 months – by 4 thousand. The number of subscribers has recovered after the cut off of Russian TV channels in spring 2022, while Telia Play service became available to anyone via any screen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

Revenue from **IT services** continuously showed a double-digit growth. Telia Lietuva was providing communication and IT services during the NATO summit in Vilnius in July 2023.

**Equipment sale** growth was fueled by strong demand for flagship mobile gadgets introduced in 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.

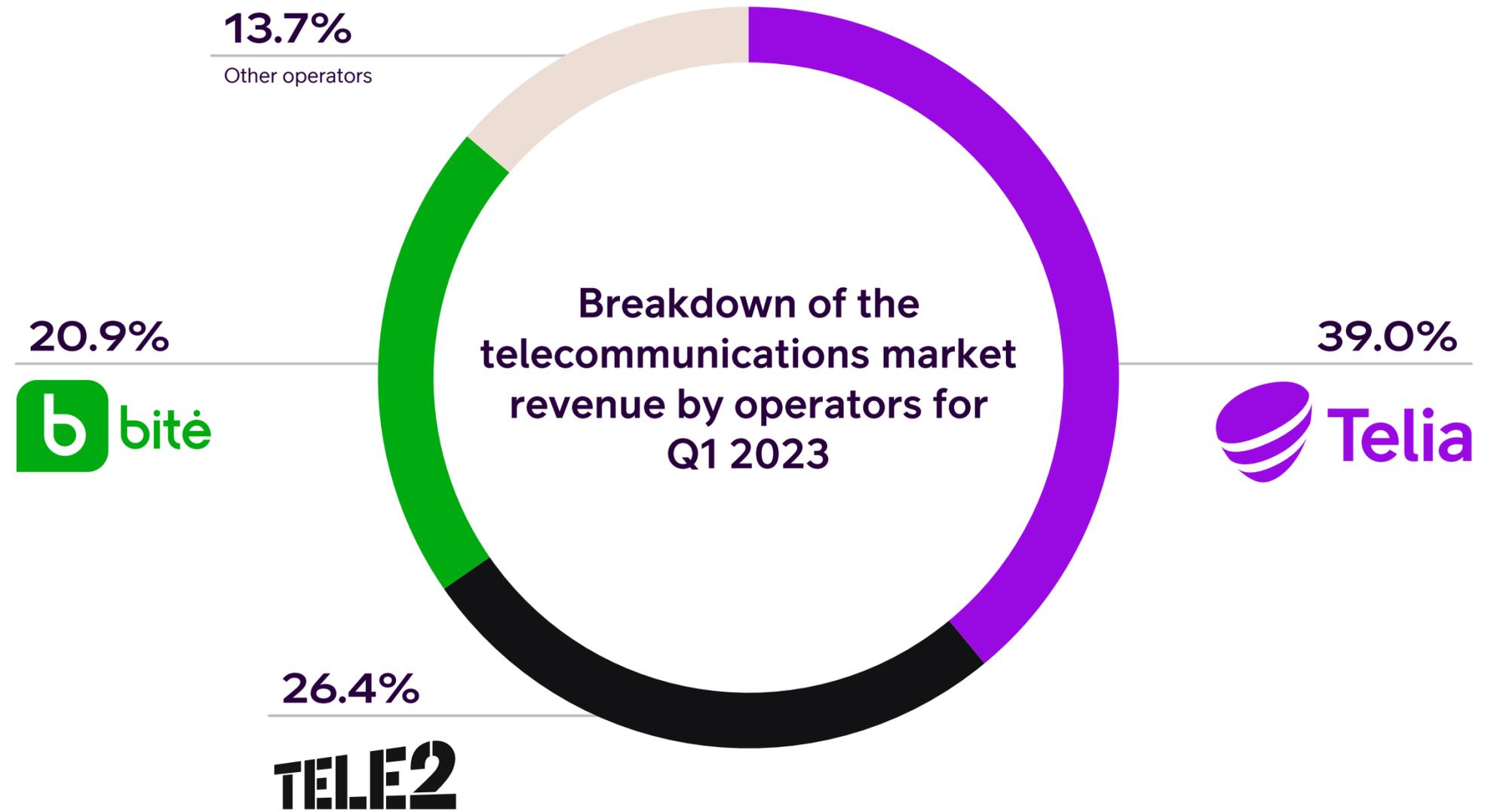
Gain or loss from sale of property, plant and equipment, as well as gain or loss on currency exchange is recorded at net value as **other gain (loss)**.



# Market information

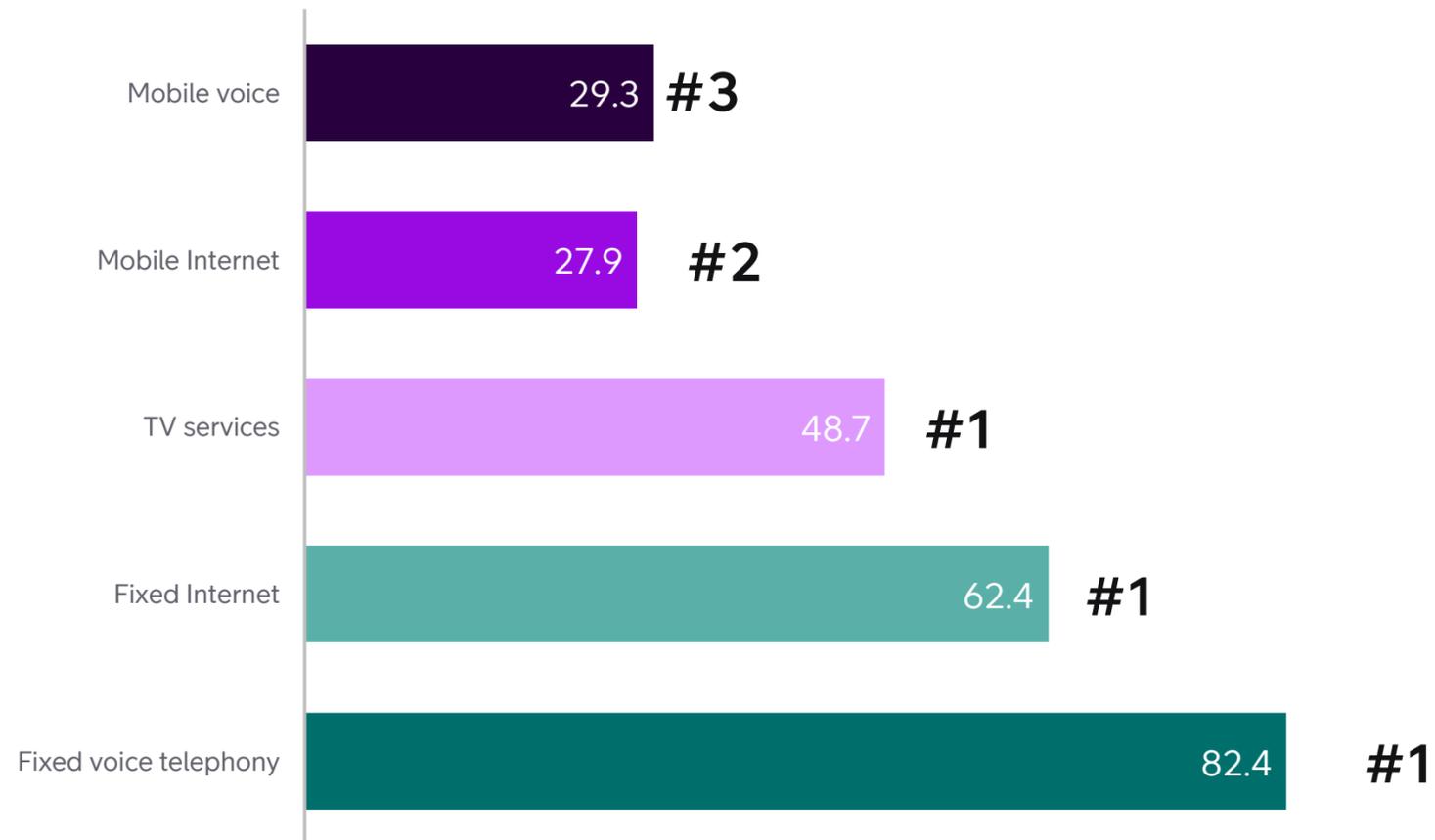
According to the Reports of the Communications Regulatory Authority (CRA), the Lithuanian electronic communications market in terms of revenue in the first quarter of 2023 eased by 0.1 per cent compared with the fourth quarter of 2022, while compared with the first quarter of 2022 increased by 5.8 per cent and amounted to EUR 205.2 million..

Telia Lietuva remains the largest telecommunications' service provider in Lithuania with the market share (in term of revenue) of 39 per cent for the first quarter of 2023 (38.1 per cent a year ago).

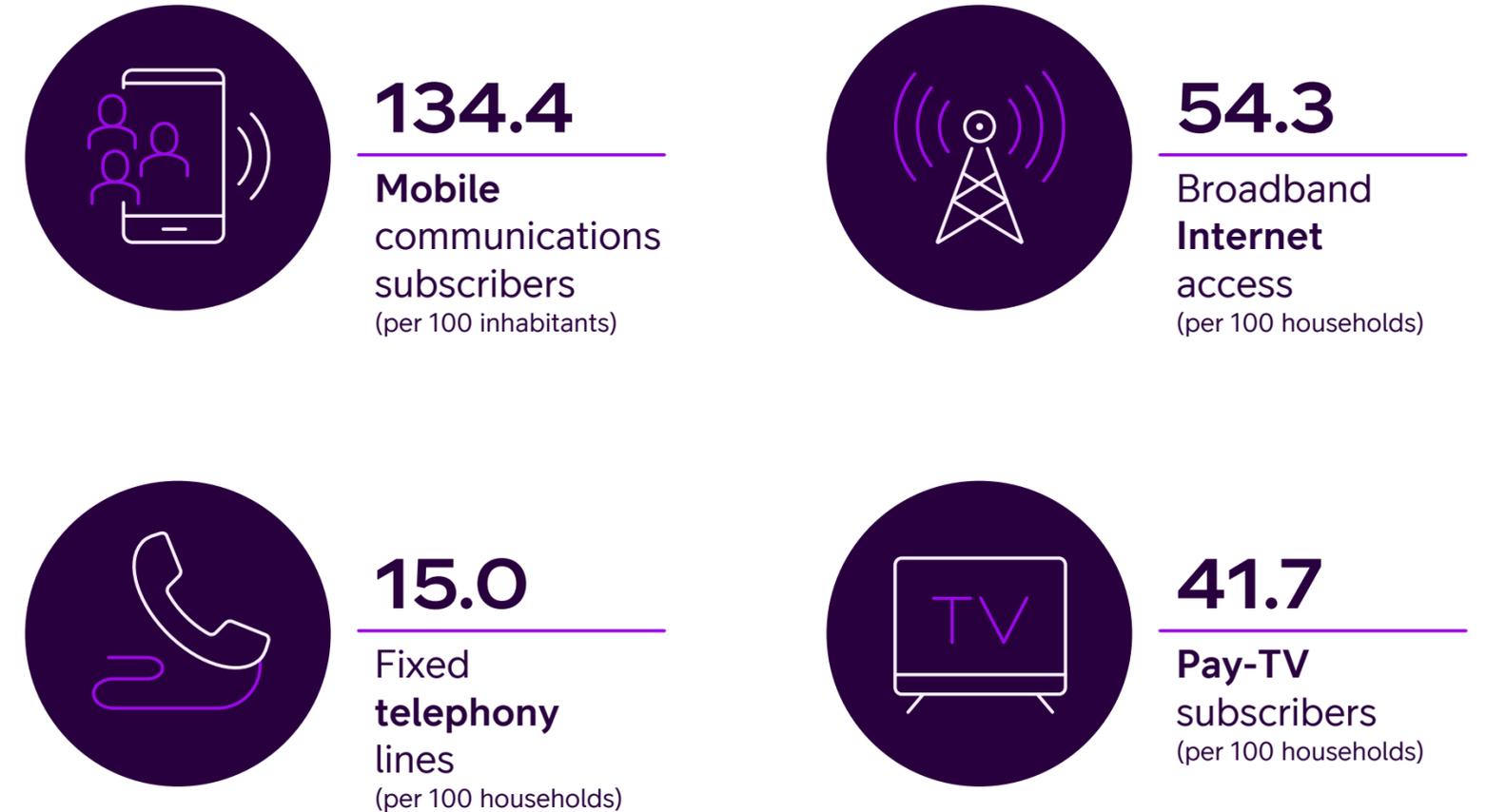


# Market information

Telia Lietuva market shares in terms of revenue for Q1 2023 (%)



