Annual report 2024

Telia Lietuva, AB


Telia
We reinvent better connected living

Telia

Contents

The audited annual financial statements comprise pages 146-180. Management Report including Remuneration Report and Sustainability Statement reviewed by the auditors comprise pages 18-144.

In this Report term "Telia Company" refers to Telia Company AB, a Sweden registered largest shareholder of Telia Lietuva, AB, "Telia" and "the Group" means Telia Company Group as a whole entity operating in 6 countries across Nordics and Baltics, and "Telia Lietuva" or "the Company" refers to Telia Lietuva, AB.

Our business

CEO message

Dear Reader,

2024 has been a year of challenges and exciting opportunities for Telia Lietuva. We are proud to report a year of solid growth across all segments as well as a marked increase in the EBITDA margin, which positions us for a strong start of 2025, delivering for our customers, shareholders and the broader society.

In September, our largest shareholder, Telia Company, made some adjustments to the Group strategy. The updated strategy, as launched, is an ambitious plan with clear priorities for the coming three years. This plan guides all the Group members in where we invest, where we accelerate, how we prioritize and how we can generate the most benefits for all our stakeholders.

While Telia's purpose, "We reinvent better connected living", remains at the core of everything we do, the updated strategy introduces a clear set of priorities to make Telia even more successful over the coming years, namely, to **Simplify, Innovate** and **Grow** our business.

Telia will strive to be #1 or #2 in the Nordic and Baltic markets where it operates by inspiring customer experience, network and technology quality, and being a trusted and sustainable partner. The ultimate goal of our efforts is to have loyal customers, engaged employees, empowered societies and satisfied shareholders.

During the last quarter of 2024, Telia Lietuva along the entire Telia Company Group underwent a change program that was set to simplify Group's operations in the Nordic and Baltic countries. By becoming simpler, more efficient and more customer-focused, we will be in the best position to deliver long-term success for our company and stakeholders.

The change program had two main priorities: changing the operating model and ways of working to a more decentralized set-up, with stronger country units, and resetting the cost base.

In practice, this means that each country will have full responsibility and accountability for commercial planning and execution, and for meeting our customers' needs. At the same time, the Group is keeping the scalability benefits of what is truly common across markets, through a simplified and more focused Technology unit and Group functions.

As an outcome of the change program and ongoing digitalisation of our business, decommissioning of legacy systems and employment of opportunities provided by artificial intelligence (AI) development, we optimised our workforce. Throughout 2024, Telia Lietuva reduced the number of job positions by almost 200 (including the ones that were vacant).

At the same time, we continued to operate and deliver sustainably.

In pursuit of the Company's goal of halving greenhouse gas emissions in the entire value chain by 2030 and reducing greenhouse gas emissions in our own operations by 90 per cent, we continue the electrification of our transportation fleet and construction of our own network of charging stations.

We aim to make life more interesting for everyone, and digital literacy empowers our customers to make the most of our services.. We know how important it is for seniors to embrace modern technology; therefore, this July, we invited our senior customers to visit Telia Lietuva customer care units every week - during the hours reserved exclusively for them. In the course of free, customised lessons, seniors had the opportunity to learn how to use smartphones, tablets and other modern devices, and to ask questions.

In 2024, we continue with our commitment to foster diversity and inclusion in our society. Our Christmas campaign featuring a family and a young person with autism spectrum disorder was noticed and recognized as the most memorable season's advertising campaign in Lithuania.

We have been reporting on sustainability issues since year 2006. For the year 2024, we are presenting our first sustainability statement prepared in line with EU Corporate Sustainability Reporting Directive (CSRD) as part of the Management Report.

Giedrė Kaminskaitė-Salters
CEO of Telia Lietuva

What is Telia Lietuva?

By integrating fixed and mobile connections, we deliver advanced telecommunications, TV, and IT services to people and businesses across Lithuania. Throughout Lithuania, our team of almost 2,000 professionals provides services to residents, enterprises, public sector institutions, and non-governmental organizations. We also provide services to local and international telecommunications operators.

We are a part of the international *Telia Company* Group, operating in the Nordic and Baltic countries. Through collaboration and shared expertise, we offer millions of customers in six countries greater opportunities and improved service quality.

Telia Company holds an 88.15% stake in Telia Lietuva. Since 2000, Telia Lietuva shares have been traded on the Nasdaq Vilnius Stock Exchange (symbol – TEL1L). In total, Telia Lietuva has more than 15 thousand shareholders.
Being the largest telecommunications operator in Lithuania, we have been designated by the Communication Regulatory Authority (CRA) of Lithuania as an operator with significant market power (SMP) in five telecommunications markets:

- Voice call termination on the mobile network.
- Call 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 the terminating segment.

The main Company's intangible resources are radio frequencies allowing us to provide mobile communications services in Lithuania, our employees that ensures seamless connectivity all over the country 24/7, our residential and business customers, our suppliers and other partners. For more information about our relations with various stakeholders see Management Report and Sustainability Statement.

For provision of mobile 5G communication services we use 3.5 GHz and 700 MHz frequencies obtained at the tender organized by the Lithuanian Communications Regulatory Authority (CRA) in 2022.. Other frequencies (800 MHz, 900 MHz, 1.8 GHz, 2.1 GHz and 2.6 GHz) are used for provision of 2G and 4G mobile communication services.

Together with the other largest Lithuanian telecommunications operators, Bitė Lietuva and Tele2, we have established the non-profit organization VšĮ Numerio Perkėlimas, which administers a central database for ensuring telephone number portability in Lithuania. The company has no other investments in subsidiaries or associates and has no branches or representative offices.

Our activities are certified for compliance with the following ISO standards: IT Management (ISO/IEC 20000-1), Information Security Management (ISO/IEC 27001 and ISO/IEC 27017), Quality Management (ISO 9001), Data Security (PCI DSS), 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. The address of its registered office is Saltoniškių str. 7A, LT-03501, Vilnius, Lithuania. Our other offices are in Kaunas and Šiauliai. Besides, we have a network of 49 salerooms all over the Lithuania.

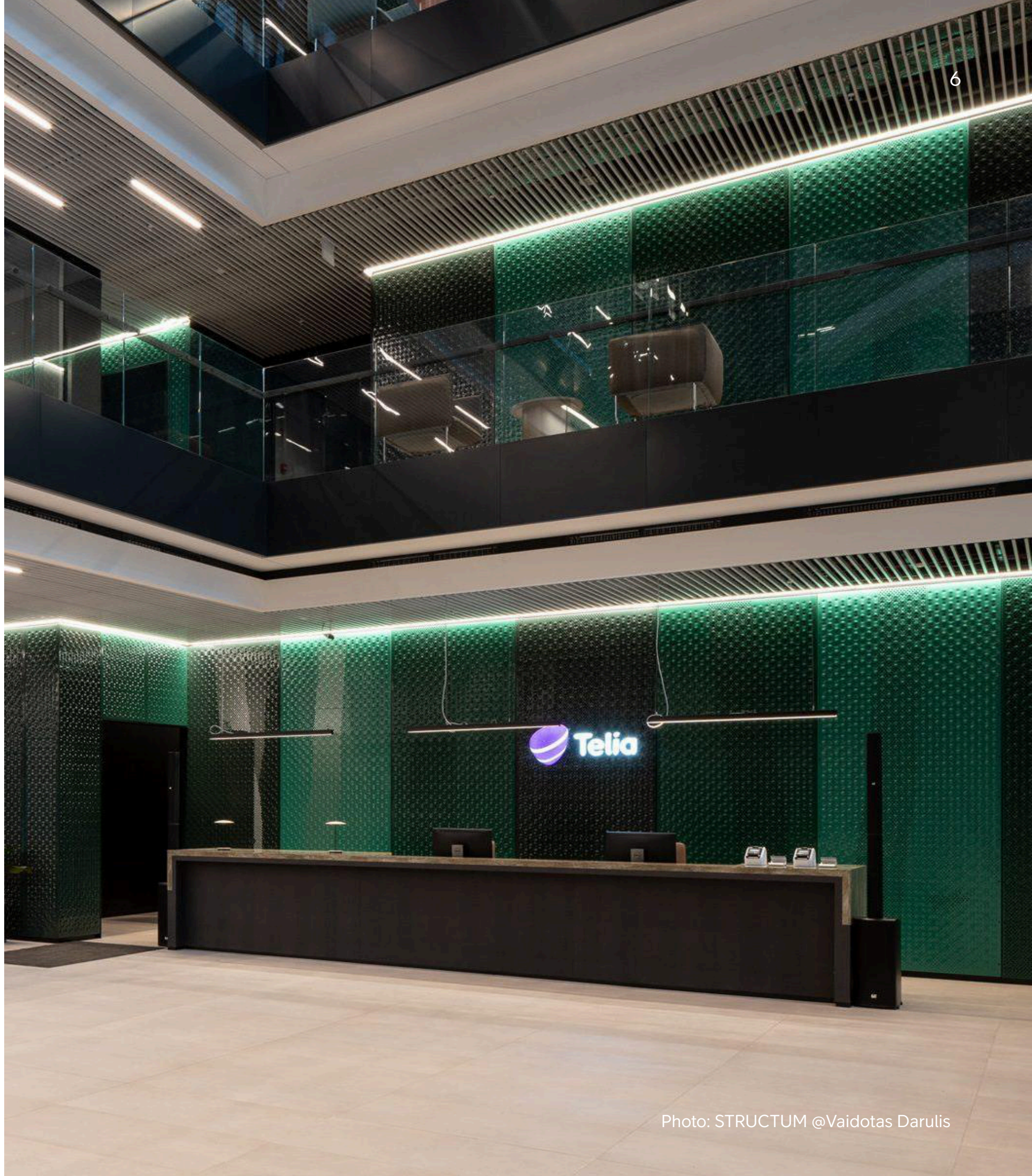


Photo: STRUCTUM @Vaidotas Darulis

Telia Company in brief

Telia Company is one of the largest developers and providers of integrated telecommunications services in Northern Northern Europe. It operates in six markets: Sweden, Norway, Finland, Estonia, Latvia, and Lithuania.

Telia Company employs

17,000 people

Its sales revenue in 2024 was

€ 7.8 billion

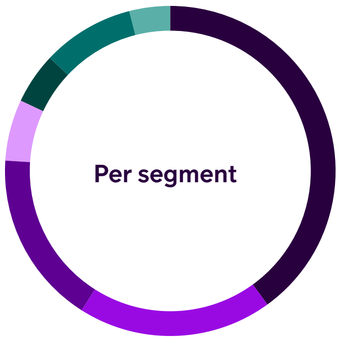
Service subscriptions

26 million

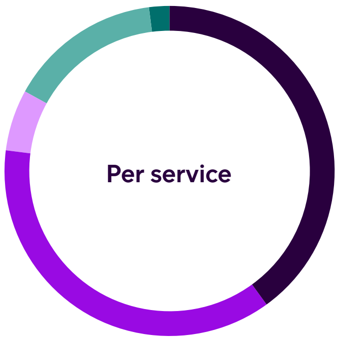
We offer

- Mobile voice and data
- Fixed voice and data
- TV and streaming
- ICT services
- Media advertising
- Devices
- Value-added services

Revenue 2024: EUR 7.8 billion



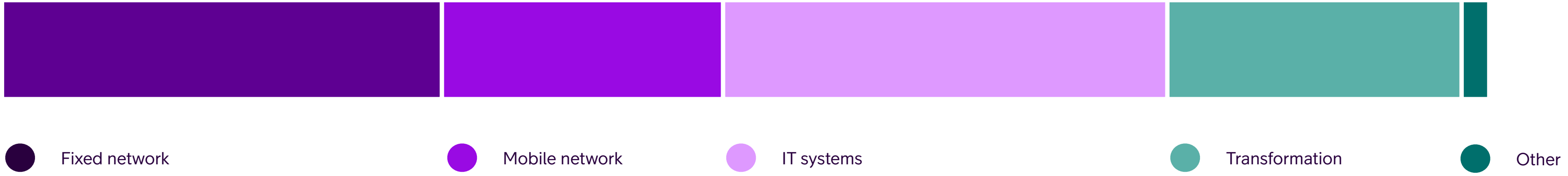
- Sweden **40%**
- Finland **18%**
- Norway **17%**
- Lithuania **6%**
- Estonia **5%**
- TV and Media **9%**
- Other **5%**



- Mobile **40%**
- Fixed **37%**
- Advertising **6%**
- Equipment **14%**
- Other **3%**

Market and brands	Position		
			TV
Sweden: Telia, Telia Cygate, TV4, Halebop, Fello	#1	#1	#2
Finland: Telia, Telia Cygate, MTV	#2	#3	#3
Norway: Telia, Telia Cygate, Phonero, OneCall, MyCall	#2	#3	#3
Lithuania: Telia, Ežys	#2	#1	#1
Estonia: Telia, Diil, Super	#1	#1	#1
Latvia: LMT	#1		

Telia Lietuva: 2024 in figures



Capital investments
€ 62.8 m

Financial

Revenue (EUR million)		Adjusted EBITDA (EUR million)		Profit for the period (EUR million)		Free cash flow (EUR million)	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
491.1	476.6	**177.0**	168.5	**71.6**	63.6	**117.7**	80.4

Operational

Mobile service subscriptions (thousand)		Broadband Internet connections (thousand)		TV service customers (thousand)		Fixed telephony lines (thousand)	
2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
1,703	1,643	**420**	426	**259**	261	**157**	177

2024 highlights

Innovations

Business

Unchallenged 5G leadership continues

The average mobile data download speed in our network covering nearly the entire country's territory remains the highest and reaching 250.9 Mbps in 2024, up from 202.2 Mbps in 2023. Moreover, 50% of Lithuania's 5G data traffic runs through at Telia Lietuva network.

Telia Apps

Starting in February, subscribers of the prepaid mobile service "Ežys" – and from March, postpaid subscribers – can enjoy the new "Ežys" and My Telia apps.

Completed modernization of data transmission network (WAN) of Lithuanian Railways (LTG)

One of the largest B2B projects, valued at EUR 12 million, was implemented over two years in collaboration with our partners. It covered all technology levels – from replacing network nodes and implementing security and network management systems to cable installation and transferring existing services to the upgraded network.

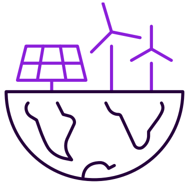
Growing IT service portfolio

Telia Lietuva is the first in the Baltic states to provide "Oracle Database as a Service" to B2B customers.

Expanded ISO 27001 certification scope

Internet and data transmission services are now covered under this information security standard.

2024 highlights



Sustainability

Environment

57% of our car fleet is electric – the largest corporate electric vehicle fleet in Lithuania.

The first phase of our full **mobile device buy-back** service has been launched, along with an online tool for evaluating old devices.

Introduced **ECO SIM cards** produced from recycled plastic, and offered refurbished PCs.

29% of our Customer Premises Equipment was reused.

Reduced GHG emissions in own operations by 54% (base year 2018).

Diversity, equality & inclusion

Telia Lietuva joined the **Lithuanian Diversity Charter**.

We sponsored Lithuania's first **easy-to-read news** platform.

Courses on **neurodiversity** and both visible and invisible **disabilities** were added to Telia Play's children corner, featuring 14 stories.

"Invisible Disability Sunflower" ribbons were made available at Telia Lietuva customer care centers.

More than 80 Telia Lietuva managers participated in live training sessions on the **inclusive journey** for employees with disabilities.

In our collective agreement we approved **same benefits for same-sex couples** as for any other employees

Second year in a row we dedicated our biggest commercial **Christmas campaign** to highlight peoples with disabilities problems, and to advocate their needs.

All our employees are entitled to use and apply Telia's personal health **insurance services** to their children with disabilities.

Digital inclusion

National IT Challenge – a program for 7th to 9th-grade students on IT development – reached **12,678 children in 2024.**

The Safer Internet digital campaign generated significant traffic to our website, while in-person sessions at schools reached **3,162 children in 2024.**

Seniors were invited to visit our customer care units to learn how to use smartphones, tablets, and other modern devices.

Telia Lietuva has joined a project **"No one is forgotten"**, led by CRA. Our employees take part in educating seniors through the platform.

2024 highlights

Awards & Recognition

Best customer service in Lithuania and the Baltics 4 years in a row

("Dive Lietuva")

Telia is perceived as the sustainable brand in the telecommunications sector in Lithuania

("Sustainable Brand Index" report)

The Company's resilience to cybersecurity threats was rated 9.7 out of 10

("RiskRecon cybersecurity rating")

Top performer in phone customer service and customer care centers

("Shopper Quality")

Scored 9.7 points out of 10 in the sustainability index

("Verslo Žinios" and Swedbank)

Telia Company's sustainability performance ranks among the top 1% most sustainable companies in the world

(EcoVadis business sustainability rating)

Our strategy

Keep quality at the core & digitize to grow

In September 2024, Telia Company presented an updated Group strategy for the next three years. Telia Lietuva also reviewed its strategic plan.

Our purpose, “We reinvent better connected living”, remains at the core of everything we do.

How we win

Inspiring customer experiences

Customers are at the center of everything we do. We work to understand their needs and expectations and design products and services that meet or exceed them. We provide a seamless and excellent customer experience across all touchpoints, and we strive to be the preferred digitalization partner for enterprises by providing the best cloud, IoT and security solutions.

Network & technology quality

Our people and our networks are our most important assets, helping us to enable innovative technologies and services, maintain customer satisfaction and loyalty and achieve market differentiation. We maintain our network leadership position by expanding the reach, robustness, capacity and quality of both our fixed and mobile networks.

Trusted and sustainable partner

By being a trusted and sustainable partner, we drive customer loyalty and satisfaction, attract and retain talent, and retain the confidence of investors. Trust is built by delivering on customer expectations, every day. In an uncertain geopolitical environment, we maintain our commitment to privacy and security to protect our customers. We integrate sustainability into everything we do, maximizing our potential to make a positive impact on our societies.

Our priorities

Simplify

We aim to simplify our organization, IT, networks and products, thereby reducing the need for unnecessary coordination, avoiding duplication of work, and increasing speed, precision and end-to-end accountability. Ultimately, by localizing as much as possible while retaining the benefits of scale where it makes sense to do so, we will ensure that everything we do adds value for our customers and supports the performance of our core business.

Innovate

We will innovate in and around our core business, in areas such as 5G, IoT, and in-home connectivity, while adding new products and services in areas where we see emerging demand ang growth opportunities. Customer innovations will include improved customer journeys and experiences that are tailored to individual needs, while enterprise customer benefits include access to our 5G innovation platforms, which enable businesses to explore the latest mobile technologies.

Grow

Through consistent and profitable growth, we ensure we have the resources required to invest in innovation, our portfolio, our networks and our people, while returning value to our shareholders. We will achieve growth through increased personalization and by realizing more value from our network capabilities, by understanding our customers' needs and proactively developing new services to meet them, and by offering mission-critical services to public-sector customers.

Who are we?

For consumers

A leading provider of superior connectivity and entertainment services, leveraging the widest 5G and fiber networks to deliver best-in-class customer experiences at home and on the go.

1. **Quality leader** across all products & services
2. **Relevant** customer services & offering
3. **The only fully converged provider** and one-stop-shop in the market

For business

The highest quality communication and IT solutions provider for all business segments, offering a comprehensive range of services from a single source

1. **End-to-end solutions** for business connectivity & IT infrastructure needs
2. **Trusted & responsive** partner fostering long-term business collaborations
3. **Top competence & capacity** to address complex customer needs

Telia Lietuva strategy 2025–2027

How we win at Telia

Inspiring and seamless customer experiences

Network & Technology Quality

Trusted and Sustainable Partner

Our strategic objectives at Telia Lietuva

Our priorities at Telia

Grow

#1. Accelerate Mobility Traction

#2. Drive Consistent ICT Growth

Innovate

#3. Enhance Customer Engagement

#4. Lead in TV

#5. Position Sustainability as our Unique Selling Proposition

#6. Support and Empower our People

Simplify

#7. Integrate Development of Transformations & Digital

#8. Streamline IT for Business Resilience

Our values

All Telia employees adhere to the updated core values in their work.

We Dare
to make an impact

Speed up
Make the right decisions fast

Make it happen
Empower everyone to facilitate positive outcomes

Radical honesty
Speak up even when it´s difficult

We Care
for everyone

Look out for each other
Treat everyone with respect

Walk in our customers' shoes
Prioritize customer experience and empathy

Celebrate the good stuff
Be generous with your praise

We Simplify
the way we do things

Less is more
Do what matters most

One team
Align goals and prioritize

1% a day
Make small improvements every day

Management report

Financial highlights of 2024

Telia Lietuva's operating model is based on customer segments. The Company’s operations are structured and reported by two segments: Business and Residential customers. The Business customers segment (B2B) includes telecommunication and IT services, equipment sales, and customer care for large, medium, and small businesses, public institutions and enterprises, local, and international telecommunication operators. The Residential customers segment (B2C) includes telecommunications and TV services for private individuals. Other operations cover the Company’s Technology and Support units. The Company’s financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Revenue grew by 3.1%

and amounted to EUR 491.1 million
(2023: EUR 476.6 million)

EBITDA increased by 5.2%

and amounted to EUR 173.7 million
(2023: EUR 165.2 million)

Free cash flow rose up by 46.4%

and amounted to EUR 117.7 million
(2023: EUR 80.4 million)

Continuous revenue growth

from mobile communications,
broadband Internet and IT services

Profit for the period rose by 12.6%

to EUR 71.6 million
(2023: EUR 63.6 million)

Dividend of EUR 52.4 million

(EUR 0.09 per share)
was paid for 2023

Adjusted EBITDA up by 5%

to EUR 177 million
(2023: EUR 168.5 million)

Capital investments up by 3.7%

and amounted to EUR 62.8 million
(2023: EUR 60.6 million)

Financial figures

(in thousands of EUR unless otherwise stated)	2024	2023	Change (%)	2022	2021	2020
Revenue	**491,114**	476,578	3.1	444,623	420,794	398,083
Adjusted EBITDA excluding non-recurring items	**176,978**	168,492	5.0	148,137	139,063	136,236
Adjusted EBITDA margin excluding non-recurring items (%)	**36.0**	35.4		33.3	33.0	34.2
EBITDA	**173,731**	165,182	5.2	147,537	138,599	134,915
EBITDA margin (%)	**35.4**	34.7		33.2	32.9	33.9
Operating profit (EBIT) excluding non-recurring items	**91,699**	82,946	10.6	64,054	61,394	66,167
EBIT margin excluding non-recurring items (%)	**18.7**	17.4		14.4	14.6	16.6
Operating profit (EBIT)	**88,452**	79,636	11.1	63,454	60,930	64,846
EBIT margin (%)	**18.0**	16.7		14.3	14.5	16.3
Profit before income tax	**82,614**	71,863	15.0	60,819	58,845	62,255
Profit before income tax margin (%)	**16.8**	15.1		13.7	14.0	15.6
Profit for the period	**71,619**	63,594	12.6	56,398	56,808	55,866
Profit for the period margin (%)	**14.6**	13.3		12.7	13.5	14.0
Earnings per share (EUR)	**0.123**	0.109	12.6	0.097	0.098	0.096
Number of shares (thousand)	**582,613**	582,613	-	582,613	582,613	582,613
Share price at the end of period (EUR)	**1.575**	1.665	(5.4)	1.985	2.040	1.825
Market capitalisation at the end of period	**917,616**	970,051	(5.4)	1,156,487	1,188,531	1,063,269
Total assets	**610,614**	616,121	(0.9)	611,047	641,469	608,448
Shareholders' equity	**376,012**	356,828	5.4	328,191	330,054	331,507
Cash flow from operations	**172,719**	161,174	7.2	140,805	126,373	132,427
Free cash flow	**117,706**	80,394	46.4	34,637	78,764	84,869
Capital investments (Capex)	**62,846**	60,584	3.7	80,935	93,937	53,856
Net debt	**15,354**	71,178	(78.4)	106,449	92,485	67,202

Operating figures

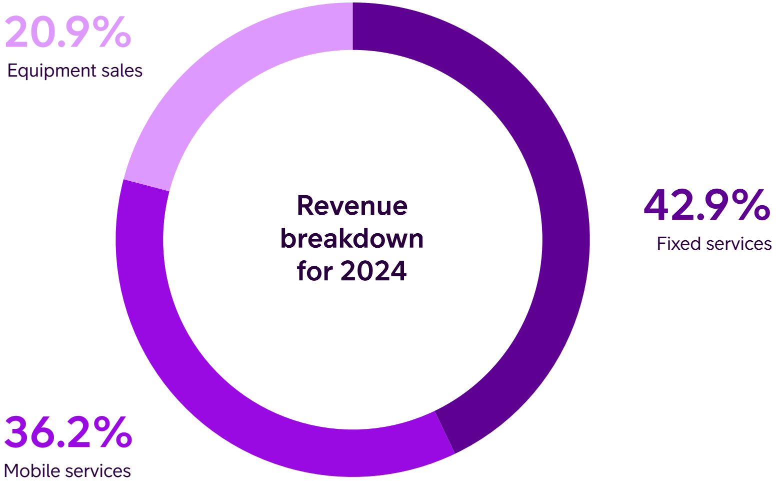
	31-12-2024	31-12-2023	Change (%)	31-12-2022	31-12-2021	31-12-2020
Mobile service subscriptions, in total (thousand)	**1,703**	1,643	3.7	1,604	1,518	1,398
— Post-paid (thousand)	**1,399**	1,323	5.7	1,278	1,236	1,104
— Pre-paid (thousand)	**304**	320	(5.0)	326	282	294
Broadband Internet connections, in total (thousand)	**420**	426	(1.4)	427	421	417
— Fiber-optic (FTTH/B) (thousand)	**314**	315	(0.3)	313	305	297
— Copper (DSL) (thousand)	**106**	111	(4.5)	114	116	120
TV service customers (thousand)	**259**	261	(0.8)	257	255	253
Fixed telephone lines in service (thousand)	**157**	177	(11.3)	200	230	261
Number of personnel (headcounts)	**1,781**	1,935	(8.0)	2,051	2,095	2,161
Number of full-time employees	**1,688**	1,829	(7.7)	1,925	1,939	2,001

Financial ratios[1]

	31-12-2024	31-12-2023	31-12-2022	31-12-2021	31-12-2020
Return on capital employed[2] (%)	**20.9**	18.0	14.0	13.4	15.1
Return on average assets[2] (%)	**14.6**	12.9	10.2	9.9	11.0
Return on shareholders' equity[2] (%)	**19.8**	18.6	17.6	17.6	17.4
Operating cash flow to sales (%)	**35.2**	33.8	31.7	30.0	33.3
Capex to sales (%)	**12.8**	12.7	18.2	22.3	13.5
Net debt to EBITDA ratio	**0.09**	0.43	0.72	0.67	0.50
Gearing ratio (%)	**4.1**	19.9	32.4	28.0	20.3
Debt to equity ratio (%)	**13.3**	25.7	34.6	46.7	37.1
Current ratio (%)	**85.8**	69.3	62.0	77.7	110.2
Rate of turnover of assets[2] (%)	**80.8**	77.4	71.2	68.1	67.6
Equity to assets ratio (%)	**61.6**	57.9	53.7	51.5	54.5
Price to earnings (P/E) ratio	**12.8**	15.3	20.4	20.9	19.0

[1] Description of financial ratios and their calculation is provided at *https://www.telia.lt/eng/investors/financial-results*
[2] Averages are calculated including quarterly data of respective year.

Revenue



36.3% Enterprises

63.7% Consumers

(in thousands of EUR unless otherwise stated)	2024	2023	Change (%)
Fixed services	**210,982**	**205,776**	**2.5**
Voice telephony services	37,268	38,593	(3.4)
Internet services	79,951	75,815	5.5
Datacom and network capacity services	18,482	18,063	2.3
TV services	38,069	37,473	1.6
IT services	29,065	27,860	4.3
Other services	8,147	7,973	2.2
Mobile services	**177,631**	**165,685**	**7.2**
Billed services	169,487	154,680	9.6
Other mobile service	8,144	11,005	(26.0)
Equipment	**102,500**	**105,117**	**(2.5)**
Total	**491,113**	**476,578**	**3.1**

In 2024, service revenue increased by 4.6%, while equipment sales declined by 2.5%. The main driver of total revenue growth was billed mobility services from both consumer and business segments. Over the year, the total number of mobile subscriptions went up by 60 thousand supported by the higher mobile data usage and increased ARPU.

Due to pricing activities and more additional TV content, revenue from broadband Internet and TV services also grew despite the slight decrease in the number of service users over the course of the year. The number of fiber Internet connections decreased by 1 thousand while the number of DSL connections – by 5 thousand. At the end of 2024, the number of TV service users stood at 259 thousand, 2 thousand fewer than a year ago.

Continuous decline in revenue from retail voice telephony services was partially offset by higher revenue generated by voice transit services. Drop in revenue from other mobile services was due to ongoing regulation of mobile networks' interconnection and roaming charges.

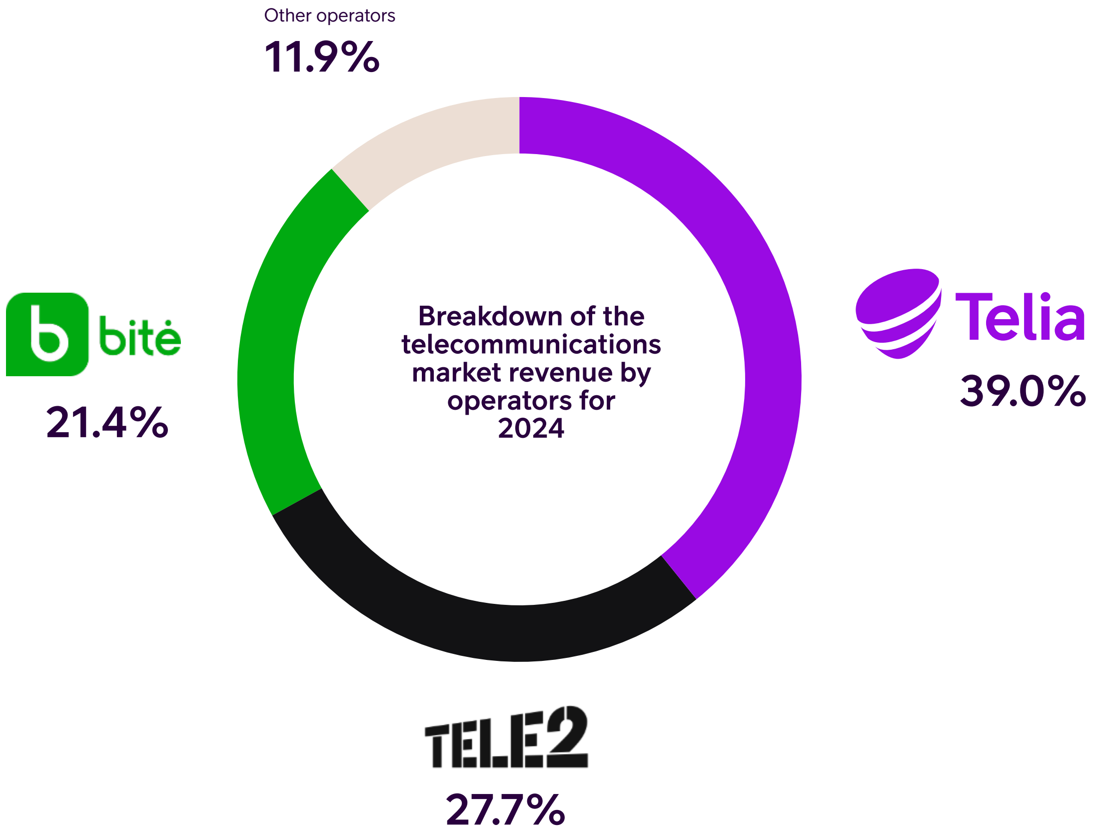
Growth in IT service revenue was driven by new B2B contracts and increasing demand for cybersecurity solutions.

Market information

According to the Reports of the Communications Regulatory Authority (CRA), the Lithuanian electronic communications market during the year 2024 generated revenue of EUR 877.4 million, marking a 3.6% increase compared to the total market revenue of EUR 846.8 million for the year 2023.

Telia Lietuva remains the largest telecommunications service provider in Lithuania, with a market share of 39% in 2024 (up from 38.5% in 2023).

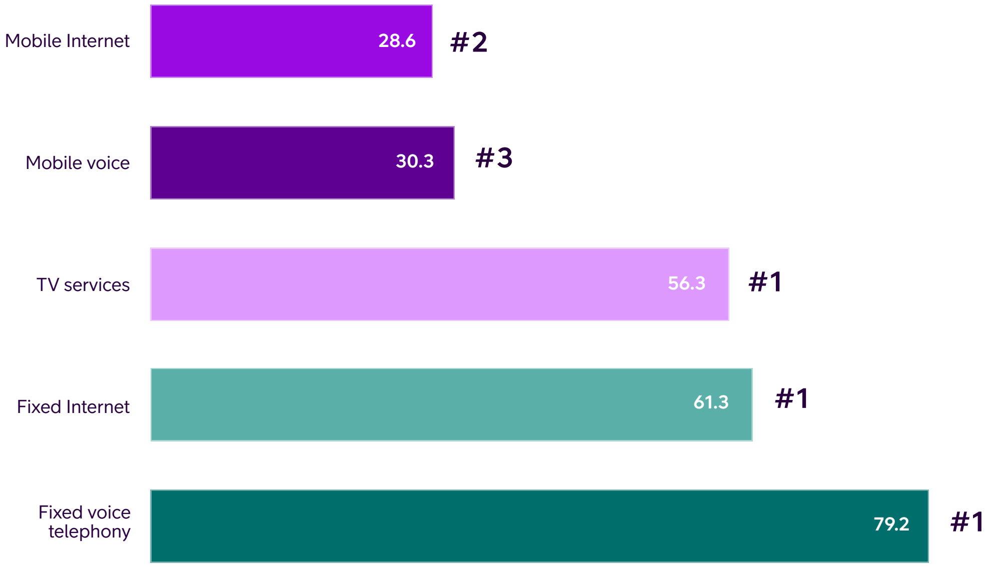
The fastest-growing segments in terms of revenue are mobile (10.1%) and broadband Internet (5.4%), while the pay-TV market contracted by 11.5%. The mobile voice segment saw an increase of 4.4%, while the fixed voice market experienced a decline of 8.9%.



Source: Report of the Communications Regulatory Authority

Market information

Telia Lietuva market shares in terms of revenue for 2024 (%)



Source: Report of the Communications Regulatory Authority

Market penetration as of 31 December 2024

137.2
Mobile communications subscribers
(per 100 inhabitants)

51.0
Broadband **Internet** access
(per 100 households)

11.9
Fixed **telephony** lines
(per 100 households)

33.6
Pay-TV subscribers
(per 100 households)

Expenses

(in thousands of EUR unless otherwise stated)	2024	2023	Change (%)
Cost of goods and services	**(187,016)**	**(186,404)**	**0.3**
Operating expenses	**(131,864)**	**(125,707)**	**4.9**
Employee related	(70,023)	(64,369)	8.8
Other	(61,841)	(61,338)	0.8
Non-recurring expenses	4,128	3,122	32.2
Operating expenses (excl. non-recurring expenses)	**(127,736)**	**(122,585)**	**4.2**
Employee related	(67,639)	(63,251)	6.9
Other	(60,097)	(59,334)	1.3

In 2024, the cost of goods and services remained unchanged from the previous year, mainly due to lower equipment sales, while networks interconnection and roaming charges continued to go down due to EU regulations. Employee-related expenses increased due to salary raises and higher annual bonuses for 2023 paid in 2024. Other operating expenses for the year 2024 were almost the same as a year ago despite higher spending on energy.

In September 2024, Telia Company announced a change program with two main priorities: transitioning to a more decentralized operating model with stronger country units and resetting the cost base. As a result of the change program, the Company optimized its workforce. In 2024, Telia Lietuva reduced its number of job positions by nearly 200 (including vacant ones).

Over the year, the total number of employees (headcount) decreased by 154 from 1,935 to 1,781. In terms of full-time employees (FTE), the total number decreased by 141 from 1,829 to 1,688.

Non-recurring items for the year 2024 included one-off redundancy pay-outs of EUR 2,384 thousand (compared to EUR 1,118 thousand in 2023) and non-recurring other expenses related to Transformation program of EUR 1,744 thousand (compared to EUR 2,004 thousand in 2023).

Earnings

(in thousands of EUR unless otherwise stated)	2024	2023	Change (%)
EBITDA	**173,731**	**165,182**	**5.2**
Margin (%)	35.4	34.7	
Depreciation and amortisation	(85,279)	(85,546)	(0.3)
Operating profit (EBIT)	**88,452**	**79,636**	**11.1**
Margin (%)	18.0	16.7	
Non-recurring expenses	(4,128)	(3,122)	32.2
Gain (loss) on sale of property	881	(188)	
Adjusted EBITDA excluding non-recurring items	**176,978**	**168,492**	**5.0**
Margin (%)	36.0	35.4	
EBIT excluding non-recurring items	**91,699**	**82,946**	**10.6**
Margin (%)	18.7	17.4	

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 2024 amounted to EUR 2.9 million (2023: EUR 3.4 million).

(in thousands of EUR unless otherwise stated)	2024	2023	Change (%)
Profit before income tax	**82,614**	**71,863**	**15.0**
Margin (%)	16.8	15.1	
Income tax	(10,995)	(8,269)	33.0
Profit for the period	**71,619**	**63,594**	**12.6**
Margin (%)	14.6	13.3	

Financial position and cash flow

As at 31 December 2024, the total non-current assets amounted to 80.2 per cent (80.9 per cent a year ago), the total current assets – to 19.8 per cent (18.9 per cent), whereof cash and cash pool arrangement alone represented 5.7 per cent (3.3 per cent) of total assets. At the end of December 2024, shareholders' equity amounted to 61.6 per cent of the total assets (57.9 per cent a year ago).

(in thousands of EUR unless otherwise stated)	31-12-2024	31-12-2023	Change (%)
Total assets	**610,614**	**616,121**	**(0.9)**
Non-current assets	489,828	498,415	(1.7)
Current assets	120,735	116,234	3.9
whereof cash and cash pool arrangement	34,796	20,604	68.9
Assets for sale	51	1,472	(96.5)
Shareholders' equity	**376,012**	**356,828**	**5.4**

On 26 April 2024, the Annual General Meeting of Shareholders allocated EUR 52.4 million from the Company's distributable profit of EUR 171 million for dividend payments for 2023, i.e., EUR 0.09 per share, and carry forward to the next financial year an amount of EUR 118.5 million as retained earnings (undistributed profit)

(in thousands of EUR unless otherwise stated)	2024	2023	Change (%)
Net cash generated by operating activities	**172,719**	**161,174**	**7.2**
Purchase of PPE and intangible assets (Cash Capex)	(59,081)	(83,099)	(28.9)
Proceeds from disposal of PPE and intangible assets	4,068	2,319	75.4
Free cash flow	**117,706**	**80,394**	**46.4**
Increase (decrease) in lease liabilities	(11,252)	(9,423)	19.4
Operational free cash flow	**106,454**	**70,971**	**50.0**

On 23 May 2024, the Company fully repaid EUR 30 million of the EUR 60 million syndicated loan granted by SEB, Nordea, and Danske banks in 2017.

(in thousands of EUR unless otherwise stated)	31-12-2024	31-12-2023	31-12-2022
Loans from banks	-	30,000	30,000
Loans from Telia Company AB	-	25,000	-
Liabilities under reverse factoring agreements	50,150	36,782	83,548
Borrowings	**50,150**	**91,782**	**113,548**
Cash and cash equivalents	7,025	20,604	7,099
Cash pool arrangement	27,771	-	-
Net debt	**15,354**	**71,178**	**106,449**
Net debt to equity (Gearing) ratio (%)	4.1	19.9	32.4

In January 2023, the Company has entered into 2-years agreement with Telia Company AB regarding Revolving Credit Facility 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 2024, the Company borrowed EUR 50 million from Telia Company for three months and temporarily increased its borrowing limit by EUR 10 million, reaching a total of EUR 60 million until the end of October 2024. In August 2024, the Company had repaid an amount of EUR 25 million and in November – a remaining EUR 25 million to Telia Company. As of 31 December 2024, the Company had no outstanding loans borrowed from Telia Company.

The Company participates in the reverse factoring, or Supplier Invoice Financing (SIF), program, where banks pay suppliers' invoices within seven days for an agreed fee covered by the 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). One of the variables effecting the terms of repayments to the banks is Euribor interest rate. To mitigate negative impact of higher interest rates the Company has renegotiated terms and conditions of some agreements with vendors and onboarded new vendors to SIF program.

In January 2024, the Company has entered into agreement with Telia Company AB and Telia Global Services Lithuania, UAB, a subsidiary of Telia Company AB in Lithuania, on cash pooling at SEB bank. Cash pool arrangement provides the Company with the short-term borrowing possibility to ensure liquidity.

Capital investments

(in thousands of EUR)	2024	2023	Change (%)
Fixed network	18,594	16,901	10.0
Mobile network	11,877	13,761	(13.7)
IT systems and infrastructure	18,768	15,372	22.1
Transformation program	12,433	13,667	(9.0)
Other	1,174	883	32.9
Total capital investments	**62,846**	**60,584**	**3.7**
Capital investments to revenue ratio (%)	12.8	12.7	

In 2024, the Company continued investing in the upgrade and expansion of its core network and infrastructure to support the ongoing 5G mobile network roll-out, deploying ultra-high-speed base stations at existing sites. Additionally, capital investments were allocated to upgrading fiber optic network nodes to enhance internet speed and service quality. Following the fiber optic backbone network (DWDM) upgrade, a data speed of 800 Gbps was achieved between Vilnius and Kaunas.

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 and during January-December 2024 amounted to 250.9 Mbps (202.2 Mbps in 2023).

By the end of December 2024, the Company's fiber optic network covered 981 thousand households (up from 974 thousand in 2023), representing 63% of all households in the country.

As part of the ongoing business transformation program, 90% of the Company's residential customers have migrated to a new SAP-based customer management system.