Market penetration as of 31 March 2023



# Expenses

(in thousands of EUR)	April - June 2023	April - June 2022	Change (%)	January - June 2023	January - June 2022	Change (%)
<b>Cost of goods and services</b>	<b>(42,292)</b>	<b>(44,388)</b>	<b>(4.7)</b>	<b>(88,743)</b>	<b>(84,714)</b>	<b>4.8</b>
<b>Operating expenses</b>	<b>(30,322)</b>	<b>(29,254)</b>	<b>3.7</b>	<b>(60,754)</b>	<b>(57,633)</b>	<b>5.4</b>
Employee related	(15,518)	(14,468)	7.3	(30,543)	(29,065)	5.1
Other	(14,804)	(14,786)	0.1	(30,211)	(28,568)	5.8
Non-recurring expenses	(800)	(261)	207.0	(1,532)	(403)	281.9
<b>Operating expenses (excl. non-recurring expenses)</b>	<b>(29,522)</b>	<b>(28,993)</b>	<b>1.8</b>	<b>(59,215)</b>	<b>(57,230)</b>	<b>3.5</b>
Employee related	(15,284)	(14,295)	6.9	(29,996)	(28,795)	4.2
Other	(14,238)	(14,698)	(3.1)	(29,219)	(28,435)	2.8

Equipment sale was the main reason for increase in cost of goods and services for the first half of 2023 compared with the same period a year ago. Employee related expenses in 2023 are higher than in 2022 due to annual salaries' increase. During January-June 2023, expenses for energy were by 5.6 per cent lower, while marketing expenses were by the fourth higher that a year ago.

During April-June 2023, the total number of employees (headcount) decreased by 28 – from 2,007 to 1,979. In terms of full-time employees (FTE), the total number of employees decreased by 28 – from 1,883 to 1,855. Over the last 12 months total number of employees went down by 71 and in terms of number of full-time employees – by 49.

Non-recurring expenses for the second quarter and the first half of 2023 were comprised from one-off redundancy payouts of EUR 234 thousand (2022: EUR 98 thousand) and EUR 547 thousand (EUR 270 thousand), respectively, and non-recurring other expenses related to transformation program of EUR 566 thousand (EUR 88 thousand) and EUR 992 thousand (EUR 133 thousand), respectively.

# Earnings

(in thousands of EUR)	April - June 2023	April - June 2022	Change (%)	January - June 2023	January - June 2022	Change (%)
<b>EBITDA</b>	<b>40,981</b>	<b>37,519</b>	<b>9.2</b>	<b>81,496</b>	<b>73,206</b>	<b>11.3</b>
Margin (%)	36.2	33.9		35.4	34.1	
Depreciation and amortisation	(21,354)	(20,926)	2.0	(42,562)	(41,676)	2.1
<b>Operating profit (EBIT)</b>	<b>19,627</b>	<b>16,593</b>	<b>18.3</b>	<b>38,934</b>	<b>31,530</b>	<b>23.5</b>
Margin (%)	17.4	15.0		16.9	14.7	
Non-recurring expenses	(800)	(261)	207.0	(1,539)	(403)	281.9
Gain (loss) on sale of property	164	294	(44.3)	32	542	(94.1)
<b>Adjusted EBITDA excluding non-recurring items</b>	<b>41,617</b>	<b>37,485</b>	<b>11.0</b>	<b>83,003</b>	<b>73,067</b>	<b>13.6</b>
Margin (%)	36.8	33.9		36.0	34.0	
<b>EBIT excluding non-recurring items</b>	<b>20,263</b>	<b>16,559</b>	<b>22.4</b>	<b>40,441</b>	<b>31,391</b>	<b>28.8</b>
Margin (%)	17.9	15.0		17.5	14.6	

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 1.8 million (2022: EUR 1.8 million).

(in thousands of EUR)	April - June 2023	April - June 2022	Change (%)	January - June 2023	January - June 2022	Change (%)
<b>Profit before income tax</b>	<b>18,075</b>	<b>16,144</b>	<b>12.0</b>	<b>36,306</b>	<b>30,408</b>	<b>19.4</b>
Margin (%)	16.0	14.6		15.8	14.1	
Income tax	(2,490)	(2,051)	21.4	(4,477)	(4,136)	8.2
<b>Profit for the period</b>	<b>15,585</b>	<b>14,093</b>	<b>10.6</b>	<b>31,829</b>	<b>26,272</b>	<b>21.2</b>
Margin (%)	13.8	12.7		13.8	12.2	

# Financial position

As of 30 June 2023, the total **non-current assets** amounted to 82.3 per cent (78.8 per cent a year ago), the total **current assets** – to 17.7 per cent (20.9 per cent), whereof cash alone represented 1.4 per cent (5.8 per cent) of total assets. At the end of June 2023, **shareholders' equity** amounted to 53.2 per cent of the total assets (49.2 per cent a year ago).

(in thousands of EUR)	30-06-2023	30-06-2022	Change (%)
<b>Total assets</b>	<b>611,442</b>	<b>606,167</b>	<b>0.9</b>
Non-current assets	503,170	477,771	5.3
Current assets	106,416	126,884	(16.1)
whereof cash and cash equivalents	8,771	34,968	(74.9)
Assets for sale	1,856	1,512	22.8
<b>Shareholders' equity</b>	<b>325,063</b>	<b>298,065</b>	<b>9.1</b>

On 27 April 2023, the Annual General Meeting of Shareholders allocated from the Company's distributable profit of EUR 142 million to allocate 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 million as retained earnings (undistributed profit).. In May 2023, dividends for the year 2022 were paid to the shareholders of the Company.

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 30 June 2022, the total amount of lending to the Parent company amounted to EUR 15 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. In May 2023, the borrowing limit was increased up to EUR 65 million. During the first half of 2023, the Company in total had borrowed EUR 65 million from Telia Company.

(in thousands of EUR)	30-06-2023	31-12-2022	30-06-2022
Loans from banks	30,000	30,000	30,000
Loans from Telia Company AB	65,000	-	-
Liabilities under reverse factoring agreements	28,627	83,548	122,027
Liabilities under financial lease agreements	-	-	159
<b>Borrowings</b>	<b>123,627</b>	<b>113,548</b>	<b>152,186</b>
Cash and cash equivalents	8,771	7,099	34,968
<b>Net debt</b>	<b>114,856</b>	<b>106,449</b>	<b>117,218</b>
Net debt to equity (Gearing) ratio (%)	35.3	32.4	39.3

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 led to decrease in total amount of liabilities under reverse factoring agreements and had a negative impact on the Company's cash flow.

# Capital investments and cash flow

During Q2 of 2023, the total capital investments amounted to EUR 14.5 million (EUR 18.6 million a year ago).

(in thousands of EUR)	January - June 2023	January - June 2022	Change (%)
Fixed network	10,344	8,402	23.1
Mobile network	7,795	10,646	(26.8)
IT systems and infrastructure	5,451	7,649	(28.7)
Transformation program	6,713	4,995	34.4
Other	346	217	59.4
<b>Total capital investments</b>	<b>30,649</b>	<b>31,909</b>	<b>(3.9)</b>
Capital investments to revenue ratio (%)	13.3	14.8	

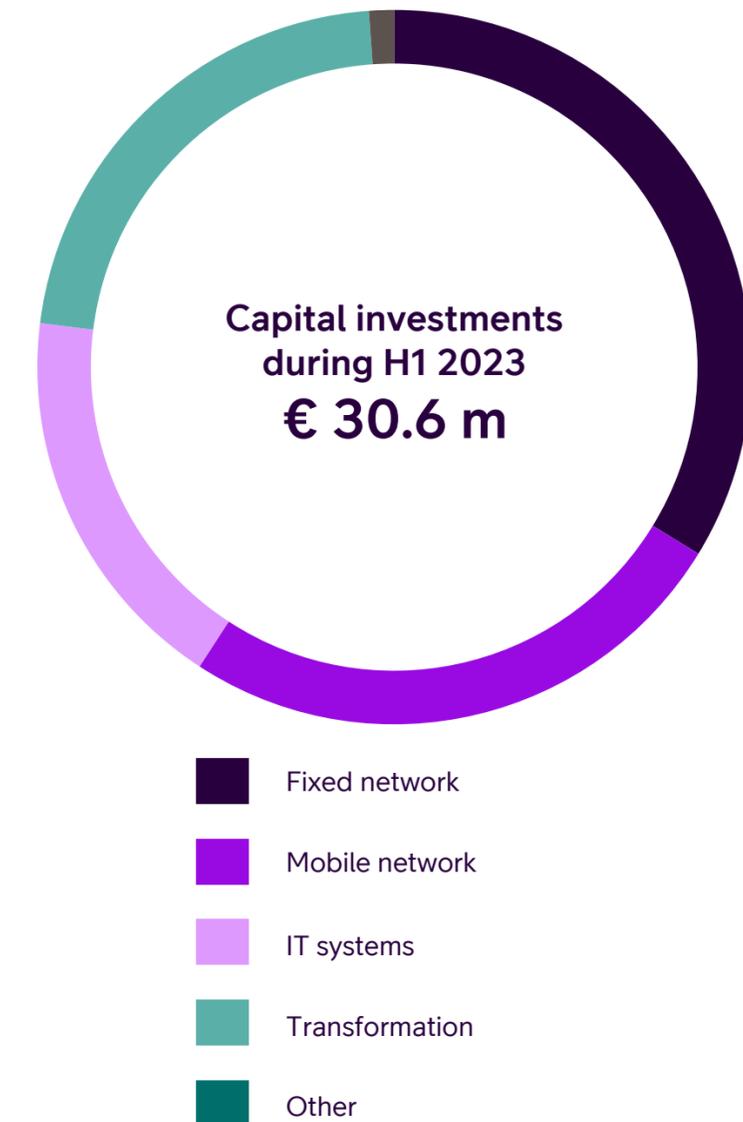
Major upgrade of the Company's **radio access network** (RAN) that started in 2021 is completed. Almost 1,650 of the Company's base stations were upgraded with Ericsson equipment that supports 5G connection. Now Telia Lietuva 5G network covers 99 per cent of the country's population. Further 5G roll-out will continue with the deployment of ultra-high-speed base stations at existing sites.

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 193 Mbps (143.1 Mbps a year ago).

By the end of June 2023, the Company had 969 thousand households passed (959 thousand a year ago), or 65 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 half of 2023 was EUR 63 million (2022: EUR 71.6 million) although due to payments for earlier made capital investments **operating free cash flow** (operating cash flow excluding capital investments) for January-June 2023 amounted to EUR 19.8 million (EUR 38.6 million a year ago).



# Investment into subsidiaries / associates

As of 30 June 2023, the Company had the following entity as associate of the Company:

Name of the company	Date of registration, code, name of Register of Legal Entities	Contact details	The Company's share in the share capital of the entity (%)	The Company's share of votes (%)
VšĮ Numerio Perkėlimas	5 September 2014, code 3033 86211, State Enterprise Center of Registers	Jogailos str. 9, LT- 01116 Vilnius, Lithuania	-	50.00

VšĮ Numerio Perkėlimas, a joint not-for-profit organization, established together with Lithuanian telecommunication companies (UAB Bitė Lietuva and UAB Tele2 holding a 25 per cent stakes each), from 1 January 2016 in cooperation with UAB Mediafon administers the central database to ensure telephone number portability in Lithuania. Stake in VšĮ Numerio Perkėlimas is not for public trade.

The Company has no branches or representative offices.

# 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.

Since 1 December 2000, the Company and SEB Bankas AB (code 1120 21238), Konstitucijos ave. 24, LT-01103 Vilnius, have an agreement on accounting of the Company's securities and services related to the accounting of securities.

During January-June 2023, the Company's share price on Nasdaq Vilnius stock exchange decreased by EUR 0.09 or 4.5 per cent. The shares' turnover, compared to the first six months of 2022, went down by 63.9 per cent. The Company's market capitalisation as on 30 June 2023 was EUR 1,104 million (2022: EUR 1,127 million).

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

Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover (units)	Turnover
EUR	1.985	2.05	1.885	1.895	1.980	1,547,327	3,064,394

# Share capital and shareholders

Shareholders, holding more than 5 per cent of the share capital and votes, as on 30 June 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	-
<b>Total:</b>	<b>582,613,138</b>	<b>100.00</b>	<b>100.00</b>	<b>-</b>

The total number of shareholders on the shareholders' registration day (20 April 2023) for the Annual General Meeting of Shareholders, which was held on 27 April 2023, was 14,710.

## Treasury stocks

The Company has no treasury stocks. The Company has never acquired any shares from the management of the Company.

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



# Dividends

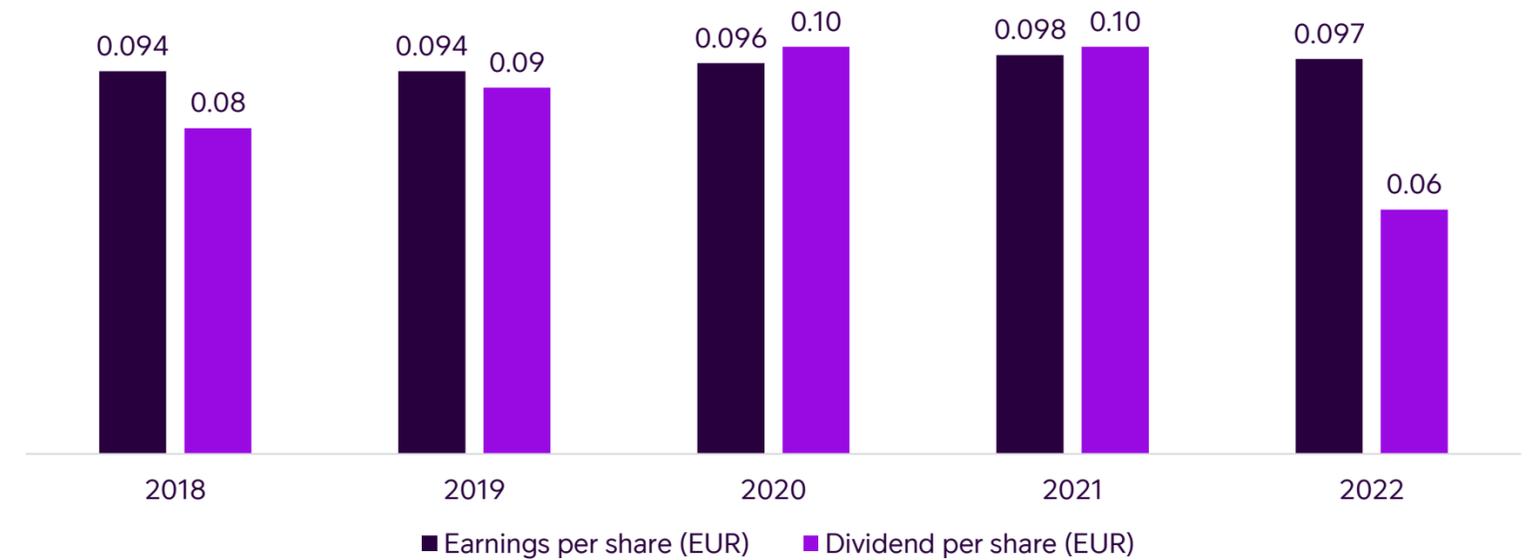
In 2017, the Board of the Company approved dividend policy which provides that the Company must maintain the net debt to EBITDA ratio not higher than 1.5 and to pay out up to 80 per cent of free cash flow as dividend. Each year the Company pays dividends although there was no officially approved dividend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

On 25 May 2023, the Company paid out to the shareholders an amount of EUR 35 million of dividends or EUR 0.06 per share for the year 2022. In accordance with the relevant legislation, dividends were paid to the shareholders who were on the Shareholders' List of the Company on the dividend record day, 12 May 2023, i.e. the tenth business day after the Annual General Meeting of Shareholders. Dividends to all shareholders were paid in cash.

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



# Information about related party transactions

Following the International Financial Reporting Standards as adopted by the EU, the parties related to the Company are the Company's subsidiaries, associates, companies that belong to Telia Company Group and management team of the Company. Transactions with related parties are carried out based on the arm's length principle.

The Company through its largest shareholder, Telia Company AB, is related to Telia Company Group that provides telecommunication services in Nordic and Baltic countries. The main buyers and providers of telecommunications and other services to the Company based on earlier signed agreements are Telia Company AB (Sweden), Telia Eesti AS (Estonia), LMT (Latvia), Telia Finland Oyj (Finland), Telia Norge AS (Norway), Telia Finance AB (Sweden) and Telia Global Services Lithuania, UAB (Lithuania).

Following an agreement with Telia Company AB regarding Revolving Credit Facility signed on 10 January 2023 and amended on 15 May 2023, the Company during January-June 2023 had borrowed EUR 65 million from its Parent company.

In May 2023, the Company paid-out to Telia Company an amount of EUR 30.8 million as dividend for the year 2022.

## Information about new related party transactions entered by the Company during 2023:

Related party	Transaction	Value
Telia Company AB, code 556103-4249, 169 94 Solna, Sweden	On 19-01-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. On 19-04-2023 the loan was prolonged till 19-07-2023.	EUR 10 million
	On 28-02-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. On 31-05-2023 the loan was prolonged till 31-08-2023.	EUR 10 million
	On 28-03-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. On 28-06-2023 the loan was prolonged till 28-09-2023.	EUR 10 million
	On 24-05-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin.	EUR 35 million

# Information about related party transactions

Information about volumes of the Company's transactions with related parties during January-June 2023 (in EUR thousand):

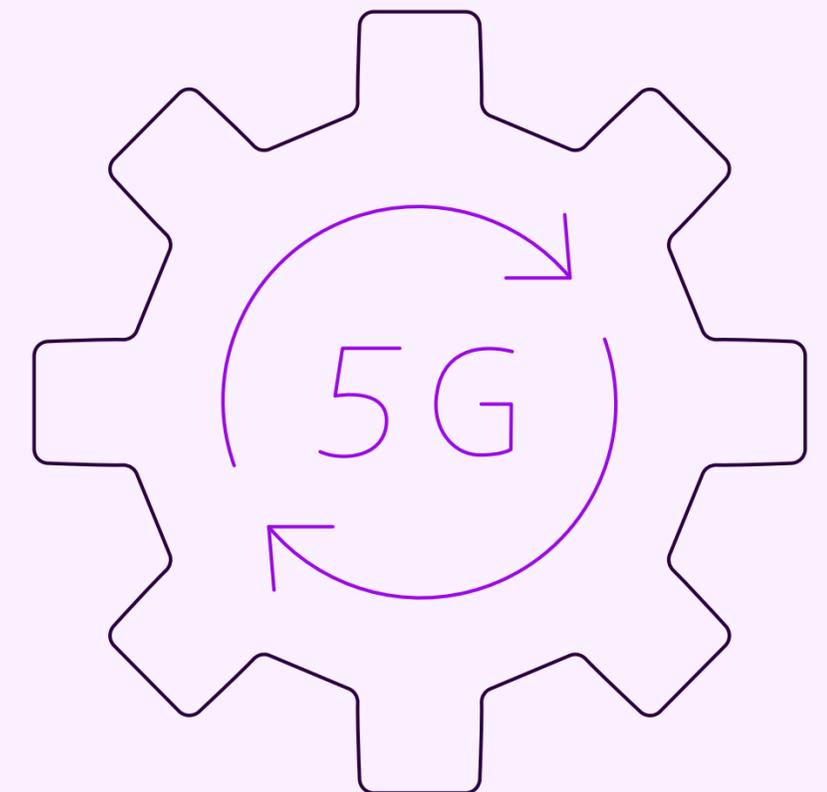
Telia Company Group:	Telecommunication and other services	
	Sales	Purchase
Telia Company AB (Sweden)	1	6,325
Telia Asset Finance AB (Sweden)	-	1,958
Telia Försäkring AB (Sweden)	3,203	27
Telia Sverige AB (Sweden)	145	(418)
Latvijas Mobilais Telefons SIA (Latvia)	112	57
Telia Eesti AS (Estonia)	100	(23)
Telia Finland Oyj (Finland)	159	54
Telia Global Services Lithuania, UAB	499	458
Other	31	95
	<b>4,250</b>	<b>8,533</b>

Information about related party transactions is provided in Note 21 of the Company's Financial Statements for the six months' period ended 30 June 2023. Following the Law on Companies of the Republic of Lithuania requirements, information about related party transaction concluded starting from 1 January 2018 is placed on the Company's website [www.telia.lt](http://www.telia.lt).

# Research and development activities

In 2023, the Company continues to develop and improve existing services and digitalize the customer's experience.

In June 2023, the Company launched a new service – Voice over Wi-Fi. The service provides a possibility to make voice calls where signal from mobile base stations is weak or does not reach. Voice over Wi-Fi is free of charge to customers of the Company and is available to Android devices supporting such a feature. Later it will be available on Apple devices, too.



# Risk management

The Company's Risk management policy describes the risk as uncertainty that might significantly influence the Company's goals and level of achievement of expected results. The Company distinguishes the following risks: risk of business discontinuation, security risk, reputational risk, financial risk, regulatory risk, ethics and sustainability risk as well as operational risk.

The Company's risk management is based on the requirements of ISO 31000 standard and COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management (ERM) system. The Company has a business-oriented risk management process, following which potential threats to business are indicated and plans for prevention of business discontinuity and crises situation management are set. Risk management is fully integrated into business planning and control processes.

The risk management includes internal and external environment of the Company, distinguishing, but not limiting to, the following main risk management areas of internal environment: finance management, information management, information technologies, resources management, revenue assurance, services and customer care, personnel, processes management, strategy and network management, as well as external environment: ecology, economic conditions, competition, political, socio-cultural, technology, legal and regulatory, suppliers and customers.

By combining related areas, the Company has a set of rules and best practices for risk management in such areas as resource risk management, network risk management, revenue assurance risk management, services and customer care risk management, information risk management, business relations, reputation and market risk management, legal risk management and corruption risk management.

The Company's activities expose it to the following financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk. The Group's Financial Management Policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Company.

The Company's exposure to **foreign exchange** risk is not substantial as Telia Lietuva operates in the euro zone and majority of services are provided to residents and businesses in Lithuania as well as majority of services and goods are purchased from local or euro zone suppliers. Certain foreign exchange risk exposure arises from the Company's international activities with foreign telecommunication operators and suppliers from outside the euro zone and is primarily related to settlements in US Dollars. The Company's trade payables and trade receivables in foreign currency are short-term and insignificant in comparison with settlements in euro. The Company manages foreign exchange risk by minimising the net exposure to open foreign currency position, therefore no foreign exchange hedging instruments is used.

Starting from 2022, the Company's income and operating cash flows became dependent of changes in market **interest rates**. The outstanding EUR 30 million loan provided by SEB Bank, Danske Bank and Nordea Bank shall be repaid in May 2024. Interest rates of this syndicated loan are set semi-annually and are based on a 6 months EURIBOR interest rate. During the first half of 2023, the Company had borrowed in total EUR 65 million from its parent company, Telia Company AB. Interest rate are set based on 3 or 6 months EURIBOR interest rate. The Company does not use any interest rate hedging tools.

The Company is a part of reverse factoring or Supplier Invoice Financing (SIF) program where suppliers' invoices are paid by third party 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 banks full invoice amount in up to one-year period. The actual term depends on few variables agreed between all three parties. The one of the variables is EURIBOR interest rate which started to grow in spring of 2022 and consequently caused shortening of the term and had negative impact on the Company working capital and cash flow. To mitigate the impact of rising interest rate the Company is in the process of renegotiating conditions of SIF program.

The Company's financial assets' exposure to **credit risk** is related to cash deposits and trade receivables. Credit risk of cash deposits is managed by limiting the cash exposure to financial institutions with lower than A (according to Fitch or equivalent by Standard & Poor's or Moody's) long-term credit ratings. As of 30 June 2023, majority (92 per cent) of the Company's cash was held in A+ rated banks.