Investment into subsidiaries / associates

As at 31 December 2024, 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	Krivių g. 5, LT- 01204 Vilnius, Lithuania	-	50.00

VšĮ Numerio Perkėlimas is a joint not-for-profit organization established in cooperation with Lithuanian telecommunications companies UAB Bitė Lietuva and UAB Tele2 (each holding a 25% stake). Since 1 January 2016, in collaboration with UAB Mediafon, it has administered the central database for telephone number portability in Lithuania.

The Company has no branches or representative offices.

Share capital and shareholders

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

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

Since January 2011, the Company's shares have been listed on the Berlin Stock Exchange (Berlin Open Market), Frankfurt Stock Exchange (Open Market), 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.

In 2024, the Company's share price on Nasdaq Vilnius decreased by EUR 0.09 (5.4%). Compared to 2023, share turnover declined by 11.5%. The Company's market capitalisation as on 31 December 2024 was EUR 917.6 million (2023: EUR 970.1 million).

Information on trading in Telia Lietuva shares on Nasdaq Vilnius stock exchange during 2024:

Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover (units)	Turnover
EUR	1.66	1.735	1.505	1.575	1.618	4,098,838	6,633,799

Share capital and shareholders

Shareholders, holding more than 5 per cent of the share capital and votes, as on 31 December 2024:

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

Breakdown of the Company's shareholders (15,509) by the countries of residence as of 19 April 2024, a record day for the last General Meeting of Shareholders held on 26 April 2024:

Country	Number of shareholders	Number of shares	Part of the share capital (%)
Sweden	20	513,602,579	88.15
Lithuania	12,968	53,082,790	9.11
Estonia	1,956	9,797,295	1.68
Latvia	292	1,970,772	0.34
Canada	2	1,146,406	0.20
France	6	705,296	0.12
Poland	3	697,797	0.12
U.S.A.	44	606,358	0.10
New Zealand	1	241,559	0.04
Germany	64	208,026	0.04
Austria	1	191,436	0.03
United Kingdom	39	128,596	0.03
Other (24)	113	234,228	0.04
Total	**15,509**	**582,613,138**	**100.00**

Share capital and shareholders

Breakdown of the Company's shareholders registered in Lithuania as of 19 April 2024, a record day for the Annual General Meeting of shareholder held on 26 April 2024:

	Number of shareholders	Number of shares	Part of the share capital (%)
Private individuals	12,884	47,735,778	8.19
Financial institutions	11	2,980,646	0.51
Legal entities	73	2,366,366	0.41
Total	**12,968**	**53,082,790**	**9.11**

Trading in the Company's shares on *Nasdaq Vilnius stock exchange* since the beginning of listing

Source: Nasdaq Vilnius

Treasury stocks

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

Dividends

In 2024, the Board revised the guidelines for the Company's dividend payout. The revised Company dividend policy states that:

- the Company must maintain the net debt to EBITDA ratio not higher than 1.5, and
- to pay out not more than 80% of free cash flow but not more than 100% of the Company's net profit as dividend.

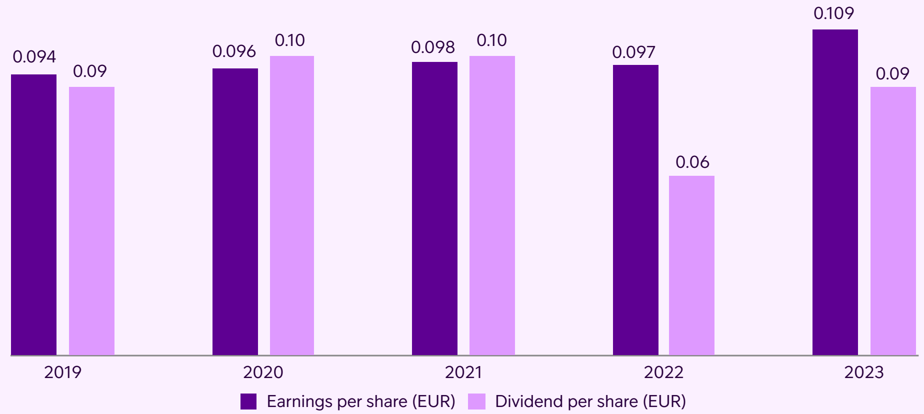
On 23 May 2024, the Company paid out to the shareholders an amount of EUR 52.4 million of dividends or EUR 0.09 per share for the year 2023. In accordance with the relevant legislation, dividends were paid to the shareholders who were on the Shareholders' List of the Company on the dividend record day, 10 May 2024, 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 (both residents and non-residents) were subject to a 15% withholding corporate income tax, while dividends paid to individuals were subject to a 15% withholding personal income tax.

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 (%)
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
2023	63,594	0.109	52,435	0.09	82.5

According to the Law on Companies of the Republic of Lithuania, dividends should be paid from retained earnings of the Company. As at 31 December 2024, retained earnings of the Company amounted to EUR 190.2 million.



Information about related party transactions

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

On 10 January 2023, the Company entered into a two-year agreement regarding a Revolving Credit Facility, which allowed the Company to borrow up to EUR 50 million from Telia Company AB for short-term periods (3 or 6 months).

In May 2024, the Company borrowed EUR 50 million and repaid it in two equal installments in August and November. As of 31 December 2024, the Company had no outstanding amount borrowed from Telia Company.

The Company did not provide any loans to its associates.

Through its largest shareholder, Telia Company, the Company is related to the Telia Company Group, which provides telecommunication services in Nordic and Baltic countries. The main buyers and providers of telecommunications and other services to the Company, based on previously signed agreements, include Telia Company AB (Sweden), Telia Sverige 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).

In May 2024, the Company paid out EUR 46.2 million to Telia Company as a dividend for the year 2023.

Information about new related party transactions entered by the Company during 2024:

Susijusi šalis	Transaction	Value
Telia Company AB, code 556103-4249, 169 94 Solna, Švedija	On 1 January 2024, Telia Lietuva entered into an agreement on provision and/or receipt of IT services to/from the following subsidiaries of Telia Company Group: Telia Eesti AS, Telia Norge AS, Telia Finland Oyj, Telia Sverige AB.	
	On 22-05-2024, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin.	EUR 50 million
	On 22-08-2024, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin.	EUR 25 million

Information about related party transactions

Information about volumes of the Company's transactions with related parties during 2024 (in EUR thousand):

	Telecommunication and other services	
Telia Company Group:	**Sales**	**Purchase**
Telia Company AB (Sweden)	-	12,394
Telia Asset Finance AB (Sweden)	-	1,312
Telia Försäkring AB (Sweden)	6,973	67
Telia Sverige AB (Sweden)	648	(393)
Latvijas Mobilais Telefons SIA (Latvia)	444	367
Telia Norge AS (Norway)	495	341
Telia Eesti AS (Estonia)	213	250
Telia Finland Oyj (Finland)	473	158
Telia Global Services Lithuania, UAB	1,120	1,091
Telia Danmark A/S (Denmark)	40	23
Other	-	46
	10,406	**15,656**

Information about related party transactions is provided in Note 27 of the Company's Financial Statements for the year ended 31 December 2024. In accordance with the requirements of the Law on Companies of the Republic of Lithuania, information about related party transactions concluded since 1 January 2018 is available on the Company's website *www.telia.lt*.

Research and development activities

In 2024, the Company continued to develop and improve existing services, digitalisation of the customer's experience as well as deployment of 5G network.

From February 2024 subscribers of prepaid mobile communication service "Ežys" and from March – subscribers of post-paid service can enjoy the new "Ežys" and My Telia apps.

Risk management

The purpose of the Company's Risk Management Strategy is the creation and protection of value by addressing uncertainty, identifying, managing, and monitoring risks and opportunities that threaten the achievement of the Company's strategic goals, essential for safeguarding our customers, employees, shareholders, assets, and brands.

The Company's risk management is developed in line with the ISO 31000 standard for risk management and the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework.

Risks that could impact Telia's operations include, but are not limited to, the following:

Commercial risks	Risks related to corruption and unethical business practices	Risks related to cybersecurity, network quality, and resilience
Environmental risks	Risks related to execution and transformation	Macroeconomic and geopolitical risks
Privacy risks	Regulation risks	Risks related to supply chain and third-party management
Risks related to capabilities, skills, competence, and leadership	Social and ethical risks	

Financial risk management

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

The Company's exposure to foreign exchange risk is not substantial, as Telia Lietuva operates in the eurozone, and the majority of services are provided to residents and businesses in Lithuania, with most services and goods purchased from local or eurozone suppliers. However, certain foreign exchange risk exposure arises from the Company's international activities with telecommunication operators and suppliers outside the eurozone, primarily related to settlements in US Dollars. Substantially all the Company's trade payables and trade receivables in foreign currencies are short-term and insignificant as compared to settlements in EUR. The Company manages foreign exchange risk by minimizing the net exposure to open foreign currency positions; therefore, no foreign exchange hedging instruments are used.

In May 2024, the Company had repaid an outstanding EUR 30 million loan provided by SEB Bank, Danske Bank, and Nordea Bank in 2017. This loan interest rates were set semi-annually based on a 6-month EURIBOR interest rate. The Revolving credit facility, up to EUR 50 million, provided by Telia Company AB, was also priced based on 3 or 6-month EURIBOR interest rates. The Company does not use any interest rate hedging tools.

The Company participates in a reverse factoring or Supplier Invoice Financing (SIF) program where suppliers' invoices are paid by third-party banks within 7 days for an agreed fee, covered by the supplier. The Company does not incur any credit fees and does not provide additional collateral or guarantees to the banks. Payment to the banks is made in full invoice amounts within a period of up to one year. The actual term depends on several variables agreed upon by all three parties, one of which is the EURIBOR interest rate. To mitigate the impact of rising interest rates, the Company renegotiated the terms of the SIF program.

The Company's exposure to credit risk is primarily related to cash deposits and trade receivables. Credit risk of cash deposits is managed by limiting exposure to financial institutions with credit ratings lower than A (according to Fitch or equivalent ratings by Standard & Poor's or Moody's). As at 31 December 2024, the majority (98 per cent) of the Company's cash and short-term investments were held in A+ rated banks.

To manage the credit risk of trade receivables, the Company conducts credit checks on all customers (both business and residential) before entering into any new contracts, except for low-value contracts, such as additional TV packages or other value-added services (VAS). Payment control for customers' invoices involves several steps, beginning with a notification before the due date, followed by additional reminders after the due date. Services are restricted after 20 days past due, and contracts are terminated with penalties issued after 50 days past due. Residential customers' debts are transferred to external debt collection before contract termination and can be sold to external partners multiple times per year.

The Company has a Participation Agreement with Skandinaviska Enskilda Banken (SEB) for customer receivables. Under the agreement, SEB acquires the rights to the cash flows for certain pools of Telia Lietuva's receivables from the sales of handsets to residential customers.

Risk management

The objective of Participation Agreement is to improve the Company's working capital by achieving derecognition of the receivables, transferring the risk related to the receivables to SEB using the so-called "pass-through" rules in IFRS 9 Financial Instruments.

Liquidity risk pertains to the availability of adequate funds for the Company's debt service, capital expenditure, working capital requirements, and dividend payouts. Prudent liquidity risk management involves maintaining a sufficient level of cash and cash equivalents. The Company's liquidity risk management goal is to ensure that the minimum liquidity position (calculated as cash and cash equivalents plus undrawn committed credit facilities) always exceeds 2% of the annual revenue. In 2024, the Company's average liquidity position amounted to 5.2% of the annual revenue.

To mitigate liquidity risk, in January 2023 the Company signed two-years agreement with its largest shareholder, Telia Company AB, regarding a Revolving credit facility. This facility allowed the Company to borrow any amount up to a total limit of EUR 50 million for 3 or 6 months, with funds available within 2 business days.

In January 2024, the Company has entered into agreement with Telia Company AB and Telia Global Services Lithuania, UAB, a subsidiary of Telia Company AB in Lithuania, on cash pooling at SEB bank. Cash pool arrangement provides the Company with the short-term borrowing possibility to ensure liquidity.

The Company's financial risk management is conducted by employees of the Finance unit in accordance with Group policies, in close cooperation with the Group Treasury. Further details about the Company's financial risk management can be found in Note 3 of the Company's Financial Statements for the year ended 31 December 2024.

The main features of the Company's internal control and risk management systems related to preparation of financial statements.

Starting from financial year that ended 31 December 2021, the Company prepares stand-alone financial statements according to the International Financial Reporting Standards (IFRS) as adopted by the EU as the Company from 1 July 2020 has no subsidiaries to be consolidated. Before that the Company was preparing consolidated financial statements according to the International Financial Reporting Standards (IFRS) as adopted by the EU.

In collaboration with Telia Company AB, the Company had implemented a process of internal controls. It was implemented following the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology.

The process of the Company's internal controls implies control of business processes related to provision of services and revenue assurance (customers' settlements and accounting, development and management of services, services provision), performance of IT systems (customer care and billing, infrastructure, network information, financial accounting, salary accounting, networks' interconnection) and the process of preparation of financial reports.

The Company's Process for Preparation of Financial Statements provides that financial statements will be prepared in a correct and timely manner. The Process for Preparation of Financial Statements describes potential risks, methods, types and frequencies of risks control, proves of control, employees responsible for and employees executing control related to preparation of financial statements.

Plans and forecasts

To meet the growing demand for cloud computing services, the Company has acquired a 2-hectare land plot near Vilnius, where it will construct a new data center that will be the largest in the country. The Company is also continuing renovations and expansions of its existing data centers.

People

Telia aims to offer an environment where all employees can grow, develop, and thrive—one that is inclusive, respects rights, and empowers everyone to reach their full potential.

The People Policy defines the Company's expectations for employees, as well as what employees can expect from each other and the Company as their employer. This policy is not part of any employee's employment contract and may be revised at the Company's discretion.

The Telia *Code of Conduct* serves as our ethical compass, inspiring and guiding us in our daily work. 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
- Diversity, Equity and Inclusion
- Occupational health, safety and well being
- Recruitment
- Terms of employment and working hours
- Total remuneration
- Travel

Any Telia Company employee who suspects a violation of the Code of Conduct or People Policy must report it—primarily to their line manager, or alternatively to Human Resources, the Ethics and Compliance Office, or via the *Whistleblowing Line*.

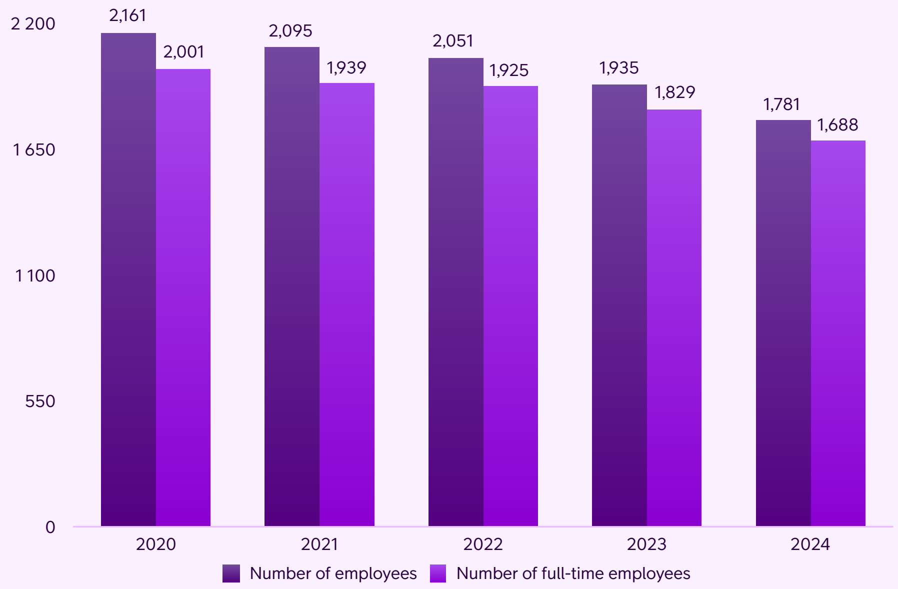
The protection and improvement of the health, safety and well-being of everyone who works for or with the Company, is a guiding principle in all our operations. This definition includes our employees, contractors, suppliers and visitors. Our common approach is built on promoting good health, well-being 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 meets all ISO 45001 requirements. 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.

For full-time employee calculations, part-time employees are converted into full-time equivalents, excluding those on maternity or 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 follows a total remuneration approach, meaning that remuneration comparisons focus on overall compensation rather than 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:

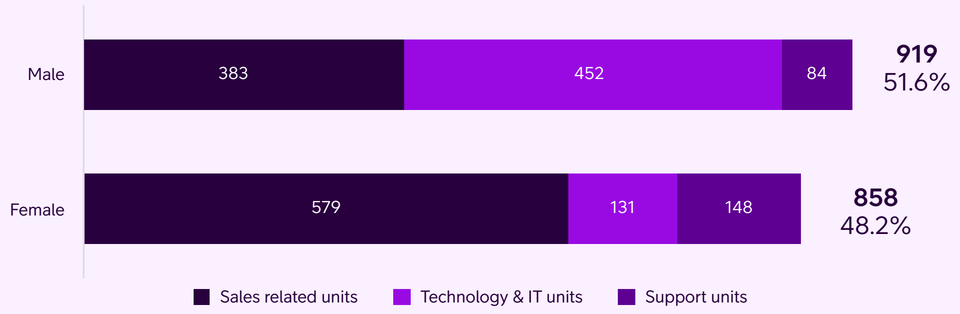
- Fixed base pay
- Short-term incentives
- Functional incentives
- the Company may introduce long-term incentive plans (such as share-based);
- other financial and non-financial benefits such as additional health insurance, pension plans, etc.

The remuneration of all employees is assessed once a year. In 2024, remuneration was increased for 90% of the Company's employees by an average of 7.3%. Additionally, annual bonuses equivalent to approximately two months' salary were paid to all employees who had worked at the Company for at least three months in 2023 and had not received sales incentive payments. The annual bonuses were calculated proportionately for people who worked for less than a full year (but at least three months).

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 employee pension savings at 3rd tier pension funds. We also have a Collective Bargaining Agreement that applies to all employees. More information about those benefits is provided in Sustainability Statement.

Employees breakdown by gender and units as of 31 December 2024



Note. 4 employees have identified themselves as 'other' or ' do not want to disclose'

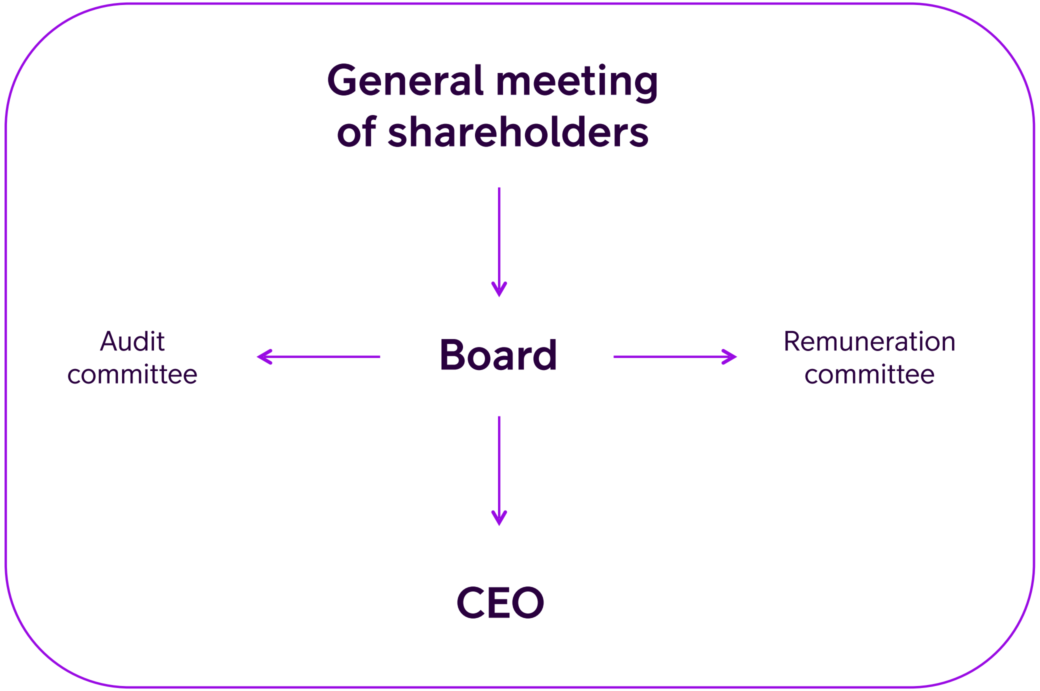
Information about the Company's employees' average salaries as of 31 December 2024:

Group of employees	Number of employees	Average monthly salary (in EUR)
Managers (excluding CEO)	48	8,867
Middle level managers	166	3,875
Specialists	1,566	2,545
	1,780	**2,850**

Corporate governance

Corporate governance

According to the By-Laws of the Company, its governing bodies are the General Shareholders' Meeting, the Board, and the CEO. The Law of the Republic of Lithuania on Companies allows Lithuanian companies to choose between two collegial governing bodies (a Supervisory Council and a Board) or just one. There is no Supervisory Council in the Company.



Decisions made by the **General Meeting** on matters within its competence are binding on the Shareholders, the Board, the CEO, and other Company officials. 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, approved by the CEO, define the duties and authority of the CEO and other Company officers in greater detail.

The By-Laws of the Company state that the CEO of Telia Lietuva:

- supervises day-to-day operations and ensures 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 in accordance with the By-Laws, and 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 largely follows the **Corporate Governance Code** for Companies Listed on the 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 four representatives of the largest shareholder, Telia Company, and two independent members of the Board. The Company does not have a Nomination Committee, as its functions are carried out 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 2024, which is a part to this Annual Report.

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.

Shareholders' rights

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. As of 31 December 2024, 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' meeting

The **Annual General Meeting** held on 26 April 2024 decided to:

- approve of the Company's annual financial statements for the year 2023,
- allocate the Company's profit for the year 2023,
- allocate EUR 37 thousand for tantiemes for the year 2023 to two independent members of the Board – Leda Iržikevičienė and Mindaugas Glodas – EUR 18.5 thousand each,
- approve the Company's Remuneration Report for the year 2023,
- approve new edition of the Company's CEO and Board members remuneration policy
- recall UAB Deloitte Lietuva as the Company's auditor and elect KPMG Baltics, UAB as the Company's audit enterprise for the year 2024 and 2025,
- elect Stefan Backman to the Company's Board for current term of the Board to succeed Dan Strömberg, who resigned from the Board as of 25 April 2024.

Corporate governance

The Board Activities

On 4 April 2024, Dan Strömberg, Chair of the Board, submitted his letter of resignation from the Board, effective 25 April 2024. Following a proposal from the Company's largest shareholder, Telia Company AB the Annual General Meeting of Shareholders on 26 April 2024 elected Stefan Backman, Executive Vice President, Group General Counsel and Head of Corporate Affairs at Telia Company AB, to the Board of Telia Lietuva for the current term of the Board till 27 April 2025.

On 25 June 2024, the Board of Telia Lietuva elected Stefan Backman as a Chair of the Board.

Agneta Wallmark, a member of the Board and Chair of the Audit Committee, has resigned from the Board as of 20 September 2024. On 4 October 2024, the Board elected Board member Hannu-Matti Mäkinen as the new Chair of the Audit Committee.

According to the By-laws of the Company, the Board shall be comprised of 6 members. The current two-year term of the Company's Board terminates on 27 April 2025, thus election of a new member of the Board was not planned till the end of the current Board's term.

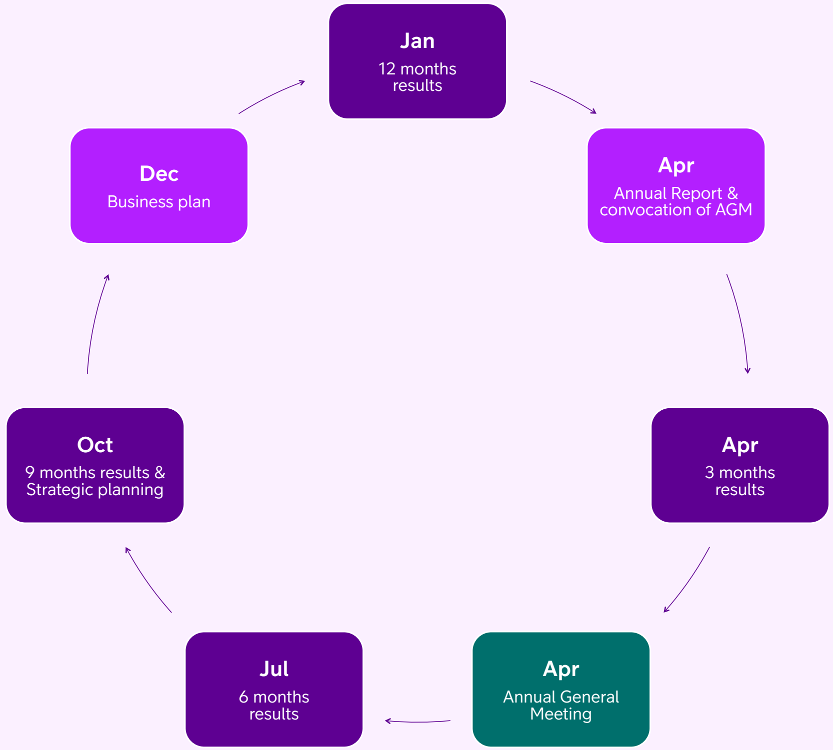
During 2024, 8 ordinary and 2 extraordinary **meetings of the Board** were held. Ordinary meetings were convened according to the preliminary approved schedule of the Board meetings, while extraordinary meetings were held for appointment of new members of the Management Team and investment decision. During all Board meetings there was quorum prescribed by legal acts. All meetings 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 2023 and 3, 6 and 9 months of 2024,
- financial statements and the annual report for the year ended 31 December 2023,
- convocation of the Annual General Meetings of Shareholders and agenda of the Meeting,
- proposal of profit allocation for the year 2023,
- Remuneration Report for the year 2023,
- new edition of the Company's CEO and Board members remuneration policy,
- audit enterprise for the year 2024-2025,
- internal audit plan for the year 2024,
- payment of annual bonuses for the year 2023,
- resignation of the Chair of the Board and election of new Chair of the Board,
- resignation of the Chair of the Audit Committee and election of the new Chair of the Committee,
- changes in organizational structure of the Company,
- appointment of new Heads of B2B and Digital Transformation units,
- updates of the Company's Policies,
- the preliminary budget for related parties' transaction (Common Services purchase from Telia Company Group) for the year 2025.

The Board regularly considered reports of the Audit and Remuneration Committees, as well as reports of the Company's management.

The Board's annual work cycle



Corporate governance

The **Remuneration Committee** of the Company is responsible for making recommendations to the Board on creating a competitive compensation structure aimed at attracting and retaining key management talent. It also ensures the integrity of the Company's compensation and benefit practices, links compensation to performance, and safeguards the interests of all shareholders. The Remuneration Committee reviews and establishes general compensation goals and guidelines for the Company's employees, determines bonus criteria, recommends compensation for executives and management, plans executive development and succession, assists the Chair of the Board in CEO recruitment, and aids the CEO in recruiting managers who report directly to them.

During 2024, the Remuneration Committee held 4 ordinary meetings. The committee discussed the following issues during these meetings:

- evaluation of the Company's Management team members' performance and approval of short-term incentives for Management team for the year 2023,
- base salary review for Management team members,
- short-term incentive KPI's for the year 2024,
- short-term incentives procedure update,
- Company's CEO and Board members remuneration policy,
- Remuneration Report for the year 2023,
- changes of organizational structure of the Company,
- changes in Management team,
- labour market development,
- succession to Management team members' position.

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

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

During 2024, 4 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 2023,
- draft of audited financial statements and the Annual Report for the year 2023,
- draft of Profit allocation statements for the year 2023 (dividends and tantiemes),
- internal audit and risk management reports,
- internal audit plan for the year 2024,
- election of the Company's audit enterprise for the years 2024 and 2025,
- related party transaction: increase of Revolving Credit Facility limit and preliminary budget of Common Services purchase from Telia Company Group for the year 2025,
- report of GREC (Governance, Risk, Ethics and Compliance) meeting,
- update on funding and liquidity.

All members of the Committee at the time attended all meetings. Two meetings were chaired by the then Chair of the Committee, Agneta Wallmark, and other two – by new Chair of the Committee, Hannu-Matti Mäkinen.

Information about the Board members' attendance of the meetings in 2024 (number of attended/to be attended meetings):

		Meeting attendance		
Name, surname	Position	Board	Audit Committee	Remuneration Committee
Dan Strömberg	Chair of the Board, member of the Board till 25 April 2024	3/3		
Stefan Backman	Chair of the Board, member of the Board from 26 April 2024	7/7		
Claes Nycander	Member of the Board, Chair of the Remuneration Committee	10/10		4/4
Agneta Wallmark	Member of the Board, Chair of the Audit Committee till 20 September 2024	7/7	2/2	
Hannu-Matti Mäkinen	Member of the Board, member of the Remuneration Committee, Chair of the Audit Committee (from 4 October 2024)	10/10	2/2	4/4
Leda Iržikevičienė	Independent member of the Board, member of the Audit Committee	10/10	4/4	
Mindaugas Glodas	Independent member of the Board, member of the Audit and Remuneration Committees	10/10	4/4	4/4

Members of the Board

Stefan Backman

Chair of the Board, member of the Board since 26 April 2024 (nominated by Telia Company AB).

Education: University of Uppsala (Sweden), Master of Laws.

Employment: Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Executive Vice President, Group General Counsel and Head of Corporate Affairs.

Involvement in activities of other entities:

- Telia Sverige AB, Stjarntorget 1, 169 94 Solna, Sweden, code 556430-0142, member of the Board
- TV4 AB, Tegeluddsvägen 3, 115 41 Stockholm, Sweden, code 556242-7152, Chair of the Board
- Telia Finland Oyj, PL 106, FI-0051 Sonera, Finland, code 1475607-9, 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.

Stefan Backman has no direct interest in the share capital of Telia Lietuva.

Claes Nycander

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 & part of management support for Latvia, Lithuania and Estonia.

Current Board Assignments:

- 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;
- Svenska UMTS-Nät AB, Warfvinges Väg 45 4tr, 11251 Stockholm, Sweden, code 556606-7996, Chair of the Board;
- Svenska UMTS-licens AB, Warfinges 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;
- Tilts Communications A/S, Holmbladsgade 139, 2300 København, Denmark, code 17260642, member of the Board;
- Telia Company Danmark A/S, Holmbladsgade 139, 2300 København S, Denmark, code 18530740, Chair of the Board.

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

Members of the Board

Hannu-Matti Mäkinen

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 and 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, Dzirnavu iela 105, Rīga, LV-1011 Latvia, code 40003052786, Deputy Chair 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, Lørenfaret 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.

Leda Iržikevičienė

Independent member of the Board since 16 March 2023, re-elected for a two-year 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.

Members of the Board

Mindaugas Glodas

Independent member of the Board since 25 April 2018, re-elected for 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.

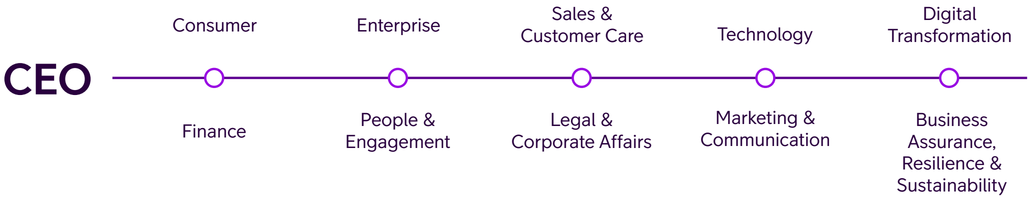
Involvement in activities of other entities:

- Association Žinių Ekonomikos Forumas, Saulėtekio al. 15, LT-10221, Vilnius, Lithuania, code 225709520, member of the Council;
- 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 2024



In April 2024, the Board approved a new organization structure of Telia Lietuva valid from 1 July 2024. The Digital and Transformation business functions were merged into the new Digital Transformation unit, Business Assurance and Transformation unit was renamed into Business Assurance, Resilience and Sustainability (BARS) unit, and all IT competencies concentrated in Technology unit.

Vygintas Domarkas was appointed as Head of Digital Transformation unit from 1 July 2024.

Daniel Karpovič, Head of Enterprise (B2B), left the Company as of 1 July 2024, and Aurimas Žlibinas was appointed to lead the Company's business customers' unit.

Management Team

Giedrė Kaminskaitė-Salters

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;
- 4 procentai, VšĮ, Konstitucijos pr. 21A, LT-08130 Vilnius, Lithuania, code 306689509, 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

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.

Aurimas Žlibinas

Head of Enterprise
(B2B) from 1 June 2024.

Education: Lithuanian University of Educational Science, Bachelor of Science, Sociology.

He is not involved in activities of other entities. Aurimas Žlibinas 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

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

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:

- SIA Tet, Dzirnavu iela 105, Rīga, LV-1011, Latvia, code 40003052786, member *of the the Supervisory Council

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.

Vygintas Domarkas

Head of Digital Transformation
from 1 July 2024.

Education: Vilnius University (Lithuania), Bachelor's degree in Informatics.

He is not involved in activities of other entities. Vygintas Domarkas 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

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

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;
- UAB EPSO-G, Laisvės pr. 10, LT-04215 Vilnius, Lithuania, code 302826889, member of Remuneration and Nomination Committee

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

Head of Legal and Corporate Affairs
from 25 January 2019.

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

Involvement in activities of other entities:

- Initiative 'Baltoji Banga' ('White Wave') (Lithuania), member of the Council.

Daiva Kasperavičienė has no direct interest in the share capital of Telia Lietuva. She has no shareholdings that exceed 5 percent of the share capital of any company.

Vaida Jurkonienė

Head of Marketing & Communication
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.

Vytautas Bučinskas

Head of Business Assurance, Resilience & Sustainability
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.

Corporate governance

Information about the remuneration of key management personnel is provided in Note 27 of the Company's Financial Statements for the year ended 31 December 2024. Key management includes CEO, Heads of Units directly reporting to CEO and Heads of the largest Units of the Company. The total amount of the Company's dividends for the year 2023 paid in 2024 to key management personnel amounted to 910.1 euro.

During 2024, no loans, guarantees, or sponsorships were granted to members of the Board or Management Team by the Company. Additionally, the Company's associate has not paid any salaries or other payouts to the Company's Board or Management Team members.

Information about agreements of the Company and the members of its management bodies, or the employee providing for a compensation in case of the resignation or in case they are dismissed without due reason, or their employment is terminated in view of the change of the control of the Company.

All the Company's employment agreements with the employees, including management, of the Company are concluded following requirements of the Labour Code of the Republic of Lithuania. Employees are employed and laid off following requirements of the Labour Code.

Members of the Company's Board are elected for a two-year term by the shareholders without any employment agreements as they represent shareholders and are not employees of the Company. The Annual General Meeting of Shareholders while adopting decision on profit allocation can also pass a decision on granting annual compensations (tantiemes) to members of the Board for their activities. Members of the Board have a right to resign from the Board prior to the termination of the term of the Board upon written notification to the Company submitted not later than 14 calendar days. The Rules of Procedure of the Board do not provide for any compensations or pay-outs in case any member of the Board resigns prior to the termination of the term of the Board.

The Board approves the main conditions of employment agreements of the members of the Company's Management Team. The said conditions stipulate that where a member of the Management Team has his/her employment agreement terminated due to his/her revocation from the office under the initiative of the Company without any fault on the part of the member of the Management Team, the Company must pay to him/her the compensation amounting up to 6 monthly salaries unless laws regulating labour relations provide otherwise.

There are no material agreements to which the Company is a party, and which would come into effect, be amended or terminated in case of change in the Company's control.

Gender balance in the governing bodies of Telia Lietuva, AB

(% representation by gender as at 31 December 2024)

	Members of the Board		Members of the Management Team (incl. CEO)	
		%		%
Female	1	20.0	6	54.5
Male	4	80.0	5	45.5
Total	**5**	**100.0**	**11**	**100.0**

According to the By-laws of the Company the Board of Telia Lietuva shall consist of six members. One female member of the Board has resigned from the Board due to her retirement in September 2024 and as the current 2-year term of the Board will terminate on 27 April 2025 it is not planned to elect a new member of the current Board. Thus, for majority of 2024, two female out of six (or 33.3%) were members of the Board.

The principle of employees' (including managers) equal opportunities based on competence, experience and performance, regardless of gender, race, ethnicity, religion, age, disability, sexual orientation, nationality, political opinion, union affiliation, social background and/or other characteristics protected by applicable law, is set in the People Policy.

Remuneration Report

Introduction

This report describes how the guidelines of the Policy for Remuneration of CEO and Members of the Board of Telia Lietuva, AB (hereinafter ‘the Policy’) initially adopted by the Annual General Meeting of Telia Lietuva, AB shareholders on 28 April 2020 and new edition was approved on 26 April 2024, were implemented in 2024. Following the requirements of the Lithuanian Law on Companies the Policy is publicly available on the *Company’s website*.

This report has been prepared following the requirements of the Law on Companies of the Republic of Lithuania. The report provides information on remuneration to the CEO and member of the Board of the Company in 2024.

Information on remuneration to the Company’s key management is available in Note 27 (Related party transactions) of the Company’s financial statements for the year ended 31 December 2024.

Information on the activities of the Remuneration Committee in 2024 is set out in the Corporate Governance part of the Company’s Annual Report for the year 2024.

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

Key development in 2024

During 2024, the Company’s revenue grew by 3.1% and amounted to EUR 491.1 million (2023: EUR 476.6 million). EBITDA increased by 5.2% and amounted to EUR 173.7 million (2023: EUR 165.2 million). Profit for the period went up by 12.6% to EUR 71.6 million (2023: EUR 63.6 million). The Company’s share price and market capitalization went down by 5.4%. The Company’s overall performance in 2024 is summarised in Management Report in the Company’s Annual Report for the year 2024.

Remuneration guidelines

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

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

Principles of CEO remuneration

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

1) the fixed salary,
2) variable pay which is paid out taking into consideration the financial results of the Company and personal performance results of the CEO; and
3) other benefits.

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

The information about remuneration of CEO of Telia Lietuva, AB during 2024 (in EUR):

Name, surname	Fixed salary	Variable pay	Other benefits	Total remuneration	Employer’s contribution	Daily allowance
Giedrė Kaminskaitė-Salters	279,696	114,293	7,743	401,732	7,111	2,459

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

	2020	Change	2021	Change	2022	Change	2023	Change	2024
CEO remuneration	561	-46 (-8.3%)	515	-62 (-11.9%)	453	-175 (-38.6%)	278	+124 (+44.7%)	402
Profit for the period	55,914	+894 (+1.6%)	56,808	-410 (-0.7%)	56,398	+7,196 (+12.8%)	63,594	+8,025 (+12.6%)	71,619
Average employee salary (EUR)	1,864	+240 (+12.9%)	2,104	+253 (+12.0%)	2,357	+245 (+10.4%)	2,602	+248 (+9.5%)	2,850

Remuneration Report

CEO remuneration in 2024

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

Variable pay amounting to 41% of the CEO annual salary was paid to the CEO for the Company's financial results and goals achieved during the year 2023 following the Board's approval.

Other benefits (income in kind) implied a company car and other. Other benefits amounted to 2.8% of fixed CEO's salary. Following the Law, the employer's contribution to Social Insurance Fund in 2024 amounted to 1.77% of the employee's remuneration. The Company does not offer any share-related incentive plans to the CEO.

The CEO is also offered a standard benefits package under the same terms and conditions as for all employees of the Company. The package includes such benefits as the additional health insurance, contributions to the third pillar pension fund (optional) and others. During 2024, the Company's contribution to Giedrė Kaminskaitė-Salters' third pillar pension fund amounted to EUR 8,007.

Principles of members of the Board remuneration

The Policy states that the General Meeting may decide to make payments for the members of the Board, according to the provisions of the Law on Companies of the Republic of Lithuania. Members of the Board who are employees of Telia Company AB, a controlling shareholder holding 88.15% the Company's shares, get remuneration according to the signed employment contracts with their respective employers.

No additional payments for their activities as members of the Board (tantiemes) are made to them by the Company. The Company only remunerates independent members of the Board, who receive a fixed annual payment. The General Meeting decides on the exact amount of such a payment, while approving the distribution of profit. Such payments are not treated as employment related income, instead they are payments for the activities of the member of the Board (tantiemes). The payments to the independent members of the Board are set by taking into account relevant information from comparable companies (market benchmark).

Remuneration of members of the Board in 2024

Following the Policy that provides that members of the Board that are employed by Telia Company AB, the largest shareholder of the Company, are not entitled to any remuneration from the Company, only two independent members of the Board – Leda Iržikevičienė and Mindaugas Glodas – by decision of the Annual General Meeting held on 26 April 2024 received in total EUR 37 thousand or EUR 18.5 thousand each of tantiemes (annual payment) for the year 2023. No other remuneration or pay-outs from the Company to the Board members was allocated.

Information about remuneration of the Board members during 2024 (in EUR)

Name of the Board member	Member of the Audit Committee	Member of the Remuneration Committee	Employed by Telia Company	Independent member of the Board	Annual payment (tantiemes)	Other payouts
Dan Strömberg (till 25 April 2024)	-	-	-	-	-	-
Stefan Backman (from 26 April 2024)	-	-	X	-	-	-
Claes Nycander	-	X	X	-	-	-
Agneta Wallmark (till 20 Sep 2024)	X	-	X	-	-	-
Hannu-Matti Mäkinen	X	X	X	-	-	-
Leda Iržikevičienė	X	-	-	X	18,500	-
Mindaugas Glodas	X	X	-	X	18,500	-

Until August 2023 Dan Strömberg held the position of Senior Vice President & Head of cluster Lithuania, Estonia and Denmark (LED) at Telia Company. On 4 October 2024, Hannu-Matti Mäkinen was elected to the Audit Committee upon resignation from the Board and Audit Committee of Agneta Wallmark due to her retirement.