The Company has a Participation Agreement with Skandinaviska Enskilda Banken (SEB) for customer receivables. Under agreement SEB acquired the rights to the cash flows for certain pools of Telia Lietuva's receivables from the sales of handsets to residential customers. The objective of the agreement is to improve the Company's working capital by achieving derecognition of the receivables by transferring the risk related to the receivables to SEB with the use of the so called "pass-through" rules in IFRS 9 Financial instruments.

To manage credit risk of trade receivables the Company checks the creditworthiness of all customers (business and residential) before signing any new contracts, except for low value contracts, e.g., additional TV packaged or other value-added services (VAS). Customers' invoices payment control consists of a few various reminders starting with a notification before due date and then additional reminders after due date are sent. Services are limited after 20 days past due, and contract is terminated, and penalties issued after 50 days past due. Residential customers' bad debts after sending additional reminding letters are sold or handed over to external bad debt collection agencies for debt recovery.

**Liquidity risk** relates to the availability of sufficient funds for the Company debt service, capital expenditure, working capital requirement and dividend pay-out. Prudent liquidity risk management implies maintaining sufficient level of cash and cash equivalents. The goal of the Company's liquidity risk management is to ensure that minimum liquidity position (calculated as cash and cash equivalents plus undrawn committed credit facilities) should at any time exceed the level of 2 per cent of the annual revenue. During January-June of 2023, the Company's liquidity position on average amounted to 2.7 per cent of the annual revenue, except for 30 June 2023, when liquidity position fell below 2 per cent due to higher volume of invoices paid at the end of quarter.

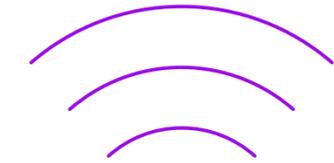
# Risk management

To mitigate liquidity risk, the Company in January 2023 had signed an agreement with the largest shareholder of the Company, Telia Company AB, regarding Revolving Credit Facility that provides the Company with the possibility to borrow any amount up to total limit of EUR 65 million for 3 or 6 months within 2 business days.

The Company's financial risk management is carried out by employees of Finance unit of the Company under Telia Company Group policies in close co-operation with Telia Company Group Treasury. More information about the Company's financial risk management is provided in Note 3 of the Company's Financial Statements for the year ended 31 December 2022.

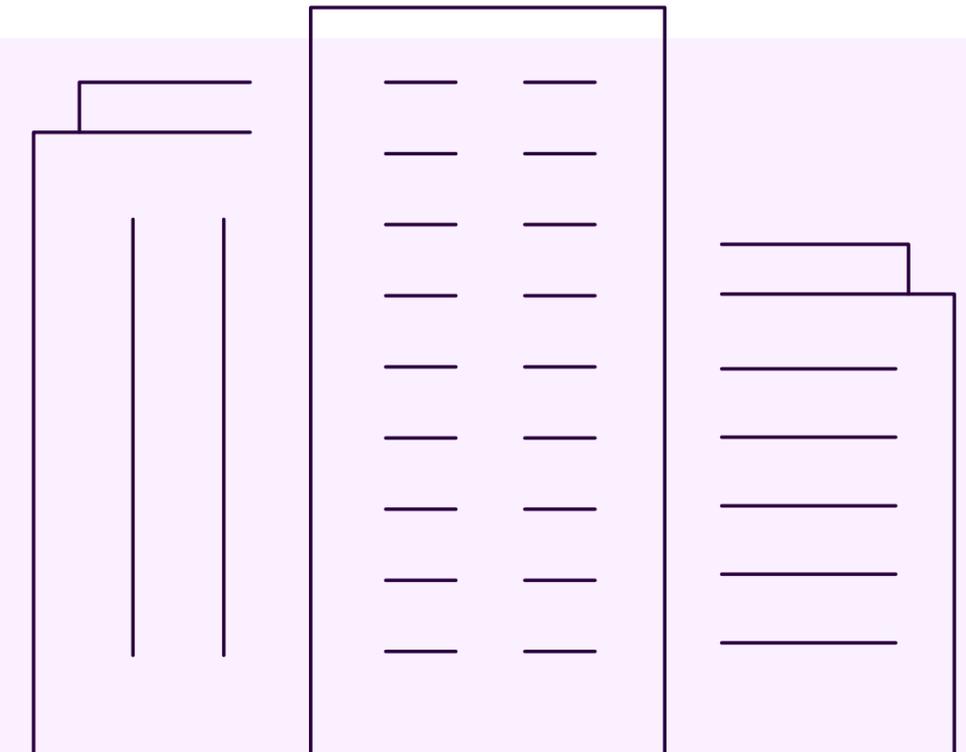
Security and integrity are of highest priority to Telia Company Group including Telia Lietuva. As a part of that we constantly evaluate and assess all partners and suppliers. We always oversee the construction and operation of our networks, and we are constantly focused on security and that applies to all suppliers. In 2020, Telia Lietuva has entered a strategic partnership with Ericsson (Sweden) to modernize its mobile network for rollout of 5G technology and phasing out in the Company's radio access network used Huawei equipment starting from 2021. As of 30 June 2023, the phasing out of Huawei equipment from the Company's mobile network is completed.

Starting from 2022, the Company was facing the specific negative impact from raising energy prices as the Company is providing electricity-based means of communication and services. To mitigate the risk of rising energy prices the Company has hedged some of its electricity contracts. Also, high inflation in the country caused increase in prices of some services and goods purchased by the Company. The instability of international supply chains initially caused by COVID-19 and in 2022 was affected by the breakout of the war in Ukraine, is settling down.



# Plans and forecasts

To satisfy increased demand for cloud computing services, the Company had purchased a 2-hectare land plot near Vilnius, where it will build a new data center. The Company plans to invest EUR 10 million into construction of the largest data centre in the country. At the same time, the Company will continue renovations and expansion of the existing data centers.



# People

Telia Lietuva’s most valuable resource is our people. We strive to have the most engaged employees. Without our ability to identify, hire and retain the best people, we would lose some of our unique culture and competitive edge.

**People Policy** defines the Company’s expectations of the employees as well as what expectations our employees shall have of each other and on the Company as their employer. The policy does not form part of any employee’s contract of employment and may change from time to time at the discretion of the Company.

The Telia Code of Conduct is designed to inspire and guide us in our everyday work, serving as our ethical compass as we travel forward. The Telia Code applies to Telia employees, board members, members of our extended workforce – such as suppliers, consultants, freelance and temporary workers – and anyone else who works or provides services for or on behalf of Telia.

**The People Policy covers the following areas:**

- Addictive substances
- Child labor and forced labor
- Disclosure of conflicting interests
- Freedom of association and collective bargaining
- Integrity
- Non-discrimination, equal opportunity and diversity
- Recruitment
- Terms of employment and working hours
- Total remuneration
- Travel

Any Telia Company employee who suspects violations of the Code of Conduct or People Policy must speak up and raise the issue primarily to their line manager, and secondly to the Human Resources unit, to the Ethics and Compliance Office, or through the Speak-Up Line.

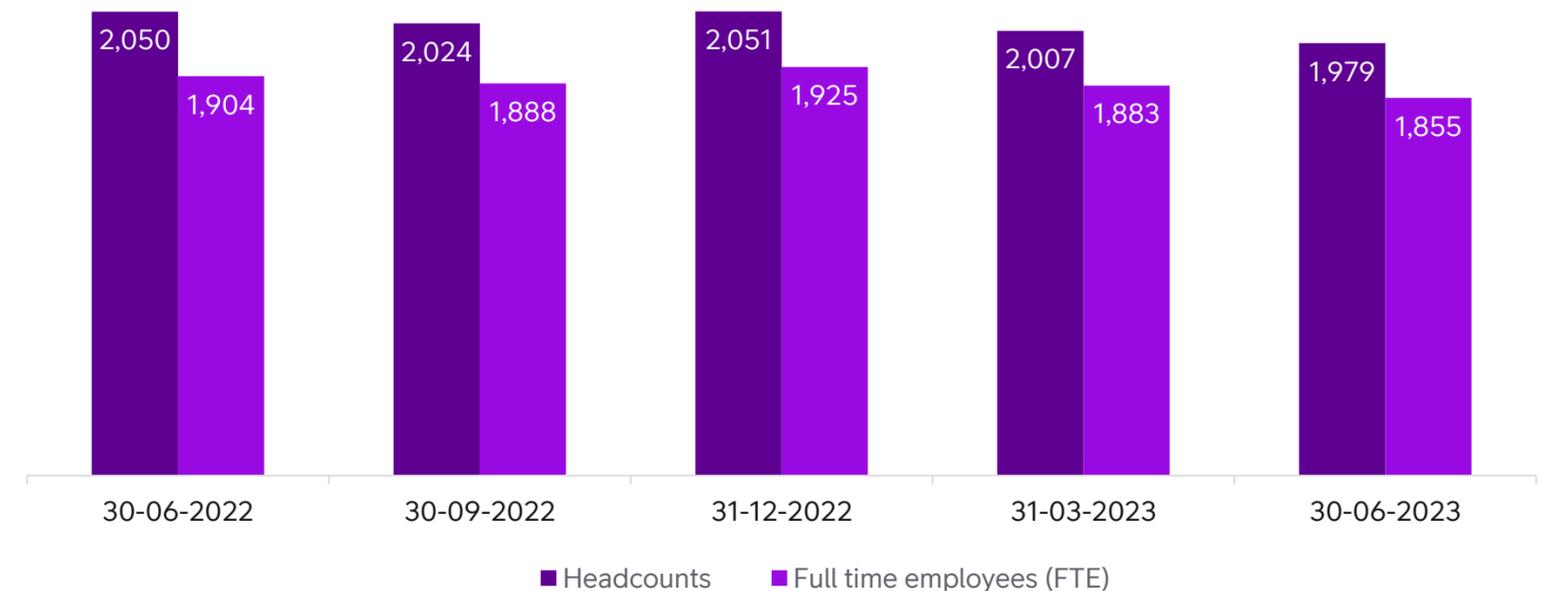
The protection and improvement of the health, safety and well-being of everyone who works for or with the Company, is a guiding principle in all our operations. This definition includes our employees, contractors, suppliers and visitors. Our common approach is built on promoting good health, well-being and safe work conditions, preventing occupational risks and ill health, and rapidly reacting to injuries and unsafe conditions. This applies to both physical and psycho-social work aspects.

The Company’s occupational health and safety (OHS) management system covers all requirements of ISO 45001 standard. The certificate of compliance with Occupational health and safety (ISO 45001) standard was obtained by the Company in October 2017.

The Company’s objective is to maximize the effectiveness of **remuneration** programs to attract, retain and motivate high calibre staff needed to maintain and improve the success of the business and support the change journey of becoming a new generation telecom company. The aim of Remuneration Policy and the associated remuneration practices is to support the strategic direction and objectives of the Company.

While counting full-time employees, the number of part-time employees is recalculated into full-time employees, and this number does not include employees on maternity/paternity leave.

## Number of Telia Lietuva employees at the end of period



# People

**The Remuneration Policy sets out the following principles:**

- Competitiveness and positioning
- Job levelling
- Compliance
- Cost effectiveness and administrative efficiency
- Performance orientation
- Equal opportunity

The Company applies the total remuneration approach, which means that when making remuneration comparisons with market levels and in communicating the value of remuneration to stakeholders, the emphasis is placed on the total value of the remuneration, not on the individual components. The Company offers different remuneration components to its employees differentiated based on types of businesses, functions, roles and markets. The remuneration may consist of one or more of the following components:

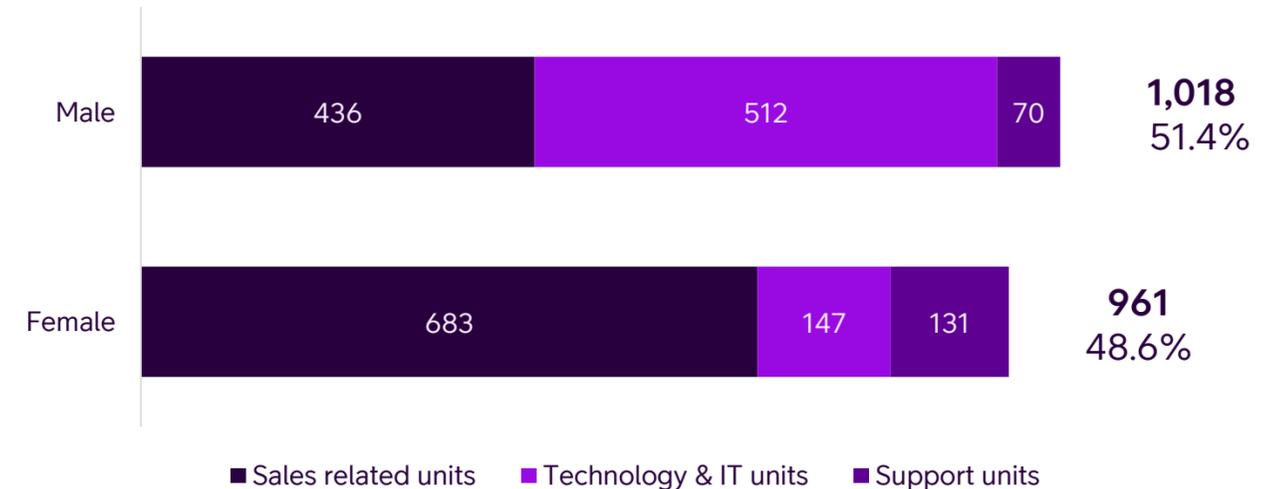
- Fixed base pay
- Short-term annual variable pay
- Functional variable pay
- the Company may introduce long-term incentive programs (such as share-based);
- other financial and non-financial benefits such as additional health insurance, pension plans, etc.

The remuneration of all employees is assessed once a year. In 2023, the remuneration was increased to 80 per cent of the Company employees on average by 9.6 per cent and annual bonuses amounting to roughly one monthly salary on average were paid to all employees of the Company who worked in the Company for at least 3 months in 2022 and who did not receive sales incentive pays.

According to the policy, the remuneration structure and levels for the members of the Company’s Management Team are supervised and governed by the Remuneration Committee of the Company and are approved by the Board.

The Company provides additional health insurance to all employees and offers to employees pension savings at 3rd tier pension funds. We also have Collective Bargaining Agreement and Social needs fund. More information about these can be found in Sustainability overview part of the Annual and Sustainability report for the year 2022..

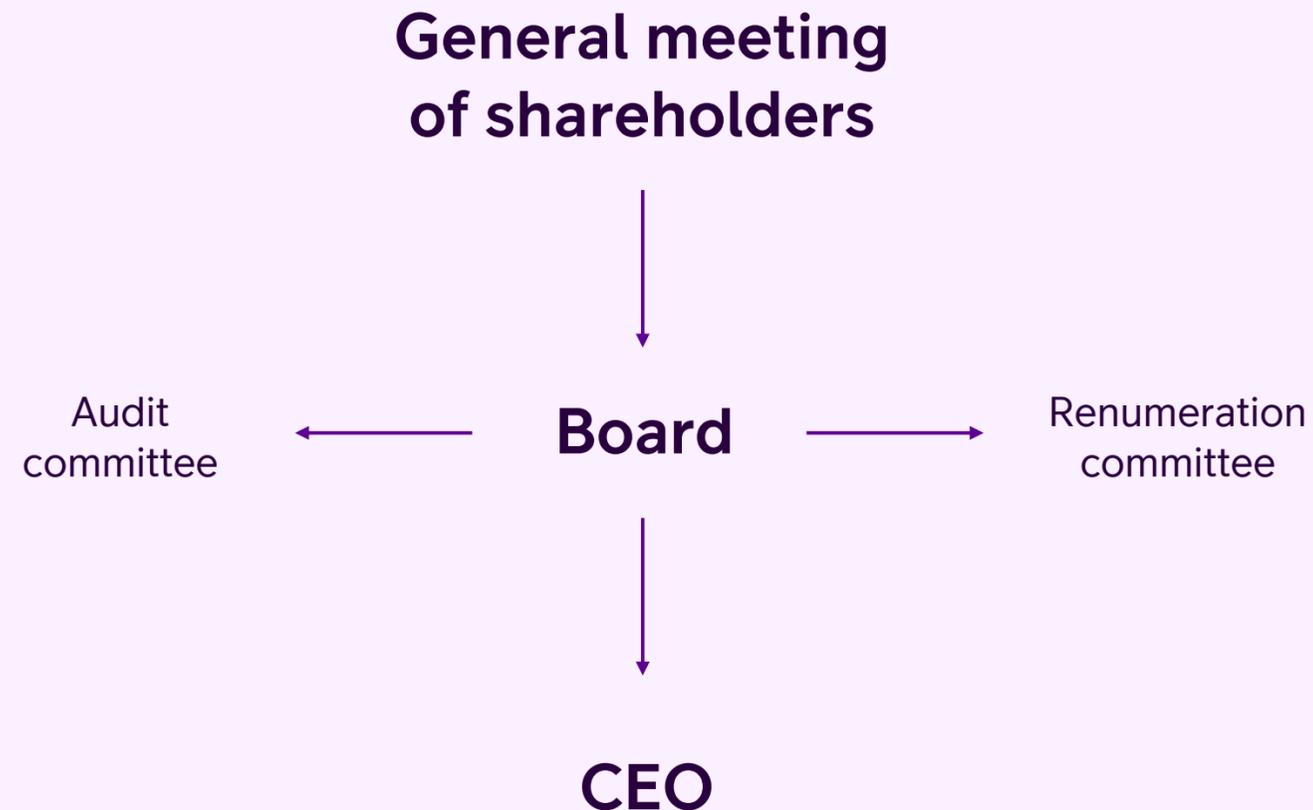
## Employee breakdown by gender and units as of 30 June 2023



# Corporate Governance

# 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.



The decisions of the **General Meeting** made regarding the matters of competence of the General Meeting, are binding upon the Shareholders, the Board, the CEO and other officials of the Company. The Shareholders of the Company that at the end of the date of the record of the General Meeting are shareholders of the Company have the right to participate in the General Meeting. The date of record of the General Meeting of the Shareholders of the Company is the fifth business day prior to the General Meeting or the repeated General Meeting. The person, participating in the General Meeting and having the right to vote, must deliver his/her identification proving document. In case the person is not a shareholder he/she is to present a document, proving his/her right to vote at the General Meeting.

Following the By-laws, **the Board** of the Company consists of six members who are elected for the term of two years and jointly act as a managing body of the Company. The Board represents the shareholders and performs supervision and control functions. The members of the Board are elected by the General Meeting in accordance with the procedure established by the Law on Companies of the Republic of Lithuania. The Chair of the Board is elected by the Board from its members for two years. The Board institutes two Committees: Audit and Remuneration. Three members of the Board comprise each committee.

**The By-laws of the Company provide that the Board of Telia Lietuva:**

- is responsible for the strategic direction of the Company;
- considers and approves the strategy of the Company, the annual and interim reports of the Company, the structure of the Company’s governance and positions of the employees, the positions to which employees shall be hired through a contest, and nominees to such positions, nominees to the positions directly reporting to the CEO, remuneration and dismissal from the positions, regulations of branches and representative offices of the Company, general principles (procedure) of payment of bonuses to Company’s employees;
- sets the information, which shall be held the commercial secret and confidential information of the Company;
- analyses and assesses materials provided by the CEO concerning the strategy implementation, activities and financial status of the Company;
- adopts decisions to become incorporator or participant of other legal entities, acquisition or disposal by the Company of the shares of other companies, acquisition, transfer, lease of any assets or business, assumption of new debt obligations, when the amount of the transactions exceeds EUR 1.6 million (excl. VAT);
- adopts decisions concerning the annual financial statements of the Company and a draft of profit (loss) distribution that are proposed by the CEO and presents these drafts to the General Meeting;
- adopts decisions on transactions with related parties as prescribed by the Law and transactions that has a significant impact on the Company, its finances, assets, liabilities;
- is responsible for convocation of General Meetings in a timely manner.

# Corporate governance

The Board elects and recalls the **CEO** of the Company, sets his remuneration and other conditions of the employment agreement, approves his office regulations, induces and applies penalties to him. The CEO is the Head of the Company. The Head of the Company is a one-man management body of the Company and, within his scope of authority, organizes the day-to-day operation of the Company. An employment agreement with the CEO is signed by the Chair of the Board or other person, authorized by the Board. The remuneration of the CEO comprises a fixed salary and bonuses (premiums), payable contingent on the results of the Company's activities and performance of the CEO. The Work Regulations that are approved by CEO define the duties and authority of CEO and other officers of the Company in more details.

## The By-laws of the Company provides that CEO of Telia Lietuva:

- supervises the day-to-day operation and ensure the implementation of the Company's Business Plan;
- prepares annual financial statements and annual report of the Company;
- prepares a draft decision on the allocation of dividends;
- reports on the current operations of the Company at each meeting of the Board;
- performs the functions delegated to him by the Board and implement decisions adopted by the General Meeting;
- represents or procures the representation of the Company before companies, authorities, organizations, courts, arbitration and in relations with any third party;
- opens or closes accounts with banking institutions and dispose of the funds therein;

- executes the Company's transactions pursuant to the By-laws, decisions of the General Meeting and the Board;
- issues authorizations to other persons to perform his functions within the scope of his authority;
- issues procurations;
- issues internal documents regulating the work of the administration, and other structural units;
- appoints and dismisses employees of the Company, signs, amends and terminates on behalf of the Company employment agreements with employees of the Company (except where, in cases provided in these By-laws, Board approval is required);
- determines employees' salaries and bonuses (except where, in cases provided in these By-laws, Board approval is required); presents the procedure for payment of bonuses to the Board for approval;
- ensures the protection and increases of the Company's assets, normal working conditions, and protection of commercial secrets;
- represents or gives another person a power of attorney to represent the Company in general meetings of shareholders of other companies in which the Company has invested;
- approves, amends and supplements the work regulations of the administration;
- provides reports to the Shareholders and the Board on major events that are relevant to the Company's activities;
- complies with legal requirements when concluding transactions with related parties;
- executes other functions, ascribed to the competence of the head of a Company in the valid legal acts.

The Company essentially follows a recommendatory **Corporate Governance Code** for the Companies Listed on Nasdaq Vilnius stock exchange (hereinafter 'the Governance Code') adopted in August 2006, amended in December 2009 and newly worded from January 2019. The Company does not have a Supervisory Council, but supervision functions set by the Law on Companies of the Republic of Lithuania are performed by the Board, which is a non-executive managing body of the Company and is comprised from 4 representatives of the largest shareholder, Telia Company, and 2 independent members of the Board. The Company does not have a Nomination Committee as its functions are performed by the Remuneration Committee.

The Company prepared the disclosure of compliance with the principles and recommendation set by the Governance Code in Telia Lietuva, AB Corporate governance reporting form for the year ended 31 December 2022, which is available at the Company's webpage [www.telia.lt](http://www.telia.lt).

## Shareholders' rights

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. As of 30 June 2023, the number of the Company's shares that provide voting rights during the General Meeting of Shareholders amounted to 582,613,138. One ordinary registered share of the Company gives one vote in the General Meeting of Shareholders.

The Company is not aware of any agreements between the shareholders that could limit transfer of securities and/or their ability to exercise their voting rights.

## Shareholders' meetings

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).

The **Annual General Meeting** held on 27 April 2023 decided to:

- approve of the Company's annual financial statements for the year 2022 and presentation of the Company's annual report for the year 2022,
- allocate the Company's profit for the year 2022,
- approve the Company's Remuneration Report for the year 2022,
- elect UAB Deloitte Lietuva as the Company's auditor for the year 2023 and 2024,
- re-elect the Company's Board members for a new 2-years' term..

# Corporate governance

## Procedure for amending the Company's By-laws

The Company's By-laws provide that the By-laws of the Company can be amended upon the initiative of the Board or Shareholders, whose shares grant them no less than 1/20 of the whole votes. The decision on amendment of the By-laws shall be taken by the 2/3 majority of the votes of participants of the General Meeting. In case the General Meeting takes the decision to amend the By-laws of the Company the whole text of the amended By-laws shall be drawn and signed by the person, authorized by the General Meeting.

## The Board Activities

On 16 March 2023, to substitute two members of the Board that have resigned from the Board during the fourth quarter of 2022, the shareholders elected two new members of the Board – Dan Strömberg (CEO of Telia Lietuva till 28 February 2023) and Leda Iržikevičienė (an independent member) – to the Board of the Company.