Auditors

Auditors from UAB Deloitte Lietuva, a member of the Deloitte network, audited the financial statements of the Company for the year ended 31 December 2023, including the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, and a summary of significant accounting policies and other explanatory notes.

On 27 April 2023, the shareholders of the Company elected UAB Deloitte Lietuva as the Company's audit enterprise to perform the audit of the annual financial statements for the years 2023 and 2024. They were also tasked with assessing the annual reports for the same years. The shareholders authorized the CEO of the Company to finalize the agreement for audit services, with the payment not exceeding EUR 420 thousand (VAT excluded) for the audit of the annual financial statements and assessment of the report for two financial years.

For auditing the financial statements and assessing the annual report for 2023, the Company paid UAB Deloitte Lietuva EUR 254 thousand (excluding VAT). During 2024, UAB Deloitte Lietuva did not provide any services to the Company other than auditing and did not receive any remuneration beyond the audit fees.

Considering that UAB Deloitte Lietuva has audited the Company for 10 years (since 2014) and that Telia Company, the parent company of Telia Lietuva, selected KPMG as its audit enterprise, the Annual General Meeting of Shareholders on 26 April 2024 replaced UAB Deloitte Lietuva with KPMG Baltics, UAB as the Company's audit enterprise for 2024 and 2025.

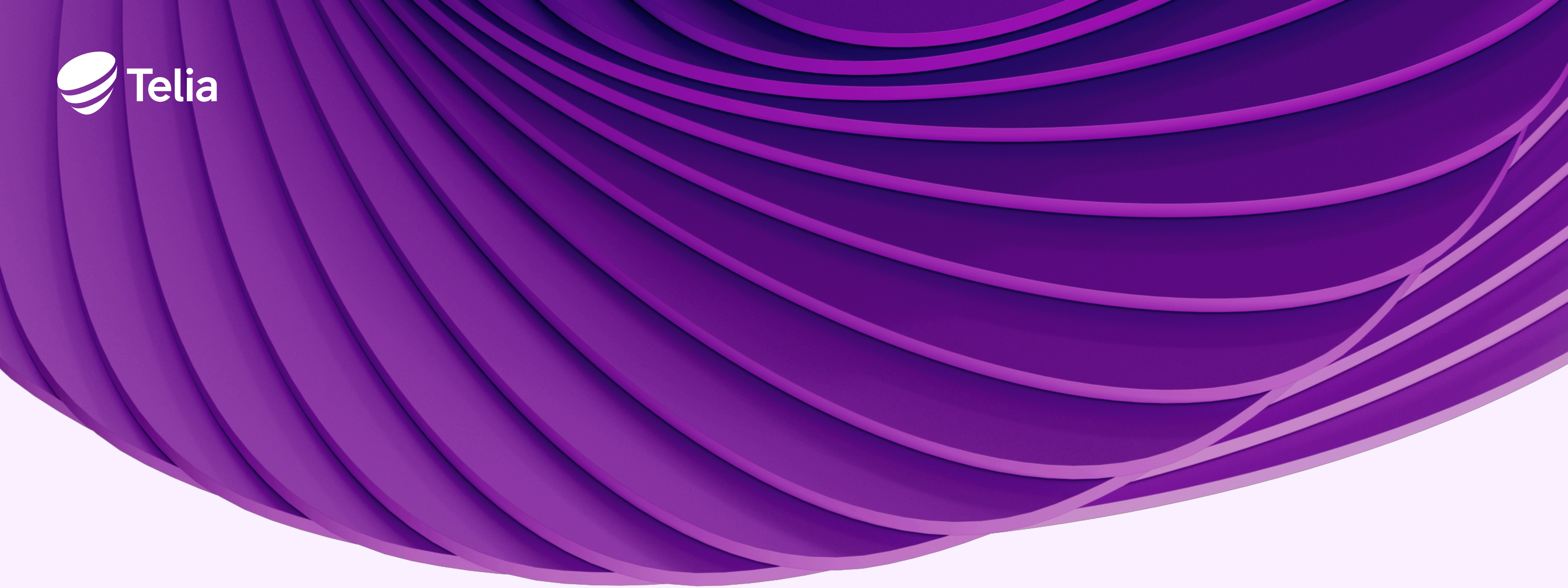
The shareholders authorized the Company's CEO to finalize the audit agreement for the Company's financial statements and annual report assessment, with the audit fee not exceeding EUR 420 thousand (excluding VAT) for 2024 and 2025.

KPMG Baltics is a part of global insights-led professional service firm present in 143 countries and providing audit & assurance, advisory, tax & legal services. The selection of KPMG as the Company's audit enterprise was based on the decision of Telia Company AB's Annual General Meeting on 10 April 2024 to elect KPMG as its auditor. The aim is for all consolidated subsidiaries of Telia Company Group to be audited by the same reputable international audit enterprise. Therefore, the Company is audited by KPMG's Lithuanian branch.

The agreement with KPMG Baltics, UAB stipulates that the audit fee for the Company's financial statements and annual report assessment will be EUR 185 thousand per year for 2024 and 2025. Additionally, KPMG will provide limited assurance of the Company's sustainability statement for 2024 for EUR 49 thousand.

Following the Law of the Republic of Lithuania on Audit, KPMG Baltics UAB on 17 December 2024 at the meeting of the Audit Committee of the Company officially stated about KPMG Baltics UAB independence from the Company for the year 2024.

Taking into consideration that there is no conflict of interest the Board of Telia Lietuva on 17 December 2024 approved the Company's entering into agreement with UAB KPMG Baltics regarding the audit of Mobile-ID service for an amount of EUR 16.9 thousand.



Sustainability statement

Telia

Contents
Sustainability Statement

Introduction

In recent years, Telia has prioritized the development of structured and comprehensive sustainability reporting. This provides stakeholders with transparent, comparable and reliable insights into the company's environmental, social and governance (ESG) performance. This report is also in line with the European Sustainability Reporting Standards (ESRS) set out by the European Union's Corporate Sustainability Reporting Directive (CSRD).

How to read the report

- Each chapter title has an ESRS code indicating the overarching standard to which it refers
- Both qualitative and quantitative disclosures have ESRS references in parentheses indicating the requirements to which Telia's information refers
- Where possible, Telia has provided quantitative comparisons with the previous year's information

General information

ESRS 2 General disclosures

BP-1 General basis for preparation of the sustainability statement

The Sustainability Statement of Telia Lietuva, AB is prepared in accordance with Lithuanian legal requirements. It also serves as Telia Lietuva Global Compact Communication on Progress (CoP). In addition, sustainability content is integrated into other sections of this report – for example, in the description of Telia's business strategy, in the analysis of underlying trends and in the Corporate Governance section.

The report has been prepared according to the European Sustainability Reporting Standards (ESRS). To facilitate reading and comparability, please refer to the Sustainability Index on page 134.

Please note: Telia Lietuva is part of the Group and is a subsidiary company of Telia Company. Other subsidiaries in the Group include Telia's operations in Norway, Sweden, Finland, Estonia and Latvia.

Therefore, the information in this report is not consolidated at the Group level and reflects only Telia Lietuva financial statements, excluding other Group subsidiaries, which are covered in Telia Company's consolidated ESRS-aligned report.

The Sustainability Statement covers upstream and downstream information, as well as Telia's own operations. Impacts, risks and opportunities have been assessed for all three parts of the value chain, to a varying degree, depending on the topic.

For example, S2 Workers in the value chain mostly covers up to tier 2 suppliers, but some material impacts have been mapped below tier 3. In S4 Consumers and end-users, material impacts, risks and opportunities have been mapped in relation to Telia's own customers. Telia's policies are applicable to its own employees, suppliers and other business partners, indirectly covering additional stakeholders such as customers and affected communities.

The actions and targets specified in this report primarily concern Telia's own operations, with indirect impacts on additional stakeholders in the company's value chain. (BP-1-5-(c))

BP-2 Disclosures in relation to specific circumstances

For the purposes of this report, short-term refers to one year, medium-term refers to one to five years, and long-term to five years and beyond, unless otherwise specified. (BP-2-9-(a))

Telia Lietuva recognizes that measurement uncertainties may arise from factors such as reliance on future outcomes, measurement techniques, and data quality across its value chain. For each metric identified, the Company will detail these sources, providing context for stakeholders to assess the nature of uncertainties associated with its disclosures.

In accordance with ESRS 1, Telia Lietuva is committed to fully disclosing the assumptions, approximations and judgments applied to each metric or amount identified.

This includes rationale for selecting particular methodologies, data sources and adjustments. (BP-2-11-(b))

There are no changes in information and/or scope, comparing to the previous reporting year. Methodologies used for presented data also remain largely unchanged, unless specified otherwise in the report.

Value chain data and estimates are used for a number of metrics.

Metric	Basis for preparation	Actions to improve accuracy
GHG emissions	Telia Lietuva uses a combination of emission reporting approaches, including industry average, supplier level and device/product level calculation methods. Additional information is found under E1-6	Telia Lietuva is constantly following the emission reporting development and available data sources, whilst also aiming to increase the share of supplier and product level data
Energy	Estimates are used for sites where heating consumption is calculated based on spend and average monthly energy prices in the country	Telia Lietuva is improving the metering of the own energy consumption

(BP-2-10(a)) (BP-2-10(b)) (BP-2-10(c)) (BP-2-10(d))

GOV-1 The role of the administrative, management and supervisory bodies

The total number of non-executive members of Telia Lietuva Board, which according to the By Laws of the Company performs supervisory functions, is six. One member of the Board has resigned from the Board in September 2024, thus as at 31 December 2024 there were 5 Board members. The Company's Management Team includes 11 members. (GOV-1-21-(a)) As of 31 December 2024, the Board's gender diversity ratio is 20%F/80%M (0.2 female-to-male ratio). Prior to the resignation of a female Board member in September 2024, it was 33.3%F/66.7%M (0.5 female-to-male ratio). (GOV-1-21-(d)) The current proportion of independent members on the Board is 2 out of 5 (40%), while usually it is 2 out of 6 (33.3%), ensuring minority shareholders representation in decision-making processes. Information about the Board's sustainability-related expertise is found in the Board section. (GOV-1-21-(e))

Telia Lietuva conducts Governance, Risk, Ethics and Compliance (GREC) meetings each quarter. All material risk and compliance topics are raised in these meetings and escalated if needed. GREC reports are presented to the Audit Committee on a regular basis. For more information about the GREC meetings, see the Governance, Risk and Compliance (GRC) section. (GOV-1-22-(a))

The Group Executive Management (GEM) owns and is responsible for all Group Policies, Group Instructions and risk mitigations as decided by GREC. Roles and responsibilities are delegated through Telia's Delegation of Obligation and Authority (DOA). (GOV-1-22-(b))

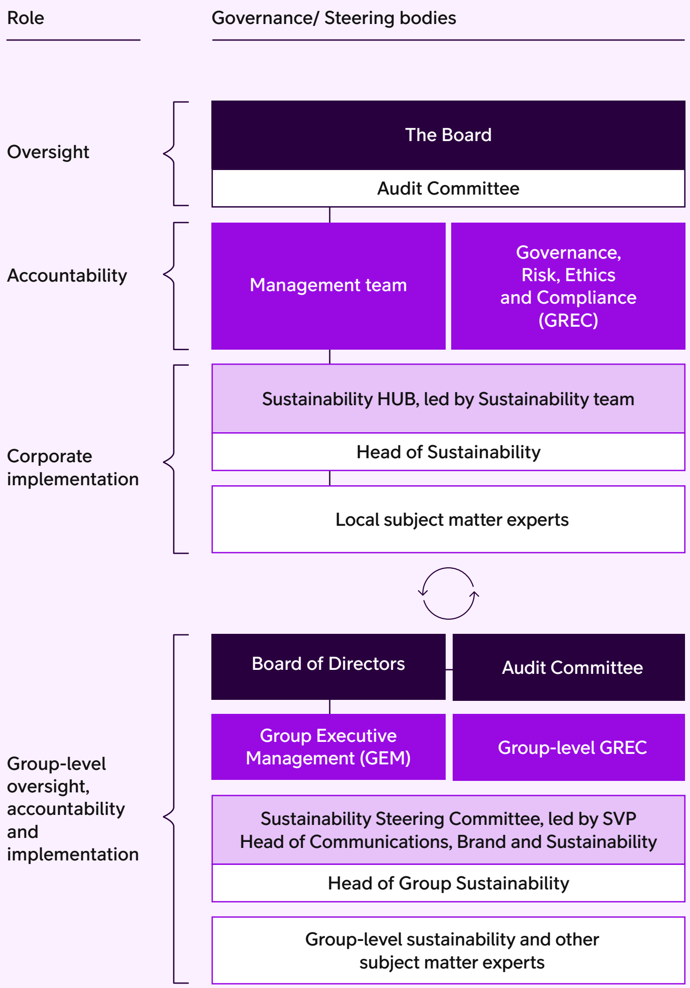
The governance processes, controls and procedures for monitoring, managing and overseeing impacts, risks and opportunities at Telia Lietuva are clearly defined and structured through the company's governance framework and DOA. Roles and responsibilities for risk management, including the delegation to risk owners and managers, are outlined in the company's Risk Management (ERM) Framework.

Sustainability performance updates are provided to the Board upon request as part of a meeting agenda. Information on key issues is also provided through Business Review Management (BRM) quarterly updates. Additionally, the GREC reviews risk reports covering principal risk areas, including sustainability, twice a year. The Audit Committee is responsible to determine acceptable risk levels, as detailed in Telia's Risk Universe.

Currently, Telia Lietuva management does set any sustainability-related goals themselves, as the sustainability agenda is set at the Group level. Instead, Telia Lietuva management follow sustainability agenda that is formulated at the Group level. Telia Company's GEM adopts and follows up on Telia's sustainability goals, which are set by the Board of Directors, while Group-level GREC monitors sustainability-related risks through the Enterprise Risk Management (ERM) framework.

All members of the Company's Management Team also participate in GREC. The country's GREC report is submitted to the Group's GREC. Telia Lietuva DOA delegates responsibility to the Management Team regarding risk and compliance. The Company has formally implemented several control frameworks. (GOV-1-22-(c))

The setting of targets related to material impacts, risks and opportunities, and monitoring of their progress, is handled through GEM and Board of Directors discussions, and decided by the Board of Directors. Risks are reported to GREC, including mitigations and alignment with risk appetite. (GOV-1-22-(d))



GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

GREC provides a risk report, compiled through workshops for all risk areas, to the Audit Committee of Telia Lietuva twice a year. These reports include risks related to due diligence, stemming from third parties. Monitoring of the implementation of policies and instructions is executed through control frameworks that apply to key risk areas such as security, service continuity and financial reporting. (GOV-2-26-(a))

Based on the impacts, risks and opportunities (IROs) identified through the double materiality assessment, the observed risks are included in these risk reports and also included in the Management Team and GREC discussions. Target-setting, risks and opportunities for the areas covered under sustainability are part of Telia Lietuva strategy process. (GOV-2-26-(b))

Responsibility for addressing material IROs is shared across administrative, management and supervisory bodies at the company (a list of Telia Lietuva material IROs is available under section SBM-3). For practical management, specific responsibilities for sustainability topics and their related IROs are allocated to some members of our top management team. However, not all members of Telia Lietuva top management have been assigned oversight of sustainability topics and their respective IROs. This process requires structured and thorough onboarding of personnel, which has yet to be implemented.

In the meantime, Telia Lietuva dedicated sustainability team is responsible for the oversight of those sustainability topics and their respective IROs.

To track Telia Lietuva key performance indicators (KPIs) against its sustainability targets, updates are collected during the company's quarterly business reviews. In this process, information on key KPIs is consolidated on a quarterly basis and brought to top management in order to monitor performance and discuss with the Board. (GOV-2-AR6)

GOV-3 Integration of sustainability-related performance in incentive schemes

Members of Telia Lietuva Management Team as well as other employees of the Company might receive variable pay for achieving personal and the Company's annual financial goals. Sustainability goals are integrated into personal development plans and annual objectives and key results (OKRs) of the Company's top managers. Three sustainability targets are included in the long-term incentive (LTI) program. This setup enables sustainability-related aspects to be integrated into the annual performance evaluation of key employees and supports Telia Lithuania's efforts to deliver on its sustainability goals. (GOV-3-29) (GOV-3-29-(a))

Fifteen per cent of the LTI program is related to sustainability KPIs. Each goal and its associated KPI account for 5% of the program. For climate, no GHG emission reduction targets are considered in the LTI program; however, climate targets that directly or indirectly contribute to the emission reduction targets are considered.

The metrics associated with these targets are:

- Climate – percentage of supply-chain emissions covered by science-based emission-reduction targets or equivalent and the CDP climate score
- Digital inclusion – individuals reached through digital inclusion initiatives
- Privacy – customers associating Telia with a strong privacy position.

(GOV-3-29-(c)) (E1-GOV-3-13)

Active long-term incentive programs

	2022-2025	2023-2026	2024-2027
Climate	Engage with suppliers to ensure that those responsible for 72% of emissions from purchased goods, services, and capital goods set science-based targets.	Engage with suppliers so that suppliers responsible for 72% of emissions from purchased goods and services and capital goods have set science-based targets	Engage with suppliers so that suppliers responsible for 72% of emissions from purchased goods and services and capital goods have set science-based targets
Digital inclusion	Reach 75,000 individuals with digital inclusion initiatives from 2021 to 2025	Reach 75,000 individuals with digital inclusion initiatives from 2021 to 2025	Reach 75,000 individuals with digital inclusion initiatives from 2021 to 2026
Privacy	Achieve top-tier position in customer privacy in Lithuanian market	Achieve top-tier position in customer privacy in Lithuanian market	Achieve top-tier position in customer privacy in Lithuanian market

(GOV-3-29-(b)) (GOV-3-29-(d)) (E1-GOV-3-13)

The LTI program targets and levels for each KPI are approved annually by the Remuneration Committee. The LTI program in general, and the weighting for the KPIs, are approved at the Annual General Meeting at the Group level. (GOV-3-29-(e)) (E1-GOV-3-13)

GOV-4 Statement on due diligence

Core elements of due diligence	Paragraphs in the Sustainability Statement
a) Embedding due diligence in governance, strategy and business model	GOV-2, GOV-3, SBM-3
b) Engaging with affected stakeholders in all key steps of the due diligence	GOV-2, SBM-2, SBM-3, S1-2, S2-2, S3-2, S4-2
c) Identifying and assessing those adverse impacts	GOV-2, SBM-2, IRO-1, E1 ESRS2 IRO-1, E5 ESRS2 IRO-1, S1-2, S2-2, S3-2, S4-2
d) Taking action to address those adverse impacts	SBM-3, E1-3, E5-2, S1-4, S2-4, S3-4, S4-4
e) Tracking the effectiveness of these efforts and communicating	E1-4, E5-3, S1-5, S2-5, S3-5, S4-5

GOV-5 Risk management and internal controls over sustainability reporting

The scope of Telia Lietuva sustainability reporting in relation to risk management and controls covers both qualitative and quantitative information. Due to the nature of the data, different approaches are used for qualitative and quantitative information. A more thorough risk assessment has been performed for quantitative disclosures, looking at higher-risk data points or requirements based on manual handling of the data, and the possibility of calculation errors. A risk assessment of qualitative information is planned for the future.

To strengthen internal controls over sustainability reporting, Telia Lietuva conducted an internal assessment to determine which data it owns and controls versus data that comes from third parties and relies on external sources.

The assessment also considered whether additional assumptions or estimations have been used for the final output. In terms of systems, the majority of the quantitative data points are held in internal systems. These include Telia's internal sustainability reporting system, which holds environmental quantitative information as well as some social information; Telia's internal human resources system, which holds the company's own workforce information; and Telia's Whistleblowing Line system for information on reported cases. Based on the risk assessment, selected areas under the topic of environment were selected as being of high criticality, based on the materiality of the information. Due to this, additional controls have been put in place for these areas. (GOV-5-36-(a))

The risk assessment performed on the quantitative information covered accuracy and reliability, completeness, consistency, timeliness and accessibility, transparency and relevance. Questions from each of these categories were mapped for the different areas that contain quantitative information to identify potential high risks based on the reporting process. (GOV-5-36-(b))

To mitigate the potential risk of misstatements in the quantitative data provided, strategies have been applied such as use of the four-eye principle, meaning having at least one validator and an approver. A checklist questionnaire has been implemented to support completeness and accuracy, as well as a general deviation percentage tracker that identifies where further explanation is required to capture larger changes in comparison with the previous period. Based on the mapping and results, environmental data receives high focus. The controls specified above are the main actions in place to mitigate the risk. (GOV-5-36-(c))

For the first year, the environmental area that has been identified as requiring high focus combines expertise from at least two functions: sustainability and finance. Results and tracking of data from this area are shared with members of the Board and the top management team for follow-up. (GOV-5-36-(d)) (GOV-5-36-(e))

SBM-1 Strategy, business model and value chain

As the operator of critical infrastructure such as networks and data centers that connect people, businesses and public safety service providers, Telia Lietuva plays a vital role in the societies in which it operates.

The company's infrastructure enables businesses – including providers of essential services such as healthcare, energy and banking – to operate more efficiently and sustainably. This gives Telia Lietuva special responsibilities to ensure that its infrastructure is reliable, sustainable and accessible, as well as private and secure. This in turn requires continuous investments and oversight. Telia Lietuva unique position and trusted, sustainable reputation create opportunities to serve customers amid three major trends: digitalization, deglobalization, and decarbonization. Decarbonization is an imperative and Telia Lietuva aims to drive and enable this shift.

In its updated strategy, Telia Lietuva has set out its ambition to be a trusted and sustainable partner. This will enable Telia Lietuva to drive customer loyalty and satisfaction, attract and retain talent, and retain the confidence of investors. Trust is built by delivering on customer expectations, every day. Telia Lietuva integrates sustainability into everything it does, maximizing its potential to make a positive impact on the societies in which it operates.

All Telia Lietuva products and services impact sustainability, including GHG emissions, circularity, security, privacy, and diversity & inclusion, whether through production, purchase, or customer use. Telia Lietuva provision of connectivity in the form of networks is the basis for digital inclusion, and its offering also includes mission-critical B2B security-related services. Telia Lietuva OTT, data center, and 5G services help business customers reduce GHG emissions by improving operational efficiency. Digital services also enhance people's lives by providing convenient access to information, communication, and essential resources, making daily tasks easier and more efficient. A summary of Telia Lietuva customer segments is found in the section **At the center of digitalization**. (SBM-1-40-(a-ii))

Lithuania's market includes a diverse customer base, spanning consumers, businesses and public sector entities, to which the company offers digital infrastructure, ICT services, entertainment solutions, as well as other products and services. A summary of the products and services offered is found in the section **Telia in brief**. (SBM-1-40-(a-i)).

More information about Telia Lietuva employees can be found in chapter S1-6. (SBM-1-40-(a-iii))

Sustainability goals

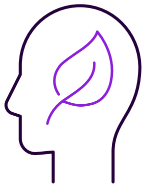
Category	Goals
Products and services	– Engage with suppliers so that those responsible for 72% of emissions from Telia Lietuva purchased goods, services, and capital goods set science-based emission-reduction targets or equivalent by 2025 – Net-zero by 2040, aligned with the requirements of the Science Based Target initiative (SBTi) Net-Zero Standard – Reduce emissions in own operations (Scope 1 and 2) by 90% by 2030 (base year: 2018) – Halving Scope 3 emissions by 2030 (base year: 2018) – Achieve an A score in CDP's external climate disclosure by 2026[1] – Extend the lifetime of devices through: - increasing the sales of pre-owned/ reused mobile phones (B2C) - increasing the sales of equipment provided as "Device as a Service" (B2B) – Use only renewable electricity (achieved in 2019) – Halve emissions in own operations, by 2025 (Scope 1 and 2 (market based) – Reuse or recycle 84% of waste from Telia's own and network operations by 2025
Relationships with stakeholders	– Reach 75,000 individuals with digital inclusion initiatives from 2021 to 2026 – Continuously block child sexual abuse material and detect in IT systems in own operations – Maintain continuous transparency related to government requests – Ensure 90% of employees complete Telia's Code of Responsible Business Conduct training by 2025 – Perform annual anti-bribery and corruption (ABC) risk assessment – Conduct maturity assessments of the ABC program, and develop plans to close maturity gaps – Maintain well-being and work-life balance score at 8.5 (in the employee engagement survey) by 2025 – Reach 50/50 gender balance in the Top Management team – Continuously decrease Telia Lietuva raw gender pay gap – Empower children through digital skills initiatives
Geographical areas	– Reach 99.8% 5G population coverage by 2027
Customer categories	– Be a preferred supplier, responsive to and proactively addressing customers' security needs – Hold top-tier position in customer privacy perception in Lithuania by 2026 – Continuously implement a "privacy and security by design" approach – Provide child safeguarding services to Telia Lietuva customers

[1] CDP's external climate disclosure rating is achieved at the Group (Telia Company) level, of which Telia Lietuva is a part of.

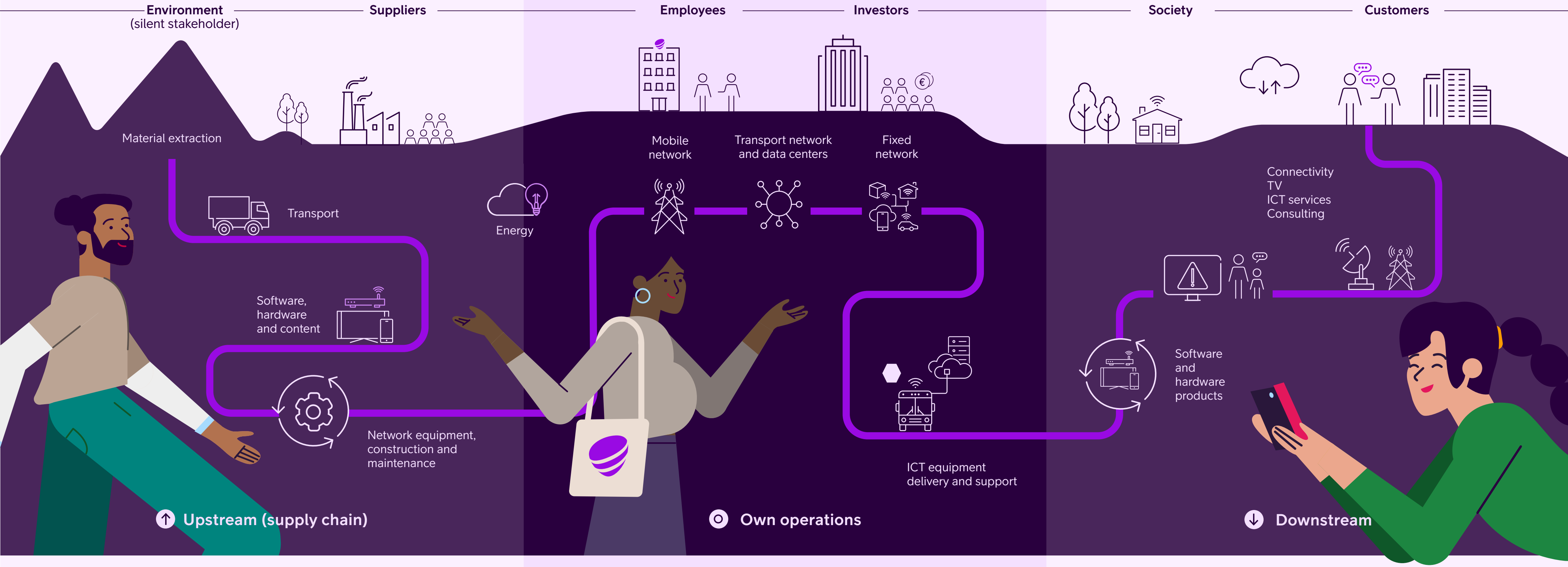
Telia Lietuva has categorized its sourcing in accordance with material impacts from a GHG-emission point of view, arriving at a focus on network equipment, field services, and smartphones and other hardware. (SBM-1-40-(f))

Telia Lietuva strategy is directly linked to sustainability through various objectives:

- The company's sourcing strategy and guidelines to avoid emissions, waste and human-rights-related negative impacts in its supply chain. To support this, Telia regularly updates its Supplier Code of Conduct and constantly reviews its sourcing processes. More detailed information on this is available in section G1-2.
- Offering 5G and IoT services that support B2B customers in avoiding GHG emissions. The company currently provides remote meeting services, which enables its customers to reduce CO2 emissions and use natural resources more sustainably with the help of digital solutions. In the future, Telia Lietuva is developing alternative solutions to help reduce GHG emissions even more, with a particular focus on IoT solutions for smart buildings, transportation and utilities. Building 5G networks for digital inclusion. Digitalization continues at a rapid pace, with Telia's corporate customers connecting business-critical assets to optimize and intelligently automate processes. This trend is part of the broader movement towards modern operations incorporating robust 5G, IoT, secure cloud-based solutions and increased leverage of AI. This is a growth opportunity for Telia that is well-aligned with Telia's B2B digitalization capabilities. Telia is committed to providing high- quality services to its customers and continues to make considerable investments to improve connectivity quality for everyone. Telia achieved 5G population coverage of 99.7% by the end of 2024, compared with 99% at the end of 2023. (SBM-1-40-(g))



This model illustrates where Telia Lietuva material impacts, risks and opportunities (IROs) occur across its direct and indirect business relationships within its full value chain: including upstream, own operations, and downstream. The company's main stakeholder groups are also depicted in the visual. A brief description of Telia Lietuva material topics with reference to each chapter is included in the bottom. For more information on Telia's IROs in the value chain please view each sub section.



Telia's material topics

E1 – Climate change mitigation, energy
E5 – Resource inflows
S2 – Workers in the value chain
G1 – Business conduct – payment practices

Telia's material topics

E1 – Climate change mitigation, energy
E5 – Resource inflows, resource outflows, waste
S1 – Own workforce
S3 – Affected communities – Digital inclusion, Children's rights
S4 – Consumers and end users – Privacy, Security
G1 – Business conduct

Telia's material topics

S3 – Affected communities – Digital inclusion, Childrens' rights, Freedom of expression
S4 – Consumers and end users – Privacy, Security

SBM-2 Interests and views of stakeholders

Telia Lietuva actively engages in ongoing dialog with a diverse range of stakeholders to support the integration of their concerns and expectations in the company's business strategies. These inputs are provided through various channels, such as customer and employee surveys, inputs from trade unions (via internal proxies). Additional insights are also gathered through the Telia Company network, giving further insights about the situation in the market and contextual information about the expectations of our customers and other stakeholders. Telia Lietuva assesses stakeholder needs as part of its double materiality assessment (DMA) process, which allows the company to identify both actual and potential impacts on its stakeholders, as well as risks and opportunities arising to the company's operations in Lithuania. Key topics raised through stakeholder engagement in 2024 included digital infrastructure development, data security and the environmental impact of the company's services, especially regarding energy consumption and GHG emissions. Additionally, stakeholders emphasized the importance of supply-chain transparency, human rights, children's rights and the responsible use of digital technologies.

Stakeholder engagement is carried out on a topic-by-topic basis, based on the needs for input (to understand how stakeholders perceive the company) and for output (to provide information and meet stakeholders' needs). A summary per type of engagement is shown below. (SBM-2-45-(a))

The views of Telia Lietuva customers, investors and owners, as well as broader societal and environmental developments, form a base for the company's strategy development. Investors and owners expect the company to act responsibly and to work to ensure the continuation of a resilient business. Customer and employee surveys are performed regularly. (SBM-2-45-(b))

In 2024, Telia's strategy was amended with the introduction of annual CO2-reduction targets in scope 3, and with updated aims for close dialog with suppliers to find new and better reduction solutions. Updates to the strategy were made as a result of customer, legislator and financial market requests to implement trustworthy transition plans that can be tracked continuously. The company anticipates CO2 emissions to become a factor alongside price, quality and functionality in customer purchase decisions. Telia also envisions increasing numbers of customers demanding enabling solutions that help them reduce their GHG emissions, and the company intends to develop these offerings further. (SBM-2-45-(c))

Telia Lietuva management is regularly informed about the views and interests of its stakeholders through dissemination of customer and employee perception surveys. Furthermore, the company's management team works closely with the Group, enabling informed decision-making and further deepening perception of stakeholder needs through investor surveys and sustainability deep-dive workshops. Telia Lietuva management team is periodically informed and updated on the needs and expectations of the stakeholders. (SBM-2-45-(d))

Stakeholder group and objectives	Material topics*	How Telia meets stakeholder needs
B2C customers Provide secure and inclusive digital services	Digital inclusion, Responsible sourcing, Privacy and security, Children's rights	Implements advanced security protocols to protect customers' data and ensure access to critical digital services. Invests in digital inclusion and skills development to bridge the digital divide and support online safety. Develops networks to meet growing digital demands.
B2B customers Enable businesses with reliable, innovative and secure digital solutions	Climate and circularity, Privacy and security, Responsible sourcing, Anti-bribery and corruption, Digital inclusion	Helps customers understand and reduce their emissions through Telia's services. Develops networks to meet growing digital needs. Delivers reliable and resilient digital services and infrastructure that satisfy current and future commercial and regulatory requirements. Implements advanced security protocols to help protect customers' data.
Suppliers Set sustainability standards for suppliers	Responsible sourcing, Climate and circularity, Human rights, Privacy and security	Conducts regular reviews and audits of supplier compliance. Enforces a Supplier Code of Conduct to support sustainable practices across the supply chain. Conducts improvement forums with entrepreneurs regarding waste management.
Employees Be an inclusive and safe employer	Diversity, equity, inclusion and well-being, Human rights, Privacy and security, Digital inclusion	Drives initiatives such as gender-diversity targets. Conducts engagement surveys for employees. Provides training and education to promote employee development. Provides mandatory training in specific areas, followed up through performance review through the YouFirst process.
Authorities Ensure compliance with laws and regulations	Freedom of expression and government surveillance, Responsible sourcing, Climate and circularity, Anti-bribery and corruption	Complies with anti-bribery and corruption policies, upholding a zero-tolerance approach. Conducts risk assessments to identify issues. Aligns business operations with environmental laws. Challenges unconventional requests related to freedom of expression.
Legislators/regulators Align with EU and national regulations	Anti-bribery and corruption, Privacy and security	Develops and adapts business practices to comply with regulations.
Local communities Support local communities' sustainable development	Human rights, Children's rights, Diversity, equity, inclusion and well-being, Privacy and security, Climate and circularity	Delivers digital inclusion projects to increase access and skills. Cooperates with municipalities and organizations specialized in topics such as children's rights. Implements transition plans to reduce GHG emissions.
Investors Ensure a resilient company strategy and deliver reliable sustainability data	Climate and circularity, Digital inclusion, Human rights, Diversity, equity, inclusion and well-being, Responsible sourcing, Anti-bribery and corruption	Publishes Annual Report and quarterly reports. Holds Capital Market Days to communicate results, strategic goals, and sustainability initiatives.
Business partners Collaborate with partners to promote sustainable practices	Climate and circularity, Responsible sourcing, Digital inclusion	Works with partners through industry-wide associations to share best practices and resources.
Children Empower children through a safe digital environment while minimizing negative impacts on children's rights	Children's rights, Responsible sourcing, Climate and circularity, Privacy and security	Collaborates with children's rights organizations to understand the company's impact. Provides detection services for child sexual abuse material. Commits to net-zero emissions in the value chain by 2040. Provides training to enhance safe online behavior.
Media Provide transparent and trustworthy communication about its operations	Climate and circularity, Anti-bribery and corruption, Responsible sourcing, Human rights, Privacy and security	Ensures transparency by providing communication on business practices. Maintains open dialog with media.
Industry collaborations Contribute and drive industry-wide sustainability practices	Climate and circularity, Responsible sourcing, Digital inclusion	Maintains active membership of working groups of Connect Europe, GSMA, JAC. Builds alliances to act with NGOs and legislators.
Academia Advance sustainability research and knowledge	Climate and circularity, Responsible sourcing, Children's rights	Partners in academic research. Initiates research based on industry needs. Encourages long-term strategic thinking.
Financial market Support sustainable finance and responsible investment practices	Climate and circularity, Responsible sourcing, Privacy and security, Anti-bribery and corruption, Human rights	Aligns reporting with the EU Taxonomy and policies to support compliance and transparency. Provides green bond reporting. Maintains dialog with relevant ESG rating companies. Allocates capital to sustainable activities. Engages in regular dialog with banks, investors, and other financial stakeholders.

* Material topics are those defined by the Double Materiality Assessment (DMA)

DMA process in brief

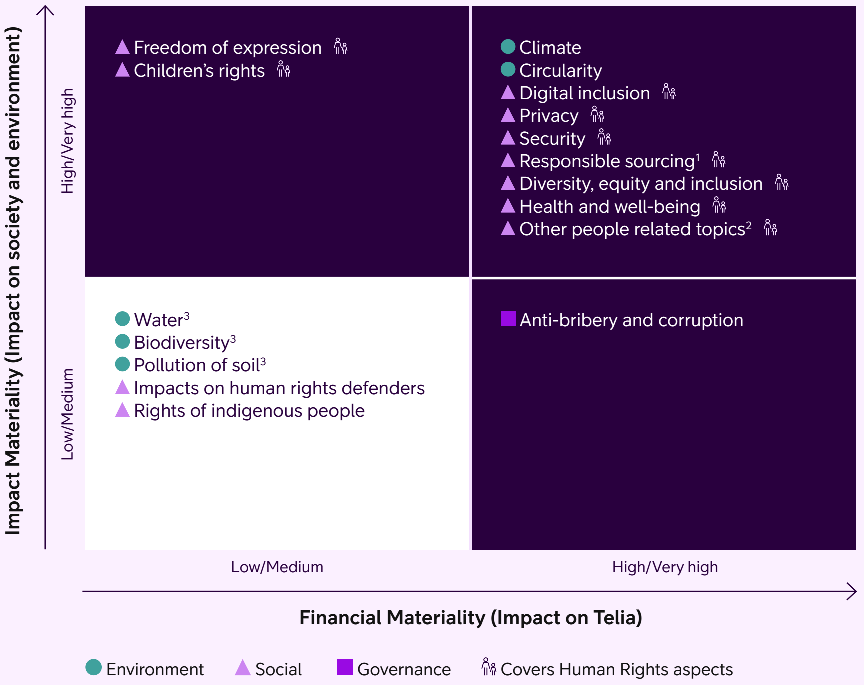
In 2023, Telia Company has conducted its first double materiality assessment (DMA) at the Group level. In 2024, Telia Lietuva has re-validated these results with subject matter experts to confirm the validity of material topics/ sub-topics and their respective IROs at a country level. The results provided in the matrix above indicate Telia Lietuva materiality perspectives.

In the DMA, each topic was assessed in terms of its impacts, risks and opportunities using two main criteria: likelihood and impact level. The assessment was made from an inherent perspective, meaning that it was based on likelihood from an industry and geographic point of view, but without considering the company's current mitigation activities and controls. The DMA assessed each topic in terms of how the company impacts the world around it (e.g., the society, the environment), and how the world around the company impacts the latter financially.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

For its identified material impacts, risks and opportunities (IROs), Telia Lietuva has mitigation mechanisms including actions, policies and targets. These are considered in the company's annual risk assessments and serve as input for its strategy, which is updated every three years and reviewed annually. (SBM-3-48-(b))

Double materiality assessment



1) Child and forced labor, Health and safety, Working hours, Freedom of association
2) Freedom of association, Training and skills development, Adequate wages
3) Telia has identified and assessed actual and potential IROs for these topics, but since none have met the materiality thresholds, they are not included as part of this Sustainability Statement

Telia's material topics	Corresponding ESRS topics
Climate	E1 – Climate change
Circularity	E5 – Resource use and circular economy
Diversity, equity and inclusion Health and well-being Other people-related topics	S1 – Own workforce
Responsible sourcing	S2 – Workers in the value chain G1 – Business conduct
Children's rights Digital inclusion Freedom of expression	S3 – Affected communities
Privacy Security	S4 – Consumers and end-users
Anti-bribery and corruption	G1 – Business conduct

The following impacts, risks and opportunities (IROs) have been deemed material for Telia Lietuva as part of the double materiality assessment shown on the previous page. These IROs are addressed by Telia Lietuva top management team.

Impact materiality

	Impact	Positive or Negative	Where in the value chain does it occur	How will it affect people or the environment	Originated or connects to the business model	Reasonable time-horizon	Generated through own activities or business relationships	Covered under the disclosure requirements or entity-specific disclosures
E1-Climate change	GHG emissions emitted from Telia's value chain, in particular from the supply chain	Negative[1]	Upstream Own operations Downstream	Very high ●●●●	Impact is connected to the business model	Medium- and long-term	Own operations and business relationships	ESRS disclosure requirements
E5- Resource use and circular economy	Resource depletion of the materials used in product portfolio, network equipment, network construction and maintenance, and packaging	Negative[1]	Upstream Downstream	High ●●●○	Impact is connected to the business model	Short-, medium- and long-term	Business relationships	ESRS disclosure requirements
S1- Own workforce	Employees affected by unequal pay will be at disadvantage	Negative[2]	Own operations Downstream	Medium ●●○○	Impact is connected to the business model	Short-, medium- and long-term	Own operations	ESRS disclosure requirements
	Deterioration of employees' mental well-being if organization does not effectively prevent harassment in the workplace	Negative[2]	Own operations	Medium ●●○○	Impact is connected to the business model	Short-, medium- and long-term	Own operations	ESRS disclosure requirements
	Unmanageably high employee workload could lead to burnout	Negative[2]	Own operations	Medium ●●○○	Impact is connected to the business model	Short-, medium- and long-term	Own operations	ESRS disclosure requirements
S2-Workers in the value chain	Unregulated working hours and overtime for suppliers' workers lead to a lower work-life balance and an increased risk of injuries	Negative[1]	Upstream	Medium ●●○○	Impact is connected to the business model	Short-, medium- and long-term	Business relationships	ESRS disclosure requirements
	Unsafe working conditions affect workers' mental and physical health	Negative[1]	Upstream	Medium ●●○○	Impact is connected to the business model	Short-, medium- and long-term	Business relationships	ESRS disclosure requirements
	Child and forced labor as a result of sourcing products that contain minerals sourced from conflict-affected and high-risk areas	Negative[1]	Upstream	High ●●●○	Impact is connected to the business model	Short-, medium- and long-term	Business relationships	ESRS disclosure requirements
S3-Affected communities: Digital inclusion	Disparity between the service quality in urban and rural areas may result in uneven digital inclusion and a negative perception of digitalization	Negative[1]	Downstream	Medium ●●○○	Impact is connected to the business model	Short-term	Own operations	Entity-specific
	Access to reliable connectivity for millions of customers	Positive	Downstream	High ●●●○	Impact is originated in the business model	Short-term	Own operations	Entity-specific

1) Widespread 2) Individual cases

The identified material impacts do not necessarily affect the business model but are rather integrated through the Network & technology quality and the Trusted & sustainable partner pillars of the business model.