On 27 April 2023, upon termination of the current two-year's term of the Board, the shareholders re-elected all members of the Board for the new two-year's term till 27 April 2025. All re-elected members of the Board are regarded as non-executive members of the Board, and Leda Iržikevičienė and Mindaugas Glodas are regarded as independent members of the Board..

On 27 April 2023, the shareholders decided to allocate EUR 25,000 for tantiems (annual payment) for the year 2022 to two independent members of the Board: Dovilė Grigienė (resigned from the Board on 15 December 2022) – EUR 7,500 and Mindaugas Glodas – EUR 17,500.

On 20 June 2023, the Board re-elected Dan Strömberg as a Chair of the Board and appointed members of the Audit and Remuneration Committees. Agneta Wallmark, a member of the Board representing Telia Company AB, and both independent members of the Board – Leda Iržikevičienė and Mindaugas Glodas – were appointed to the Audit Committee. Claes Nycander and Hannu-Matti Mäkinen, both representing Telia Company, and Mindaugas Glodas, an independent member of the Board, will be members of the Remuneration Committee. Agneta Wallmark was re-elected as Chair of the Audit committee and Claes Nycander – Chair the Remuneration committee.

During January-June 2023, four ordinary and one extraordinary **meetings of the Board** were held. Ordinary meetings were convened according to the preliminary approved schedule of the Board meetings, while extraordinary meeting was held for appointment of new CEO and convocation of the Extraordinary General Meeting of shareholders. During all Board meetings there was quorum prescribed by legal acts. All meeting were chaired by the then Chair of the Board.

During its meetings the Board, besides the ongoing follow up of the Company's business plan implementation and supervision of transformation program approved:

- financial statements for the 12 months of 2022 and 3 months of 2023,
- financial statements and the annual report for the year ended 31 December 2022,
- appointment of new CEO of the Company and Head of Sales and Customer Care,
- convocation of the Extraordinary and Annual General Meetings of Shareholders and agendas of the Meetings,

- proposal of profit allocation for the year 2022,
- Remuneration Report for the year 2022,
- payment of annual bonuses for the year 2022,
- Chair of the Board, members of the Audit and Remuneration Committees and Chairs of the committees,
- amendment of the Revolver Credit Facility agreement with Telia Company for short-term borrowing,
- agreements that value exceeds a threshold of EUR 1.6 million,
- updates of the Company's Policies.

The Board on a regular base considered reports of the Audit and Remuneration Committees as well as reports of the Company's management.

The **Remuneration Committee** of the Company shall make recommendations to the Board on how to create a competitive compensation structure that will help attract and retain key management talent, assure the integrity of the Company's compensation and benefit practices, tie compensation to performance and safeguard the interests of all shareholders. The Remuneration Committee reviews and establishes the general compensation goals and guidelines for the Company's employees and the criteria by which bonuses are determined, reviews and makes recommendation for compensation for executives and management, plans for executive development and succession, supports the Chair of the Board in the recruitment of CEO and supports CEO in recruitment of the managers directly reporting to CEO.

During the first half of 2023, two meetings of the Remuneration Committee were held. The following issues were considered during these meetings:

- evaluation of the Company's Management team members' performance and approval of variable pay amounts for Management team for the year 2022,
- base salary review for Management team members,
- variable pay KPI's for the year 2023,
- Variable pay procedure update,
- draft of Remuneration Report for the year 2022,
- Management team succession plan.

All members of the Committee attended all meetings of the Committee. The meetings of the Committee were chaired by Chair of the Committee, Claes Nycander.

# Corporate governance

The purpose of the **Audit Committee** is to assist the Board in fulfilling its oversight responsibilities. The Audit Committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit process, and the Company's process for monitoring compliance with laws and regulations and its internal orders.

During January-June of 2023, two meetings of the Audit Committee were held, during which the following issues were considered:

- the report by external auditors regarding the financial statements for the year 2022,
- election of the Company's audit enterprise for the years 2023 and 2024,
- internal audit and risk management reports,
- internal audit plan for the year 2023,
- draft of audited financial statements and the Annual Report for the year 2022,
- the draft of Profit allocation statements for the year 2022 (dividends and tantiemes),
- related party transaction – increase of Revolving Credit Facility limit,
- report of GREC (Governance, Risk, Ethics and Compliance) meeting,
- update on funding and liquidity.

All members of the Committee attended all meetings of the Committee. Both meetings were chaired by Chair of the Committee, Agneta Wallmark.

**Information about the Board members' attendance of the meetings in 2023 (number of attended/to be attended meetings):**

Name, surname	Position	Meeting attendance			Tantiemes for 2022 paid-out in 2023 (EUR)
		Board	Audit Committee	Remuneration Committee	
Dan Strömberg	Chair of the Board, member of the Board from 16 March 2023	3/3			-
Claes Nycander	Member of the Board, Chair of the Remuneration Committee	5/5		2/2	-
Agneta Wallmark	Member of the Board, Chair of the Audit Committee	5/5	2/2		-
Hannu-Matti Mäkinen	Member of the Board, member of the Remuneration Committee	5/5		2/2	-
Leda Iržikevičienė	Member of the Board from 16 March 2023, member of the Audit Committee	3/3	2/2		-
Mindaugas Glodas	Member of the Board, member of the Audit and Remuneration Committees	5/5	2/2	2/2	17,500
Dovilė Grigienė	Member of the Board and member of the Audit Committee till 15 December 2022	-			7,500

# Members of the Board



**Dan Strömberg**  
(born in 1958)

**Chair of the Board**, member of the Board since 16 March 2023, re-elected for the two year's term on 27 April 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) till 1 August 2023.

**Involvement in activities of other entities:**

- Telia Eesti AS, Mustamäe tee 3, 15033 Tallinn, Estonia, code 10234957, Chair of the Supervisory Council,
- SIA Tet, Dzirnau iela 105, Rīga, LV-1011, Latvia, code 40003052786, member 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, 27 April 2021 and 27 April 2023 (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, Lørenfaret 1 A, 0585 Oslo, Norway, code 921589298, 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



**Agneta Wallmark**  
(born in 1960)

**Member of the Board** since 25 April 2018, re-elected for the two-year terms on 26 April 2019, 27 April 2021 and 27 April 2023 (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 & member of Risk Committee;
- Skandia Life Insurance (Mutual), Lindhagensgatan 86, 112 18 Stockholm, Sweden, code 516406-0948, Chair of Nomination Committee for General 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, 27 April 2021 and 27 April 2023 (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



**Leda  
Iržikevičienė**  
(born in 1973)

**Independent member of the Board** since 16 March 2023, re-elected for the two year's term on 27 April 2023 (as independent member of the Board nominated by Telia 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 Telia 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, 27 April 2021 and 27 April 2023 (as independent member of the Board nominated by Telia 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 Telia 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



**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,
- Association Investors' Forum, Totorių str. 5-21, LT-01121 Vilnius, Lithuania, code 224996640, member of the Board.

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



**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.

**Involvement in activities of other entities:**

— AB Litgrid, Karlo Gustavo Emilio Manerheimo g. 8, LT - 05131 Vilnius, Lithuania, code 302564383, an independent member of the Board

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



**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.

# Sustainability overview

# How we understand sustainability?

Three key areas of impact remain in focus:

- climate and circular economy
- digital inclusion
- privacy and security

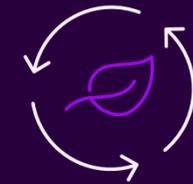
Of course, the remaining areas of impact are inseparable from responsible business operations.

Sustainable activities are impossible without the following key elements:

- support and commitment of the Company's Board and management in pursuit of creation of long-term sustainable value for shareholders, actively heading the agenda of our sustainable activities;
- employee involvement and creation of appropriate conditions for all employees to contribute to the positive impact of digital technologies;
- implementation of high business ethics and compliance requirements.

More about Sustainability Governance see in [Telia Company Annual and Sustainability report](#).

## Sustainability material impact areas:



Climate and circularity



Digital inclusion



Privacy and security

## Other key areas of sustainability:

- Human rights
- Children's rights
- Freedom of expression and surveillance privacy
- Diversity, inclusion and well-being
- Responsible sourcing
- Anti-bribery and corruption

# Sustainability highlights - first half of 2023



In 2023, according to the Sustainable brand index report Lithuanian consumers have named

**Telia as Lithuania's most sustainable telecoms brand**



**Solar panels installed**

in 20 additional mobile sites (project ongoing in 2023)



Digital skills development initiatives for children and youth, small and medium-sized enterprises, etc. this year have reached

**around 59,000 people in Lithuania**



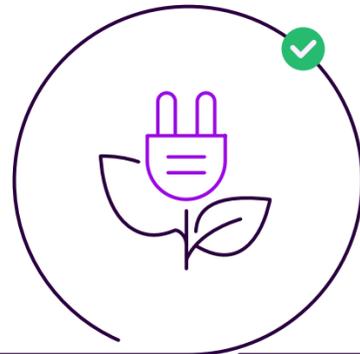
**Continuous support to**

**Ukraine** via our services and sponsorship

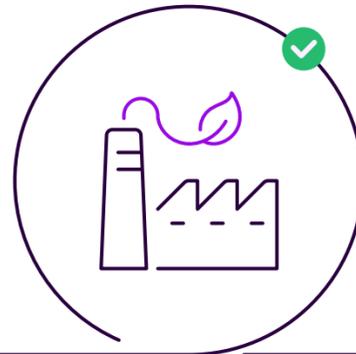


# Environment: key achievements & future goals

2023



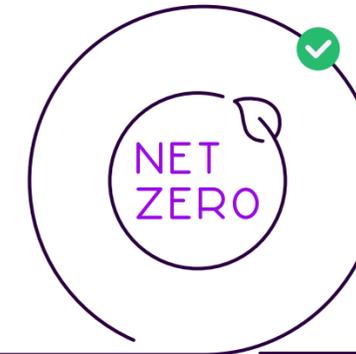
2025



2030



2040



— Ongoing focus on **refurbished devices** sales

— **20 solar panels installed** in mobile sites as per plan and ongoing opportunities identification to spread the scale on other buildings

— **Implemented possibility to sign a contract online** while ordering fixed equipment (by instalments) from online shop

— **13 electric cars delivered, and 3 charging stations constructed**. Plan for the year to have over 100 charging stations to be constructed for the new electric car fleet (115 new EV)

— **Halve emission** in our own operations

— Reduce emissions related to the use of sold and leased products by **29%**

— Engage with suppliers, making sure that suppliers representing **72%** of emissions have set science-based targets

— **84%** of our own and network operations materials must be reused or recycled

— **Climate-neutral** value chain by 2030, by at least halving emissions and offsetting the rest (base year: 2018)

— Reduce CO2 emissions in own operations (scope 1 and 2) by **90%**

— **Net Zero by 2040**, aligned with the requirements of the new Science Based Target initiative (SBTi) Net-Zero Standard (**External approval of target pending**)

# Digital inclusion: our goals

Updated goal was set early in 2023 is to reach **2 million people** in all of Telia's markets via various digital inclusion initiatives by 2025. The goal is to help them gain valuable knowledge, skills, access to educational information, and to include them in the technology market, etc.

In 2023, Telia Lietuva digital skills development initiatives for children and youth, small and medium-sized enterprises, etc. this year have reached almost 59,000 people.

## Priority groups of Telia's digital inclusion project:



Children and young people



Elderly residents



Most vulnerable groups of the society, such as migrants



# Metas formuoti skaitmeninį Lietuvos imunitetą



## New project: Centre of Digital Progress

In 2023, Telia created the [Centre of Digital Progress](#), with a mission to develop people's and business resilience to digital threats and empower society to use technology for progress.

The goal is to strengthen the country's digital immunity via strengthening society's ability to identify digital threats as well as increase innovative digital skills, that empower the use of technology for the future.

### Team of experts:



**Andrius Šemeškevičius**  
Technology  
(Head of the Centre)



**Darius Povilaitis**  
Cyber Security



**Diana Gold**  
Digital and Analytics



**Indrė Bimbirytė-Yun**  
Sustainability and Children  
Safety Online



**Paulius Pakutinskas**  
Artificial Intelligence

# Responsible business



In the creative ideas contest **"Phonebooths are back"** organized by Telia, the commission selected winners from more than 130 applications and will give 15 used payphone booths as gifts. They will soon turn into art galleries in Vilnius, information centers on the seashore, a cinema, a workplace for dreamers on the roof, a bus stop for children, and many more great ideas which will be implemented this year by the competition winners.