Impact materiality (continued)

	Impact	Positive or Negative	Where in the value chain does it occur	How will it affect people or the environment	Originated or connects to the business model	Reasonable time-horizon	Generated through own activities or business relationships	Covered under the disclosure requirements or entity-specific disclosures
S3-Affected communities: Children's rights	As technology evolves and children get more access to it, they are subject to grooming, bullying or exposed to violent content online. This content could be made available via Telia's networks	Negative[1]	Downstream	High ●●●○	Impact is connected to the business model	Short-, medium- and long-term	Business relationships	Entity-specific
S3-Affected communities: Freedom of expression	As a provider of the infrastructure for the internet and free media, Telia enables the right to freedom of expression for customers	Positive	Downstream	Medium ●●○○	Impact is connected to the business model	Short-term	Own operations	Entity-specific
S4- Consumers and end-users: Privacy	Cyberattacks, technical failures, and human errors increase the risk of consumer data breaches, potentially harming affected stakeholders.	Negative[2]	Downstream	Medium ●●○○	Impact is connected to the business model	Short- and medium-term	Own operations	Entity-specific
	Embedded measures to protect Telia's systems and consumer data	Positive	Downstream	Medium ●●○○	Impact is connected to the business model	Short- and medium-term	Own operations	Entity-specific
S4- Consumers and end-users: Security	In case of service disruption, customers and society may be impacted at different levels through the loss of communication services (for example, in the health industry)	Negative[1]	Downstream	High ●●●○	Impact is connected to the business model	Short- and medium-term	Own operations	Entity-specific
G1- Business conduct	Low coverage of grievance mechanisms could increase the risk of human rights violations in the value chain.	Negative	Upstream Own operations Downstream	High ●●●○	Impact is connected to the business model	Short-, medium- and long-term	Own operations Business relationships	ESRS disclosure requirements
	Tax contributions to the societies in the markets where Telia operates	Positive	Downstream	High ●●●○	Impact is connected to the business model	Short-, medium- and long-term	Own operations	Entity-specific

Very high scale ●●●●
Long lasting positive or negative impact on the global economy including economic output, value added, employment and wages; Severe permanent impacts to environment, biodiversity and climate; significant innovative positive contribution to environmental global goals.

High scale ●●●
Likely to result in direct bodily harm / lasting psychological damage; major change of standard of living/livelihood;
- Substantial economic impact including economic output, value added, employment and wages;
- Long-term persistent impacts on the environment, biodiversity and climate, significant positive contribution to environmental global goals.

Medium scale ●●
Could result in indirect bodily harm/ psychological damage; moderate change to standard of living/ livelihood:
- Positive or negative impacts on economic development, including economic output, value added, employment and wages exist but are not long lasting, medium-term;
- Positive or negative impacts to the environment, climate and biodiversity, medium term.

1) Widespread 2) Individual cases

Financial materiality

	Risk or Opportunity	Risk or Opportunity	Where in the value chain does it occur*	Covered under the Disclosure requirements or entity-specific disclosures
E1-Climate change	Failure to meet stakeholder expectations on low-carbon, energy-efficient and circular products and services	Risk	Own operations	ESRS disclosure requirements
	Risk that the company's energy strategy is not sufficiently resilient	Risk	Own operations	ESRS disclosure requirements
	Risk that Telia does not prepare for extreme weather events, such as storms, heavy rain, flooding and heatwaves	Risk	Own operations	ESRS disclosure requirements
	Opportunity to scale IoT solutions that decarbonize customers and society	Opportunity	Own operations Downstream	ESRS disclosure requirements
E5- Resource use and circular economy	Risk that the company's resources are used inefficiently and that the company's products could have a short life span or are difficult to repair, upgrade, or recycle	Risk	Own operations Downstream	ESRS disclosure requirements
	Opportunity to increase leasing and rental models of Telia's products	Opportunity	Own operations Downstream	ESRS disclosure requirements
S1- Own workforce	Risk of engaging in unfair and/or unsafe labor practices (e.g. excessive working hours) could lead to accidents and illnesses	Risk	Own operations	ESRS disclosure requirements
	An inclusive, diverse and well-engaged workforce can drive innovation, creativity, leading to new products and services	Opportunity	Own operations	ESRS disclosure requirements
S2-Workers in the value chain	Risk that the company's suppliers could fail to ensure a safe and healthy working environment and engage in unfair labor practices, such as excessive working hours, leading to unsafe conditions for workers	Risk	Upstream	ESRS disclosure requirements
	Risk that the company's suppliers could fail to uphold human rights by permitting child labor and/or forced labor in their own operations or in those of other suppliers	Risk	Upstream	ESRS disclosure requirements

* Based on where the risk or opportunity is triggered

Financial materiality (continued)

	Risk or Opportunity	Risk or Opportunity	Where in the value chain does it occur*	Covered under the Disclosure requirements or entity-specific disclosures
S3-Affected communities: Digital inclusion	Risk of disparity in service quality and unaffordability of services could lead to customer dissatisfaction	Risk	Downstream	Entity specific
	Digital inclusion projects enhancing digital skills ensure higher customer activity online and lower the number of calls to customer care centers	Opportunity	Downstream	Entity specific
S3-Affected communities: Freedom of expression	Governments mandate limitations to freedom of expression, but this may affect Telia's reputation and consumers' trust in the company	Risk	Downstream	Entity specific
S4- Consumers and end-users: Privacy	Failure to meet customers' privacy requirements and expectations may lead to an unfavorable perception of how Telia manages these matters. Failure to comply with the law could lead to financial penalties	Risk	Downstream	Entity specific
S4- Consumers and end-users: Security	Risk that cyber events originating from an external threat disrupt Telia's services or lead to data breaches	Risk	Downstream	Entity specific
G1- Business conduct	Insufficient training and prevention could create a risk of bribery or corruption	Risk	Own operations	ESRS disclosure requirements
	Failure to follow fair payment practices with own suppliers could lead to a risk of not meeting customer requests	Risk	Own operations Upstream	ESRS disclosure requirements

(SBM-3-48-(a)) (SBM-3-48-(b)) (SBM-3-48-(c)) (SBM-3-48-(d)) (SBM-3-48-(e)) (SBM-3-48-(f)) (SBM-3-48-(g)) (SBM-3-48-(h))

By the end of 2024, Telia Lietuva had not performed a resilience analysis of it's business model in relation to its material IROs. (SBM-3-48f)

* Based on where the risk or opportunity is triggered

IRO-1 Description of the process to identify and assess material impacts, risks and opportunities

Telia's first double materiality assessment (DMA) was conducted in 2023 at the Group level. Hence, information was gathered at a country level, involving local subject matter experts, process owners and other related stakeholders. Obtained results were consolidated at a Telia Company level - a parent company's perspective.

As the process was initially led by Telia Company, an additional re-validation step was taken locally in Lithuania, to ensure complete and coherent country-level alignment with the company's material topics and impacts, risks & opportunities (IROs) within them.

The first step in Telia Company's DMA process was to identify possible material sustainability topics for the company, based on standards and ESG ratings. The following work contributed to defining the long list of topics, and the impacts, risks and opportunities related to each topic:

- Telia's 2020 materiality deep-dive, based on desktop research validated through internal and external stakeholder dialog in 2021 and 2022
- Learnings from the GSMA industry association's project on metrics for the mobile industry in partnership with Yale University, based on stakeholder engagement
- Sustainable Brand Insight's 2024 consumer trend studies, which show what consumers in Telia's markets think a telecommunication operator should prioritize
- Topics covered by ESG ratings, including how topics are weighted
- Concerns raised by stakeholders in the media and Telia's Whistleblowing Line
- Continuous monitoring of policy development and media
- Engagement with collaborative partners to get a deeper understanding of theme-specific impacts and topic boundaries. Examples of these partners include:
  - GSMA (worldwide mobile industry organization)
  - Connect Europe (previously ETNO - European Telecommunications Network Operators' Association)
  - GNI (Global Network Initiative)
  - BSR (Business for Social Responsibility)
  - World Childhood Foundation
  - Save the Children
  - Bris (national child helpline in Sweden)
  - MSI (Forum for Social Innovation Sweden))
  - JAC (Joint Alliance for CSR)
  - Exponential Roadmap Initiative
  - Eco Rating partners

The following work contributed to the assessment of impacts, risks and opportunities:

- 2022 expert analysis on ongoing climate-related trends among key stakeholders and the business impact those trends could have on Telia Company in the short-, medium- and long-term, and a deep-dive into material transition risks and opportunities for the whole Telia in 2025-2027
- Updated human rights risk mapping and salience analysis with BSR in 2022
- Enterprise Risk Management annual risk assessment
- Supplier audits

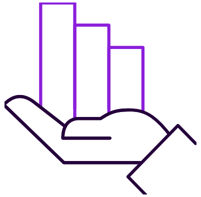
(IRO-1-53-(a))

Telia Lietuva has a third-party risk management process in place that includes due diligence. This process, in combination with Telia's Enterprise Risk Management (ERM) process, aims to identify risks to people and environment that are assessed in the company's supplier due diligence.

The initial DMA process focused on evaluating impacts, risks and opportunities relating to Telia's operations in the Nordics and Baltics. It also took into consideration IROs in the value chain, including upstream, downstream and Telia's own operations. Additional mapping has been performed to identify whether a given IRO relates to actions that occur as a result of Telia's own operations or business relationships (e.g., suppliers).

In 2024, Telia Lietuva has re-validated the DMA results to better represent IROs that are specifically linked to Telia's operations in Lithuania. The outcome of this resulted in a few minor changes, which were mostly related to IRO's position within the value chain and their descriptions.

The threshold applied for the IROs that are deemed material is that their overall heat map score is either "high" or "very high". This heat map score is made up of two determining factors, namely the highest score of the impact categories (scale, scope and irremediability) in combination with the likelihood. For the majority of the IROs, the main guideline follows this logic. However, for identified impacts that have a severe effect on human rights, and where the likelihood was low, leading to a non-material heat map result ("low" or "medium"), this severity has been the determining factor in identifying the IRO as material. (IRO-1-53-(b))



Process to identify, assess, prioritize and monitor impacts that may affect Telia Lietuva stakeholders

Identify	The identification of impacts was done at the Group level, through engagement with internal subject-matter experts from all Telia's operating countries, on various topics. For the identification, a Human Rights Salience Analysis that was previously conducted at Telia, was used for the double materiality process.
Assess	The assessment of impact materiality was based on the United Nations Guiding Principles on Business and Human Rights, which assesses the impact's severity in terms of scale, scope and irremediability. The framework was adapted to assess Impacts in a similar way to risks, for the purpose of the double materiality process. Internal parameters for impact materiality were used to determine the basis for the assessment, including definitions for the different impact levels ("low", "medium", "high" and "very high") and likelihood.
Prioritize	Each impact was assessed according to the definitions provided in the internal parameters. This meant that each impact received a scoring from "low" to "very high" in each of the assessed impact categories (scale, scope and irremediability). The highest score from the assessed impact categories was used in combination with the likelihood to determine the overall result for each impact statement. For every impact that resulted in "High" or "Very high", the topic it was representing would then be considered material from an impact materiality perspective. For the majority of the impacts, the main guideline follows this logic. However, for identified impacts that have a severe effect on human rights, and where the likelihood was low, leading to a non-material heat map result ("low" or "medium"), this severity has been the determining factor in identifying the impact as material.
Monitor	All of the impacts are reviewed and assessed at least once a year to ensure scoring is up to date

Process to identify, assess, prioritize and monitor risks and opportunities that may have financial effects

Identify	The identification of risks and opportunities was done through engagement with internal subject-matter experts on various topics. For the identification, some of the already mapped and annually assessed risk statements that are part of the annual risk wheel were used for the double materiality process.
Assess	The assessment of financial materiality was based on Telia's existing ERM framework, which assesses risks and the effect on the company if they materialize, in relation to financial, strategic, reputational, customer experience and regulatory aspects. The ERM framework was adapted to assess opportunities in a similar way to risks, for the purpose of the double materiality process. Internal parameters for financial materiality were used to determine the basis for the assessment, including definitions for the different impact levels ("low", "medium", "high" and "very high") and likelihood.
Prioritize	Each risk and opportunity was assessed according to the definitions provided in the internal parameters. This meant that each risk and opportunity received a scoring from "low" to "very high" in each of the assessed impact categories (financial, strategic, reputational, customer experience and regulatory). The highest score from the assessed impact categories was used in combination with the likelihood to determine the overall result for each risk and opportunity statement. For every risk and opportunity that resulted in "High" or "Very high", the topic it was representing would then be considered material from a financial materiality perspective.
Monitor	All of the risks and opportunities are reviewed and, if necessary, assessed at least once a year to ensure scoring is up to date.

When determining the impacts for impact materiality, some of these triggered potential and actual risks for Telia Lietuva. In these cases, a mirroring risk was mapped under the financial materiality assessment for further assessment. Potential impacts were categorized as those that have not occurred and have been assessed by potential likelihood to occur. Actual impacts have been categorized as those that have occurred at least once and have been assessed by potential likelihood to occur again. (IRO-1-53-(c)) (IRO-1-53-(d)) (IRO-1-53-(e)) (IRO-1-53-(f)) (IRO-1-53-(g))

The DMA process consisted of consultation with Telia's subject-matter experts in the various topics, across the whole Group. These internal stakeholders provided inputs based on their continuous engagement with external stakeholders, meaning that no directly impacted external stakeholders or external experts were consulted for the purpose of the DMA. Instead, continuous inputs from such parties have been included through their internal counterparts with the best-available ability to represent the views of the affected stakeholders.

Telia has an internal risk management process based on the ERM framework. Through this process, risks are assessed at least twice per year. The risks covered under this internal framework solely cover actual and potential financial risks to the company. Through this process, a more thorough risk profiling is performed for each identified risk. The majority of the risks assessed as part of the financial materiality assessment also form part of this annual risk management process. (IRO-1-53-(e))

Telia's double materiality assessment takes an inherent approach – i.e. does not account for the company's current actions and controls – and takes into consideration Telia's operating countries/regions, including Lithuania. (IRO-1-53-(g))

Telia Lietuva first DMA was conducted in 2023, as part of Telia Company's DMA process. Initially, the full assessment was done with a short-term perspective. During 2024, IROs that were deemed material were also re-assessed and tied to other time periods (e.g., short-, medium and long-term perspectives), where deemed relevant. (IRO-1-53-(h))

IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

The assessment of each impact, risk and opportunity was used to determine whether the IRO was deemed material and whether its topic was thereby deemed material. The materiality threshold was defined as those IROs with a "high" or "very high" result in the heat map. This means that topics that had a risk or an opportunity with a "high" or "very high" result are considered material from a financial perspective. Topics that had an impact with a "high" or "very high" result are considered material from an impact perspective. IROs that were not deemed material have not been integrated in this report. (IRO-2-59)

Environment

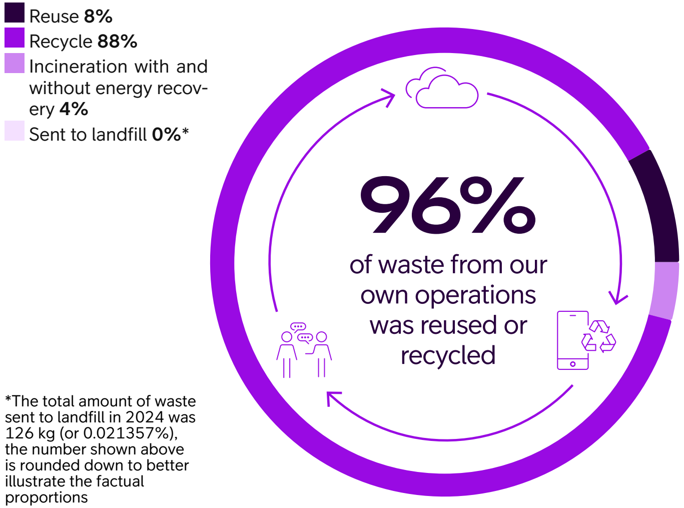
Telia Lietuva is committed to reducing its environmental impact and supporting a more sustainable future. Efforts focus on addressing climate change, promoting energy efficiency, and advancing the circular economy. Key initiatives include reducing greenhouse gas (GHG) emissions across operations and the supply chain, increasing the use of renewable energy, and promoting the reuse and recycling of materials. Environmental actions are aligned with regulatory standards, including the EU Taxonomy, to ensure measurable, transparent, and impactful outcomes.

Read more:

→ E1 Climate change
→ E5 Resource use and circular economy
→ EU taxonomy

50%

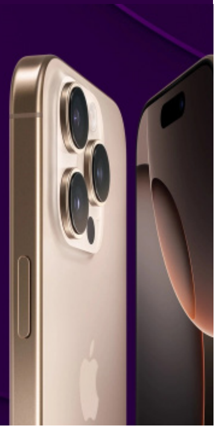
of total supply chain GHG emissions covered by Science Based Targets



*The total amount of waste sent to landfill in 2024 was 126 kg (or 0.021357%), the number shown above is rounded down to better illustrate the factual proportions

8.9%

of total equipment sold to B2B customers was sold "as a service" to extend the lifetime of the devices, enabling reuse and recycling in the value chain



100%

renewable electricity throughout own operations since 2019

54%

of absolute GHG emission reductions in own operations since 2018 (E1-3-29b)

E1 Climate change

Approach

To help address the climate crisis and unsustainable use of natural resources, Telia Lietuva is committed to achieving net-zero greenhouse gas (GHG) emissions across its value chain by 2040. This will necessitate the company reducing its emissions by 90% (compared with base year 2018) and neutralizing the remainder. Telia has committed to at least halving its GHG emissions by 2030, compared with the same base year. In addition, Telia Lietuva is committed to enabling a net-zero economy through its offerings. These offerings have the potential to make a positive impact on digitalization, which in turn can support a less carbon-intensive society.

Telia Lietuva has reduced absolute GHG emissions from its own operations by 54% since 2018 (Scope 1 and 2). The major factors for this achievement were the company's decision to switch to renewable electricity in all own operation activities, as well as electrification on Telia Lietuva vehicle fleet (57% of the total fleet). In the coming years, Telia will continue these efforts, and aims to reduce the remaining emissions from its own operations by at least 90% by 2030. The remaining emissions are generated by diesel-powered backup generators, district heating and the company's car fleet, among other examples, and the company is working to find and adopt alternatives.

The largest portion of Telia Lietuva GHG emissions is generated in the company's supply chain – an estimated 61%. To succeed with scope 3 reductions, the company must engage with its suppliers, monitor progress and decouple revenue growth from emissions.

Telia's strategy reflects both its responsibility to address its climate footprint, and the business opportunities that are created in helping its customers to reduce their emissions. Climate change adaptation, climate change mitigation and energy are all material subtopics addressed.

Telia Company has joined forces with a group of major multinational corporations, including Ericsson, IKEA, BT Group and Unilever, to form the 1.5°C Supply Chain Leaders partnership, which is dedicated to advancing climate work in global supply chains. This collaboration is part of the Exponential Roadmap Initiative, of which Telia Company is a founding member.

Material impacts, risks and opportunities	Value chain location
Negative Impact / Actual: GHG emissions emitted from Telia's value chain, in particular from the supply chain	Upstream Own operations Downstream
Risk[1]**:** Failure to meet stakeholder expectations on low-carbon, energy-efficient and circular products and services	Own operations Downstream
Risk[1]**:** Lack of a resilient energy strategy	Own operations
Risk[2]: Failure to prepare for extreme weather events, such as storms, heavy rain, floods and heatwaves	Own operations
Opportunity: Scaling IoT solutions that help customers and societies to decarbonize	Own operations Downstream

1) Transition risk 2) Physical risk

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

In recent years, Telia has conducted a climate scenario analysis to test and support resilience across the business. As a consequence, environmental resilience is increasingly integrated into the company's processes. Environment is also one of the principal risk areas in Telia's ERM framework. (E1-SBM-3-19-(a))

In 2021, physical climate risk assessments were performed at the Group level (including Lithuania) regarding RCP2.6, RCP4.5 and RCP8.5 for three reference periods. A specific physical climate risk assessment regarding data centers was also performed as a follow-up. In the company's ERM work, climate-related impacts are identified, which Telia Lietuva uses as input to strengthen its resilience in the affected areas. (E1-SBM-3-19-(b))

For the physical climate risks, a time period of up to 2040 has been used. For other parts of the resilience analysis, a time period of up to 2030 has been used. For the transition risks, the following time horizons have been used:

- Short-term – one to three years, tied to strategic and financial timeframe
- Medium-term – three to five years, tied to long-term strategic goals
- Long-term – five years and beyond

These horizons are aligned with the company's ERM framework. (E1-SBM-3-AR7-(b))

The studies to test and support resilience across the business have influenced actions in sourcing and Service Continuity Management to mitigate effects from heatwaves and other environmental effects. Knowledge derived from trend analyses have had an impact on Telia Lietuva strategy, for example: increasing circular offerings and actions in the supply chain to raise the company's environmental resilience. (E1-SBM-3-19-(c))

Telia Lietuva business is deemed to be quite resilient to climate change, meaning no major adjustments are expected to be needed in the short- to medium-term in response to it. The company's ability to adjust is highly dependent on its partners and suppliers, given that the majority of its emissions are in scope 3. Key components of Telia's business, such as its assets, products and services portfolio, financing and reskilling take time to shift. As a result, major changes to the company's strategy and business models to counter climate change can typically be made only in the medium- to long-term. Minor changes to the strategy and business model can be made in the short-term. (E1-SBM-3-AR8-(b))

E1-1 Transition plan for climate change mitigation

Telia Lietuva sees climate change management as a decisive factor for future business success. The company prioritizes providing investors and other stakeholders with information about how it plans to transition to a low-carbon operation, adapt to climate change and remain resilient.

Telia Company has been developing a CSRD-aligned transition plan since 2022, building on previous work around the TCFD recommendations. (E1-1-14) The company has identified its transition risks and has set targets and key performance indicators (KPIs), and will continue to develop this work. (E1-1-16-(j)) Telia Lietuva, as a subsidiary of Telia Company, builds on the work and is in line with the Group's GHG emission reduction strategy and the implementation of the climate transition plan in the country's operations.

During 2024, Telia Company refined the transition plan and created country-specific GHG emission-reduction plans. The refined transition plan was approved by the Group's Board of Directors in Q1 2025 and is released as a stand-alone document in accordance with the EFRAG-suggested format. (E1-1-14) (E1-1-16-(i))

The integration of the transition plan into the business strategy is ongoing, as well as its integration with financial planning. However, the overall sustainability agenda and ambitions of Telia Lietuva are thoroughly integrated into the company's business strategy. The company is adjusting its strategy and business model to ensure compatibility with the transition to a low-carbon economy.

Sustainability is in focus when the company helps businesses and societies to solve pressing challenges. Telia Lietuva is committed to create value for all stakeholders and to deliver sustainably - this rests on its position as a financially, socially and environmentally resilient company. Trends and risks related to policy or legal matters, markets, reputation and technology are regularly evaluated to make sure the transition will maximize Telia's positive impact on people and the planet. (E1-1-16-(h))

The Telia Lietuva management team collectively owns the company's environmental agenda, and its members are responsible for assessment and management of climate-related matters, including strategic business decisions, goal-setting and target execution.

In addition, a sustainability steering committee (at the Group level) facilitates continuous strategic work, finds solutions related to sustainability barriers, risks and opportunities, and engages Telia Lietuva Top Management as needed.

Reducing emissions

To help address the climate crisis and unsustainable use of natural resources, Telia Company has set out GHG emission reduction goals: the company aims to reduce its absolute scope 1 and 2 GHG emissions by 90% by 2030, using 2018 as a base year, as well as its absolute scope 3 GHG emissions by 50% by 2030. The company is also committed to achieve net-zero GHG emissions across its value chain by 2040, also using 2018 as a base year. These goals are set out by the Group and all subsidiary companies, including Telia Lietuva, follow the same GHG emission reduction pathway. (E1-1-14)

Telia's net-zero target is set in line with the Paris Agreement's limiting of global warming to 1.5°C, and is verified by the Science-Based Targets initiative (SBTi). (E1-1-16-(a))

In 2019, Telia set an ambitious climate target of zero CO2 emissions by 2030. This was to be achieved through reducing GHG emissions by 50% and offsetting the remaining 50%. In developing Telia's goals further over recent years, the company has both gained a fuller understanding of the implications and received approval for its net-zero target for 2040. The costs of a 50% offset have been calculated and it has been determined that Telia would rather focus on achieving actual reductions after 2030, in order to achieve its net-zero target for 2040.

As part of focusing on absolute emission reductions, the company set annual GHG emission reduction targets in 2024, with GHG reduction % as the KPI for the period 2025-2027. This is applicable to all Telia operating countries, including Lithuania.

Telia's reduction plan is dependent on several key assumptions:

1. Continued sourcing of renewable energy aligned with standards
2. Suppliers reducing their emissions in line with science
3. Addressing the gap between anticipated reduced emissions from key suppliers and the reduction target

It is also important to note that improvements in the quality of data inputs, emission factors and/or calculation methods will have an impact on the reduction plan.

61% of all Telia Lietuva GHG emission's come from the supply chain, where 45 suppliers which account for 50.8% of emissions have already set out Science Based Targets for GHG emission reduction. For the purposes of the reduction plan, it has been assumed that these suppliers will reduce their emissions in line with science, i.e. halve emissions by 2030. It is also assumed that the suppliers' GHG reductions will directly impact products that Telia purchases from these suppliers. During 2024, Telia Lietuva has engaged in a dialog with three of these suppliers and plans to expand engagement with more suppliers during 2025 to identify more specific opportunities and metrics for reductions.

A plan for how to address the gap between target and anticipated reduced emissions is being developed, with a focus on collaborating further with specific key suppliers to achieve the further reductions needed.

Decarbonization levers

As a technology pioneer with a strong focus to digitalize societies, Telia is well-placed to help drive decarbonization across its value chain and in society at large. Telia's decarbonization levers, and corresponding key actions during 2024 and beyond, are shown in the table below. (E1-1-16b)

Expenditures required for implementation

In line with the EU Taxonomy Regulation (Commission Delegated Regulation (EU) 2021/2178), Telia is disclosing its taxonomy-aligned CAPEX, which currently represents 0% of the company's total investments.

Furthermore, Telia is exploring innovative funding mechanisms, such as green bonds, to raise capital for projects that support its transition to a low-carbon operation. The company's commitment to transparency includes regular reporting on the use of these funds and their impact on the overall climate strategy. (E1-1-16-(c))

Locked-in emissions

Telia has not yet conducted a detailed study of locked-in GHG emissions; this is planned for the future. These emissions are mainly related to scope 3, as Telia Lietuva has been using 100% renewable electricity since 2019. The purchased electricity is covered by the Guarantees of Origin or secured through long-term hedging mechanisms.

Telia Company and its subsidiaries, when procuring electricity, adhere to the same rules outlined in the Group electricity sourcing instruction, which can allow the company to ensure long-term stable costs, stabilize price changes and ensure compliance with Telia's environmental targets.

Network and IT equipment, as well as customer hardware, are fundamental for Telia's business and have a lifetime of multiple years. For most of this equipment, the company has the flexibility to change commercial arrangements. However, for operational purposes some investments are multi-year commitments and thereby lock in a certain amount of emissions.

Lever type	Key actions
Product changes	Increased sales of refurbished smartphones Develop Telia's product and service portfolio to meet customer demand on low-carbon, circular and energy-efficient products and services with correct environmental information
Supply chain decarbonization	Target for 72% of Telia's total supply chain emissions from purchased goods and services and capital goods to be covered by suppliers with science-based targets by 2025 Requirement in the Supplier Code of Conduct that suppliers shall have verified science-based climate targets no later than the end of 2025 Supplier Climate Action Program with key suppliers to address CO2 emissions from the purchases of products and services that Telia makes from these suppliers
Energy efficiency	Site decommission reduces heating needs
Electrification	Replace fossil-based heating in technical sites with electric solutions Car fleet electrification
Fuel switching	Change to renewable diesel Change to renewable district heating
Change of process	Site decommission reduces refrigerant leakage

Nevertheless, Telia is aiming for improvement in this area. To mitigate locked-in GHG emissions, Telia is working with its partners and suppliers to reduce emissions for the complete lifecycle of the company's assets and products. (E1-1-16-(d))

EU Taxonomy and Paris-aligned benchmarks

Telia reports a limited percentage of EU Taxonomy-eligible and aligned activities, since telecommunication networks are currently not included in the taxonomy. The telecommunication industry has highlighted this deficiency to the European Commission, and advocates for networks to be covered in future taxonomy-delegated acts with dedicated, fit-for-purpose alignment criteria. In the short term, the company has no plans to align further with the defined economic activities. (E1-1-16-(e))

Telia Company is not excluded from the EU Paris-aligned benchmarks according to the exclusion criteria stated in Articles 12.1 and 12.2 (Climate Benchmark Standards Regulation). (E1-1-16g)

Feedback mechanism

During the year, representatives of the Group regularly meet investors and shareholders and present and discuss Telia's goals, plans and progress in relation to sustainability in general, and climate in particular. During these meetings, and through other channels such as email dialog, Telia Company received investors' and shareholders' feedback on the goals and plans. Telia's Climate Transition Plan is publicly available for all stakeholders, including shareholders and investors. Shareholders can submit feedback or questions on strategic plans, including Telia Company's Climate Transition Plan, by contacting the Investor Relations team at https://www.teliacompany.com/en/articles/investor-relations.

Telia Lietuva is committed to reporting on progress in delivering on this plan on an annual basis, and estimates that the plan will evolve as learnings are integrated.

E1-2 Policies related to climate change mitigation and adaptation

Policies

Group Policy – Environment is Telia Lietuva guiding document for management of its climate work.

The main purpose of the Policy is to ensure that Telia manages its environment-related impacts, risks and opportunities throughout the value chain while meeting legal and stakeholder requirements and expectations. Telia's key environmental aspects are:

- Climate change, taking into account both risks and opportunities that are physical (e.g. extreme weather events) and transitional (triggered by shifts in e.g. legislation, consumer demand)
- Resource use and circularity, taking into account material inflows and outflows, waste and energy across the value chain.

The Group Policy - Environment does not address GHG removals. See section E1-7.

Telia Lietuva applies a structured management approach through ISO 14001 and other management standards.

For an overview of responsibility for ensuring that this Policy is fully communicated and implemented, see policy table in section G1-1. (E1-2-24)

Sustainability matters addressed by Group Policy – Environment

The sustainability matters addressed by Telia's Group Policy – Environment are as follows (E1-2-25):

Lever type	Key actions
Climate change mitigation	Telia Lietuva will reduce its GHG emissions with activities that match the ambition level and pace required to achieve the company's environmental goals. These include halving emissions by 2030 and achieving net-zero emissions by 2040, and prioritizing its supply chain, including but not limited to the hotspots of network construction and maintenance (field services), network equipment, smartphones and other hardware, and other purchased products and services. Telia Lietuva will prioritize suppliers and partners with science-based climate targets and decarbonization plans, which apply circular economy principles
Climate change adaptation	Telia Lietuva will ensure business continuity despite extreme weather events
Climate change risks	Telia Lietuva will manage risks related to climate change, taking into account both risks and opportunities that are physical (e.g. extreme weather events) and transitional (triggered by changes in e.g. legislation, consumer demand)
Energy	Telia Lietuva will improve energy efficiency and act on its ambition to increase the share of energy coming from its own production. Similarly, with respect to the growing development of renewable energy projects in the region, the company aims to secure long-term Power Purchasing Agreements to further support clean energy supply across our services. Telia Lietuva will create a resilient energy strategy including the exclusive use of renewable electricity and set a plan to phase out other fossil-based energy sources.

E1-3 Actions and resources in relation to climate change policies

Actions and resources

Refer to E1-1 Decarbonization levers for information on Telia's actions and resources related to climate change mitigation. Information about actions in relation to climate change adaptation can be found in the section E1 ESRS 2 IRO-1. (E1-3-29a)

Financial impacts of implementing actions

Climate action is a well-established part of the company strategy, and many of the initiatives described within this plan are already underway and incorporated into the existing business plans and financial position at Telia Lietuva. This is mainly the case for activities in own operations (Scope 1+2). Examples are investments in renewable electricity, transforming our facilities, measures for energy efficiency and transitioning to low carbon vehicles.

The main focus of the transition plan is on Telia's value chain, and suppliers in particular (Scope 3). Telia's current view is that it does not need and should not finance transition activities in the value chain. Hence, the company currently sees limited additional financing need to implement the climate transition plan.

If implementing the initiatives outlined in this plan would require further allocation of resources and investment it will be integrated into the financial planning. Any material impact on the financial statements will be identified and disclosed if appropriate, in line with the existing approach to financial reporting and associated standards. (E1-AR21) (E1-3-29-(c))

E1-4 Targets related to climate change mitigation and adaptation

Year	Goals	2024 progress
Climate		
2040	Net-zero GHG emissions by 2040, aligned with Science Based Targets initiative (SBTi) Net-Zero Standard (base year 2018)[1]	Target validated by SBTi in 2023
2030	At least halve scope 3 emissions by 2030 (base year 2018) Science based target: Reduce CO2-emissions in own operations (scope 1 and scope 2 market-based) by 90% by 2030 (base year 2018)	– -6% YoY change – 54% reduction in own operations since 2018
2026	Achieve an A score in CDP's external climate disclosure[2] Balancing remaining emissions from scope 1, scope 2 market-based and scope 3 category 6 through purchase of carbon credits[3]	– B score (2023: A-)[2] – Carbon credits purchased to balance 2,253 tCO2eq[3]
2025	Science-based targets (base year 2018): to halve GHG emissions in own operations (scopes 1 and 2 market-based)	– Achieved in 2020
Energy		
2026	100% renewable electricity	– Achieved since 2019

1) Telia Lietuva has not verified its target independently with the Science Based Tartgets initiative. However, Telia's operations in Lithuania are covered in the SBTi goals as part of Telia Company (the Group).
2) Telia Lithuania, participates in sustainability ratings and rankings, such as the CDP environmental disclosure system, indirectly - as part of Telia Company.
3) Carbon credits are purchased at Telia Company level to offset GHG emissions on a Group-wide scale.

Tracking effectiveness

The company continuously tracks its progress towards its goals to ensure progress is made. In addition, Telia continuously implements the latest available information and methodologies to help ensure calculations are reliable and up to date.

As an integrated part of strategic planning, a Group-level target was set for all Telia operating countries, to create individual CO2 reduction plans for 2025-2030. Hence, Telia Lietuva has created and is responsible for its own GHG emissions reduction planning and implementation. The plan itself is closely tied to the Group's plan - using the same key levers and actions, but in different proportions. This was done to better align with regional variations in terms of value chain partners and slight differences in Telia's product and service provision compared to Telia's operations in other markets across the Baltics and Nordics.

During 2024, key functions from countries and the Group such as finance, strategy, risk and governance worked together on the identification of reduction activities and their link to strategic and financial planning. (E1-4-32)

From 2025, the key KPI will be CO2 emission reductions (scope 3). The company has set annual targets for the period 2025-2030 that are aligned with Telia Company's 2040 emission reduction target. The target will be followed up quarterly as part of business reviews at the Group level.

There will also be a new sustainability reporting team set in place at the Group level, which will increase Telia's ability to track effectiveness across all operations. Country organisations across the Group will likely benefit from a more efficient and aligned reporting practices. This is especially important for Telia Lietuva, as it is the only separately-reporting subsidiary of Telia Company. (E1-4-33)

In addition to the climate goals outlined to the left, Telia has a target to extend the lifetime of devices, outlined in section E5. This target is also relevant for Telia's climate change mitigation and adaptation work.

GHG emissions

Telia's net-zero emission target covers scope 1, scope 2 (market-based) and scope 3 emissions. Carbon credits or enablement potential (avoided emissions) are not included in the Group's target setting or emission reporting. Telia Company's purchase of carbon credits and enablement effect are reported separately. (E1-4-34-(b))

Telia's baseline value is the calendar year 2018, which remains unchanged (E1-AR25-(b)) but will be updated during 2025, when the company's short-term science-based target period ends. (E1-AR25-(a))

The vast majority of Telia's total value chain emissions come from the supply chain, with scope 1 and scope 2 market-based components representing only around 4% of the total value chain emissions. (E1-AR25-(a))

Reduction targets

Telia's GHG emission reduction targets are science-based and compatible with limiting global warming to 1.5°C. Telia follows the Greenhouse Gas Protocol methodology and the SBTi framework. Telia Company's net-zero GHG emission reduction target is externally verified by the SBTi. Telia has committed to achieving net-zero GHG emissions across its value chain by 2040. Telia Lietuva, as part of the Group, also shares the same commitments and roadmap to achieving net-zero targets.

Telia has considered potential future developments (e.g. changes in sales volumes, shifts in customer preferences and demand, regulatory factors and new technologies) and how these could impact its GHG emissions across different countries and regions where it operates. For example, Telia foresees a decline in sales volumes of smartphones during the period 2025-2030, and a shift in customer preferences to low-carbon, circular and energy-efficient products and services with accurate environmental information. Therefore, the company aims to increase the share of refurbished smartphones it sells, which will also have an impact on emissions since a refurbished smartphone has a lower GHG footprint than a newly produced one.

Regulatory factors will also direct Telia's suppliers to decarbonize. Telia assumes that this will lead its suppliers to reduce their emissions, and to execute product decarbonization roadmaps. This is expected to influence the range of products and services Telia will purchase from suppliers in the coming years. (E1-4-34-(e),16-(a))

Greenhouse gas emissions (tCO_2eq)	Base year 2018	2022	2023	2024	% Change from last year	% Change from base year	Targets 2025	Targets 2030	Targets Net-zero 2040
Scope 1 GHG emissions									
Gross Scope 1 GHG emissions	2,682	1,683	1,101	1,112	(+1%)	(-59%)	1,341	268	268
Percentage of Scope 1 GHG emissions from regulated emissions trading schemes %	0	0	0	0	0	0	-	-	-
Scope 2 GHG emissions									
Gross location-based Scope 2 GHG emissions	10,148	11,615	11,035	8,455	(-23%)	(-17%)	-	-	-
Gross market-based Scope 2 GHG emissions	1,454	1,097	902	794	(-12%)	(-45%)	727	145	145
Significant scope 3 GHG emissions									
Total Gross indirect (Scope 3) GHG emissions	**126,496**	**76,970**	**57,328**	**53,844**	**(-6%)**	**NC[3]**	**-**	**63,248**	**12,650**
Purchased goods and services (category 1)[1]	31,952	44,714	27,371	30,614	(+12%)	NC[3]	-	-	-
Capital goods (category 2)[1]	74,321	9,112	6,421	5,697	(-11%)	NC[3]	-	-	-
Fuel and energy-related activities (category 3)	6,666	3,377	3,592	3,249	(-9%)	(-51%)	-	-	-
Upstream transportation and distribution (category 4)	210	1,770	1,855	1,445	(-22%)	(+588%)	-	-	-
Waste generated in operations (category 5)	39	31	22	13	(-43%)	(-68%)	-	-	-
Business travel (category 6)	591	163	199	211	(+6%)	(-64%)	-	-	-
Employee commuting (category 7)	1,393	777	877	716	(-18%)	(-49%)	-	-	-
Upstream leased assets (category 8)	-	-	-	-	-	-	-	-	-
Downstream transportation and distribution (category 9)[2]	-	-	-	-	-	-	-	-	-
Processing of sold products (category 10)[2]	-	-	-	-	-	-	-	-	-
Use of sold products (category 11)	3,971	3,005	3,611	3,013	(-17%)	(-24%)	-	-	-
End-of-life treatment of sold products (category 12)	9	10	9	8	(-11%)	(-11%)	-	-	-
Downstream leased assets (category 13)	7,285	13,977	13,335	8,841	(-34%)	(+21%)	-	-	-
Franchises (category 14)	59	34	35	31	(-13%)	(-48%)	-	-	-
Financial investments (category 15)	-	-	-	-	-	-	-	-	-
Total GHG emissions									
Total GHG emissions (location-based)	**139,797**	**90,268**	**69,463**	**63,411**	**(-9%)**	**NC[3]**	**-**	**-**	**-**
Total GHG emissions (market-based)	**130,736**	**79,750**	**59,331**	**55,750**	**(-6%)**	**NC[3]**	**-**	**-**	**-**

NC – Not Comparable

1) “Upstream leased assets (category 8)” is combined with scope 1 from 2022 and onwards.
2) “Downstream transportation and distribution (category 9)” and “Processing of sold products (category 10)” are not applicable.
3) During 2023, Telia updated its emission factor database to CEDA, changed the industry-average calculation from global emission factors to location-based factors, and improved emission factors (scope 3 categories 1 and 2) as well as product quantity data. Values from 2022 and the base year 2018 are not comparable with 2023 or 2024 values. The company will update its base year during 2025.

(E1-4-34a) (E1-4-34b) (E1-6-44) (E1-6-AR46d) (E1-6-48a) (E1-6-48b) (E1-6-49a) (E1-6-52a) (E1-6-49b) (E1-6-52b) (E1-6-51)

Expected decarbonization levers

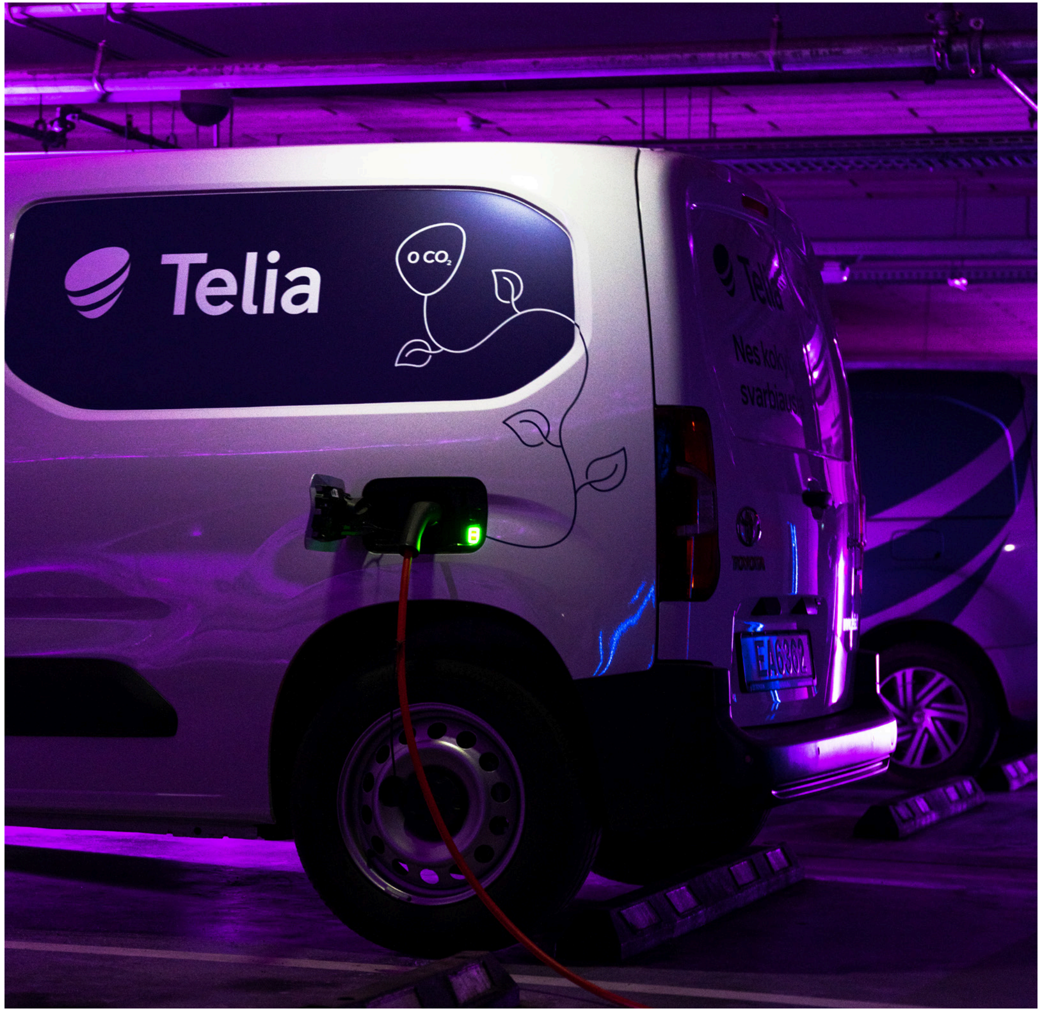
Telia Lietuva is actively working on identifying and developing decarbonization levers to achieve its target of reducing its GHG emissions by 50% by 2030. These levers will be focused on reducing GHG emissions across the company's operations and value chain, and are currently being detailed as part of a comprehensive GHG reduction plan.

The company has identified several key areas that will play a significant role in achieving its targets.

Decarbonization levers and overall quantitative contributions (E1-4-34-(f),16-(b)):

- Own operations GHG emission
- Decreased smartphone volumes – consumption reduction
- Increased share of refurbished smartphones– substitution of product
- Supplier GHG emission reductions

Telia has used a climate scenario compatible with limiting global warming to 1.5°C in assessing relevant environmental, societal, and technology-, market- and policy-related developments. (E1-AR30-(c))



E1-5 Energy consumption and mix

Energy consumption

Energy is one of Telia's most significant environmental aspects. Telia Lietuva strategy to manage energy impacts and costs consists of several parts, including:

- Increasing energy efficiency through new network hardware and power-saving features
- Managing power consumption by decommissioning legacy networks and modernizing sites
- Using only renewable electricity when powering its own operations and looking for alternatives to remaining fossil-based energy sources
- Providing customers with solutions that enable energy reductions

Energy (MWh)	2024	2023	2022
Fuel consumption from coal and coal products	-	-	-
Fuel consumption from crude oil and petroleum products	2,738	4,310	4,964
Fuel consumption from natural gas	-	-	38
Fuel consumption from other non-renewable sources	-	-	-
Consumption from nuclear products	-	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from non-renewable sources	4,421	5,078	6,459
Total non-renewable energy consumption	**7,159**	**9,387**	**11,461**
Share of non-renewable sources in total energy consumption (%)	**9**	**11**	**14**
Fuel consumption from renewable sources (including biomass, biogas, non-fossil-fuel waste, renewable hydrogen, etc.)	10	-	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	76,155	77,584	70,353
Consumption of self-generated non-fuel renewable energy	258	-	-
Total renewable energy consumption	**76,423**	**77,584**	**70,353**
Share of renewable sources in total energy consumption (%)	**91**	**89**	**86**
Total energy consumption (MWh)	**83,582**	**86,972**	**81,814**

(E1-5-37) (E1-5-37a) (E1-5-37c) (E1-5-37c(i)) (E1-5-37c(ii)) (E1-5-37c(iii)) (E1-5-AR34) (E1-5-38b) (E1-5-38c) (E1-5-38e) (E1-5-39)

Accounting principles

Electricity represents over 90% of Telia Lietuva total energy consumption. This report excludes energy sold to customers. These metrics have not been validated by an external party apart from Telia's assurance provider.

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

Significant changes

The following table details all significant changes to Telia's reporting and their effect on year-on-year comparability. (E1-6-47)

Lever type	Key actions
Change due to updated emission factors	The lower GHG emissions scope 3 upstream (categories 1 and 2) in 2023 and 2024, compared with the base year 2018, are mostly due to decreasing carbon intensity emission factors (environmental economic input output factors) and the change of source for these factors affecting the calculation in 2023 and onwards. Other factors impacting reductions are supplier-level reductions and improvements in spend-data categorization. Telia aims to reduce the application of industry-average calculation methods and increase the share of supplier-level data and product-level data.

Accounting principles: GHG emissions

Telia uses a combination of emission reporting approaches, including industry average, supplier level and activity/product level calculation methods. The main sources for emission factors are IEA, BEIS and CEDA. Additional/supplementary emission factor sources are BEIS and IEA. (E1-AR39b)

Telia's GHG emission reporting is aligned with the Greenhouse Gas Protocol and GSMA guidance. Telia annually discloses its Scope 1, Scope 2 (market-based and location based) and Scope 3 emissions. The Corporate Value Chain (Scope 3) Standard was applied to calculate all 15 categories of Scope 3 emissions. The most material categories for Telia Lietuva are Scope 3 category 1 and 2 – OPEX and CAPEX, e.g. emissions generated by network construction and maintenance, purchased smartphones and other hardware, as well as purchased network equipment.

To calculate the most material categories, Telia utilizes three calculation methods. Telia Lietuva most material GHG emission categories and their calculation methods are broken down as follows:

% of methodology, Scope 3 Cat 1 and 2

Year	Industry average	Product-level	Supplier-level
2022	53%	32%	15%
2023	59%	34%	7%
2024	49%	42%	9%

(E1-6-AR46(g))

- The industry-average method calculates emissions using global industry average emission factors (source: CEDA) multiplied by spend. These emission factors are different for different purchasing categories, and are presented in kg CO2e/€.
- The supplier-level method utilizes reported emissions (scope 3 upstream categories only) from different suppliers divided by the supplier's revenue. This emission factor is also presented in kg CO2e/€ and is multiplied by spend.
- The device-category method calculates emissions based on the average emissions of different device categories (e.g. smartphones, laptops, tablets etc.) These emission factors are represented by kg CO2e/device and are multiplied by the number of devices purchased.
- The product-level method is similar to the device-category method but uses product-model-specific emission factors instead of device-category averages. These emission factors are also represented by kg CO2e/device and are multiplied by the number of devices purchased.

Telia's value chain emission reporting and financial reporting follow the same reporting period. (E1-AR42-(c))

Telia Lietuva is committed to 100% renewable electricity purchase and consumption. This happens mainly through the purchase of electricity from renewable sources and Guarantees of Origin for the retail stores, where it is unknown what portion of electricity comes from renewable sources. Telia is not using contractual instruments for sales of energy. (E1-AR45-(d))

Scope 3, categories 1-8 and 11-15 are included in Telia Lietuva inventory. Excluded are:

- Category 9: all logistic activities are included in category 4. Telia does not pay for any downstream transportation or distribution.
- Category 10: Telia does not sell any interim products, where downstream processing would be applicable. (E1-AR46 i)

((E1-AR46-(i))

GHG emission intensity

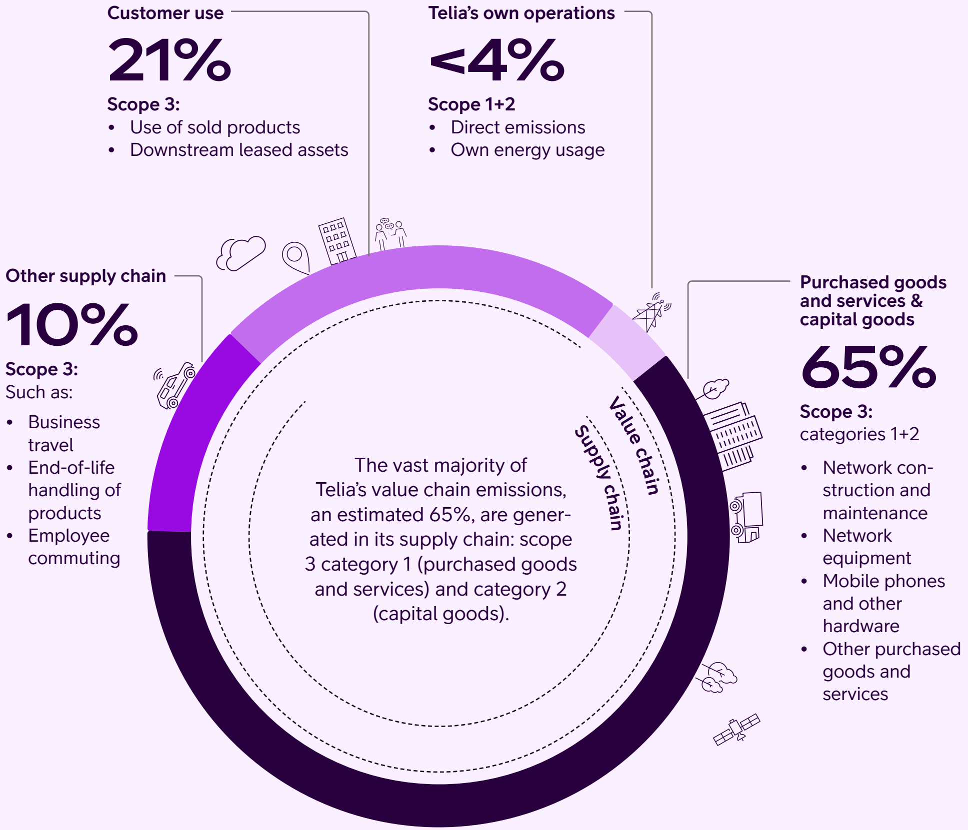
GHG intensity per net revenue	2024	2023	Change from last year
Total GHG emissions (location-based) per net revenue (tCO2eq/EUR x thousand)	0.12	0.14	-14%
Total GHG emissions (market-based) per net revenue (tCO2eq/EUR x thousand)	0.11	0.12	-8%

(E1-6-54)(E1-6-55)

Accounting principles: GHG intensity

Telia Lietuva revenue (in thousands euros) for continuing operations and total GHG emissions have been used for calculation of GHG intensity factors. These metrics have not been validated by and external party, apart from Telia Company's assurance provider.

This is where Telia Lietuva GHG emissions come from



E1-7 GHG removals and GHG mitigation projects financed through carbon credits

Carbon credits
Telia Lietuva purchases carbon credits annually to balance the remaining GHG emissions from scope 1, scope 2 market-based, and scope 3 category 6 (Business travel). The company expects to reduce the amount of credits needed each year, due to emission reduction activities. The procurement of Telia Lietuva carbon credits is centralised and handled at the Group level for efficiency purposes.

Telia Lietuva has no long-term contractual agreement on credit purchases or any credits to be canceled in the future. The company purchases carbon credits outside its value chain, and in 2024 purchased and cancelled credits to cover 2,253 tons CO_2eq. (E1-7-56b)

Telia Lietuva reports purchases of carbon credits separately, outside GHG emission reporting. Carbon credits are not reported as carbon reduction activity or towards its net-zero target. (E1-AR61)

Telia has three projects in the 2024 voluntary carbon credit portfolio:

1. Improved Forest Management, Boumba-et-Ngoko Forest Conservation, Cameroon, Verra certification VCS2897
2. Afforestation/reforestation, Delta Blue Carbon, Pakistan, Verra certification VCS2250
3. Biochar, Four Bordet, France Puro certification PURO619736

Telia receives the cancellation documents for each carbon credit purchased and is not undertaking any calculations or assessment of the credits issued. All projects are externally validated by the credit provider. Projects 1-2 are certified with Verified Carbon Standard (VCS) by Verra, while project 3 is certified with Puro Standard General Rules aligned with ICROA. (E1-7-58-(b)). All Telia's carbon credits are from biogenic sink. (E1-AR62-(b))

100% of the credits relate to GHG emission removal from the atmosphere and 0% are linked with reduction activities. 100% of the credits are certified by recognized quality standards Verra and Puro. 0% of the credits are issued from projects in the European Union. 0% of the credits qualify as a corresponding adjustment under Article 6 of the Paris Agreement. (E1-AR62a) (E1-AR62c) (E1-AR62d) (E1-AR62e)

GHG neutrality
Telia has targeted net-zero GHG emissions across its value chain by 2040. The company will neutralize remaining emissions after reaching a 90% reduction. Telia has yet to make any plans for this neutralization. (E1-7-60)

Telia does not claim GHG neutrality in its value chain. (E1-7-61)

E1-8 Internal carbon pricing

Telia does not apply an internal carbon pricing scheme.

ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities

As part of Telia's double materiality analysis, the company mapped impacts based on information gathered as part of its GHG accounting, and assessed the impact based on its impact materiality and financial materiality thresholds. (E1-IRO-1-20-(a)-AR9)

During 2021, Telia Company carried out its first physical climate risk assessments in all its markets (including Lithuania), based on analysis provided by the Swedish Meteorological and Hydrological Institute. (E1-IRO-1-20-(b)) The assessments were based on data originating from the IPCC 5th Assessment Report (AR5), where data has been downscaled to be useful in the application or analysis.

The analysis involved climate modelling of three representative concentration pathways (RCPs) by the UN Intergovernmental Panel on Climate Change through three reference periods (2011- 2040, 2041-2070 and 2071-2100). The reference period was set to 1971-2000. (E1-IRO-1-21)

The selected scenarios (RCP2.6, RCP4.5 and RCP8.5) cover a wide range of variations regarding future concentrations of greenhouse gases in the atmosphere, and their impacts on indicators such as annual average temperature and heatwaves, annual maximum wind speed, annual average precipitation and daily maximum precipitation. The analysis shows differences among the various reference periods and scenarios for the indicators analyzed.

The assessment gave rise to the following conclusions:

- Heatwaves: the yearly average temperature is rising globally and will increase across the all Telia's operating regions, including the Nordic and Baltic countries. Warmer yearly average temperatures will also increase the frequency, duration and intensity of heatwaves in the summer. Generally, the northern regions are projected to warm more than the southern regions, and inland regions are projected to heat up more than coastal regions. The results consistently show a higher temperature increase for the later time periods.
- Wind speed: annual maximum wind speed is affected by a complex set of variables that control storm paths, strength and frequency, resulting in greater uncertainty in comparison with other climate indicators.
- Precipitation: changes in precipitation are expected to be small in the earlier time frames, with increasing risks in the later period.

In 2023, Telia Lietuva completed this high-level analysis with site-specific assessments related to data centers to understand risks better and add to ongoing continuity work around the sites.

The potential implications of the changes outlined above are, in most cases, related to disruptions (power outages and connection losses), with which Telia works systematically within its Service Continuity Management process, regardless of the cause. To date, Telia's experiences of extreme weather have shaped preventive actions in its markets.

The company further explored, during 2023, the eventual risks related to the network equipment it purchases. To date, the above-mentioned processes and activities are part of continuous work and are financed as such, without any specific climate-related financing or inclusion in financial planning.

In relation to extreme weather events, there is a risk of increasing costs and loss of assets due to physical climate risks or extreme weather events such as heatwaves, high wind speeds and high precipitation. Such disruption risks are continuously monitored and handled via Telia's Service Continuity Management process, and preventive actions are taken based on experiences from previous extreme weather events. (E1-IRO-1-20-(b)) (E1-IRO-1-AR11-(a)) (E1-IRO-1-AR11-(c)) (E1-IRO-1-AR11-(d))

Telia tracks short-term risks with a time span of one year. This allows the company to track execution of ongoing mitigations and respond to any changes or issues. Medium term is considered to be over one year and up to five years, which corresponds to Telia's financial planning (which covers three years ahead of the current year). This ensures that risks and costs associated with these risks are considered in the company's financial planning process. Long term is considered to be over five years, and these risks are assessed in dialog with relevant internal stakeholders to ensure the company strategy reflects these risks if necessary. (E1-IRO-1-AR11-(b))

Telia has a process to identify, assess and manage transition risks and opportunities:

Value chain stages covered	Direct operations and end-of-life management. The assessment is qualitative and annual.
Time horizons covered	Short-, medium- and long-term
Risk types covered	International and national legislation, changing customer behaviors, increased partner and stakeholder concern, technology
Stakeholders considered	Customers, investors, suppliers and legislators

In 2022, Telia Company updated its analysis and deepened its understanding by inviting a cross-functional group of internal subject-matter experts to screen information from various sources and analyze potential shifts (policy or legal, technological, market and reputation) and the risks and opportunities they could pose for the company in the short, medium and long term, with a particular focus on the medium term (2025-2027). A climate scenario in line with limiting global warming to 1.5°C was considered in this process. (E1-IRO-1-20-(c)) (E1-IRO-1-AR12-(a))

Entire time horizons have been reviewed as part of a wider project, but for the prioritized ones listed here, all impact the medium-term time horizon (2025-2027). Potential shifts over the short-, medium-, and long-term time horizons have been identified.

Area	Shift
Policy and legal	CSRD and CSDDD Security reasons may drive increasing infrastructure needs locally. Moreover, new technologies will be required to, for example, generate greater energy efficiencies and higher recycling rates for hardware.
Market	Investors showing interest in green bonds and sustainability-linked loans, as well as more granular requests from ESG-rating agencies, analysts and lenders. Strategic B2B customers expect to reduce CO2 emissions from purchased products and services from Telia, and support in their decarbonization journey. Results from the 2024 SB Insights B2C study highlight climate and circularity among the top three prioritized topics for consumers across Telia's markets.
Reputation	The ability to become low-carbon, energy-efficient and circular is expected to determine the future reputations of both individual companies and the industry.

(E1-IRO-1-AR12-(a))

The identified transition events will impact Telia most in regards to:

1. Expectations related to Telia's products and services
2. Expectations related to data centers and networks
3. Expectations related to the company's overall resilience.

(E1-IRO-1-AR12-(a))

Telia's ERM heat map is used to assess the likelihood and financial risk level based on assumptions regarding financial, strategic, regulatory, customer experience and reputational impacts. (E1-IRO-1-AR12-(b)) In the process of identifying transition events and the assessment of exposure, a climate-related scenario analysis has been used. (E1-IRO-1-AR12-(c)) Telia has not yet executed a detailed study of locked-in GHG emissions. (E1-IRO-1-AR12-(d))

Transition events in stakeholder expectations will relate to:

- Telia's products and services: expected to be low-carbon, circular, energy-efficient and with correct environmental information
- Telia's networks and data centers: expected to share energy efficiency and CO2 performance transparently, show that the company can ensure access to renewable energy and demonstrate fair energy consumption
- Telia as a whole: expected to have a trustworthy transition plan in place, describing robust planning to ensure the resilience of the company.

Based on the identified expected transition events, potential risks and opportunities were identified, analyzed and assessed by Telia's transition-plan project group, with representatives from the Strategy, Risk, Governance, Finance and Sustainability teams. Specialists from Telia Lietuva are either involved to this project group, or will be updated by the findings, in order to make appropriate decisions in their respective fields and to adapt to the ever-changing environment.

Telia expects these transitional trends to intensify during 2025-2027, prompting the company to prioritize the material risks and opportunities. Uncertainties relate to the pace of change, which may be affected by economic downturns, social tensions, the level of ambition of government policy, and the frequency and severity of extreme weather events. (E1-IRO-1-21)

Currently, Telia has not incorporated specific climate-related assumptions into its financial statements. However, the company's approach to climate-scenario analysis remains an integral part of its overall risk management and strategic planning process.

While no explicit assumptions have been included in its financial reporting, Telia utilizes widely recognized climate scenarios, such as those aligned with the Paris Agreement's goal of limiting global warming to 1.5°C, to inform its transition strategy and assess potential climate-related risks and opportunities.

These scenarios help the company understand the possible impacts of climate change on its business environment, operations and value chain, and guide its strategic decisions accordingly. Climate action is a well-established part of the Telia Company strategy, and many of the initiatives described within its climate transition plan are already underway and incorporated into the existing business plans and financial position. This is mainly the case for activities in own operations (Scope 1+2). Examples are investments in renewable electricity, transforming facilities, measures for energy efficiency and transitioning to low carbon vehicles.

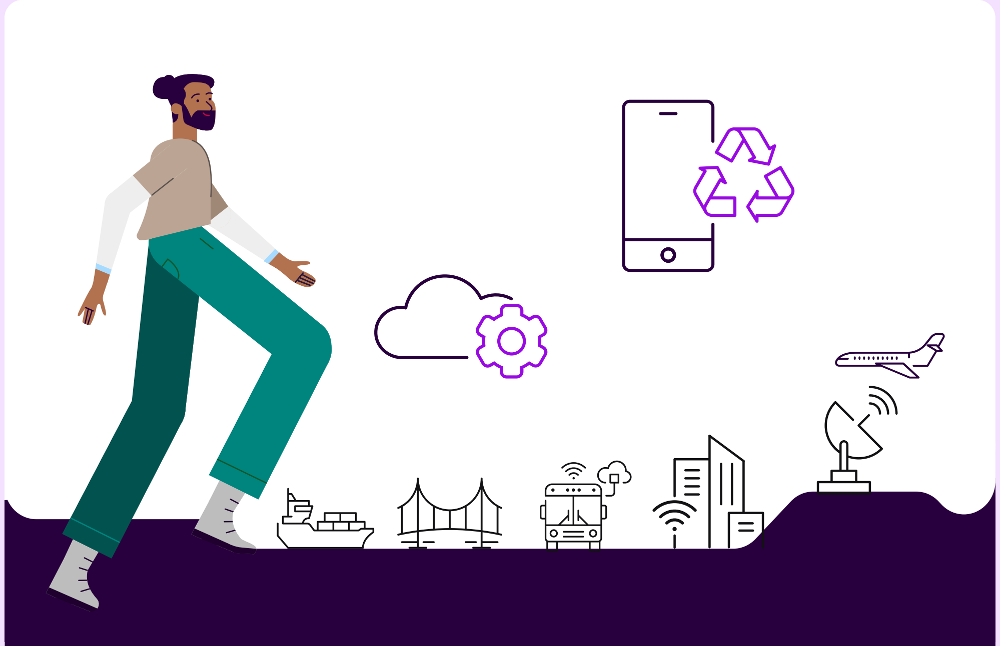
The main focus of the transition plan is on the value chain, and suppliers in particular (Scope 3). Telia's current view is that it does not need and should not finance transition activities in the value chain. Hence, the company currently see a limited additional financing need to implement the climate transition plan.

If implementing the initiatives outlined in the plan would require further allocation of resources and investment it will be integrated into the financial planning. Any material impact on the financial statements will be identified and disclosed if appropriate, in line with existing approach to financial reporting and associated standards. (E1-IRO-1-AR15)

E5 Resource use and circular economy

Approach
Shifting from a linear to a circular economy, and using natural resources more efficiently, is critical for tackling climate change and for living within planetary boundaries that are safe for humanity and ecosystems. Given this reality, Telia's ambition is to achieve zero waste in its own operations, including network construction and maintenance, by 2030. The company is also committed to enabling circularity through its offerings.

Digitalization in general can accelerate the circular shift by enabling various sectors to use energy, fuel, water and other resources more efficiently. In many cases, digital solutions also enable dematerialization. These effects are sometimes indirect, but reflect the importance of Telia's core connectivity business.



Material impacts, risks and opportunities	Value chain location
Negative impact / Actual: Resource depletion of the materials used in product portfolio, network equipment, network construction and maintenance, and packaging	Upstream
Risk: Risk that the company's resources are used inefficiently and that the company's products could have a short life span or are difficult to repair, upgrade, or recycle	Own operations Downstream
Opportunity: Opportunity to increase leasing and rental models of Telia's products	Own operations Downstream

E5-1 Policies related to resource use and circular economy

Policies

Telia's Group Policy – Environment is the guiding document for the company's circularity work. The Policy identifies resource use and circularity as one of Telia's key environmental aspects. Resource use and circularity take into account material inflows and outflows, waste and energy across the value chain. More information on Group Policy – Environment can be found in E1 Climate change. (E5-1-14)

The Policy states that the company will apply the circular principles of "prevent, reduce, reuse, recycle" (with implementation in the same order) in its own operations and when shaping customer offerings. These principles include minimizing resource use, reducing waste and prioritizing secondary (non-virgin) resources in the company's own operations and procurement. (E5-1-15-(a)) (E5-AR9-(a))

The Policy also states that Telia will prioritize suppliers and partners that have science-based climate targets and a decarbonization plan, and that apply circular-economy principles. (E5-1-15-(b))

Telia's Group Instruction – Environment states that the company will limit the use of natural resources and prevent waste from being generated in the first place. Telia Lietuva is accountable for outlining how to reach zero waste by 2030, i.e., no waste sent to incineration or landfill. (E5-AR9-(b))

E5-2 Actions and resources related to resource use and circular economy

Actions

Approach

Telia's product development and sourcing processes include environmental screening – focusing on emissions, energy, waste and hazardous materials – to control which products enter the company's flows.

The company also aims to scale circular business models, thereby helping to extend the lifetime of electronics and increase recycling rates. Circular business models require shifts in consumer perception. However, they are becoming increasingly interesting for customers because of the additional value that Telia can contribute through such models; for example, by providing hardware support, repair and insurance, rather than simply delivering a product.

In relation to resource use and the circular economy, Telia's key activities are:

Minimizing waste (ambition of zero waste by 2030) to landfill and incineration

The zero-waste initiative requires all Telia country units to have plans in place outlining how to reach zero waste by 2030, i.e. no waste sent to incineration or landfill. Instead, waste should be prevented, reduced, reused or recycled. Expected outcomes include a reduction in environmental impact due to minimizing waste. This action applies to Telia's own operations, as well as network maintenance and construction activities (upstream). This action will be reviewed annually and is expected to be ongoing until 2030.

Telia has three main circularity actions:

- Ambition to increase sales on refurbished devices – aims to reduce electronic waste by extending the lifecycle through refurbishment and reuse
- Ambition to increase Device as a Service (DaaS) – aims to reduce electronic waste by extending the lifecycle through leasing, refurbishment and recycling
- Ambition to increase the refurbishment and reuse of customer premises equipment (CPEs) – aims to reduce electronic waste by extending the lifecycle of CPEs through refurbishment and reuse

These circularity actions contribute to the circular economy objectives of the European Green Deal and EU Circular Economy Action Plan. Expected outcomes of these actions include sustainable revenue growth, and a reduction in environmental impact through optimized usage. Two out of three actions - increased sale of refurbished devices and CPE equipment re-use - are implemented in Telia Lietuva own operations, affecting Telia's customers (downstream). DaaS is currently not implemented in Lithuania. All actions will be reviewed annually but are expected to be ongoing until at least 2026.

Telia Lietuva actions to increase circularity

Telia offers refurbished smartphones to their customers in Lithuania and in 2024 has also begun sales of pre-owned laptops. By the end of 2024, 1.99% of all B2C smartphones sold by Telia Lietuva were refurbished models. (E5-2-20-(d))

Collaborative initiatives enable Telia to understand and act better on its circularity impacts, risks and opportunities. Working in close collaboration with other participants in the telecommunication ecosystem is also critical to establishing the sector's circularity. During 2024-2025, Telia Company participates in the Nordic Circular Accelerator, a collaborative project with network equipment and installation suppliers. The project aims to increase data sharing in order to study and enable more circularity around telecom sites. (E5-AR11). In addition, Telia is gathering more data on sites to enable better use of equipment, either by prolonging use, creating new opportunities for re-use or improving waste management. (E5-AR12-(a)) The stakeholders involved here are suppliers providing network equipment, network construction and maintenance, as well as waste management. (E5-AR12-(b)) (E5-AR12-(c))

During 2024, Telia Company continued to participate in the Eco Rating environmental scoring system for smartphones. Launched in 2021, this initiative brings together telecommunication operators to drive circular principles in smartphone manufacturing. The rating, which is based on lifecycle assessments, makes it easy for customers to understand the environmental impacts of a smartphone, thereby incentivizing manufacturers to apply circular principles from design through to the end-of-life phase, and helping Telia to prepare for upcoming eco-design requirements.

E5-3 Targets related to resource use and circular economy

Tracking effectiveness of policies through targets

The following table shows tracked targets and their connection to Telia's Group Policy and Instruction – Environment (E5-3-23)

Target	Connection to policy
84% of materials from Telia's own and network operations to be reused or recycled by 2025	Telia's Group Instruction – Environment states that the company shall limit the use of natural resources and prevent waste from being generated in the first place. Country organizations are accountable for outlining how to reach zero waste by 2030, i.e. no waste sent to incineration or landfill (instead waste is prevented, reduced, reused or recycled). The target applies to Telia Lietuva own operations and network maintenance and construction activities.
Extend the lifetime of devices by significantly increasing sales of pre-owned smartphones (B2C) and device as a service (B2B)	Telia's Group Instruction – Environment states that when products, services and equipment are developed, sourced and maintained, the company shall promote and apply principles of durability and repairability to prolong the lifetime of the same. Telia's internal reuse of network equipment should be the first choice, reuse by other parties second and recycling the last option. The same logic shall be applied for customer premise equipment (CPEs). Telia Lietuva shall have a system in place for buy-back and end-of-life treatment of customer and employee devices as well as other relevant equipment.

Targets

The use of primary raw materials is a critical concern for technology-focused industries, and every company has a part to play. Within the scope of Telia's activities, this usage will be minimized by increasing sales of pre-owned smartphones. (E5-3-24-(c))

Regarding waste, Telia has specified that by 2025, 84% of materials from its own and network operations will be reused or recycled. (E5-3-24-(e)) Telia's zero-waste ambition relates to the upper levels of the waste hierarchy, meaning all leftover materials shall be reused, repurposed or recycled, and nothing shall go to incineration or landfill. (E5-3-25)

Telia's ambition is to achieve zero waste in its own operations, as well as in network construction and maintenance, by 2030. The scope of the target includes waste originating from offices, shops, network installations and repairs, and from customer premises, technical sites and field work. (E5-3-25)

All targets are reviewed annually and progress is followed up through Telia's internal reporting tool.

During 2024, 96% of waste was either reused or recycled, 4% was incinerated (with or without energy recovery), and next to none (~0.02%) was sent to landfill.

Recycling and reuse opportunities vary across Telia's markets and across waste types. For example, incineration with energy recovery is a very common practice in Lithuania.

Telia's targets in this area are voluntary rather than mandatory. (E5-3-27)

Year	Goals	2024 progress
2026	Extend the lifetime of devices by: – increasing the sales of pre-owned/ reused mobile phones (B2C) – increasing the sales equipment provided as "Device as a Service" (B2B)	– Pre-owned/reused represented 1.99% of total mobile phone sales in B2C (2023: 1.2%) – Device as a Service represented 8.9% of total equipment sales in B2B (2023: no data)
2025	84% of materials from Telia's own and network operations to be reused or recycled	96% was reused or recycled (2023: 70%)

(E5-3-24b)

E5-4 Resource inflows

Resource inflows

In Telia's double materiality assessment (DMA), the main impact that relates to circularity and the use of resources is resource depletion impacts by a) resources used in electrical and electronic equipment entering Telia's operations and b) resources used, such as steel towers, cables, batteries, asphalt, concrete, and other passive equipment and construction materials.

The three main areas within Telia's operations that contribute to the above impacts are network equipment, customer equipment (e.g. smartphones and customer premises equipment (CPEs), and network construction and maintenance operations).

In the case of network equipment, Telia's focus is on waste accounting.

In terms of customer equipment, the company's largest categories include SIM cards, smartphones and CPEs, of which the impact of SIM cards is the smallest. In this area, Telia can influence how devices are sourced and try to steer its customers' use of these devices through circular business models that increase the devices' lifetime.

For network construction and maintenance operations, Telia will focus on waste accounting. (E5-4-30)

E5-5 Resource outflows

Waste is one of Telia's key environmental aspects. To meet its zero-waste ambition, the company is committed to reducing the total waste footprint of its own operations, including network construction and maintenance. Telia is focused on moving up in the waste hierarchy to prevent/reduce waste, and to increase reuse and recycling.

Resource outflows

Refer to E5-3 Targets for more information on Telia's waste categories, and actions related to resource usage and the circular economy. (E5-5-38)

Batteries, electronics from network operations and maintenance procedures, as well as copper cables are the largest waste categories for Telia Lietuva. (E5-5-38a)

Waste categories and examples of materials present in Telia's waste include (E5-5-38-(b)):

Waste category	Materials*
Battery waste	Lead batteries
Cable waste	Copper cables, lead-sheathed optical-fiber cables
Construction waste	Asphalt, sludge/sludge water, stone/gravel/concrete, wood
Electronics waste	Electronics from networks, PCs and other electronics, smartphones
Metal waste	Aluminum, copper, iron, stainless steel
Other	Biowaste, fluorescent lamps/tubes, lamps, paper

*Non-exhaustive list

Waste data collection

To meet its zero-waste ambition, Telia has expanded its data collection on waste since 2020. Work is continuously ongoing to improve data collection and quality, as contractors and waste-management suppliers are currently providing Telia with estimates on a best-effort basis while adapting to provide Telia-specific data in the coming years. (E5-5-40)

The total amount of hazardous waste generated by Telia Lietuva during the reporting period is 202.4 metric tonnes. Additionally, the total amount of radioactive waste, as defined in Article 3(7) of Council Directive 2011/70/ Euratom, is 0 metric tonnes.

As Telia Lietuva does not produce any products in its own operations, the reporting disclosures for E5-4-31 and E5-5-36 have been considered as not material. Therefore, no quantitative data has been integrated in this Sustainability Statement in relation to these disclosures. The company will monitor developments in reporting practices and data availability in the coming years.

Accounting principles:

Waste Information is compiled through supplier portals or surveys sent to contractors and waste management suppliers, who provide Telia Lietuva with information on amounts of waste and treatment methods, partially through estimates on a best-effort basis. Waste data covers both the company's own operations, and network construction and maintenance. Data for the previous year has not been included, since it is not comparable due to the differences in reporting categorization in the ESRS.

Total waste (tonnes)	2024
Total hazardous waste	202.58
Total non-hazardous waste	387.58
Total waste	**590.17**
Total recycled waste	**568.72**
Total non-recycled waste	**21.45**
Non-recycled waste's share of total waste	4%

Hazardous solid waste (tonnes)	2024
Waste for incineration	3.9
Waste for landfill	0
Other disposal operations	0
Total waste directed to disposal	**0**
Recycling	193.63
Reuse	5
Other recovery operations	0
Total waste diverted from disposal	**0**
Total hazardous waste	**202.58**

Non-hazardous solid waste (tonnes)	2024
Waste for incineration	17.42
Waste for landfill	0.13
Other disposal operations	0
Total waste directed to disposal	**0**
Recycling	326.92
Reuse	43.12
Other recovery operations	0
Total waste diverted from disposal	**0**
Total non-hazardous waste	**387.58**

(E5-5-37a) (E5-5-37b) (E5-5-37c) (E5-5-37d)

ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

IROs have been identified for Telia's full value chain including upstream, downstream and the company's own operations. The identified material IROs for circularity relate to the products and services Telia purchases, and over which it often does not have operational control. Publicly available information was used to identify and assess the material IROs. IROs for waste have been developed based on inputs from contractors that handle Telia's waste. IROs for the products Telia sells and provides to its customers have also been considered in the assessment, such as the leasing of products. Internal data has been used to assess the circularity IROs that relate to customers. (E5-IRO-1-11-(a))

Telia has not commissioned an external consultation, but has consulted with internal experts in the area. (E5-IRO-1-11-(b))

Taxonomy reporting

Reporting in line with Article 8 of the EU Taxonomy Regulation have evolved over the past years. In 2023, Telia Lietuva reported alignment on the two first environmental objectives, and eligibility for the remaining four environmental objectives. In 2024, Telia reports on the alignment of activities under all environmental objectives.

As illustrated below, Telia Lietuva reports a limited percentage of Taxonomy-eligible and aligned activities since telecommunication networks are not included in the Taxonomy (see Financial key performance indicators on pages 92-94). As telecommunication networks are essential for the industry, the telecommunication industry has advocated towards the European Commission for inclusion of networks in future Taxonomy delegated acts with dedicated, including fit-for-purpose alignment criteria.

Assessment of eligibility

Telia Lietuva has assessed its economic activities to determine which ones should be reported under the Taxonomy definitions. The company has also assessed several additional economic activities that constitute purchase of Taxonomy-aligned outputs under the Climate Change Mitigation ("CCM") objective. The following activities have been deemed eligible for Telia's operations in Lithuania in 2024.

Assessment of alignment

An economic activity must make a substantial contribution to its environmental objective, do no significant harm to the other environmental objectives, and be carried out in accordance with certain minimum safeguards to be defined as environmentally sustainable.

Substantial contribution

For Telia Lietuva eligible activities and, in some cases, Climate Change Mitigation, no data center reported under activity CCM 8.1 are considered to meet the requirements for substantial contribution. Over the course of 2024, Telia evaluated the possibility of implementing the EU Code of Conduct in its data centers. However, to date, none of Telia Lietuva reported data centers has implemented the EU Code of Conduct. Although plans are in place to change this in the upcoming years.

In its analysis and calculation of carbon enablement, Telia Lietuva can demonstrate the net benefits of the digital component of the reported remote meetings solutions. Benefits from these services include substantial greenhouse gas emissions reductions and, in some cases, electricity or energy savings, thereby meeting the substantial contribution criteria.

For Telia Lietuva eligible activities related to Transition to a Circular Economy ("CE"), there is not enough information to determine alignment. The following activities are therefore assessed to not meet the criteria for a substantial contribution to a Transition to a Circular Economy: 4.1 Provision of IT/OT data-driven solutions, 5.1 Repair, refurbishment and remanufacturing, 5.4 Sale of second-hand goods, 5.5 Product-as-a-service and other circular use- and result-oriented service models.

The same applies to purchases of Taxonomy eligible and/or aligned products and services, primarily CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles and CCM 7.7 Acquisition and ownership of buildings.

Eligible activities	Description
CCM 8.1 Data processing, hosting, and related activities	Telia Lietuva reports data centers – facilities used for centralized storage, management, or processing of data together with all the infrastructure and equipment necessary to do so. The data centers reported are used by external customers and for the company's internal purposes. Telia Lietuva has scoped its reporting to focus on data centers that meet a specified energy consumption threshold and are critical for core network operations in the country.
CE 5.1 Repair, refurbishment and remanufacturing	Under this activity, Telia Lietuva reports repair services – primarily of mobile phones, but also of some customer premises equipment – provided to individual customers or businesses through its own service workshops or those of its service partners.
CE 5.4 Sale of second-hand goods	Under this activity, Telia Lietuva reports sales of pre-owned and refurbished mobile phones.
CE 5.5 Product-as-a-service and other circular use and result-oriented service models	Under this activity, Telia Lietuva reports the provision of mobile phones to business customers through its Device as a Service offering.
CCM 6.5 Transport by motorbikes, passenger cars and light commercial vehicles	Under this activity, Telia Lietuva reports its investment in the car fleet, including new leasing contracts.
CCM 6.6 Freight transport services by road	Under this activity, Telia Lietuva reports purchase, financing, leasing, rental and operation of vehicles designated as category N1, N2 or N3 falling under the scope of EURO VI, step E or its successor, for freight transport services by road.
CCM 7.2 Renovation of existing buildings	Under this activity, Telia Lietuva reports acquisition & renovation of buildings.
CCM 7.3 Energy efficiency equipment (buildings)	Under this activity, Telia Lietuva reports installation, maintenance, and repair of energy efficiency equipment in buildings.
CCM 7.4 Charging stations for electric vehicles in building	Under this activity, Telia Lietuva reports installation, maintenance, and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings.
CCM 7.7. Acquisition and ownership of buildings	Under this activity, Telia Lietuva reports its investments in office buildings, including new leasing contracts.

Do no significant harm

For the activity CCM 8.1 an assessment of the criteria for “do no significant harm” (“DNSH”) was carried out.

For DNSH criteria related to Climate Change Adaptation (“CCA”), Telia Lietuva physical climate risk analysis at a company level was leveraged, which is detailed under section E1 ESRS2 IRO-1. In relation to activity 8.1, the company has performed deepened site-specific analyses.