In preparation for **Pride Month**, we have been actively engaging our colleagues via our internal channels - sharing intranet articles and inviting them to join various activities. In our main office (Saltoniškių str. 7A) we had decorated speed gate & piano in the foyer in Pride colors. Also, Telia employees joined the 'Vilnius Pride' march.



Every year, the Social Employment Agency implements the international **"DUOday" initiative**, which aims to change attitudes about the opportunities for people with disabilities to work and to open up more opportunities for these people to integrate into the labor market. On May 25 we invited people with disabilities to try out **13 different job positions**, from a shop consultant to a data migration manager for mobile services.



We have updated Telia's **Code of Conduct**, which is designed to guide all employees, managers and board members – as well as all staff working in Telia's operations such as contractors, consultants and freelancers. It also influences our third-party relationships and contractual agreements. The Telia Code of Conduct is designed to inspire and guide us in our everyday work, serving as our ethical compass as we travel forward.

# Financial Statements

## Statement of profit or loss and other comprehensive income

	Notes	April – June		January – June	
		2023	2022	2023	2022
<b>Revenue</b>	3	<b>113,069</b>	<b>110,689</b>	<b>230,471</b>	<b>214,901</b>
Cost of goods and services	4	(42,292)	(44,388)	(88,743)	(84,714)
Employee related expenses		(15,518)	(14,468)	(30,543)	(29,065)
Other operating expenses	5	(14,804)	(14,786)	(30,211)	(28,568)
Other income		-	-	-	-
Other gain / (loss) – net	6	526	472	522	652
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale	11	(21,354)	(20,926)	(42,562)	(41,676)
<b>Operating profit</b>		<b>19,627</b>	<b>16,593</b>	<b>38,934</b>	<b>31,530</b>
Gain/loss from investment activities		-	-	-	-
Finance income		583	393	1,099	642
Finance costs		(2,135)	(842)	(3,727)	(1,764)
Finance and investment activities – net	7	(1,552)	(449)	(2,628)	(1,122)
<b>Profit before income tax</b>		<b>18,075</b>	<b>16,144</b>	<b>36,306</b>	<b>30,408</b>
Income tax	8	(2,490)	(2,051)	(4,477)	(4,136)
<b>Profit for the year</b>		<b>15,585</b>	<b>14,093</b>	<b>31,829</b>	<b>26,272</b>
<b>Other comprehensive income:</b>					
Other comprehensive income for the period		-	-	-	-
<b>Total comprehensive income for the period</b>		<b>15,585</b>	<b>14,093</b>	<b>31,829</b>	<b>26,272</b>
Profit and comprehensive income attributable to:					
Owners of the Parent		15,585	14,093	31,829	26,272
Non-controlling interests		-	-	-	-
<b>Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in EUR per share)</b>	9	<b>0.027</b>	<b>0.024</b>	<b>0.055</b>	<b>0.045</b>

## Statement of financial position

	Notes	As at 30 June 2023	As at 31 December 2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	261,801	269,653
Goodwill	12	26,769	26,769
Intangible assets	12	142,067	142,650
Right-of-use assets	13	44,822	44,995
Costs to obtain contract	14	5,402	5,498
Contract asset		613	537
Trade and other receivables		16,740	17,440
Finance lease receivables		4,956	4,027
		<b>503,170</b>	<b>511,569</b>
<b>Current assets</b>			
Inventories	15	17,838	14,461
Contract asset		1,109	1,266
Trade and other receivables		72,595	69,929
Current income tax assets		-	-
Finance lease receivables		6,103	6,129
Cash and cash equivalents	16	8,771	7,099
		<b>106,416</b>	<b>98,884</b>
Assets classified as held for sale		1,856	594
<b>Total assets</b>		<b>611,442</b>	<b>611,047</b>

	Notes	As at 30 June 2023	As at 31 December 2022
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Issued capital	17	168,958	168,958
Legal reserve	18	16,896	16,896
Retained earnings		139,209	142,337
Equity attributable to owners of the Company		325,063	328,191
Non-controlling interests		-	-
<b>Total equity</b>		<b>325,063</b>	<b>328,191</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	19	-	30,000
Lease liabilities	19	41,617	42,121
Deferred tax liabilities		17,593	17,874
Deferred revenue and accrued liabilities		19,505	20,261
Contract liability		-	-
Provisions	20	13,146	13,179
		<b>91,861</b>	<b>123,435</b>
<b>Current liabilities</b>			
Trade, other payables and accrued liabilities		52,762	59,600
Current income tax liabilities		1,469	261
Borrowings	19	123,627	83,548
Contract liability		2,606	2,389
Lease liabilities	19	14,054	13,623
Provisions	20	-	-
		<b>194,518</b>	<b>159,421</b>
<b>Total liabilities</b>		<b>286,379</b>	<b>282,856</b>
<b>Total equity and liabilities</b>		<b>611,442</b>	<b>611,047</b>

## Statement of changes in equity

	Share capital	Legal reserve	Retained earnings	Total equity
<b>Balance at 1 January 2022</b>	<b>168,958</b>	<b>16,896</b>	<b>144,200</b>	<b>330,054</b>
Profit for the year	-	-	26,272	26,272
Other comprehensive income for the year, net of income tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>26,272</b>	<b>26,272</b>
Dividends paid for 2021	-	-	(58,261)	(58,261)
<b>Balance at 30 June 2022</b>	<b>168,958</b>	<b>16,896</b>	<b>112,211</b>	<b>298,065</b>
<b>Balance at 1 January 2023</b>	<b>168,958</b>	<b>16,896</b>	<b>142,337</b>	<b>328,191</b>
Profit for the year	-	-	31,829	31,829
Other comprehensive income for the year, net of income tax	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>31,829</b>	<b>31,829</b>
Dividends paid for 2023	-	-	(34,957)	(34,957)
<b>Balance at 30 June 2023</b>	<b>168,958</b>	<b>16,896</b>	<b>139,209</b>	<b>325,063</b>

## Statement of cash flows

	Notes	January – June	
		2023	2022
<b>Operating activities</b>			
Profit for the year		31,829	26,272
Adjustments for:			
Income tax expenses recognized in profit or loss	8	4,477	4,136
Depreciation, amortisation and impairment charge	5, 11	43,803	42,691
Other gain / (loss) – net	6	(710)	(771)
Interest income	7	(1,099)	(642)
Interest expenses	7	3,693	1,716
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):			
Inventories / Assets held for sale		(3,390)	(1,261)
Trade and other receivables		(2,654)	192
Decrease/(increase) in contract assets		81	84
Decrease/(increase) in contract costs		96	(323)
Trade, other payables and accrued liabilities, deferred tax liability		(5,586)	4,268
Increase/(decrease) in contract liabilities		217	(56)
Increase/(decrease) in deferred revenue and accrued liabilities		(756)	(11)
Increase/(decrease) in provisions	20	(33)	(12)
<b>Cash generated from operations</b>		<b>69,968</b>	<b>76,283</b>
Interest paid		(3,567)	(1,690)
Interest received		135	102
Income taxes paid		(3,550)	(3,145)
<b>Net cash generated by operating activities</b>		<b>62,986</b>	<b>71,550</b>

	Notes	January – June	
		2023	2022
<b>Investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(44,116)	(37,837)
Proceeds from disposal of property, plant and equipment and intangible assets		924	4,934
Proceeds from / repayments for finance sublease receivables		2,986	1,147
<b>Net cash used in investing activities</b>		<b>(40,206)</b>	<b>(31,756)</b>
<b>Financing activities</b>			
Repayment of borrowings	19	(100,460)	(47,584)
Proceeds from borrowings	19	122,345	45,109
Increase (decrease) in lease liabilities		(8,036)	(5,860)
Dividends paid to shareholders		(34,957)	(58,261)
<b>Net cash received in financing activities</b>		<b>(21,108)</b>	<b>(66,595)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>1,672</b>	<b>(26,801)</b>
<b>Movement in cash and cash equivalents</b>			
<b>At the beginning of the financial year</b>		<b>7,099</b>	<b>61,769</b>
Increase (decrease) in cash and cash equivalents		1,672	(26,801)
<b>At the end of the financial year</b>	16	<b>8,771</b>	<b>34,968</b>

# 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:

	30 June 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
	<b>582,613,138</b>	<b>100.00</b>	<b>582,613,138</b>	<b>100.00</b>

The Company's principal activity is provision of telecommunications, TV and IT services to business and residential customers in 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 5 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 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 number of full-time employees of the Company as at 30 June 2023 amounted to 1,855 (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
		30 June 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 30 June 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 30 June 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.

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.

These financial statements for the period ended 30 June 2023 are not audited. Financial statements for the year ended 31 December 2022 are audited by the external auditor Deloitte Lietuva UAB.

## Notes to the financial statements

### 3 Revenue

	April – June		January – June	
	2023	2022	2023	2022
Mobile services	39,967	38,081	79,712	73,211
Equipment sales revenue	21,034	23,729	47,822	45,850
Internet services	18,821	17,425	37,215	34,286
Voice telephony services	11,067	10,952	21,265	20,724
TV services	9,339	9,395	18,673	19,011
IT services	6,447	4,809	12,428	9,288
Data communication and network capacity services	4,516	4,515	8,978	8,922
Other services	1,878	1,783	4,378	3,609
<b>Total</b>	<b>113,069</b>	<b>110,689</b>	<b>230,471</b>	<b>214,901</b>

### 4 Cost of goods and services

	April – June		January – June	
	2023	2022	2023	2022
Costs of goods and services purchased	27,779	29,307	60,648	56,150
Network's interconnection	11,196	11,118	21,604	21,171
Network capacity costs	3,317	3,963	6,491	7,393
<b>Total</b>	<b>42,292</b>	<b>44,388</b>	<b>88,743</b>	<b>84,714</b>

### 5 Other operating expenses

	April – June		January – June	
	2023	2022	2023	2022
Energy, premises and transport costs	3,874	4,594	8,316	8,630
Marketing expenses	3,906	3,640	8,065	7,223
Consultations and other services from Group	3,093	3,040	5,829	5,644
Maintenance and other services	1,925	1,715	3,847	3,325
Impairment of accounts receivable	365	275	968	969
Other expenses	1,641	1,522	3,186	2,777
<b>Total</b>	<b>14,804</b>	<b>14,786</b>	<b>30,211</b>	<b>28,568</b>

### 6 Other gain (loss)

	April – June		January – June	
	2023	2022	2023	2022
Gain on sales of property, plant and equipment	524	515	749	859
Loss on sales of property, plant and equipment	(5)	(48)	(39)	(88)
Other gain (loss)	7	5	(188)	(119)
<b>Total</b>	<b>526</b>	<b>472</b>	<b>522</b>	<b>652</b>

## Notes to the financial statements

### 7 Financial and investment activities

	April – June		January – June	
	2023	2022	2023	2022
<b>Gain/loss from investments in subsidiaries and associates</b>	-	-	-	-
Interest income from instalments amortisation	152	183	307	384
Interest income on finance leases	353	153	649	154
Interest income on cash and cash equivalents	71	55	135	102
Other finance income	7	2	8	2
<b>Finance income</b>	<b>583</b>	<b>393</b>	<b>1,099</b>	<b>642</b>
Interest expenses on leases	(748)	(639)	(1,481)	(1,389)
Interest expenses on borrowings	(1,366)	(178)	(2,212)	(327)
Foreign exchange gain (loss) on financing activities	1	(2)	(2)	(15)
Other finance costs	(22)	(23)	(32)	(33)
<b>Finance costs</b>	<b>(2,135)</b>	<b>(842)</b>	<b>(3,727)</b>	<b>(1,764)</b>
<b>Financial and investment activities – net</b>	<b>(1,552)</b>	<b>(449)</b>	<b>(2,628)</b>	<b>(1,122)</b>

### 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).

	April – June		January – June	
	2023	2022	2023	2022
Current tax expenses	2,486	2,464	4,758	4,833
Deferred tax change	4	(413)	(281)	(697)
<b>Total</b>	<b>2,490</b>	<b>2,051</b>	<b>4,477</b>	<b>4,136</b>

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 1.8 million (2022: EUR 1.8 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.