For DNSH criteria related to Sustainable Use and Protection of Water and Marine Resources (“WTR”) relevant for activity CCM 8.1, an assessment was carried out to ensure the requirements are met. Telia Lithuania is not substantially dependent on water resources in its operations, as Lithuanian data centers have no water-based cooling. All Telia Lietuva facilities are located in areas with connections to municipal water infrastructure. When planning its data centers, the company follows all relevant laws and regulations, including with regard to environmental impact assessments and requirements included therein on assessment of impacts on water.

For DNSH criteria related to Transition to a Circular Economy, relevant for activity CCM 8.1, an additional assessment was carried out. The criteria are met based on the following:

- Telia Lietuva does not manufacture any servers or data storage equipment but purchases it from suppliers which operate within the EU. These suppliers mark their products with the CE label, as required under Directive 2009/125/EC. Compliance is also ensured through supplier requirements based on the Supplier Code of Conduct
- Telia Lietuva has specific requirements in place for its suppliers in regard to restricted and banned substances covered by the EU Directives on restriction of the use of certain hazardous substances (RoHS) and waste from electrical and electronic equipment (WEEE)
- Telia Lietuva is compliant with local waste management regulations and requirements, as well as with EU WEEE legislation. In addition, the company purchases waste management services from suppliers with relevant licenses in their markets. All electronic waste is separated and reused or recycled.

Minimum social safeguards

Minimum social safeguards are in place through the implementation of company-level policies and instructions related to, for example, human rights, anti-bribery and corruption, taxation, and fair competition. These policies and instructions adhere to relevant international standards and guidelines. Furthermore, these areas are fully reflected in Telia Lietuva risk management process, which is integrated into the business planning process and performance monitoring. More information about the risk management practices and Principal Risk areas can be found in the Enterprise Risk Management and Compliance Framework section. Telia’s approach to assessing non-compliance with any of its policies and instructions involves continuous due diligence and various follow-up procedures, including grievance mechanisms, audits and controversy screenings of suppliers.

Accounting principles:

The EU Taxonomy KPIs are defined as follows by Telia in 2024:

- Turnover is defined as external revenue under the International Financial Reporting Standards (IFRS), which corresponds to external revenue in Telia Lietuva statements of comprehensive income. See note X.
- Capital expenditure (CAPEX) is defined as additions to property, plant, and equipment, intangible assets, and right of-use assets during the financial year before depreciation, amortization, and impairments. Additions to goodwill and film and program rights are not included in CAPEX. Additions are defined as investments during the financial year (net of any government grants received) and include additions resulting from business combinations as well as gross increases of asset retirement obligations (costs of dismantling and restoration). See note X and X.
- Operating expenditure (OPEX) is defined as direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plants, and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such assets. The Taxonomy OPEX measure includes only continuing operations.
- Direct non-capitalized costs related to research and development corresponds to the amount for research and development expenses in Telia Lietuva statements of comprehensive income, excluding amortization, depreciation, and impairment expenses in that function. Telia has adopted a strict interpretation of day-to-day servicing expenditures and has, for example, only included costs if required for maintenance of servicing property plants and equipment.

The Taxonomy KPI definitions of turnover, OPEX and CAPEX are not fully aligned with similar measures used in Telia Lietuva financial statements. For Taxonomy reporting purposes, some adjustments have therefore been made to Telia’s financial measures. The company‘s interpretations of the Taxonomy KPI definitions are based on guidance from the Taxonomy publications, guidance from FAR (Institute for the Accountancy Profession in Sweden – FAQ on the EU Taxonomy), and consultations with external sustainability experts. The interpretations of the KPI definitions might change in the future as the Taxonomy reporting guidance is clarified, and/or the Taxonomy reporting practices are developed. To fully align with the Taxonomy reporting requirements, further efforts will be needed to improve Telia’s internal reporting systems and processes.

Since Telia Lietuva reporting structures and systems are not set up in line with economic activity definitions of the Taxonomy, some assumptions have been made to establish the numerator for certain parts of the KPIs. For some of the data center activities, estimates have been made to calculate the share of OPEX and CAPEX related to external customers. As IoT platforms and technical solutions are not developed for a specific vertical use, allocation of OPEX and CAPEX to the reported services mirrors the share of these services in the turnover of total IoT revenues. These are the figures covered in the reporting. As a general note, Telia has applied a conservative approach both in identifying eligible activities and when estimating CAPEX and OPEX associated with such activities.

Turnover

Substantial contribution criteria	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
	Code(s)	Turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy aligned proportion of turnover, year 2023	Category (enabling activity)	Category (transitional activity)
Economic activities		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities[1] (Taxonomy-aligned (A.1)		0	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities[2]																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Sale of second-hand goods	CE 5.4	0.63	0.13%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.13%		
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	5.76	1.17%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								4.25%		
Data processing, hosting and related activities – Data Centers	CCM 8.1	2.82	0.58%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.78%		
Turnover of Taxonomy-eligible not but not environmentally sustainable activities[2] (A.2)		9.21	1.88%	0.58%				1.30%									5.16%		
A. Total Turnover of Taxonomy eligible activities (A.1 + A.2) (A)		**9.21**	**1.88%**	**0.58%**				**1.30%**									**5.16%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		**481.85**	**98.12%**																
Total (A + B)		**491.11**	**100%**																

1) Taxonomy-aligned
2) Not Taxonomy-aligned activities

Abbreviations:
- CCM - Climate Change Mitigation:
- CCA - Climate Change Adaptation
- WTR - Water and Marine Resources:
- CE - Circular Economy:
- PPC - Pollution Prevention and Control:
- BIO - Biodiversity and ecosystems:

- Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
- N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
- EL - Taxonomy eligible activity for the relevant objective
- N/EL - Taxonomy non-eligible activity for the relevant objective

CAPEX

Substantial contribution criteria	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
	Code(s)	CAPEX	Proportion of CAPEX	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy aligned proportion of CAPEX, year 2023	Category (enabling activity)	Category (transitional activity)
Economic activities		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities[1] (Taxonomy-aligned (A.1)		0	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities[2]																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								7.72%		
Transport by motorbikes, passenger cars and light commercial	CCM 6.5	1.00	1.31%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Freight transport services by road	CCM 6.6	0.05	0.07%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Renovation of existing buildings	CCM 7.2	0.03	0.04%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Energy efficiency equipment (buildings)	CCM 7.3	0.10	0.13%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Charging stations for electric vehicles in building	CCM 7.4	0.01	0.01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	CCM 7.7	1.64	2.14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Data processing, hosting and related activities – Data Centers	CCM 8.1	3.46	4.53%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								3.65%		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities[2] (A.2)		6.29	8.23%	8.23%				0%									11.37%		
A. CAPEX of Taxonomy eligible activities (A.1 + A.2) (A)		**6.29**	**8.23%**	**8.23%**				**0%**									**11.37%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CAPEX of Taxonomy-non-eligible activities (B)		**70.17**	**91.77%**																
Total (A + B)		**76.46**	**100%**																

1) Taxonomy-aligned
2) Not Taxonomy-aligned activities

Abbreviations:
- CCM - Climate Change Mitigation:
- CCA - Climate Change Adaptation
- WTR - Water and Marine Resources:
- CE - Circular Economy:
- PPC - Pollution Prevention and Control:
- BIO - Biodiversity and ecosystems:

- Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
- N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
- EL - Taxonomy eligible activity for the relevant objective
- N/EL - Taxonomy non-eligible activity for the relevant objective

OPEX

Substantial contribution criteria	2024			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
	Code(s)	OPEX	Proportion of OPEX	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Taxonomy aligned proportion of OPEX, year 2023	Category (enabling activity)	Category (transitional activity)
Economic activities		MEUR	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities[1] (Taxonomy-aligned (A.1)		0	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities[2]																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Repair, refurbishment and remanufacturing	CE 5.1	0.16	1.31%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								2.20%		
Data processing, hosting and related activities – Data Centers	CCM 8.1	0.05	0.41%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.29%		
OPEX of Taxonomy-eligible but not environmentally sustainable activities[2] (A.2)		0.21	1.72%	0.41%				1.31%									2.49%		
A. Total Turnover of Taxonomy eligible activities (A.1 + A.2) (A)		**0.21**	**1.72%**	**0.41%**				**0.41%**									**2.49%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OPEX of Taxonomy-non-eligible activities (B)		**12.02**	**98.28%**																
Total (A + B)		**12.23**	**100%**																

1) Taxonomy-aligned
2) Not Taxonomy-aligned activities

Abbreviations:
- CCM - Climate Change Mitigation:
- CCA - Climate Change Adaptation
- WTR - Water and Marine Resources:
- CE - Circular Economy:
- PPC - Pollution Prevention and Control:
- BIO - Biodiversity and ecosystems:

- Y - Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
- N - No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective
- EL - Taxonomy eligible activity for the relevant objective
- N/EL - Taxonomy non-eligible activity for the relevant objective

Turnover	Proportion of turnover / Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	0.00%	0.58%
Climate change adaptation (CCA)	0.00%	0.00%
Water and marine resources (WTR)	0.00%	0.00%
Circular economy (CE)	0.00%	1.30%
Pollution prevention and control (PPC)	0.00%	0.00%
Biodiversity and ecosystems (BIO)	0.00%	0.00%

CAPEX	Proportion of CAPEX / Total CAPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	0.00%	8.23%
Climate change adaptation (CCA)	0.00%	0.00%
Water and marine resources (WTR)	0.00%	0.00%
Circular economy (CE)	0.00%	0.00%
Pollution prevention and control (PPC)	0.00%	0.00%
Biodiversity and ecosystems (BIO)	0.00%	0.00%

OPEX	Proportion of OPEX / Total OPEX	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
Climate change mitigation (CCM)	0.00%	0.41%
Climate change adaptation (CCA)	0.00%	0.00%
Water and marine resources (WTR)	0.00%	0.00%
Circular economy (CE)	0.00%	1.31%
Pollution prevention and control (PPC)	0.00%	0.00%
Biodiversity and ecosystems (BIO)	0.00%	0.00%

Disclosure regarding nuclear and fossil gas related activities

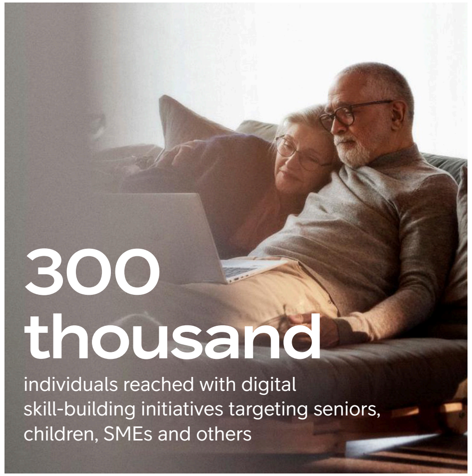
Nuclear related activities		
1.	The undertaking carries out funding or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Social

Telia prioritizes human rights, fair labor conditions, and well-being across its workforce, supply chain, and broader communities. Efforts include strengthening worker protections, supporting children's rights and digital inclusion, and safeguarding privacy and security for customers. The company also emphasizes diversity, inclusion, and employee well-being, aiming to foster a safe, fair, and inclusive workplace. Through active risk management and engagement with stakeholders, Telia seeks to create lasting, positive social impact.

Read more:

- → S1. Own workforce
- → S2. Workers in the value chain
- → S3. Affected communities
  - – Digital inclusion
  - – Children's rights
  - – Freedom of expression
- → S4. Consumers & end-users
  - – Privacy and security



300 thousand

individuals reached with digital skill-building initiatives targeting seniors, children, SMEs and others

Top tier

Achieved first position in privacy perception in Lithuania*

*The Telia consumer survey

8.5

out of 10 employees state that they are able to successfully balance work and personal life

Source: Employee engagement survey, 2024

53%

women in the Extended Management Team (~49 C2-C3 level leaders)

No. 2

Shared 2nd place in ICT sector in social benchmark ranking by World Benchmarking Alliance*

*as part of Telia Company

No. 4

among companies assessed in the Technology & Telecommunications sector, in the Children's Rights Benchmark conducted by Global Child Forum*

*as part of Telia Company

S1 Own workforce

People and culture

Approach
Executing on Telia Lietuva people and culture strategy is essential for accelerating the company's transformation and reaching its goals. The company aims to offer an environment in which all its people can grow and develop, and that is inclusive, respecting rights and empowering – where everyone has the opportunity to realize their full potential.

Culture and leadership are key to the success of this ambition, and Telia Lietuva has directed significant focus and investment to these two areas. In recent years, the company has launched a new purpose, refreshed values, and a leadership framework and strategy. In 2024, the focus has been on aligning all employees and leaders on Telia's evolving culture and raising awareness of the key cultural shifts involved.

In the company's engagement survey, perception of a strong Telia culture remained high. In 2024 we continued running our company culture workshops during the first half of the year, which was later integrated into our quarterly new joiners' days.

The sustainability-related aspects of Telia Lietuva people and culture strategy relate to upholding the human and labor rights of the company's greatest asset – its people.

In the company's double materiality analysis (DMA), two human rights areas within its own workforce were identified as important to develop:

- Diversity, equity and inclusion (DEI): to uphold the right to fairness and non-discrimination
- Health and well-being: to uphold the right to health and well-being

The following sections detail the policies, actions and targets Telia has in place to develop these areas.

Change program
In September 2024, Telia Lietuva, along with other companies in the Group, launched a major change program aimed at supporting commercial excellence and profitable growth. The program included the implementation of a country-based operating model and a reset of the company's cost base through a reduction of around 200 positions (~3,000 at the Group level).

	Material impacts, risks and opportunities	Value chain location
⊖	**Negative impact / Actual:** Employees affected by unequal pay will be at disadvantage	Own operations
⊖	**Negative impact / Actual:** Deterioration of employee's mental well-being if organization does not effectively prevent harassment in the workplace	Own operations
⊖	**Negative impact / Actual:** Unmanageably high employee workload could lead to burnout	Own operations
⚠	**Risk:** Risk of engaging in unfair and/or unsafe labor practices (e.g. excessive working hours) could lead to accidents and illnesses	Own operations
⊕	**Opportunity:** An inclusive, diverse and well-engaged workforce can drive innovation, creativity leading to new products and services	Own operations

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Employees affected by Telia's material IROs are comprised of full-time permanent employees, part-time employees and contingent (external) employees. (S1-SBM-3-14-(a))

Material Impacts, risks and opportunities have been identified and assessed in a systematic context based on where the employees are located, as well as with regards to workforce laws in each Telia's operating market, including Lithuania. Based on the double materiality assessment, the risk of forced or child labor in Telia's operations has been low, and it is therefore not part of the material IROs presented in these Sustainability Statements. (S1-SBM-3-14b)

Telia Lietuva has identified the following risk arising from impacts and dependencies on its own workforce: the risk of engaging in unfair and/or unsafe labor practices (e.g. excessive working hours) could lead to accidents and illnesses. This relates to the impact of placing unmanageably high workloads on employees. (S1-SBM-3-14-(d))

Telia Lietuva does not group its workforce into specific groups of people and so determining which material IROs relate to such groups is not possible. (S1-SBM-3-16)

S1-1 Policies related to own workforce

Policies

Telia's Group Policy – People manage Telia's material impacts, risks and opportunities related to its employees, as well as Telia's Code of Conduct and Telia's Group Policy – Human Rights. More information about these policies can be found under chapter G1-1. (S1-1-19) (S1-1-20b) The company's Code of Conduct also sets out the basic expectations on employees. (S1-1-19) (S1-1- 20) No significant changes were made to Telia's policies in 2024. (S1-AR10)

Telia is committed to act in accordance with a range of internationally recognized human rights legislation and frameworks, detailed in section G1-1.

Employees are expected to respect the commitments reflected in these policies and standards at all times. In its Group Policy - Human Rights, Telia Lietuva states that the company supports its employees in the understanding of human rights through all relevant communication, dialog and training. (S1-1-20)

Human rights

The core human rights aspects for Telia Lietuva workforce are covered by the Group Policy – People. These include child labor and forced labor, diversity, equity and inclusion, and health, safety and well-being.

The company's basic principles reflect this policy: child labor is not accepted in any of Telia Lietuva operations, for example, nor are employees ever required to deposit identity papers at the start of or during employment. Similarly, employees are free to leave their employment after a notice period, as required by law and contract.

All of Telia Lietuva employees are offered a fair and equal opportunity to thrive, based on their competence, experience and performance.

Telia Lietuva health and well-being approach is built on promoting good health and safe working conditions, preventing occupational risks and ill-health, and reacting rapidly to injuries and unsafe conditions. This applies both to physical and psycho-social work aspects. The objective is to make a health- and well-being-centered culture part of all Telia employees' everyday work. The company works for continuous improvement of workplace safety by eliminating hazards, preventing risks and reacting to conditions of ill-health, and carrying out measures to promote health and well-being. Telia Lietuva complies with relevant legislation and other requirements, and requires the same from its suppliers. (S1-1-20-(a))

Telia Lietuva is committed to respecting the rights of its employees and strives to have highly engaged employees. Without the ability to attract, hire and retain the best people, the company would lose some of its unique culture and competitive edge.

At present, Telia's Group Policy – People does not state any remedy in the event that the human rights of the company's workforce are affected, even though in practice if a negative impact occurs, specific actions are taken; see next page. However, the Code of Conduct specifies that Telia Lietuva strives to identify, prevent, mitigate and remedy adverse human rights impacts throughout the workplace, the company's business operations and the communities in which it works. (S1-1-20-(c))

Internationally recognized instruments

Telia's Group Policy – People states that the company is committed to acting in accordance with a number of international principles and frameworks, such as the UN Guiding Principles on Business and Human Rights, the ILO's core conventions, and the Children's Rights and Business Principles.

The company's Group Policy - Human Rights reflects its commitment to respecting human rights across its value chain, as outlined in the UN Guiding Principles on Business and Human Rights and other international standards regulating corporations, such as the OECD Guidelines for Multinational Enterprises as well as the UN Global Compact.

Regarding human rights, Telia Lietuva concentrates its efforts on those rights that are most at risk of a severe negative impact because of the company's activities or business relationships. These risks are identified by ongoing due diligence, and more in-depth Human Rights Impact Assessments (HRIAs) are carried out when appropriate. (S1-1-21)

Telia's Group Policy – People explicitly describes the company's zero-tolerance approach towards forced labor in regard to its operations, suppliers and sub-suppliers. (S1-1-22)

The Policy also states that the company is committed to preventing occupational risks and ill-health and reacts rapidly to injuries and unsafe conditions. Telia's Group Instruction – Occupational Health, Safety and Well-being requires that its subsidiaries have a documented occupational health and safety management system (OHS) based on continuous improvement in place, covering the entire organization. (S1-1-23)

The Diversity, Equity and Inclusion section of Telia's Group Policy – People states: "No employee shall be discriminated or discouraged on account of their gender, gender identity or expression, ethnicity, faith, age, disability, appearance, sexual orientation, nationality, political opinion, union affiliation, social or cultural background and/or other characteristics protected by applicable law." (S1-1-24a) (S1-1-24b)

Preventing discrimination

Telia Lietuva is committed to fostering a diverse and inclusive workplace that supports vulnerable groups, including people with disabilities, LGBTQ+ individuals and ethnic minorities. The company's specific policy commitments include a comprehensive DEI strategy with targeted recruitment initiatives, regular training on inclusion, support for employee resource groups (ERGs), flexible work arrangements and a focus on accessibility. The company continuously monitors diversity metrics and trains managers to take accountability for every employee feeling valued and empowered to succeed. (S1-1-24-(c))

At Telia Lietuva, preventing discrimination is a top priority supported by several inclusion initiatives. The company's HR processes ensure gender-balanced shortlists for hiring, leaders are trained to prioritize competence in recruitment, despite any unconscious or conscious biases. The "Life at Telia" branding highlights Telia's commitment to diverse talent, while regular DEI training and targeted upskilling programs for women reinforce it.

Telia Lietuva has clear anti-discrimination policies, flexible work arrangements and accessibility initiatives tailored to diverse needs. ERGs provide feedback on the company's policies and enhance community engagement. Annual DEI audits promote transparency and accountability, while partnerships with diverse organizations ensure the company's marketing materials reflect varied representation and provide access to feedback gathered from diverse audiences. (S1-1-24-(d))

S1-2 Processes for engaging with own workforce and workers' representatives about impacts

Telia Lietuva engages both employees and employee representatives (unions) in various circumstances. (S1-2 27a) The engagement level and frequency are on a case-by-case basis, depending on the situation. It can be a collaborative representation, i.e. both employees and representatives, or stand-alone. The format can be information sharing by email, meetings etc., depending on the situation. (S1-2 27b) The level of senior management involvement is on a case-by-case basis, depending on the topic, and can vary from the Head of HR to the local CEO. (S1-2 27c) Various local labor, union and workforce agreements are applied in Telia Lietuva. Information regarding agreements is usually published on internal intranet platform (S1-2 27d). Engagement outcomes are assessed through frequent meetings and dialog with trade unions, as well as through the annual employee engagement survey (S1-2 27e). The company's DEI agenda supports engagement with the whole workforce by providing information and insights regarding DEI on a regular basis through various channels. (S1-2 28)

S1-3 Processes to remediate negative impacts and channels for own workforce to raise concerns

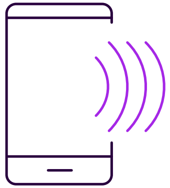
Telia Lietuva has set a process to provide a remedy, or contribute to remedying, in situations where the company has caused or contributed to a material negative impact on its own workforce. This work has been done in collaboration with a labor law specialist. The effectiveness of the process has not been evaluated. (S1-3-32a)

Telia has a whistleblowing process in place to handle reported complaints and grievance by its own workforce. The company's Whistleblowing Line can be contacted by phone, e-mail or letter, and cases can be submitted on a dedicated website. (S1-3 32b) For more information about how cases are handled refer to section G1-1. (S1-3- 32c) (S1-3-32d) (S1-3-33) (S1-AR29) (S1-AR30)

S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Actions in relation to Telia's goals

The following table lists Telia's actions to manage its material impacts, risks and opportunities related to its own workforce, their outcomes, and their contribution to the company's goals or policies:



Action	Outcome	Contribution to goal or policy
YouFirst program	Following up on employee performance, determining if support is needed (work-life balance)	Contributes to work-life balance goal
Annual pay gap analysis	Determining if there are specific cases with no acceptable justification to be addressed	Contributes to gender pay gap reduction goal
ERGs for inclusion	Collecting feedback on inclusion challenges	N/A
Trainings on unconscious bias and inclusive recruitment practices	Hiring talent inclusively, reducing biases	Goal for all managers to be trained on unconscious bias and inclusive recruitment practices
Emotional well being ambassadors	They are familiar with the signs of someone developing a mental illness/mental health crisis and acts like first aiders.	Contributes to the objective to make a health-and well-being-centered culture part of all Telia employees' everyday work.

All of the above actions are specifically related to Telia Lietuva own employees (without further breakdown; specified time horizons and deadlines have not been allocated to each action, as they are ongoing throughout the year). (S1-4-37)

Actions to prevent or mitigate negative impacts on Telia's workforce

Diversity, equity and inclusion

In 2024, Telia Lietuva continued to monitor diversity aspects and measured various parameters to understand the barriers that need to be addressed for Telia to become an employer of choice in Lithuania, representing the customer base it serves, including minority representations beyond gender. Telia Lietuva continued to strengthen existing partnerships and explore new ones to address additional aspects of diversity. Gender and as well as voluntary disclosure of disability data data is tracked to understand the make-up of the employee population and to design related active measures.

Telia Lietuva diversity and inclusion partner coordinates the company's implementation of related activities. Progress is reported to the Group's D&I lead, who also reports progress to GEM members to ensure continuous alignment and oversight.

Narrowing the pay gap

Telia aims to reduce its raw pay gap, and conducts scheduled pay gap analyses on an annual basis (in addition to unscheduled checks). To reduce the pay gap further, Telia Lietuva has strengthened its initiatives to achieve gender equality in leadership and to correct any unexplainable pay inequalities for equal roles.

The company's rewards team, head of People & Culture and diversity partner all work towards a defined mitigation plan for this topic. The plan addresses (S1-4-38a):

1. The raw gender pay gap: making sure Telia Lietuva recruits more women into higher-paid positions. This means working with brand, talent acquisition, succession planning and ERGs to increase the company's attractiveness.
2. Identification of specific cases: instances without acceptable justification are bridged with a definite time plan.

Effectiveness of actions related to the pay gap are monitored in annual review findings. (S1-4-38d)

In certain cases redistribution of the annual salary review budget are made to help close the gap. Furthermore, ad-hoc changes can be made if deemed necessary. Managers and talent acquisition representatives are also being trained to take a preventive approach. In Lithuania, for example, Telia took action to ensure that parents on parental leave were included in salary reviews, meaning that upon their return to work the pay gap had not widened. (S1-4-38-(b))

An inclusive workplace

To ensure that managers accelerate Telia's diversity and inclusion ambitions, all managers complete a mandatory leadership training that covers diversity and inclusion modules, addressing inclusive recruitment practices and unconscious bias. This forms part of Telia's Leadership Framework, which underpins the company's culture. A voluntary annual training on harassment and discrimination is also available to all employees. Telia's Code of Conduct and Group Policy – People both demonstrate the company's commitment to addressing harassment and discrimination, with accountability at management level. (S1-4-38a)

In the event of a negative impact occurring in relation to harassment or discrimination, Telia's Whistleblowing Line is the mechanism used to follow up on the reported case. If a reported case is identified as valid, an investigation is always initiated. Potential outcomes for a person determined to have generated a negative impact include contract termination or a warning. (S1-4-38-(b))

In the event that feedback relating to harassment or discrimination is received from an anonymous employee feedback survey, ERGs or focus groups, or is conveyed to DEI lead, well-being officers or via the Whistleblowing Line system, the company decides upon any necessary action. This is determined on a case-by-case basis, following an internal assessment and action process. (S1-4-39).

To ensure that Telia Lietuva own practices do not cause or contribute to material negative impacts on its own workforce, the company adheres to non-discrimination laws, and clearly communicates this to ensure no reverse discrimination is perceived (e.g. gender-related discrimination in areas such as recruitment, skills development or pay gap). (S1-4-41)

Management of the above actions is conducted by Telia Lietuva rewards team, head of People & Culture, analytics, and DEI lead, ERG leads, ambassadors, well-being officers and Whistleblowing Line investigators. (S1-4-43)

Health and well-being

Health and well-being form the basis for a positive employee experience. Telia strives to ensure its employees are healthy and can perform their best in their everyday work.

The company's employees generally work in offices and retail environments where health risks relate mainly to mental well-being and ergonomics. Telia's biggest challenges relate to ensuring employees have a good work-life balance and sufficient recovery between periods of intense work.

Central to Telia's health and well-being actions is the YouFirst program - a Group-wide programme which focuses on employee performance evaluation and development. The program ensures that Telia sets clear expectations and priorities as an employer, coaches its people to success, focuses on growth, and recognizes and rewards high performance. It is integrated in daily work at Telia Lietuva through continuous dialogue between employees and leaders, enabling regular performance coaching and feedback for all employees. The program also assesses employee workload and fosters discussions of related actions and priorities. (S1-4-38a) In the case of sick leave or burnout, direction and action are managed at a local level. If detected at an early stage, workload is addressed between manager and employee, sometimes in dialog with the relevant HR unit. (S1-4-38b)

In addition to the YouFirst program, Telia's "Working better together" initiative enables hybrid working, and the "Working abroad" offer enables employees to work abroad for a set period of time. In 2024, 137 Telia Lietuva employees used a total of 1,381 work days to work abroad. Specific tools are provided that enable employees to work from home or abroad. Office staff are permitted to work with flexible schedules, while in-store staff and technicians work with fixed hours. (S1-4-38-(c))

The effectiveness of health and well-being actions is assessed through employee feedback surveys, which include questions on work-life balance. (S1-4-38-(d))

Any specific actions relating to an employee's wellbeing may be identified during the YouFirst process, or in similar discussions between the manager and employee. (S1-4-39) This is part of every manager's responsibility. (S1-4-43) In the first instance, the manager should determine an appropriate response (often in collaboration with the relevant HR unit). Occasionally, depending on the severity of the issue, healthcare specialists may also be involved (mostly as specified by local legislation). (S1-4-39)

No actions are planned or underway to mitigate material risks arising from impacts and dependencies on Telia's workforce at the full organizational level. Rather, the company's approach is oriented towards making sure that managers have sufficient tools to support their dialogs with employees, with overall effectiveness tracked through employee feedback surveys. Such actions tend to be on the unit or individual employee level. (S1-4-40-(a))

In Telia's DMA, no material opportunities in relation to the company's workforce were identified. (S1-4-40(b)) Risk assessments are made in some cases prior to actions being taken that might cause or contribute to material negative impacts on Telia's own workforce, for example layoffs. For the change program carried out during 2024, Telia implemented an extensive risk assessment to assess impacts on employees and worked together with work environment representatives where risks were higher. (S1-4-41)

Based on Telia's risk assessment, no material impacts on the workforce have been identified in relation to implementing its climate transition plans to reduce negative environmental impacts. The organization remains committed to continuously updating its risk assessments to ensure any potential impacts on workers are identified and addressed proactively. (S1-SBM-3-14-(e)) (S1-4-AR43)

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Year	Goals	2024 progress
On diversity, equity and inclusion		
2025	50/50 gender balance in the Extended Management Team[1]	53% (26) women, 47% (23) men (2023: no data)[5]
2024	All managers trained in unconscious bias and inclusive recruitment practices [2]	91.4% of managers trained (2023: 87%)
	Continuously decrease the raw gender pay gap[3]	27% (2023: 25%)
	Increase diversity in Telia and in the tech sector through continuous partnerships focusing on digital and tech re- and up-skilling	Regular interactions with members of diverse communities to showcase job opportunities and offer internships within tech Continuous collaboration with WomanGoTech program - during 2024 we had 5 Telia mentors inspiring women to choose career in tech
On health and well-being		
2025	Maintain the well-being and work-life balance score at 78%[4]	85% each in Lithuania (2023: 86%)

(S1-5-46)

1) The Extended Management Team represents the company's ~49 C2 and C3 level managers (Top Management and their direct reports who manage at least 1 team member, as well as certain functional team members when those have roles of particular strategic importance).
2) Due to a change in the organization scopet the result is not comparable with the progress shown in the 2023.
3) The raw gender pay gap (also known as unadjusted pay gap) is defined as the difference between average earnings of men and women relative to average earnings of men
4) Measured through Telia's internal employee engagement survey. Due to the introduction of a new measurement tool the result is not comparable with the progress shown in the 2023.
5) Due to the introduction of structural changes, data for Extended Management Team for 2024 is not comparable with results in 2023.

Workforce involvement in target setting and tracking

To set the DEI targets, selected groups of employees including country HR units, Group rewards teams and country DEI leads were involved. These targets were approved by country CEOs, collated by the Group DEI lead or GEM sponsor, and approved by the CEO. Performance against the DEI targets is tracked by country CEOs, country HR units and Group rewards teams.

To set the health and well-being targets, a selected group of employees, including representatives from country HR units, were involved. These targets were approved by the Board of Directors, which includes employee representatives. The whole workforce is engaged in tracking performance against these targets through the employee feedback survey. To identify lessons and improvements, teams discuss opportunities based on the results of the employee feedback survey. (S1-5-47a) (S1-5-47b) (S1-5-47c)

S1-6 Characteristics of the undertaking's employees

Please refer to the People section of the Management Report for year-to-year comparison of Telia Lietuva employee numbers. (S1-6-50-(f))

Headcount by gender

	Number of employees
Men	919
Women	858
Other	4
Total	**1781**

Employees by contract type, gender and region

	Number of employees
Permanent Employees	
Men	908
Women	840
Other	4
Total	**1752**
Share	**51.83%/47.95%/0.23% (men/women/other)**
Temporary Employees	
Men	11
Women	18
Other	0
Total	**29**
Share	**37.93%/62.07% (men/women)**

Employee turnover

	Voluntary	All Terminations
Total number of employees who left the company	325	501
Employee turnover rate	17.4%	28.2%

(S1-6-50-c)

Accounting principles: Headcount

Headcount has been used representing the status as of the last day of the month. The average headcount is a calculation of the average according to the headcount of last day of each month for full year until December 31st. All other headcount numbers, unless specifically stated as an average, are per December 31, 2024 and do not represent average figures. (S1-6-50d) (S1-6-50d i) (S1-6-50d ii)

Turnover is calculated as all terminated employees divided by the average headcount during the reporting period. In both the financial statements and the sustainability statements, employees made redundant are included during their notice period. These metrics have not been validated by an external party apart from Telia's assurance provider. (S1-6-50e)

These accounting principles apply for information in section S1-9.

S1-8 Collective bargaining coverage and social dialog

Collective bargaining
All employees, regardless of location or employment type, have the right to choose to be represented by a trade union for the purposes of collective bargaining. No employee shall be discriminated against for exercising this right. These principles are also included in the Supplier Code of Conduct, which means that Telia expects all suppliers to recognize these rights. At the year-end, all (100%) Telia Lietuva employees were covered by collective bargaining agreements, as they all got right to vote for those. (S1-8-60)

Telia cooperates with employee representatives and national trade unions in accordance with both national legislation and applicable collective bargaining agreements (CBAs). Together with employees in the Nordic and Baltic operations, Telia has established a European Works Council (EWC) that serves as an employee representative forum for information and consultation with GEM on transnational matters.

In addition, Telia Lietuva regularly engages with local trade unions. During the year, Telia Lietuva was part of a change programme which impacted 200 positions in the company (~3,000 across the whole Group). Throughout the process, Telia complied with all applicable legal obligations relating to union information and consultations.

Agreements with employees for representation are handled on a Group level. (S1-8-63-(b))

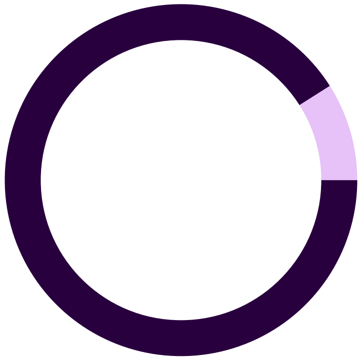
S1-9 Diversity metrics

Defining top management
The Management Team within Telia Lietuva currently consists of the CEO and her direct reports (C1 and C2 level). Headed by the Chief Executive Officer, the Management Team consists of Chief Financial Officer, Head of People and Culture, Head of Consumer, Head of Technology, Head of Marketing and Communications, Head of Legal and Corporate Affairs, Head of Business Assurance, Resilience and Sustainability, Head of Sales and Customer Care, Head of Digital Transformation, and Head of Enterprise. (S1-AR71)

Region of birth

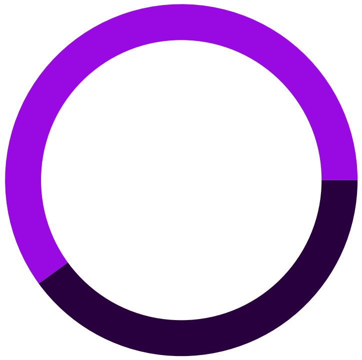
Management Team[2]

- Lithuania **91%**
- Nordics **0%**
- Europe **9%**
- Outside Europe **0%**

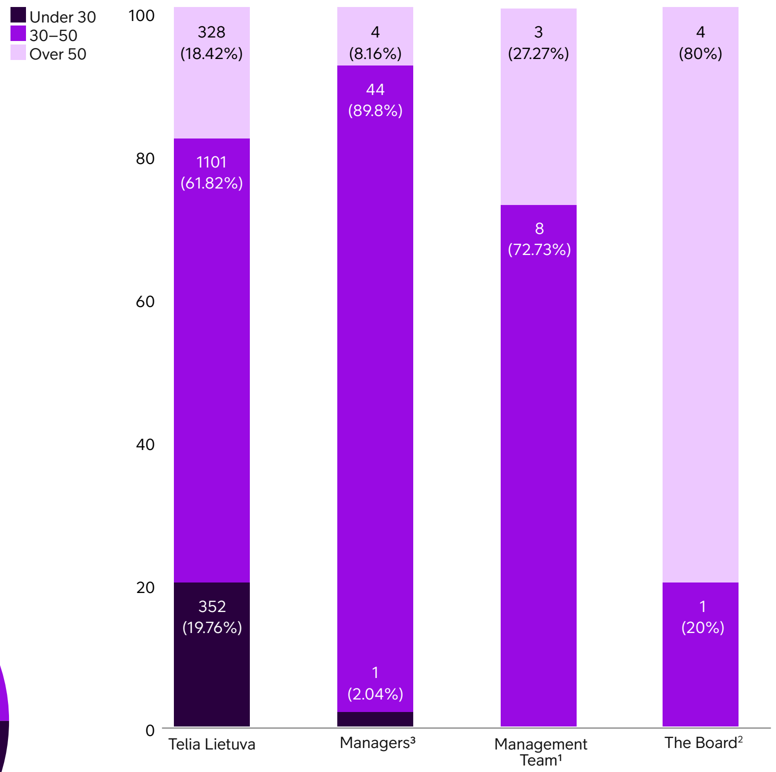


The Board[2]

- Lithuania **40%**
- Nordics **60%**
- Europe **0%**
- Outside Europe **0%**



Age



1) Out of 11 members of Telia Lietuva Management Team 10 are born in Lithuania, and one - in Latvia.
2) The Board: 3 members are born in Sweden (till September 2024 - 4), one - in Finland and two - in Lithuania. In total there are 5 (till September 2024 - 6) members of the Board.
3) Managers - C2 and C3 level managers (Management Team and their direct reports who manage at least 1 team member)

S1-10 Adequate wages

Adequate wages
In addition to the CBAs that determine minimum wages, Telia applies internal pay ranges based on external market benchmark data and levels, so that all employees are paid an adequate wage. (S1-10-69) (S1-10-70)

S1-11 Social protection

All employees in Telia Lietuva own workforce are covered by social protection, through public programs or through benefits offered, against loss of income due to sickness, unemployment, employment injury and acquired disability, parental leave, and retirement, or a sudden and unexpected event (e.g. death due to an accident or infectious disease). (S1-11-74-(a)) (S1-11-74-(b)) (S1-11-74-(c)) (S1-11-74-(d)) (S1-11-74-(e))

S1-14 Health and safety metrics

Health and well-being
Overall health and well-being are measured as part of the employee engagement survey. The 2024 results indicate a 6% increase in satisfaction over overall personal work-life balance, in comparison with 2023. Telia's main challenges regarding health and well-being are increased stress and workload. The company continuously monitors these aspects through the sickness absence rate (SAR). Telia Lietuva SAR for 2024 was 2.49. Employees lost 131 days due to ill health. (S-14-85(b)).

ISO 45001 certification
All of Telia Lietuva 's operations are covered by health and safety management systems. Telia views the ISO 45001 health and well-being management system standard as a valuable tool to ensure that assessments are conducted systematically and that risks are followed up. During the year, Lithuania maintained ISO 45001 certification. At year-end, 100% of all employees were covered by a health and safety management system based on the ISO 45001 standard, which had been audited and certified by an external party. (S1-14-88a).

Incidents
During the year, no fatalities were registered among Telia Lietuva employees or contractors working for Telia's operations in Lithuania. (S1-14-88(b)) There were four accidents involving employees or contractors that resulted in lost time at work, giving a Lost Time Injury Frequency Rate (LTIFR) of 1.12. (S1-14-88(b))

Accounting principles: Health and safety

The SAR represents the percentage ratio of absence days related to sickness per days of total contractual work time. The LTIFR represents the number of injuries resulting in absence from work per million theoretical work hours. These metrics have not yet been validated by an external party.

S1-16 Remuneration metrics (pay gap and total remuneration)

Remuneration metrics
As part of Telia's efforts to refine its equal pay framework, with the aim of achieving zero pay inequality, a pay gap and gender parity analysis is carried out once a year in all Telia operating countries. The 2024 analysis revealed a 27% raw gender pay gap in Telia Lietuva operations. Differences in the raw gender pay gap can be attributed to gender segregation of professions (for example, there are more men in technology and more women in support functions) and an imbalance in vertical career development between men and women employees. To reduce the pay gap further, Telia has strengthened its initiatives to achieve gender equality in leadership and ensure correction of any unexplainable pay inequalities for equal roles. (S1-16-97a) The annual total remuneration ratio is 9.

Accounting principles: Remuneration

Telia's gender pay gap has been calculated based on the formula: (average gross hourly pay level of male employees – average gross hourly pay level of female employees) / average gross hourly pay level of male employees, i.e. the formula stated in ESRS Set 1. Hourly rates per individual have been calculated using one year to equal 2,080 working hours. All currencies have been converted to EUR for the analysis. The 2024 result is based on Telia Lietuva own workforce data collated in spring 2024, before the implementation of a new operating model in late 2024.

The comparison of CEO remuneration vs median employee has been calculated based on the formula: CEO's annual total remuneration / median employee's annual total remuneration. Annual total remuneration includes base pay, plus variable pay, plus benefits. (S1-16-97b) (S1-16-97c)

S1-17 Incidents, complaints and severe human rights impacts

Incidents and complaints
Telia Lietuva is only able to see if incident reports through the Whistleblowing Line are anonymous or not and has no ability to verify if they were submitted by a Telia employee. (S1-17-103b)

No severe human rights issues and incidents were raised in the company's whistleblowing system. No cases were identified as severe human rights incidents in the reporting period. (S1-17-104a) (S1-AR106) Therefore, no fines, penalties or compensation were issued. (S1-17-104b)

S2 Workers in the value chain

Approach

Telia relies on a large number of suppliers, and the company is committed to ethical sourcing. From strategy to execution, the company closely assesses its suppliers' practices, ensuring they align with the company's values of integrity, social responsibility and sustainability.

Telia's Supplier Code of Conduct demonstrates the company's promise to operate ethically, responsibly and lawfully. Compliance with this code is not optional – it is a fundamental element of Telia's partnerships, promoting fruitful business relationships based on mutual respect and shared values.