	April – June		January – June	
	2023	2022	2023	2022
<b>Net profit</b>	<b>15,585</b>	<b>14,093</b>	<b>31,829</b>	<b>26,272</b>
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613	582,613	582,613
<b>Basic earnings per share (EUR)</b>	<b>0.027</b>	<b>0.024</b>	<b>0.055</b>	<b>0.045</b>

### 10 Dividends per share

A dividend that relates to the period to 31 December 2022 was approved by the Annual General Meeting of Shareholders on 27 April 2023. The total amount of allocated dividend, that was 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 – June	
	2023	2022
Depreciation of property, plant and equipment (Note 11)	24,174	26,515
Impairment of property, plant and equipment (Note 11)	11	282
Amortisation of intangible assets (Note 12)	13,166	9,641
Impairment of intangible assets (Note 12)	-	-
Amortisation of right-of-use-asset (Note 13)	5,211	5,238
<b>Total</b>	<b>42,562</b>	<b>41,676</b>
Impairment of assets classified as held for sale	-	-
<b>Total</b>	<b>42,562</b>	<b>41,676</b>

	Land and buildings	Ducts and telecommunication equipment	Other tangible fixed assets	Construction in progress	Total
<b>Six months ended 30 June 2022</b>					
<b>Opening net book amount</b>	<b>8,976</b>	<b>217,180</b>	<b>14,556</b>	<b>26,322</b>	<b>267,034</b>
Additions	-	-	-	21,328	21,328
Reclassifications	(189)	(8)	-	206	9
Disposals and write-offs	67	(204)	(12)	-	(149)
Transfers from construction in progress	1,136	24,611	3,470	(29,217)	
Depreciation charge	(625)	(21,990)	(3,900)	-	(26,515)
Impairment charge	(72)	(210)	-	-	(282)
<b>Closing net book amount</b>	<b>9,293</b>	<b>219,379</b>	<b>14,114</b>	<b>18,639</b>	<b>261,425</b>
<b>At 30 June 2022</b>					
Cost	31,170	795,025	54,798	18,639	899,632
Accumulated depreciation	(21,836)	(574,008)	(40,683)	-	(636,527)
Impairment charge	(41)	(1,638)	(1)	-	(1,680)
<b>Net book amount</b>	<b>9,293</b>	<b>219,379</b>	<b>14,114</b>	<b>18,639</b>	<b>261,425</b>
<b>Six months ended 30 June 2023</b>					
<b>Opening net book amount</b>	<b>9,776</b>	<b>225,343</b>	<b>10,943</b>	<b>23,591</b>	<b>269,653</b>
Additions	-	-	-	18,153	18,153
Reclassifications	(1,543)	14	-	(82)	(1,611)
Disposals and write-offs	-	(249)	40	-	(209)
Transfers from construction in progress	1,000	21,784	1,872	(24,656)	
Depreciation charge	(654)	(21,030)	(2,490)	-	(24,174)
Impairment charge	-	(11)	-	-	(11)
<b>Closing net book amount</b>	<b>8,579</b>	<b>225,851</b>	<b>10,365</b>	<b>17,006</b>	<b>261,801</b>
<b>At 30 June 2023</b>					
Cost	27,462	790,871	50,149	17,006	885,488
Accumulated depreciation	(18,842)	(563,940)	(39,783)	-	(622,565)
Impairment charge	(41)	(1,080)	(1)	-	(1,122)
<b>Net book amount</b>	<b>8,579</b>	<b>225,851</b>	<b>10,365</b>	<b>17,006</b>	<b>261,801</b>

## Notes to the financial statements

### 12 Intangible assets

	Licenses and software	Goodwill	Other intangible assets	Construction in progress	Total
<b>Six months ended 30 June 2022</b>					
Opening net book amount	57,492	26,769	31,242	25,291	140,794
Additions	-	-	-	10,582	10,582
Reclassifications	7	-	-	(206)	(199)
Disposals and write-offs	(24)	-	-	-	(24)
Transfers to other accounts	15,572	-	-	(15,572)	-
Amortisation charge	(7,923)	-	(1,718)	-	(9,641)
<b>Closing net book amount</b>	<b>65,124</b>	<b>26,769</b>	<b>29,524</b>	<b>20,095</b>	<b>141,512</b>
<b>At 30 June 2022</b>					
Cost	134,815	29,408	57,711	20,095	242,029
Accumulated amortisation	(69,691)	-	(24,603)	-	(94,294)
Impairment charge	-	(2,639)	(3,584)	-	(6,223)
<b>Net book amount</b>	<b>65,124</b>	<b>26,769</b>	<b>29,524</b>	<b>20,095</b>	<b>141,512</b>
<b>Six months ended 30 June 2023</b>					
Opening net book amount	88,540	26,769	27,805	26,305	169,419
Additions	-	-	-	12,494	12,494
Reclassifications	-	-	-	94	94
Disposals and write-offs	(4)	-	(1)	-	(5)
Transfers to other accounts	11,596	-	-	(11,596)	-
Amortisation charge	(11,446)	-	(1,720)	-	(13,166)
<b>Closing net book amount</b>	<b>88,686</b>	<b>26,769</b>	<b>26,084</b>	<b>27,297</b>	<b>168,836</b>
<b>At 30 June 2023</b>					
Cost	173,723	29,408	53,122	27,297	283,550
Accumulated depreciation	(85,037)	-	(27,038)	-	(112,075)
Impairment charge	-	(2,639)	-	-	(2,639)
<b>Net book amount</b>	<b>88,686</b>	<b>26,769</b>	<b>26,084</b>	<b>27,297</b>	<b>168,836</b>

### 13 Right-of-use-assets

	Land and premises	Dark fibre	Equipment rent	Other	Total
<b>Six months ended 30 June 2022</b>					
Opening net book amount	35,765	9,662	-	697	46,124
Additions	2,292	-	2,118	247	4,657
Lease modifications	4,170	30	-	(8)	4,192
Disposals and write-offs	-	-	(2,118)	-	(2,118)
Amortisation charge	(4,468)	(626)	-	(144)	(5,238)
<b>Closing net book amount</b>	<b>37,759</b>	<b>9,066</b>	<b>-</b>	<b>792</b>	<b>47,617</b>
<b>At 30 June 2022</b>					
Cost	63,127	13,268	-	1,677	78,072
Accumulated amortisation	(25,368)	(4,202)	-	(885)	(30,455)
<b>Net book amount</b>	<b>37,759</b>	<b>9,066</b>	<b>-</b>	<b>792</b>	<b>47,617</b>
<b>Six months ended 30 June 2023</b>					
Opening net book amount	36,018	8,134	-	843	44,995
Additions	1,578	-	2,925	455	4,958
Lease modifications	2,479	335	-	191	3,005
Disposals and write-offs	-	-	(2,925)	-	(2,925)
Amortisation charge	(4,457)	(539)	-	(215)	(5,211)
<b>Closing net book amount</b>	<b>35,618</b>	<b>7,930</b>	<b>-</b>	<b>1,274</b>	<b>44,822</b>
<b>At 30 June 2023</b>					
Cost	69,649	13,268	-	2,605	85,522
Accumulated depreciation	(34,031)	(5,338)	-	(1,331)	(40,700)
<b>Net book amount</b>	<b>35,618</b>	<b>7,930</b>	<b>-</b>	<b>1,274</b>	<b>44,822</b>

## Notes to the financial statements

### 14 Costs to obtain a contract

Contract cost assets balance roll forward:

	As at 30 June	As at 31 December
	2023	2022
<b>Contract cost assets at the beginning of the period</b>	<b>5,498</b>	<b>4,837</b>
Increase of contract assets due to new contracts within the year	3,520	7,430
Amortization expense of costs to obtain contracts	(3,616)	(6,769)
<b>Contract cost assets at the end of the period</b>	<b>5,402</b>	<b>5,498</b>

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 30 June	As at 31 December
	2023	2022
Goods for resale	18,801	15,017
Supplies and consumables	131	151
	<b>18,932</b>	<b>15,168</b>
Less: allowance for obsolete inventory	(1,094)	(707)
<b>Total</b>	<b>17,838</b>	<b>14,461</b>

### 16 Cash and cash equivalents

	As at 30 June	As at 31 December
	2023	2022
Cash in hand and at bank	8,771	7,099
Short-term investments	-	-
<b>Total</b>	<b>8,771</b>	<b>7,099</b>

### 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 30 June 2023 and as at 31 December 2022 legal reserve – EUR 16.9 million.

## Notes to the financial statements

### 19 Borrowings

	As at 30 June 2023	As at December 2022
<b>Current</b>		
Borrowings	95,000	-
Reverse factoring	28,627	83,548
Lease liabilities	14,054	13,623
	<b>137,681</b>	<b>97,171</b>
<b>Non-current (due between 2 and 5 years)</b>		
Borrowings	-	30,000
Lease liabilities	41,617	42,121
	<b>41,617</b>	<b>72,121</b>
<b>Total borrowings and lease liabilities</b>	<b>179,298</b>	<b>169,292</b>

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 65 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-June 2023:

	Provision for restructuring	Assets retirement obligation	Total
<b>Closing net book amount at 31 December 2021</b>	-	<b>12,398</b>	<b>12,398</b>
Additions	-	-	-
Used provisions	-	(12)	(12)
Discounting	-	-	-
<b>Closing net book amount at 30 June 2022</b>	-	<b>12,386</b>	<b>12,386</b>
<b>Closing net book amount at 31 December 2022</b>	-	<b>13,179</b>	<b>13,179</b>
Additions	-	-	-
Used provisions	-	(33)	(33)
Discounting	-	-	-
<b>Closing net book amount at 30 June 2023</b>	-	<b>13,146</b>	<b>13,146</b>

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 – June	
	2023	2022
<b>Sales and purchases from Telia Company AB and its subsidiaries:</b>		
Sales of telecommunication and other services	4,250	3,939
<b>Purchases of assets and services:</b>		
Purchases of services	9,166	9,692
Purchases of assets	1,047	58
<b>Total purchases of assets and services</b>	<b>10,213</b>	<b>9,750</b>

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

	January – June	
	2023	2022
Long-term receivables from related parties	-	-
Receivables from related parties	332	287
Accrued revenue from related parties	451	696
<b>Total receivables and accrued revenue from related parties</b>	<b>783</b>	<b>983</b>
Short term investments	-	15,000
<b>Total short term investments</b>	<b>-</b>	<b>15,000</b>

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 3 months at a zero interest rate. The lent funds are available to the Company on demand within 2 business days. As at 30 June 2022, the total amount of lending to the Parent company amounted to EUR 15 million.

	January – June	
	2023	2022
Borrowings	65,000	-
<b>Short term borrowings</b>	<b>65,000</b>	<b>-</b>
Payables to related parties	2,553	2,130
Accrued expenses to related parties	21	10
<b>Total borrowings, payables and accrued expenses to related parties</b>	<b>2,574</b>	<b>2,140</b>

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 65 million for 3 or 6 months within 2 business days.

In May 2023, the Company paid-out to Telia Company an amount of EUR 30.8 million as dividend for the year 2022.

## 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 for the 6 months' period ended 30 June 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, and Interim Report for the 6 months' period ended 30 June 2023 includes a fair review of the development and performance of the business and the position of the Company in relation to the description of the main risks and contingencies faced thereby.

Giedrė Kaminskaitė-Salters  
CEO

Daina Večkytė  
Head of Finance

Vilnius, 19 July 2023



<b>Name of the Company</b>	Telia Lietuva, AB
<b>Legal form</b>	public company (joint-stock company)
<b>Date of registration</b>	6 February 1992
<b>Name of Register of Legal Entities</b>	State Enterprise Centre of Registers
<b>Code of enterprise</b>	1212 15434
<b>LEI code</b>	5299007A0LO7C2YYI075
<b>Registered office</b>	Saltoniškių str. 7A, LT-03501 Vilnius, Lithuania
<b>Telephone number</b>	+370 5 262 1511
<b>Fax number</b>	+370 5 212 6665
<b>E-mail address</b>	info@telia.lt
<b>Internet address</b>	www.telia.lt