Telia encourages its suppliers to make impactful decisions, to care for individuals, society and the planet, and to simplify ways of working.

Material impacts, risks and opportunities	Value chain location
Negative impact / Potential: Unregulated working hours and overtime for suppliers' workers lead to a lower work-life balance and an increased risk of injuries	
Negative impact / Potential: Unsafe working conditions affect workers' mental and physical health	
Negative impact / Potential: Child and forced labor as a result of sourcing products that contain minerals sourced from conflict-affected and high-risk areas	Upstream
Risk: Risk that the company's suppliers could fail to ensure a safe and healthy working environment and engage in unfair labor practices, such as excessive working hours, leading to unsafe conditions for workers	
Risk: Risk that the company's suppliers could fail to uphold human rights by permitting child labor and/or forced labor in their own operations or in those of other suppliers	

ESRS 2 SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model

Value-chain workers affected by Telia Lietuva material IROs are comprised of direct suppliers and subcontractors (tiers 2-4). During the due diligence process, Telia identifies the characteristics of the supplier's organization, gaining a comprehensive understanding of the human rights risk, depending on the industry and geography in which the supplier operates and according to the content of the delivery (i.e. sourcing categories).

When disclosed at the time of the Due Diligence process, subcontractors are screened via available sources such as sanction lists and adverse media. This visualization helps Telia to recognize the potential material impacts, enabling more informed decision-making and strategic planning to address material impacts on value-chain workers. (S2-SBM-3-11)

Telia Lietuva relies on a large number of suppliers and sub-suppliers, ranging from field-service providers, and transport and logistics suppliers, to network equipment and hardware providers and producers. Some suppliers operate in countries or industries with challenges in upholding ethical business practices, human and labor rights, health and safety, and environmental protection. Workers in the value chain include direct employees of Telia's suppliers or sub-suppliers, as well as consultants hired by its suppliers or sub-suppliers.

During the due diligence process, suppliers are assessed according to the countries in which they operate, as well as the country in which they are registered, with a focus on high-risk countries from the perspectives of human rights, anti-corruption and sanctions. For this purpose, Telia uses well-known public sources, such as public reports from international organizations and government agencies on human rights practices. Adverse media screenings help uncover any negative incidents involving suppliers, as well as incidents in the regions where they operate. This combined approach helps Telia to identify issues regarding ethical standards and to respect human rights within its supply chain.

The value-chain workers subject to material impacts by Telia Lietuva operations or through that of the value chain include direct employees of tier-1 suppliers in the Nordics and Baltics, and employees of subcontractors involved in deliveries to Telia all over the world. (S2-SBM-3-11-(a))

Telia works with a risk-based approach to detect high-risk suppliers, including defined high-risk areas from the human rights and child labor perspectives. Countries that are deemed non-free by Freedom House's annual evaluation are deemed as high-risk. (S2-SBM-3-11-(b))

Material negative impacts on value-chain workers refer to:

- Child and forced labor
- Discrimination
- Freedom of association
- Health and safety
- Wages and compensation
- Working hours

(S2-SBM-3-11-(c))

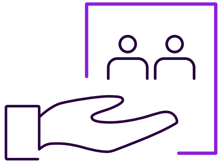
A dedicated due diligence process is in place to evaluate Telia's suppliers' sustainability performance. Suppliers are required to align and comply with the company's Supplier Code of Conduct, and suppliers handling personal or sensitive data must comply with the security and privacy requirements stated in Telia's Supplier Security Directive. Suppliers are expected to apply these requirements throughout their own supply chains.

As part of its supplier management process, Telia Lietuva maintains a continuous dialog with suppliers to increase their awareness and understanding of its expectations. All non-conformities are handled through corrective action plans and follow-up activities to evaluate their effectiveness. Results are shared with Group sourcing management and business stakeholders, and risks and challenges that require a joint approach are raised at supplier executive meetings, where top management from Telia Lietuva and the supplier engage to address topical issues and agree on action plans. If the companies do not reach an agreement and a supplier fails to meet an agreed corrective action plan, termination of the partnership with the supplier could be considered. (S2-SBM-3-11-(d))

As part of Telia's double materiality assessment, the following material risks arising from impacts and dependencies on value chain workers were identified:

- The company's suppliers could engage in unfair labor practices, such as excessive working hours, leading to unsafe conditions for workers
- The company's suppliers could fail to ensure a safe and healthy working environment caused by inadequate measures or prolonged exposure to substances that have a negative impact on workers' health (S2-SBM-3-11-(e))

These risks can be generated due to impacts occurring to workers manufacturing products purchased by Telia. (S2-SBM-3-13) Within its due diligence process, Telia Lietuva can detect the risk of workers exposed to occupational health and safety risks, with specific focus on underage workers. (S2-SBM-3-12)



S2-1 Policies related to value chain workers

Human rights

Policies

Telia is committed to respecting and supporting the human rights of all people affected by its business, across the societies in which the company operates. Telia's Group Policy – Human Rights directs its efforts to engage proactively with business partners, governments and other stakeholders to uphold the highest standards of human rights throughout its value chain.

In addition, Telia's Supplier Code of Conduct demands that all suppliers across the value chain are committed to integrity, ethics and sustainability. This commitment includes actively preventing severe adverse impacts such as forced labor, child labor, life-threatening risks, environmental harm, corruption, and attacks on environmental and human rights defenders.

Telia's Guiding Principles on AI Ethics address the emerging impact of AI, stipulating that all suppliers follow responsible and ethical AI practices throughout all phases of AI design, implementation, testing and usage.

Telia's commitments are outlined in more detail in the following topic-specific Group Policies and Group Instructions (S2-1-16):

- Group Policy - Anti-Bribery and Corruption
- Group Policy - Environment
- Group Policy - Freedom of Expression and Government Surveillance
- Group Policy - Media Owner Commitments
- Group Policy - People
- Group Policy - Privacy and Data Protection
- Group Instruction - Occupational Health, Safety and Wellbeing
- Group Instruction - Trade Sanctions and Export Control
- Group Instruction - Speak Up and Non-Retaliation.

For more information on Telia's Group Policies and Group Instructions, see the table on page 126-127.

General approach

Telia is committed to respecting human rights across its value chain and works actively with material human rights topics, such as children's rights, digital inclusion, freedom of expression and government surveillance, media freedoms, labor rights and the environment in its supply chain. Transparency requirements are increasing, which is reflected in new and upcoming laws such as the EU Corporate Sustainability Due Diligence Directive (CSDDD) and Norway's Transparency Act.

In the company's Supplier Code of Conduct, Telia demands that its suppliers also safeguard human rights by adopting the robust practices in the areas the code covers. The Code is supported by measures such as the Whistleblowing Line system, which helps Telia to identify potential instances of non-compliance.

The company is committed to human rights due diligence, which is an ongoing risk management process intended to identify, prevent, mitigate and account for how Telia addresses adverse human rights impacts, as well as to identify opportunities in its business operations to support human rights. Telia continuously engages with stakeholders to understand its potential and actual human rights impacts.

Telia requires that human rights and labor rights are upheld in its supply chain, according to its Supplier Code of Conduct and existing and forthcoming human rights due diligence legislation.

In Telia's Group Policy - Human Rights, the following topics are considered (S2-1-17-(a)):

- Human rights and supply chain due diligence
- Code of Conduct and Supplier Code of Conduct
- Human rights and labor rights contract requirements
- Supplier audits and high-risk suppliers
- Grievance mechanism
- Decent working conditions and adequate standard of living in the supply chain
- Freedom of association and collective bargaining in the supply chain
- Occupational health and safety in the supply chain
- Forced labor
- Child labor

Telia engages with workers in the value chain through its Supplier Compliance Verification Program (please refer to section G1 for more information). The purpose of this program is to work towards supplier improvement on sustainability topics, with the following objectives in mind (S2-1-17-(b)):

- Clarifying and increasing knowledge regarding Telia's standpoint and expectations regarding sustainability
- Deepening awareness of Telia's requirements in the Supplier Code of Conduct and the Supplier Security Directives
- Helping third parties to identify gaps in and improve their compliance with Telia's requirements
- Addressing specific breaches of, or non-conformities to, Telia's requirements, where the third party needs to take corrective actions
- Encouraging and sharing successful stories and best practices
- Evaluating and improving the effectiveness of Telia's audit process through third-party feedback
- Complying with customer requirements relating to responsible sourcing
- Strengthening the relationship between Telia, its customers, and suppliers and other third parties.

Following up on and verifying any corrective actions taken by a supplier is important for Telia. These activities close the loop in the auditing process by reporting on actions the third party has taken in response to audit findings and recommendations, and on the progress made towards the implementation of corrective measures. If all findings and recommendations in relation to an audit are effectively resolved, and all corrective actions are completed and reported in a timely manner, the audit will be considered complete. (S2-1-17-(c))

Forced labor

Telia does not tolerate the use of any form of slavery, forced, bonded or indentured labor, or human trafficking, in any part of its value chain. Telia's Supplier Code of Conduct (S2-1-18) specifically addresses these requirements in its section on Modern Slavery and Forced Labor (SCoC 2.2.1.3).

Telia Lietuva expects its suppliers to (S2-1-18):

- Take active measures to ensure there is no use of any form of slavery, forced, bonded or indentured labor, or human trafficking, in any part of the value chain. This includes the use of employment bonds aiming to recover costs related to training or educational activities necessary for running normal business operations
- Not illegally restrict employees' freedom of movement
- Acknowledge employees' right to terminate their employment, provided they give reasonable notice
- Not request employees to deposit money or equivalent and/or their original identification documents, nor to pay any recruitment or employment fees or costs.

Telia's Whistleblowing Line system enables employees and external stakeholders to raise concerns about potential incidents of non-compliance with Telia's Code of Conduct or Supplier Code of Conduct without fear of retaliation or reprisal facilitating impartial investigation. For more information on Telia's whistleblowing system, refer to G1-1 Reporting concerns. (S2-1-19)

Internationally recognized instruments
Telia's Supplier Code of Conduct is aligned with the company's internal policies and commitments. It is based on international agreements such as the UN Universal Declaration of Human Rights (UDHR), the International Labor Organization's (ILO) core conventions. The Code specifies requirements in the areas of human rights, labor rights, health and safety, environment, climate change and business ethics, among other areas. (S2-1-19)

S2-2 Processes for engaging with value chain workers about impacts

Supplier Compliance Verification Program
Telia's Supplier Compliance Verification Program aims to work towards supplier improvement on sustainability topics. As part of the Program, Telia Lietuva maintains a continuous dialog with its suppliers to increase their awareness and understanding of Telia's expectations. The company verifies compliance with its Supplier Code of Conduct through a combination of dialog and internal and/or external assessment mechanisms, including but not limited to self-assessments, surveys, site visits, audits of suppliers and sub-contractors, and deep dives into specific areas (e.g. the transport sector).

These activities help Telia Lietuva to assess whether suppliers comply with its requirements and, when necessary, to implement corrective action plans at an early stage. Decisions about which suppliers to audit are made through a prioritization process that includes Telia's subject matter experts and the Whistleblowing Line system as sources of input from internal/external parties.

Findings from the Supplier Compliance Verification Program are communicated to relevant internal stakeholders for decision making and consideration in discussion with the supplier. Telia's approach to corrective measures includes active engagement and dialog with the supplier to address the identified findings.

See G1-2 Supplier Compliance Verification Program for more information. (S2-2-22)

Direct engagement
Telia Lietuva shares many common suppliers with Telia Company, hence, working closely with the Group, engages directly with workers in its supply chain through several comprehensive assessments conducted in conjunction with the JAC (Joint Alliance for CSR), an association of telecommunication operators collaborating to develop and implement sustainability standards in their supply chains. These assessments are crucial for understanding and improving workers' conditions.

In 2024, JAC conducted 150 assessments, including audits, across 31 countries and various supply chain tiers (Tier 1: 41%, Tier 2: 51%, Tier 3: 7%). A total of 20,427 workers were interviewed, resulting in 661 corrective action plans. Findings were mostly related to health and safety, followed by working hours, environmental factors, and wages and compensation. Of these assessments, 110 audits were incorporated into Telia's Compliance Verification Program. (S2-2-22a) (S2-2-22b)

Telia's responsible-sourcing process is owned by the Chief Procurement Officer at the Group level. (S2-2-22-(c))

The effectiveness of Telia Lietuva engagement with workers in its value chain is assessed through supplier audits, which evaluate compliance with labor standards, health and safety regulations, and ethical practices. When issues are found, corrective action plans are implemented, outlining steps suppliers must take to improve their practices. Follow-up audits aim to ensure these actions are effectively carried out.

Telia's re-auditing cycles in its Supplier Compliance Verification Program – typically every three years – help maintain high standards and continuous improvement, and measure effectiveness. This ongoing process promotes a culture of accountability and ethical behavior throughout the value chain, helping to ensure that workers' rights are consistently respected and upheld. (S2-2-22-(e))

The company gains insight into the perspectives of workers in its value chain through the assessments performed as part of its due diligence process, and the evaluations completed in the Supplier Compliance Verification Program. In the event that subcontractors to a supplier have been harmed, Telia follows up on the relevant supplier's remediation program. (S2-2-23)

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Processes
Reporting on cases of negative impact on workers in Telia Lietuva value chain takes place quarterly, including statistics and details of any specific cases. Reports are delivered to the company's Audit Committee. (S2-3-27-(a))

Telia's Whistleblowing Line system enables all workers in the value chain to raise concerns anonymously without fear of retaliation or reprisal, thereby facilitating impartial investigation. For more information on Whistleblowing Line, refer to G1-1 Reporting concerns. (S2-3-27-(b)) (S2-3-27-(c)) (S2-3-AR23) (S2-3-AR24) (S2-3-AR25) (S2-3-28) (S2-3-AR25)

Submitted reports and their progress are fully traceable within the whistleblowing system, helping to ensure its effectiveness. (S2-3-27-(d))

S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Actions

The main findings identified by the Supplier Compliance Verification Program include issues related to labor rights, discrimination, freedom of association, wages and compensation, health and safety, and working hours. By ensuring follow-up on corrective actions, Telia can mitigate potential further negative impacts within these areas.

Further information on the Supplier Compliance Verification Program can be found in S2-2 Supplier Compliance Verification Program and S2-3 Processes. (S2-4-32-(a)) (S2-4-32-(c)) (S2-4-32-(d)) (S2-4-33-(a)) (S2-4-33-(b)) Please also refer to G1-2 Supplier Compliance Verification Program.

Telia's ongoing due diligence process and Supplier Compliance Verification Program are used to identify suppliers with high risks. When identified, timely actions and follow-up measures are taken with the supplier. (S2-4-34-(a))

No material opportunities in relation to value chain workers were identified as part of the double materiality assessment (DMA). (S2-4-34-(b)) No severe human rights issues or incidents were identified by Telia's Supplier Compliance Verification Program during 2024. The Program's main findings related to labor rights, discrimination, freedom of association, wages and compensation, health and safety, and working hours. None of these were considered severe (S2-4-36).

The non-conformities related to labor rights have been assessed, with one closed and the other ongoing. Both involve factories in China exceeding the legal limit for dispatched workers. The closed non-conformity was resolved by updating recruitment processes in line with applicable regulation, conducting training for HR staff and implementing a transfer plan for dispatched workers. The ongoing non-conformity is still being addressed with an active action plan.

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Targets

Workers or their representatives in Telia Lietuva value chain are not directly engaged in the process of setting targets set to manage material impacts, risks and opportunities. (S2-5-42-(a))

As part of the company's supplier audits, corrective actions are identified, and Telia follows up to monitor the supplier's improvements. For more information on the goals, see section G1-2. (S2-5- 42-(b))

S3 Affected communities

Digital inclusion

Approach
Today, digitalization is transforming societies, which creates both opportunities and risks. Providing access to reliable connectivity and relevant digital skills is key to helping ensure no one is left behind in the digital world. Telia's work in this area focuses on contributing to digital equality and inclusion, thereby helping individuals and societies in Lithuania to realize the full potential of digitalization.

As part of its Digital Inclusion programme, Telia Lietuva ran several initiatives aimed at senior community members and children. One of these is "Senior Hours" – an initiative that teaches about the internet, technology, and its uses. This initiative was launched in 14 Lithuanian retail stores and is aimed towards the elderly community members.

Children's rights

Approach
Children and young people are active users of Telia's services. The company believes that internet access enriches children's lives and provides them with opportunities to socialize, play and learn. However, children are particularly vulnerable to online risks such as cyberbullying, abuse and inappropriate content.

Keeping children healthy and safe online requires collaboration within and beyond the telecommunication sector. Close collaboration with children's rights organizations enables Telia Lietuva to understand better how it impacts children, both directly and indirectly. Collaborating with the World Childhood Foundation and other children's rights organizations has helped Telia to develop its efforts to prevent the distribution of child sexual abuse material online and to equip parents with support material to help coach their children about online safety. The GSMA Mobile Alliance to Combat Digital Child Sexual Exploitation is one example of how Telia collaborates with its industry peers to influence legislation and exchange best practices.

Freedom of expression

Approach
Freedom of expression and surveillance privacy are at the core of Telia Lietuva business, as networks and services provide access to information and provide opportunities to exchange views. The primary purpose in this area is to reduce human rights risks in connection with government surveillance of communication, and to ensure that customers feel confident that Telia respects and safeguards their freedom of expression.

Material impacts, risks and opportunities	Value chain location
Digital inclusion	
Negative Impact / Actual: Disparity between the service quality in urban and rural areas may result in uneven digital inclusion and a negative perception of digitalization	Downstream
Positive Impact / Actual: Access to reliable connectivity for hundreds of thousands of customers	
Risk: Risk of disparity in service quality and unaffordability of services could lead to customer dissatisfaction	
Opportunity: Digital inclusion projects enhancing digital skills ensure higher customer activity online and lower the number of calls to customer care centers	
Children's rights	
Negative Impact / Actual: As technology evolves and children get more access to it, they are subject to grooming, bullying or exposed to violent content online. This content could be made available via Telia's networks. most salient issue for children is the online availability of child sexual abuse material	Downstream
Freedom of expression	
Positive Impact / Actual: As a provider of the infrastructure for the internet and free media, Telia enables the right to freedom of expression for customers	Downstream
Risk: Governments mandate limitations to freedom of expression, but this may affect Telia's reputation and consumers' trust in the company	

Digital inclusion

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Material impacts assessed under digital inclusion are originated in the company's own operations. (S3-SBM-3-9-(a))

Negative impacts may include the lack of digital skills, resulting in vulnerable groups being socially excluded. This is a widespread and systemic impact (which relates to digital inclusion: digital skills). (S3-SBM-3-9-(b)). Positive impacts stem from the availability of Telia Lietuva network services to people, and the expanded reach, capacity and quality of 4G and 5G networks. Across its footprint, Telia Lietuva 5G population coverage remained at 99% during 2024. (S3-SBM-3-9-(c))

Material risks arising from impacts and dependencies on the affected communities include the risk of poor service quality in certain rural areas, which may reduce customer satisfaction, increase churn and result in negative publicity (this relates to digital inclusion: access) (S3-SBM-3-9-(d))

Telia Lietuva digital inclusion initiatives are designed to raise awareness of the risks and opportunities in the online world, with the aim of building digital skills. The former is essential to build the latter. Physical and digital channels are both used in these initiatives, with the formats and channels shaped by the target group's needs, and their potential to reach specific groups.

The vast majority of Telia Lietuva initiatives are conducted in collaboration with stakeholders or partners such as municipalities (for seniors and immigrants) or organizations that specialize in specific topics (such as children's rights organizations). The initiatives are only included within Telia's actions if there is a substantial contribution from the company, either as an initiator or through a financial or in-kind contribution.

For information about Telia Lietuva digital inclusion initiatives, refer to S3-4 Actions and S3-5 Targets.

A study by the Swedish Internet Foundation from 2024 states that digital exclusion risks amplifying existing inequalities and marginalization. Individuals not included in the digital world can miss out on accessing information, communication and services, potentially placing them in more precarious positions in both the job market and society. The study details barriers such as a lack of knowledge, worries about digital security and restricted access to technology. While younger individuals report fewer barriers, older populations and people living in disadvantaged areas cite more significant obstacles. (S3-SBM-3-10) (S3-SBM-3-11)

S3-1 Policies related to affected communities/digital inclusion

Telia's Group Policy – Human Rights describes the company's management of the impacts, risks and opportunities related to communities affected by the topic of digital inclusion.

The Policy states the company's commitment to respect and support all human rights in scope of the international standards outlined in section G1-1. Telia focuses on human rights that are at risk of the most severe negative impact and the most relevant to its industry and business operations. These risks are identified by on-going due diligence and more in-depth Human Rights Impact Assessments (HRIAs) carried out in Telia Company as appropriate. Digital inclusion is among the areas with human rights implications. (S3-1-14) (S3-1-15)

In line with the UN Guiding Principles for Business and Human Rights, Telia Lietuva is committed to respecting human rights throughout its value chain by applying human rights due diligence. The company's products and services also enable the realization of certain human rights, for example by facilitating access to healthcare, education and jobs. Research results from the GSMA's 2024 Mobile Industry Impact Report show that connectivity and digitalization can accelerate progress in relation to the UN Sustainable Development Goals.
(S3-1-16-(a)) (S3-1-17)

S3-2 Processes for engaging with affected communities about impacts/digital inclusion

Engagement
In relation to the topic of digital inclusion, stakeholder concerns primarily relate to two areas: the differences in service quality between networks in urban and rural areas, and the effects of the shutdown of copper networks.

While acknowledging differences in service quality between networks in urban and rural areas, the company is committed to improving network coverage despite regional and/or technological differences. In Lithuania, Telia is perceived to have the best 5G network coverage and quality, according to crowdsourced data and field measurements (OpenSignal, Umlaut and others). In overall mobile network quality, Telia is also number one in Lithuania, and the company is improving its mobile network quality through an ongoing modernization program.

The shutdown of copper networks presents risks such as customers being required to install new fiber- or mobile-network-based solutions, and to learn how to operate new hardware. These risks are managed in coordination with municipalities and relevant authorities to minimize negative effects on individuals or communities.

Telia Company's SVP, Head of Communications, Brand and Sustainability has operational responsibility for ensuring that stakeholder engagement takes place and that the results inform the company's approach. (S3-2-21-(c))

Telia Lietuva currently does not provide remedy to any digitally excluded groups.

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns in relation to digital inclusion

Telia currently does not provide remedy to any digitally excluded groups. (S3-3-35)

S3-4 Taking action on material impacts related to digital inclusion and approaches to managing material risks and pursuing material opportunities related to affected communities digital inclusion, and effectiveness of those actions

Actions
Due to the ever-changing economic situation affecting many consumers in the country, the risks related to the affordability aspect of digital inclusion continued to increase. Telia is continuing to mitigate these risks by recommending lower-cost subscription options to consumers who are facing challenges or offering them the possibility of switching to its low-cost brands.

Implementation of an action plan to manage material impacts, risks and opportunities related to affected communities does not infringe significant operational or capital expenditures on Telia Lietuva. It is uncertain how this will change in the future and whether the company will be able to account for and disclose current and future financial and other resources related to the management of the associated IROs.

Telia Lietuva aims to ensure accessibility for everyone by supporting people with disabilities in utilizing its services. The company's global design system is aligned with the European Accessibility Act (EAA-Directive 2019/882) and adheres to the Web Content Accessibility Guidelines standard (at least WCAG 2.1 AA), which covers aspects such as color contrast, readability and screen reader compatibility. The company has initiated a process that fosters collaboration and disseminates accessibility expertise across the organization to help ensure compliance with the EAA.

Initiatives
Telia Lietuva identifies the actions needed in response to potential negative impacts on communities affected by the topic of digital inclusion by engaging with stakeholders on a variety of initiatives. (S3-4-33-(a)) Telia Lietuva also conducts regular impact assessments in relation to this topic. For more information, refer to S-3-5-42-(b). (S3-4-33-(b)) (S3-4-33-(c))

Digital inclusion initiatives

Seniors
Through personal digital guidance events, organized together with major customers, as well as webinars, articles and magazine content, and customer service in retail stores, Telia Lietuva supports elderly people in keeping their electronic devices safe, increasing their digital skills and learning more about fraud and online safety. These activities are important in enabling this stakeholder group to access essential societal services such as healthcare and banking.

Children, parents and teachers
Children and young people are particularly vulnerable to online threats, and need to be well-equipped to stay safe from these. Through physical workshops in schools and at summer camps, online training sessions, and online content, educational games and quizzes, Telia Lietuva helps children and young people to learn more about online safety, covering topics such as privacy and personal data, passwords, social media and appropriate online behavior.

Through web portals that offer relevant and useful information, Telia Lietuva aims to support parents and guardians in protecting and empowering children online. Through programming courses (currently available only in Lithuania), Telia seeks to inspire and educate students about the field of IT.

Women
Female technology professionals remain a significant minority today. At the same time, the technology sector has a shortage of people. Telia Lietuva has initiated and participates in partnerships and training programs with the purpose of supporting increased female participation in the technology industry.

Small and medium-sized enterprises (SMEs)
Due to limited digital maturity, SMEs risk lagging behind in areas such as cybersecurity and sustainability. Through personal digital guidance events and webinars, Telia Lietuva aims to increase SMEs' knowledge about information security topics and relevant digital services. Cybersecurity experts present these topics from the perspective of both the end user and the company, helping participants to develop practical skills and knowledge to prepare for possible information security threats. (S3-2-32) (S3-4-34a)

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities/digital inclusion

Providing reliable access

Telia Lietuva is committed to providing high-quality services to its customers. In 2024, the company continued to make considerable investments to improve its network coverage and quality, and achieved the following milestones:

- Almost 100% 4G population coverage
- 99% 5G population coverage
- In areas where fiber access is not viable, Telia Lietuva provides fixed wireless access via its 4G and 5G networks

Building digital skills

In 2021, Telia launched a Group-wide digital skills program, based on its analyses of local needs. During 2024, having already exceeded its 2026 target of reaching 2.2 million individuals with digital skills-building initiatives, Telia increased its target to 3 million individuals by 2027, primarily targeting seniors, children, immigrants, women and SMEs.

Through a project in collaboration with the Forum for Social Innovation Sweden (MSI) at Malmö University, Telia has developed an impact assessment tool and guide to enable assessment of the company's digital skills initiatives. Short summaries of the various initiatives' assessments are available on Telia Company's website, along with descriptions of the initiatives. Telia has made the tool available for other companies to use, in order to scale adoption of impact assessment. (S3-5-42-(b))

Year	Goals	2024 progress
2026	Reach 75,000 individuals with digital inclusion initiatives	309,067 individuals reached since 2021
2025	96% 5G population coverage	99% coverage (2023: 99%)

Children's rights

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The affected communities in Lithuania that are subject to material impacts from Telia Lietuva include children (directly) and the children of Telia's customers (indirectly). The impacts referred to are directly from the company and its downstream effects. In addition, children can potentially be subject to material negative impacts in Telia Lietuva 's supply chain. (S3-SBM-3-9-(a))

Negative impacts may include children being subject to grooming or bullying, or being exposed to violent content online through access to Telia Lietuva networks. However, the most salient issue and risk for children is the online availability of child sexual abuse material. This is a frequently occurring and widespread impact, which the company assesses on an individual basis. (S3-SBM-3-9-(b))

Children have been categorized as the affected stakeholder for the identified negative impact. In the absence of proper controls, children with access to the internet are at risk of harm.(S3-SBM-3-10)

S3-1 Policies related to affected communities/children's rights

Telia Lietuva bases its work on the guidelines set by the UN's Children's Rights and Business Principles (CRBP) and is committed to recognizing, respecting and supporting children's rights. A key part of the company's integration of children's rights and perspectives into its operations and offerings is through its Group Policies and Group Instructions, which detail the expectations on, and behavior required from, the company's employees, partners and suppliers.

Telia's policies for management of the impacts, risks and opportunities related to affected communities are as follows: (S3-1-14, (S3-1-17))

Group Policy – People (Child labor)
Supplier Code of Conduct (Child labor and safety of products and services)
Group Policy – Privacy and Data Protection (Special care for children's privacy)
Group Policy – Freedom of Expression & Government Surveillance (Risks to freedom of expression)
Group Instruction – Security (Child sexual abuse material)
Group Policy – Human Rights (Children's rights as a salient human right)

For more information on Telia's Group Policies, see section G1-1.

Telia Lietuva is committed to respecting human rights across the company's value chain, as set out in the UN Guiding Principles on Business and Human Rights and other international standards regulating corporations, such as the OECD Guidelines for Multinational Enterprises as well as the UN Global Compact, of which Telia Company is a member. This means that Telia avoids infringing on the human rights of others, and addresses adverse human rights impacts with which the company is involved. (S3-1-16)

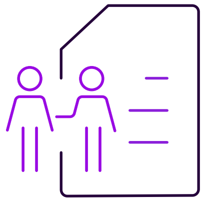
In addition, Telia's Whistleblowing Line, which serves as a mechanism for reporting grievances, enables employees and external stakeholders to raise concerns without fear of retaliation or reprisal, thereby facilitating impartial investigation. (S3-1-16c). Telia has not received any reported incidents originating from affected communities (S3-1-17).

S3-2 Processes for engaging with affected communities about impacts/children's rights

Integrating and promoting children's rights in business
Holistic Children's Rights Impacts Assessments have been carried out to help ensure that Telia integrates children's rights across its all business operations. The latest assessment was conducted in 2022, based on UNICEF's MO-CRIA (Mobile Operator - Children's Rights Impact Assessment) self-assessment framework (available on Telia's website). Overall, the assessment showed that children's rights had been integrated into Telia's business and operations to a high degree.

Telia also uses a tool, developed in partnership with the independent non-profit organization BSR and based on the UN Guiding Principles on Business and Human Rights, to assess actual and potential impacts on children's rights from products offered to Telia's customers. The tool is used during the company's product development process for services that will be used by children. Children's rights and responsible marketing guidelines are available for the company's marketing teams and external partners to help ensure that children's rights are protected in Telia's marketing and advertising activities.

Engagement
Engagement with key stakeholder groups – including children, young people and/or their proxies – is an important component of the double materiality assessment process that Telia conducts periodically. For more information on how Telia Lietuva engages with children via its Children's Advisory Panels, please see the Listening to children section below (S3-2-21) (S3-2-21-(a)) (S3-2-21-(b)) (S3-2-21-(d)) (S3-2-22). (S3-1-16-(b))



Telia Lietuva engages with partners to gain a deeper understanding of specific impacts and topic boundaries related to children's rights. In Lithuania we are partnering with one of the longest operating Children Help Line "Vaikų linija".

Telia Company's SVP, Head of Communications, Brand and Sustainability has operational responsibility for ensuring that this engagement takes place and that the results inform the company's approach. (S3-2-21-(c))

Listening to Children
For many years, Telia has conducted Children's Advisory Panels to give children a voice about their experiences in the online world. Topics covered include children's experiences with privacy, online gaming, healthy online life, digital learning and misinformation. The company uses the findings to inform its business decisions and to shape family offerings and support material. More information on the results of these panels can be found on Telia's website.

Through various activities conducted with partners in Telia's markets, the company interacts with children with the specific intention of enhancing their digital skills and building resilient online behaviors. (S3-2-21-(a)) (S3-2-21-(b)) (S3-2-21-(d)) (S3-2-22)

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns in relation to children's rights

Access to remedy
Telia Lietuva can learn about potential risks or harm through its Whistleblowing Line, and through channels such as customer service, audits conducted by its sourcing department, employee complaints processes and external parties such as NGOs.

Telia's Whistleblowing Line serves as an operational-level mechanism for reporting grievances and is available for both internal and external stakeholders. For more information on Telia's Whistleblowing Line, refer to G1-1 Reporting concerns.

Although children themselves do not use the Whistleblowing Line, Telia Lietuva receives insights into their needs through proxies such as "Vaikų linija", or insights from the Group's work with Bris (highly trusted by children) and ECPAT. In addition, Telia Lietuva enables and supports free anonymous communications access for children and young people to child helplines. In the future, Telia Lietuva will perform an independent assessment of how aware children are of these channels, and to what degree they trust them. (S3-3-28) (S3-3-27-(a)) (S3-3-27-(b)) (S3-3-27-(c)) (S3-4-33-(c))

S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Fighting child sexual abuse material
Child sexual abuse material (CSAM) is a severe violation of children's rights and is illegal in all of Telia's markets. Research concludes that watching such material increases the likelihood of abuse offline. Telia actively participates in the fight against the distribution of CSAM online through blocking measures and cooperation with industry peers, law enforcement agencies, and NGOs such as ECPAT (part of INHOPE, International Association of Internet Hotlines) and the World Childhood Foundation.

To combat issues such as CSAM, Telia aligns with specific frameworks and partnerships such as with Netclean to provide CSAM detection services to schools and municipalities. Telia blocks websites identified by law enforcement as illegal due to their hosting of CSAM. While the company supports an open internet, this is the only area in which it has taken an active stand for voluntary blocking. Within Telia's own IT systems, the company applies a technical solution that provides alerts if CSAM is detected in hardware used by full-time permanent employees, part-time employees or consultants. If such material is detected, a police report is filed and personnel-related remedies are initiated in accordance with national legislation. During 2024, there were no detections and therefore no police reports. (S3-1-17)

Child safety through product offerings
In Lithuania, Telia offers software that enables parents and guardians to set limits on children's screen time and to block harmful content. The company's TV service is equipped with a PIN-code functionality that enables parents to restrict access to programs or film-rental services that feature adult content.

Telia Lietuva employees, together with children, have created a specific product called "Vaikų kampelis" - it is a special platform designed for children, offering a variety of content including movies, animations, educational shows, fairy tales, and additional TV channels for children.
Key features of "Vaikų kampelis":

- Content filtering by age group, language, and duration;
- Viewing time limitation with the option to set a PIN code;
- Favorites category, where you can save favorite movies, series, and other content;
- Content hiding and displaying as needed.

Vaikų kampelis" is part of the "Telia Play+" package, so it does not need to be ordered separately.

Material and tools to support children's online safety
Telia Lietuva provides information and materials that parents can use to support their children online. For example, the company's employees engage with children in school workshops to create awareness about topics such as cybersecurity and online behavior.

Telia also provides tools that engage directly with children, such as online safety games or digital quizzes. Such tools are always developed in cooperation with children's rights organizations, to help ensure a child-friendly approach. The purpose is to teach children about smart, safe and friendly online behavior, and to create opportunities for children to discuss their online experiences with adults.

Telia Lietuva plays an important role in the creation and maintenance of the game "Spoofy". In collaboration with CGI, Telia Lietuva has helped to develop this cybersecurity game for children and contributed to organizing the game's communication activities, recording the voices of the characters, translations to Lithuanian and Ukrainian languages and providing the platform for the on-line version of the game. Key features of the game:

- Cybersecurity education: children learn about safe online behavior, communication, photo sharing, cyberbullying, as well as avoiding other dangers;
- Various scenarios: the game presents different scenarios where children can collect cyber pets and complete other fun tasks;
- Free to play: Spoofy is free and available online to all children.

Ongoing actions during 2024:

- CSAM blocking in all Telia Lietuva, as well as other Group country operations and ongoing detection of CSAM in Telia's IT systems. Telia also provides child safeguarding products to its customers.
- Joint activities to fight CSAM with industry peers, law enforcement agencies and NGOs, such as GSMA, ECPAT Sweden Techcoalition and the World Childhood Foundation's Stella Polaris project.
- In Lithuania in 2024 we supported The Maltese in their program "Braver into Life" which is designed for children and youth from families experiencing social risk factors. The program's goal is to take care of the future of young people. This year's focus is on teenagers, with the core message that all children should have equal opportunities. A "Children and Youth Financial Fund" is being created, aiming to gather a fund to meet the most important needs of the children and youth under the care of the Maltese, thinking about their future and integration into society.

These actions align with Telia's commitment to upholding human rights, as outlined in its Group Policy – Human Rights, Supplier Code of Conduct (addressing child labor and product safety), Group Policy – Privacy and Data Protection (emphasizing children's privacy), and Group Instruction – Security (targeting CSAM), all of which are embedded in the company's operations. The actions are implemented across all Telia's markets, covering stakeholders such as employees using work computers, and customers using Telia's products and services.

While these activities are ongoing and reviewed annually with renewed targets, data collection is limited; specific data on CSAM blocking is not available. Detection instances on work computers are monitored and reported annually. (S3-4-32-(a))

To educate and activate its employees, Telia offers training on children's rights (created in collaboration with the World Childhood Foundation) and on human rights more broadly. Refer to S3-1 Fighting child sexual abuse material for more information on Telia's actions to block this material and tracking of reported cases. (S3-4-36) (S3-4-32-(c))

Telia's collaboration and engagement with expert groups such as Bris, GSMA, ECPAT and Save the Children helps the company to identify necessary and appropriate actions in response to any negative impacts. This is in addition to the company's own stakeholder engagement such as its Children's Advisory Panels, as detailed in S3-2 Listening to children. (S3-4-33-(a)) (S3-4-33-(b))

Telia also offers support material for families and parents, and provides training for children and parents regarding their life online. (S3-4-32-(c)). The number of visitors to the portal, and of those participating in training, are tracked and assessed by Telia. (S3-4-32-(d))

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities/children's rights

Telia Lietuva targets are annual targets and are aligned with its overarching policies, including the Group Policy – Human Rights, Supplier Code of Conduct and Code of Conduct. The scope of the targets encompasses efforts within the downstream value chain, such as CSAM blocking, and internal workforce initiatives, including the implementation of a CSAM detection system. Stakeholder involvement in target setting has been limited, relying on proxies rather than direct engagement. Progress towards targets is monitored and reviewed annually (MDR-T).

The affected communities (in this case, children) were not directly engaged in setting these targets. (S3-5-42-(a)) They are, however, part of the target, and in tracking performance they are integrated as children reached, although they are not asked for input towards this measurement. (S3-5-42-(b)) Telia engages directly with children via initiatives in which they play a part, for example the Mobile Driving License for children and parents using Telia Lietuva products and services. (S3-5-42-(c))

Year	Goals	2024 progress
Annual	– Continuous blocking of child sexual abuse material and detection in IT systems in own operations	– Achieved in Lithuania
	– Provide child safeguarding services to customers	– Available in Lithuania
	– Empower children through digital skills initiatives	– 139,174 children reached (more information is available in the Digital inclusion chapter)

Freedom of expression

S3-1 Policies related to Freedom of expression

Telia Lietuva is committed to respecting the freedom of expression and right to privacy of its customers while meeting legal requirements in the countries in which it operates. The company has clear policy commitments in place and its implementation processes are based on input from the Global Network Initiative (GNI), a multi-stakeholder organization that unites ICT companies, human rights and press freedom groups, academics and investors to protect and advance global freedom of expression and privacy in the ICT industry.

States define the scope of surveillance and limitations to the free flow of information based on legislation and requests from authorities. Telia Lietuva abides by this legislation but challenges requests that have no or unclear legal grounds. When there is a conflict between internationally recognized human rights and local legislation, the company seeks ways to raise the issue with relevant authorities or inform consumers and other stakeholders about the issue through public communications.

This work is governed by the Group Policy – Freedom of expression and government surveillance. (S3-1-14) (S3-1-17)

S3-2 Processes for engaging with affected communities about Freedom of expression-related impacts

Processes

In its work, Telia Lietuva differentiates between two types of requests from governments/authorities:

- Conventional requests are day-to-day requests that are typically of lower risk, such as daily secret real-time wiretapping and monitoring by the police based on court orders. Such requests are received and handled by dedicated local teams.
- Unconventional requests are requests that may have serious impacts on users' freedom of expression and privacy. Examples include demands to shut down Internet access, blocking of websites or requirements to retain data for surveillance when legislation is unclear. (S3-2-21) (S3-2-21a) (S3-2-21b) (S3-2-21d) (S3-2-22)

Telia's Group policy and related instruction set out practical steps regarding assessments and escalation to be performed for unconventional requests. Such requests are to be assessed by the local company and escalated to group level for final joint decisions on how to mitigate human rights risks. While the company's process aims to identify and mitigate potential violations of individual rights, actual outcomes depend significantly on local legislation. (S3-2-27)

Participation in the GNI

Telia depends on input from stakeholders and experts in this field to understand its impacts and successfully mitigate risks. Therefore, Telia Company is a member of the GNI, which aims to share insights and exert influence when governments act in ways that risk violating freedom of expression and privacy.

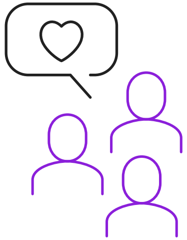
As a GNI member, Telia is committed to implementing GNI principles by establishing concrete measures to promote and advance freedom of expression and the right to privacy. All GNI member companies undergo independent assessments of their implementation every three years. Results of these assessments are shared with the GNI's multi-stakeholder board, which makes a final determination of the member companies' progress in implementing the GNI principles over time.

Telia's second assessment was conducted in 2021/2022. Based on the recommendations in these assessments, the company has taken the following actions, amongst others:

- Included freedom of expression and topics related to government surveillance in its Enterprise Risk Management setup
- Set up training on human rights for all employees and provided targeted training sessions for the most relevant teams
- Initiated work to review how its due diligence efforts can cover third parties other than suppliers
- Based on the assessor's report in May 2022, the GNI Board determined that Telia is making goodfaith efforts to implement the GNI principles and showing improvement over time. The company's assessment report can be found at the GNI website.

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

Telia Lietuva does not provide remedy for negative impacts in relation to freedom of expression and government surveillance.



S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Unconventional requests
During 2024, Telia received requests related to blocking of Russian-origin content, due to EU sanctions imposed on Russia, Telia blocked a total of 90 sites by the end of the year. Telia continuously encouraged governments and regulators to provide clear and timely guidance to uphold the principle that governments, and not private entities, should make decisions on limits to freedom of expression.

Authority requests in Lithuania

According to the Law on Electronic Communications of the Republic of Lithuania, Telia Lietuva must answer and provide certain types of data to the Lithuanian authorities.

S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Telia's main target in relation to freedom of expression and government surveillance is to provide continuous transparency in respect to government requests.

	2024	2023	2022
Historical data	88,025	81,312	97,926
Subscription data	46,754	71,393	78,262
Challenged/rejected requests	25	39	24

NB: Direct access is not included in the statistics.

S4 Consumers and end-users

Privacy and security

Approach

Telia Lietuva is committed to respecting the privacy rights of its customers and employees and to keeping their information safe. The company takes a proactive approach to assessing the impacts of its data processing on data subjects, and to ensuring that it handles their personal data lawfully, fairly and in a transparent manner.

Large volumes of data are generated through Telia Lietuva services and networks. The company has a responsibility to ensure that it processes this data in accordance with laws, and protects it from misuse, loss, unauthorized disclosure and damage.

Data protection regulations are becoming increasingly strict, while technological developments are enabling new, efficient and cost-effective cloud-based solutions. A balance between these two trends needs to be achieved. Privacy concerns are also relevant to the growing use of AI, making it crucial for Telia Lietuva to manage how personal data is handled.

At the same time, geopolitical events are heightening the risks of cyberattacks for Telia Lietuva customers, the industry, and society as a whole. These risks are managed through a broad spectrum of proactive measures that help Telia Lietuva to adapt effectively to rapidly changing security environments. On the human side, the company invests in both broad security awareness throughout all parts of its organization, as well as in specialist expertise in various security disciplines. Telia Lietuva habitually challenges and adjusts its security processes to help ensure that they are fit for purpose, both from an internal perspective and from the view of independent, external security auditors. The company recognizes that it is important both to increase its investments in modern and adequate security tools, and to maximize their utilization.

Material impacts, risks and opportunities	Value chain location
Privacy	
Negative impact / Potential: Cyberattacks, technical and human errors increase consumer personal data breaches, which could potentially harm the affected stakeholder	Downstream
Positive Impact / Actual: Embedded measures to protect Telia's systems and consumer data	Downstream
Risk: Failure to meet customer's privacy requirements and expectations may lead to an unfavorable perception of how Telia manages these matters. Failure to comply with the law could lead to financial penalties	Downstream
Security	
Negative impact / Potential: In case of service disruption, customers and society may be impacted at different levels through the loss of communication in mission critical services	Downstream
Risk: Risk that cyber events originating from an external threat disrupt Telia's services or lead to data breaches	Downstream

ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Consumers who can be materially impacted by Telia Lietuva include users of its services of whom the company holds personal data. These include customers who have agreements with Telia Lietuva, as well as users of its services who have not signed direct agreements. (S4-SBM-3-10) (S4-SBM-3-10-(a))

Negative impacts may include the failure to maintain customer privacy, leading to an adverse impact on Telia Lietuva customers (e.g. data breaches or identity theft). This impact occurs in individual cases (through illegal incidents or technical errors). In case of service disruption, customers and society may be impacted at different levels through the loss of communication in mission-critical services. (S4-SBM-3-10-(b)) Activities that result in positive impacts relate to privacy by design measures that are integrated with products and services in order to support transparent management of personal data. (S4-SBM-3-10-(c))

Material risks may include potential issues related to privacy compliance or personal data breaches, which could lead to the violation of data subjects' privacy. Material risks may also include cyber events originating from an external threat source that disrupt Telia Lietuva services or lead to data breaches. The failure to comply with national and EU legislation may result in significant financial penalties and loss of trust. (S4-SBM-3-10-(d)) (S4-SBM-3-12)

Due to the nature of the products and services that Telia provides, the company's services are in general the same for all customers. However, there might be special needs, e.g., when required by law, for customer groups with secret numbers or protected identities, as they might be at greater risk of harm from a personal data breach. Telia Lietuva still needs to develop greater understanding how customers with different consumption habits of Telia's products and services could be more exposed to potential adverse impacts. (S4-SBM-3-11))

S4-1 Policies related to privacy and security of consumers and end-users

Policies

Telia's Group Policy – Privacy and Data Protection provides principles that cover transparency as to how personal data is processed, the legitimate processing criteria, the requirements for the data's relevance and the legal extent to which it must be provided to the authorities. Telia Lietuva continuously assesses the privacy risks related to personal data and develops mitigation strategies for these. The Policy is applicable to all Telia Company legal entities and employees.

In addition to Telia's Group Policy – Privacy and Data Protection, these topics are also addressed in the company's Group Instructions, governance, risk and compliance (GRC) framework, and related risk governance process. (S4-1-14)

Telia's Group Policy – Security outlines a security framework based on key security principles aligned with international best practices. Telia's Group Policies are issued centrally and provide the common guiding principles for Telia's operations across its five markets. (S4-1-15)

For more information on Telia's Group Policy – Privacy and Data Protection, and Telia's Group Policy – Security, see the table on page 127.

Human rights

Telia's Group Policy – Human Rights covers principles for avoiding, causing or contributing to adverse human rights impacts, and for addressing such impacts if they occur. For more information on the Policy, see the table in section G1-1. (S4-1-17)

Telia Lietuva carries out human rights due diligence, an ongoing risk management process, in order to:

- Identify and assess actual and potential impacts on human rights
- Mitigate, i.e. take appropriate measures to address the findings
- Monitor and track performance on human rights impacts
- Consult and communicate with relevant stakeholders to understand potential and actual human rights impacts. (S4-1-16)

The Policy lists the human rights that the company has identified as the most salient, which include the right to privacy. (S4-1-16-(a)) Both this Policy and the Group Policy - Privacy and Data Protection cover engagement with consumers and end-users. (S4-1-16-(b))

In Telia Lietuva operations, personal data breaches relating to customers are one potential form of negative impact in terms of human rights. Telia Lietuva has a process in place for handling and reporting personal data breaches. The company reports personal data breaches to the data protection authorities and impacted data subjects in accordance with the GDPR and local e-privacy laws. An impacted customer may request compensation or make a claim to the data protection authority. Telia Lietuva handles customer claims on a case-by-case basis, in accordance with existing processes and guidelines. (S4-1-16-(c))

S4-2 Processes for engaging with consumers and end-users about impacts

Processes

Telia has adopted a "privacy by design" approach to support GDPR compliance and transparent management of personal data in all new products and services. The key components of this approach are:

- Embedding data protection into the company's business, including products, processes and IT systems from the initial design stage and throughout their lifecycle
- Analyzing data protection parameters with privacy experts from the initial planning stages of a data processing operation
- Conducting a privacy assessment and, when needed, a data protection impact assessment before carrying out data processing likely to result in a high risk to the rights and freedoms of individuals.

Telia Lietuva security governance framework is developed and refined in alignment with the ISO 27001 standard and other relevant best practice guidelines, such as the US National Institute of Standards and Technology Cybersecurity Framework. The framework specifies requirements for information security and related risk management across all of the company's functions and local organizations. Telia Lietuva maintains an ISO 27001 certificate, and external audits are carried out annually to help ensure proper security measures and continuous improvement.

Engagement

Telia Lietuva works continuously to strengthen its processes, build competencies and enhance transparency in customer-facing channels, which help increase customers' awareness of their rights and how their data is used.

Telia Lietuva informs its customers about personal data processing carried out in the context of its services in its terms and conditions, privacy notices, on the “My Telia” webpage and its mobile applications (where customers can administer their privacy settings and marketing consents) and in similar contexts in the company’s customer-facing channels. (S4-2-20-(b)). Operational responsibility for this engagement lies with Telia Lietuva.

Telia’s Global Security Operations Center (GSOC) takes responsibility for the company’s reactive capabilities by monitoring and handling cybersecurity incidents around the clock. The GSOC is a member of the Forum of Incident Response and Security Teams (FIRST) and is a Trusted Introducer (TF-CSIRT). (S4-2-20-(c))

The company is legally required to provide statistical information on the topic of data protection to customers when requests are made to Telia’s Data Protection Officers. Customer questions, claims or concerns are addressed in direct responses from Telia Lietuva, and feedback is taken into account to help further clarify the company’s approach in the future. (S4-2-20)

Engagement on this topic occurs mostly in direct contact with Telia Lietuva customers. In cases where the company employs partners to manage sales or customer care on its behalf, Telia ensures that these partners follow the same privacy requirements. (S4-2-20-(a)).

Tracking effectiveness of engagement

Telia’s brand tracker is one means for Telia Lietuva to assess the effectiveness of its engagement with consumers. The tool gathers customer perception (relative to their perception of similar service providers) on a range of topics, and the input regarding privacy is a way to assess the effectiveness of Telia Lietuva engagement on this topic.

The brand tracker uses association questions, asking respondents to select statements they associate with the brand. The statement related to privacy is “Telia respects customers’ privacy and handles personal data in a good way”. (S4-2-20-(d))

Groups vulnerable to negative impacts

Telia Lietuva has identified two groups as being particularly vulnerable to negative impacts relating to privacy: seniors and children. These groups are more vulnerable to privacy-related impacts due to limited digital literacy or potentially lower awareness of privacy risks, making them more susceptible to cyberattacks, technical errors and data breaches (S4-2-21).

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Raising concerns

Consumers and end-users can report concerns via Telia’s Whistleblowing Line, which ensures protection against retaliation. (S4-3-26) For more information on Telia’s Whistleblowing Line, refer to G1-1 Reporting concerns.

For privacy-related complaints and concerns, individuals can contact the Group Data Protection Officer or local Data Protection Officers by email. In addition, individuals can exercise their data subject rights under the GDPR by contacting customer service, visiting Telia stores or accessing online customer self-service portals that enable them to access their accounts and make requests. Telia Lietuva is legally required to provide channels for data subjects’ requests and operates them directly. (S4-3-25-(b)) The Whistleblowing Line is also used by partners that are in direct contact with Telia Lietuva customers. (S4-3-25-(c))

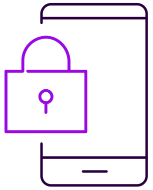
Data Protection Officer in each company handles the customer claims related to the GDPR. Certain privacy-related issues are managed by customer service, with support and instructions from the Data Protection Officer, including the handling, documentation and review of complaint processes to ensure they meet compliance standards and customer service expectations. Protocols for addressing complaints may vary by country, rather than following a Group-wide standard. This variation requires a tailored approach, ensuring that all complaints are managed effectively in line with both local regulations and Telia Lietuva commitment to protecting customer privacy. (S4-3-25-(d)) Consumers’ and end-users’ awareness of, and trust in, these processes is challenging to monitor, as users without a complaint are unlikely to contact Telia Lietuva to express this. (S4-3-26)

In regard to potential negative impacts, Telia Lietuva provides remedies such as:

- Restitution – for privacy incidents, such as deleting unlawfully disclosed personal data or correcting erroneous data.
- Satisfaction – for privacy incidents and broader complaints, through investigation, acknowledgment, and direct or public apologies.
- Compensation – as in the case of privacy incidents, in accordance with either agreements or the GDPR.
- Guarantees of measures and non-repetition – as in the case of privacy and security incidents by, for example, improving internal guidelines and processes, or in the case of employee issues through, for example, taking disciplinary action.

(S4-3-25-(a)) (S4-3-25-(b)) (S4-3-25-(c)) (S4-4-31b)

In 2024, Telia Lietuva received 17 right of access requests from customers seeking copies of their personal data.



S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

Actions

Telia Lietuva continuously reviews and updates its privacy processes, such as its data protection impact assessment process, based on evolving best practices, applicable legislation, case law, and authority guidelines and decisions. Information on how the company processes personal data is provided through transparency notices available in all relevant languages. (S4-4-31-(a)) All Telia Lietuva employees are required to complete training on data protection. Initiatives involving personal data processing are subject to privacy or data protection impact assessment. (S4-4-34)

Telia's ambition is to meet its customers' security needs and to be a preferred supplier. EU and national security legislation is placing increasingly stringent demands on several of the company's most important customers, and Telia Lietuva is in an advantageous position to continue delivering the security solutions that these customers need.

As a responsible service provider, Telia Lietuva has implemented actions to increase security awareness amongst its consumers, especially the more vulnerable groups, like children and the elderly. In 2024, the company's initiative "Senior Hours" has been ongoing in 14 largest cities in Lithuania. In those workshops, Telia Lietuva colleagues provide instructions to the elderly not only about the technological literacy, but also on how to stay safe and protect themselves. Furthermore, Telia Lietuva has implemented "Children's corner" section within Telia Play app - an educational TV series package, where children can watch interactive and playful videos which teach them about the wonders of the internet and how to stay safe. Moreover, the company also has an employee mentorship program, in which Telia Lietuva employees organize live workshops in schools and teach young people about e-safety. Telia Lietuva has been implemented a number of such actions for its consumers and constantly renews them in order to stay updated with the emerging market trends. More information on such initiatives can be found in S3-4 section of the Sustainability Statement.

Telia Lietuva ISO 27001 certification strengthens the company's security practices and enhances its ability to meet customer demands.

With the acceleration of digitalization, customers and society are becoming increasingly reliant on Telia Lietuva services. Ongoing geopolitical developments underline this fact. Therefore, the company maintains a strong focus on the robustness and performance of the design and lifecycle of its services. Telia Lietuva has continuity and recovery plans in place to help build resilience and counteract unexpected disruptions. Telia's Business Continuity Management framework is applied to critical services, functions, processes and resources. It identifies important dependencies and risks, helps ensure an effective response to disruptive events, and drives implementation of continuity measures and solutions. To maintain employee security awareness, all employees must complete an ongoing Nanolearning course. (S4-4-31-(a))

Implementation of an action plan to manage material impacts, risks and opportunities related to consumers and end-users does not infringe significant operational or capital expenditures on Telia Lietuva. It is uncertain how this will change in the future and whether the company will be able to account for and disclose current and future financial and other resources related to the management of the associated IROs.

Delivering positive impacts

For details on Telia Lietuva digital inclusion initiatives, which raise awareness of online risks—including privacy—for children and their parents, refer to S3 Digital Inclusion. (S4-4-31-(c)) However, due to insufficient data, tracking the privacy impact of these initiatives is not currently possible. (S4-4-31-(d))

Refer to the S3 Engagement sections for more information on the impact assessment of Telia Lietuva initiatives and its work with NGOs on the topics of children's rights and digital inclusion. (S4-4-32-(a))

In 2024, Telia launched its 'Buckle up' campaign to raise awareness about digital security. The company also published a report identifying critical security challenges faced by organizations today, along with actionable advice. Together with security experts, customers and industry leaders, the company identified key patterns in mature security organizations. (S4-4-32-(b))

Investigation processes and remedy

All Telia entities, including Telia Lietuva, follow a common investigation and reporting process in any suspected personal data breaches. The company reports personal data breaches to the supervisory authorities in accordance with the GDPR and local e-privacy laws, and notifies individuals in a timely manner when applicable. To minimize the risk of such breaches, when a mitigating action is applied in one unit it is shared for implementation across the Group. (S4-4-32-(c))

In 2024, Telia confirmed 2 personal data breaches in Lithuania. Most cases were related to human errors or technical errors that caused personal data to be disclosed or accessed in an unauthorized way; for example, when one customer's data was unintentionally sent to another.

No severe human rights incidents affecting consumers or end-users occurred in 2024. (S4-4-35)

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Telia Lietuva customers and end-users have not been involved in setting these targets. (S4-5-41-(a)) To measure its performance against the privacy target, Telia Lietuva measures performance against its privacy target using a brand tracker based entirely on consumer perception. The tracker measures perceived privacy performance, providing insight into progress toward these targets. (S4-5-41-(b)) Please refer to S3 Children's rights and S3 Digital inclusion for further examples of Telia Lietuva engagement with its customers and end-users. (S4-5-41-(c))

Year	Goals	2024 progress
Annual	– Continuous implementation of "privacy and security by design" approach	– Achieved
On privacy		
2026	– Top-tier positions on customer privacy in Lithuania	– Ranked first by consumers in Lithuania
On security		
2025	– Preferred supplier, responsive to and proactively addressing customers' security needs	– Launched the first Security Operations Centre (SOC) services

Governance

Telia Lietuva aims to ensure transparency, accountability and responsible business practices through its corporate governance framework. Governance practices focus on managing key risks, overseeing sustainability initiatives, and upholding ethical principles in daily operations. By upholding high corporate governance standards – including anti-bribery measures, responsible tax practices, and stakeholder engagement – Telia Lietuva aligns with international best practices and fosters long-term trust.

99%

of employees completed the Code of Conduct training

Implemented anti-bribery and corruption risk assessments and program maturity assessments in Lithuania

Launch of the updated Supplier Code of Conduct in 2024

G1 Business conduct

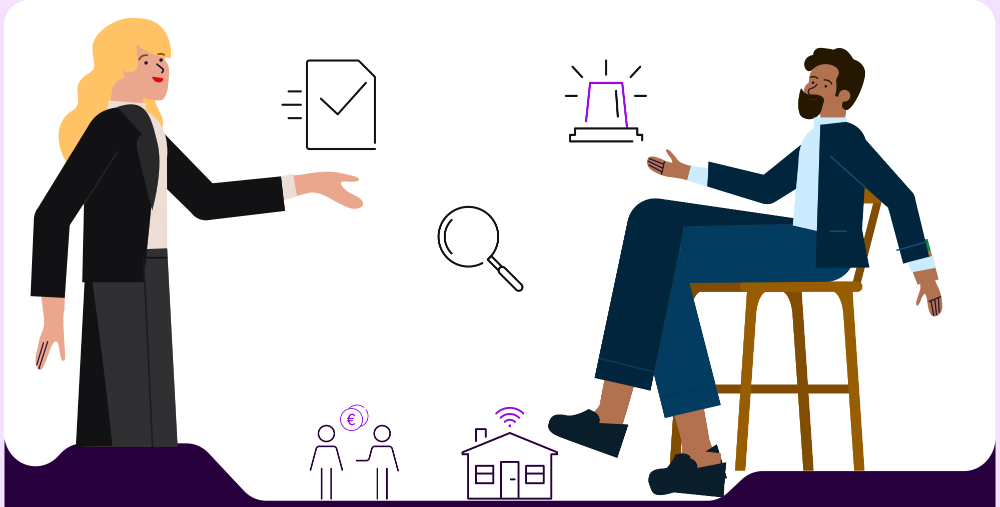
Approach

Business conduct is a crucial topic for Telia Lietuva, as it forms the foundation of its operations, extending to its customer offerings and supplier requirements. Telia's Code of Conduct serves as an ethical compass that provides high-level guidance and reflects the company's policies and instructions regarding various topics, many of which relate to the company's sustainability material topics.

Telia Lietuva relies on a global supply chain to deliver products and services to its customers. The company's sourcing processes consider various aspects – such as price, quality, sustainability standards and ability to innovate – in assessing the full value of deliveries before selecting a supplier.

Telia Lietuva conducts business with zero tolerance for corruption. Corruption risk is treated as one of the company's Principal Risk areas and an antibribery and corruption (ABC) program is in place to mitigate this risk.

Telia Lietuva ensures comprehensive training, robust prevention measures, and fair payment practices to uphold integrity and operational excellence.



Material impacts, risks and opportunities	Value chain location
Positive impact / Actual: Tax contributions in the markets where Telia operates	Downstream
Negative impact / Potential: A low coverage of grievance mechanisms could increase the possibilities of people in the value chain being subject to violations of human rights	Upstream Own operations Downstream
Risk: Insufficient training and prevention could create a risk of bribery or corruption	Own operations
Risk: Failure to provide fair payment practices with own suppliers could lead to a risk of not meeting customer requests	Upstream Own operations

G1-1 Business conduct policies and corporate culture

Company culture

In 2023, Telia initiated a company-wide effort to refresh its values, inviting all employees to contribute insights on how to strengthen the corporate culture for the future. A collective decision was reached to retain Telia's existing values (Dare, Care, Simplify), and "culture champions" created refreshed descriptions of each value to facilitate a shared view on their meaning for Telia's employees. These refined descriptions enhance employees' understanding of Telia's values, fostering a more customer-focused, streamlined, and collaborative corporate culture.

The initiative was held at the Group level, with incoming inputs from colleagues across the whole Group. Employees completed culture workshops to align themselves with the newly refreshed behavioral expectations. In Telia's updated strategy, launched in September 2024, one of the values, Simplify, was elevated to a strategic priority.

Telia is committed to embedding its values into all aspects of its operations, including organizational structure, processes, and workflows. This is important for the company's progress towards becoming a better workplace for all its employees.(G1-1-9)

Policies

Telia Lietuva is committed to fostering sustainability in line with comprehensive policies. The company's Code of Conduct and Supplier Code of Conduct serve as primary references for business conduct policies. It touches upon all the sustainability areas that are material to Telia Lietuva and provides guidance on how to act in relation to each of them.

All Telia's Group policies are approved by the Board of Directors, and are applicable to Telia Company AB, its subsidiaries and joint operations. Telia Lietuva policies are Board-approved, translated into Lithuanian, and assigned dedicated owners for oversight. The CEO of Telia Lietuva is responsible for ensuring that all relevant entities within the region adopt and implement Group Policies locally.

An overview of the Group Policies is shown here:

Policy's name and information about policy

Policy	Purpose	Alignment to standards	Owner	ESRS
Group Policy – Anti-Bribery and Corruption	To set out Telia's zero tolerance approach to any form of bribery and corruption in its business.	– OECD Guidelines for Multinational Enterprises on Responsible Business Conduct – UN Global Compact	CFO, Telia Company	G1
Group Policy – Environ-ment	To ensure that Telia achieves its environmental goals, manages its impacts, risks and opportunities related to the environment throughout its value chain, and meets legal and stakeholder requirements and expectations. The company's key environmental aspects are: climate change, taking into account both risks and opportunities that are physical (e.g. extreme weather events) and transitional (triggered by changes in e.g. legislation and consumer demand), and resource use and circularity, taking into account material inflows and outflows, waste and energy across the value chain.	– ISO 14001 – 1.5°C ambition expressed in the Paris Agreement	SVP, Head of Communication, Brand & Sustainability, Telia Company	E1 E5
Group Policy – Freedom of expression	To reduce human rights risks, and to ensure customers feel confident that Telia will, whenever possible, support, respect and safeguard their freedom of expression and privacy in the event that the company receives requests or demands from governments in relation to surveillance of communications. This Policy defines the company's commitments in relation to unconventional requests or demands from governments that potentially could seriously impact the freedom of expression and/or privacy of customers.	– Universal Declaration of Human Rights – International Covenant on Civil and Political Rights – International Covenant on Economic, Social and Cultural Rights – Global Network Initiative Implementation Guidelines for the Principles on Freedom of Expression and Privacy – UN Guiding Principles on Business and Human Rights – OECD Guidelines for Multinational Enterprises on Responsible Business Conduct	SVP, Head of Corporate Affairs, Telia Company, Telia Company	S3

Policy's name and information about policy

Policy	Purpose	Alignment to standards	Owner	ESRS
Group Policy – Human Rights	To reflect Telia's commitment to respecting human rights across its value chain. The company recognizes its responsibility to respect human rights, and therefore avoids infringing on the human rights of others while addressing any adverse human rights impacts with which it is involved.	– UN Guiding Principles on Business and Human Rights – OECD Guidelines for Multinational Enterprises on Responsible Business Conduct – UN Global Compact – Universal Declaration of Human Rights	SVP, Head of Communication, Brand & Sustainability, Telia Company	S1 S2 S3 S4
Group Policy – People	To define the expectations that the company and its employees have towards each other. Telia is committed to respecting the rights of its employees and strives to have highly engaged employees. Without its ability to identify, hire and retain the best people, the company's culture and competitive edge would be negatively impacted.	– UN Guiding Principles on Business and Human Rights – Declaration on Fundamental Principles and Rights at Work	SVP, Chief People Officer, Telia Company	S1
Group Policy – Privacy and Data Protection	To ensure that natural persons with whom Telia interacts feel confident that the company respects and safeguards their privacy, while reducing legal, regulatory and reputational risks. As a telecommunication operator managing significant networks and data volumes, Telia aims to ensure network integrity and data security in order to protect privacy.		SVP, Head of Corporate Affairs, Telia Company	S4
Group Policy – Remuneration	To provide the basis for further instructions and guidelines intended to clarify Telia's approach to designing and implementing remuneration practices for all its employees.		SVP, Chief People Officer, Telia Company	S1
Group Policy – Security	To protect Telia's customers, employees and shareholders, along with the wider societies in which the company operates, from both cyber and physical threats.	– NIST Cybersecurity Framework	SVP, Head of Corporate Affairs, Telia Company	S4

Policy's name and information about policy

Policy	Purpose	Alignment to standards	Owner	ESRS
Code of Conduct	To guide Telia employees in their everyday work by serving as an ethical compass. The Code covers anti-bribery and corruption (ABC), conflicts of interest, children's rights, environmental responsibility, freedom of expression, human rights, privacy, diversity and inclusion, and health and well-being, among other topics.	– Universal Declaration of Human Rights – Declaration on Fundamental Principles and Rights at Work – OECD Guidelines for Multinational Enterprises on Responsible Business Conduct – UN Global Compact – UN Guiding Principles on Business and Human Rights – Children's Rights and Business Principles – 1.5°C ambition expressed in the Paris Agreement	CEO, Telia Company	E1 E5 S1 S2 S3 S4 G1
Supplier Code of Conduct	To guide Telia's suppliers in their work by specifying the requirements applicable to suppliers that conduct business with, or on behalf of, the company. The term supplier, for this document's purposes, encompasses suppliers and other third parties, including but not limited to their employees, subsidiaries, agents, affiliates, subcontractors and suppliers directly involved in deliverables to Telia.	– Universal Declaration of Human Rights – UN Guiding Principles on Business and Human Rights – Declaration on Fundamental Principles and Rights at Work – OECD Guidelines for Multinational Enterprises on Responsible Business Conduct – UN Global Compact – Children's Rights and Business Principles – 1.5°C ambition expressed in the Paris Agreement – OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas	CFO, Telia Company	S2 G1

Reporting concerns

Telia maintains an independent Whistleblowing Line to facilitate the confidential reporting of concerns or potential violations. This channel enables stakeholders—including employees, customers, and suppliers—to raise issues, report misconduct, or seek advice regarding compliance with legal requirements, the company's Code of Conduct, and the Supplier Code of Conduct.

Individuals using the Whistleblowing Line are protected against retaliation, as outlined in Telia Lietuva Instruction – Speak Up and Non-Retaliation policy and its Code of Conduct. Investigators receive comprehensive training on the system's operations and apply the company's Speak Up and Non-Retaliation guidelines to ensure all grievances are handled confidentially and in compliance with privacy and data protection regulations.

The Whistleblowing Line is available 24/7, year-round, and can be accessed via multiple channels, including phone, email, letter, and a dedicated website. The system employs a risk-screening process where access permissions are controlled, and users must specify the reason for requesting information.

All whistleblowing-related information is published on a dedicated webpage, and employees can access internal guidelines through its internal website. (G1-1-10-(a))

Any irregularities, including whistleblowing protection, are raised and presented in meetings of Telia's Ethics Board. (G1-1-10-(c)) Telia is committed to investigate potential business conduct incidents promptly, independently and objectively, and the company is subject to legal requirements with regard to the protection of whistleblowers. (G1-1-10-(e)) (G1-1-11)

Actions

Telia Lietuva organizes annual risk assessments to determine which functions are most at risk in respect of corruption and bribery. These assessments are conducted by Ethics & Compliance officer. All Telia Lietuva employees receive basic training on the Code of Conduct, including ABC. Face-to-face training sessions are conducted based on risk level and vary accordingly. In 2024, the focus was on raising awareness of ethical matters for managers at all levels by strengthening manager onboarding processes, together with HR. (G1-1-10-(h))

Number of whistleblowing case reports	2024	2023	2022
Business ethics-related (e.g., fraud, corruption), handled by the Special Investigations Office	0	0	0
Number of incidents of discrimination and harrassment	2	0	3
Human resources-related (e.g., equal opportunities, poor leadership and fair employment), handled by the Group or local Human Resources investigators	2		
Other or incorrectly reported (e.g., customer or supplier complaints), sent to be handled by the relevant function	3	2	0
Total[1]	**7**	**2**	**3**

(S1-17-103a)

1) Not possible to only consider own workforce since some cases are filed anonymously

Reporting channel (%)	2024	2023	2022
Whistleblowing portal	7	2	3
Sent to the whistleblowing email address	0	0	0
Direct contact with ethics and compliance officers at a local level	0	0	0
Line managers	0	0	0

Complaints, penalties and severe human rights issues	2024
Amount of material fines, penalties, and compensation for damages as result of violations regarding social and human rights factors	0
Number of severe human rights issues and incidents connected to own workforce	0
Number of severe human rights issues and incidents connected to own workforce that are cases of non respect of UN Guiding Principles and OECD Guidelines for Multinational Enterprises	0
Amount of material fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce	0
Number of convictions for violation of anti-corruption and anti- bribery laws	0

(S1-17-103b) (S1-17-103c) (S1-17-104a) (S1-17-104b) (G1-4-24a)

These metrics have not been externally validated, except by Telia's assurance provider.

G1-2 Management of relationships with suppliers

Supplier requirements

Telia Lietuva suppliers are required to align and comply with the company's Supplier Code of Conduct. In addition, suppliers handling personal or sensitive data must comply with the security and privacy requirements stated in Telia's Supplier Security Directive. Suppliers are expected to apply these requirements throughout their own supply chains. Both the Supplier Code of Conduct and the Supplier Security Directive were updated in 2024.

Supplier due diligence

Telia Lietuva due diligence process ensures that the company works only with suppliers that meet its standards and require the same from their own suppliers. The process has a risk-based approach that allows the company to focus on those suppliers that could potentially expose individuals, the environment and the company to elevated risks. The due diligence process consists of the following steps:

1. An up-front risk assessment identifies high-risk triggers, such as supplier location in high-risk countries from an ABC perspective or access to Telia Lietuva network or private data.
2. If the up-front risk assessment deems risks high, the supplier undergoes an in-depth due diligence assessment, including a self-assessment against the Supplier Code of Conduct and other relevant requirements, as well as screening for ultimate beneficial ownership and sanctions. The in-depth due diligence assessment categorizes supplier risks as high, medium or low. High-risk findings or serious violations may result in supplier disqualification or trigger an audit.
3. High-risk suppliers identified during the in-depth due diligence assessment, and suppliers with critical non-conformities identified through audits, are reported to the chief procurement officer or sourcing management team depending on criticality for decision-making on supplier selection and monitoring.

Due diligence coverage and risks considered

Telia Lietuva due diligence process takes into account risks in the following areas:

- Anti-bribery and corruption
- Conflict minerals
- Environment
- Human rights
- Labor rights
- Management and ownership structure
- Occupational health and safety
- Privacy
- Security
- Trade sanctions

Supplier Compliance Verification Program

The company ensures compliance with its Supplier Code of Conduct through dialogue and a combination of internal and external assessments, including self-assessments, surveys, site visits, and audits of suppliers and subcontractors. These activities are part of Telia Lietuva Supplier Compliance Verification Program, which is built on a risk-based approach.

The program uses a sprint methodology to break down the previously large and complex audit process into smaller, more manageable assessments:

- Information gathering – initial evaluation benchmark of suppliers
- Evidence of compliance – assessments with supporting documentation
- Off-site (remote) audits
- On-site audits

These activities help Telia Lietuva assess supplier compliance and, when necessary, implement corrective action plans early on. Decisions about which suppliers to audit are made under a prioritization process that includes Telia Lietuva subject-matter experts and its Whistleblowing Line as sources of input from internal and external parties.

As part of its Supplier Compliance Verification Program, and to expand the reach, impact and leverage of its supplier audits, Telia Company collaborates with other telecommunication operators through the Joint Alliance for CSR (JAC). This approach also helps to assess sustainability practices in the lower tiers of the supply chain. Members of the JAC share resources and best practices to coordinate supplier audits using common requirements in five areas: labor, health and safety, environment, ethics, and management systems. (G1-2-15-(b))

Supplier development and engagement

As part of its supplier management process, Telia Lietuva maintains a continuous dialog with suppliers to increase their awareness and understanding of the company's expectations. Results are shared with relevant local stakeholders, as well as Group sourcing managers and other Group-level stakeholders. Risks and challenges that require a joint approach are raised at supplier executive meetings, where management from both sides engage to address topical issues and agree on action plans. If a supplier fails to meet an agreed corrective action plan and no agreement is reached, termination is considered.

Due diligence and audit data

The following statistics on supplier due diligence and audit data are provided at the Group level. This is because Telia Company suppliers often serve multiple markets where Telia operates.

2024 Group-level statistics on suppliers:

- Approximately 1,250 suppliers underwent the up-front risk assessment, covering 93% of Telia's total supplier spend, leading to 443 (35%) in-depth due diligence assessments.
- Of the suppliers undergoing in-depth due diligence, 0.6% were classified as high risk and subject to additional procedures.
- 140 assessments were carried out on 87 suppliers as part of the Supplier Compliance Verification Program (including surveys, questionnaires, site visits and audits) covering the main risk areas such as human rights (including work conditions), environment (including CO_2 emissions validation), privacy, ABC and security.

Year	Goals*	2024 progress
Annual	– All new and renewed supplier contracts screened according to the due diligence process	– Around 96% of total spend was covered

*Goals are measured on an annual basis, but do not have a baseline value and year.

G1-3 Prevention and detection of corruption and bribery

Corruption and bribery

Telia Lietuva conducts business with zero tolerance for corruption. Corruption is considered a principal risk area, and an ABC program is in place to mitigate it. The program systematically detects and prevents corruption and violations of anti-corruption laws. It is implemented and continuously developed using a risk-based approach, via:

- Regular ABC risk assessments to identify and manage key risks
- Annual maturity assessments to follow up on progress and identify areas for improvement
- Training to ensure awareness of ABC risks
- Supply chain risk management by screening, monitoring and auditing suppliers

Telia Lietuva exposure to corruption risks has decreased significantly in recent years due to the divestments of Telia Company's global Telia Carrier operations and all its subsidiaries in Eurasia. Today, most of the markets in which the company operates (including Lithuania) are at the lower end of the risk spectrum, according to Transparency International's Corruption Perceptions Index (CPI). However, Telia's global supply chain includes suppliers operating within a broader risk spectrum. Telia Lietuva manages this risk through its Supplier Code of Conduct, due diligence process and auditing of high-risk suppliers.

The ABC program is managed by the Group Governance, Risk and Compliance unit, which is responsible for the program's design and coordination of activities. Local Ethics & Compliance officers are responsible for its implementation in Lithuania.

ABC program maturity

In 2019, Telia Company introduced a maturity assessment methodology to enable a holistic evaluation of anti-bribery and corruption key risks. Since then, the methodology has been used to assess the maturity of the ABC program across the whole Group. Lithuania's results for 2024 continue to indicate good maturity, and minor improvements were identified in internal control and third-party management.

ABC risk assessments

During 2024, ABC risk assessments were performed at Telia Lietuva. The results indicate that, overall, the program is functioning well. However, due to the geopolitical situation, the likelihood of overall ABC risk is medium, with potentially high financial and reputational impact. Furthermore, the results indicate that there is high awareness and attention on ABC in Lithuanian operations.

Procedures

Guidance on preventing and detecting bribery and corruption is provided in Telia's Code of Conduct. Concerns about potential unlawful behavior, or behavior not in line with Telia's Code of Conduct or internal rules, can be reported through the whistleblowing system. (G1-3-18-(a)) Investigators operate independently from Telia Lietuva management chain responsible for preventing and detecting corruption or bribery. (G1-3-18-(b)) Telia Lietuva reports on this topic quarterly to the Audit Committee and Ethics Board, including statistics and case details. (G1-3-18-(c))

Communication of policies

All Telia Lietuva policies related to ABC are referenced in its Code of Conduct. All Telia Lietuva employees are required to complete Code of Conduct training every three years. The Code is included in manager onboarding to reinforce awareness of relevant policies. All company policies are available on the company's intranet, as well as public website, and are easily accessible to all employees. (G1-3-20)

Telia's Group Policy - Anti-Bribery and Corruption states that the local Ethics and Compliance (E&C) team is responsible for preparing action plans and, in collaboration with the business units, for implementing mitigation activities for corruption and bribery risks.

Each year, local E&C officers, together with Group Compliance colleagues, set training targets that are followed up at the year's end. These targets are set on a risk basis. All Telia Lietuva employees, including resource consultants, must take part in the Code of Conduct e-learning training, which contains a specific section on ABC. The training covers all topics in the Code of Conduct and is reinforced with practical interactive cases. (G1-1-10 (g))

Telia Lietuva sets goals each year for face-to-face ABC trainings with selected employees. The employees targeted for training are determined using a risk-based approach and decided by each country's or unit's E&C officer. The face-to-face trainings are tailormade to meet the risks and specific needs of the targeted groups. (G1-3-21-(a))

Completion rates for the Code of Conduct e-learning are available through the internal training system and regularly shared with E&C teams. The topic is discussed and reported in quarterly GREC meetings and the results are presented in the Audit Committee's quarterly meetings. In the event of significant deviations with regards to the completion of such trainings, the Audit Committee communicates such matters to the Board.

Face-to-face training completion rates are manually collected at the Group level by E&C officers, who gather data from each country or unit. (G1-3-21-(b)) In 2023, all members of top management team, sourcing managers, and assistants received face-to-face ABC training. In 2024, the focus was on enhancing manager onboarding processes in collaboration with HR. (G1-3-21-(c))

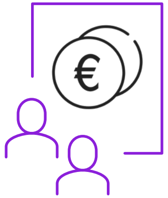
Year	Goals	2024 progress
Annual	– Annual Anti-bribery and corruption (ABC) risk assessments performed in all markets	– Achieved
	– Maturity assessments of the ABC program performed in Lithuania along with plans to close maturity gaps	– Achieved
2025	– Ensure 90% of all employees complete Telia's Code of Responsible Business Conduct training	– 99%

Some of the goals are measured on an annual basis, and do not have a baseline value and year.

G1-4 Incidents of corruption or bribery

Incidents of corruption or bribery

No instances of corruption or bribery were identified in Telia Lietuva value chain during 2024, and therefore no fines were issued. (G1-4-24-(a)) (G1-4-24-(b))



G1-5 Political influence and lobbying activities

Political influence
Telia's EVP, Head of Corporate Affairs oversees the company's political influence and lobbying activities. (G1-5-29-(a))

Telia's Group Instruction – Sponsorships and Donations states that sponsorships and donations shall not be made to political parties, officials or candidates. This instruction applies to Telia Lietuva and all Group subsidiaries. In addition, Telia Lietuva works towards the promotion and adoption of this Group Instruction's principles and objectives in other associated companies where the company does not have control but has significant influence.

Lobbying activities
Financial political contributions are prohibited according to this Group Instruction, as are in-kind political contributions. Therefore, Telia Lietuva made no political contributions during the year. (G1-5-29b) ((G1-5-29b(i))

Telia Lietuva monitors development of legislative files and initiatives related to telecommunication, digital and media policies, data protection and data economy, cybersecurity and sustainability. These include, inter alia, the following: the Digital Services Act, Digital Markets Act, AI Act, ePrivacy Regulation, General Data Protection Regulation, Network and Information Security Directive, Roaming Regulation, European Media Freedom Act, EU Taxonomy, Child Sexual Abuse Material Regulation and upcoming legislative proposals within the telecommunication space. Given the potential impact of these initiatives on Telia Lietuva business model and operations, the company aims to promote a balanced approach between new regulation and its business objectives. (G1-5-29-(c))

Telia Company is registered in the EU Transparency Register. REG number: 381805014604-45. Telia Lietuva is not separately registered in the EU Transparency Register, however, its activities are covered under Telia Company's registration. (G1-5-29-(d))

G1-6 Payment practices

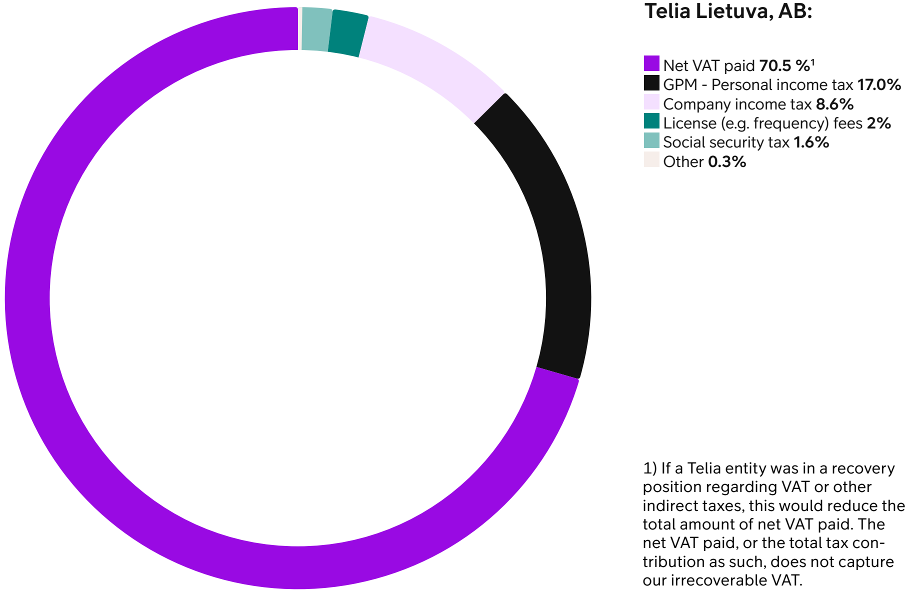
The average number of days for Telia Lietuva to pay an invoice from the date when contractual or statutory terms of payment start to be calculated is 49. 99% of payments are aligned with standard practice. Telia Lietuva considers compliance with contractual payment terms (for purchasing, partner, and lease agreements) or the use of supplier invoice financing solutions with predefined payment schedules as standard practice. In cases where the purchase is based on Telia's Purchase Order General Terms and Conditions, a maximum payment term of 30 days is considered standard. If there is no purchase order placed, a maximum payment term of 30 days is considered standard as per common practice in the Baltic countries and default payment terms in the EU. (G1-6-33a) (G1-6-33b) By year-end, Telia Lietuva had no ongoing legal proceedings with regards to payments not aligned with the statutory terms. (G1-6-33c)

Accounting principles: Payment practices
To calculate the number of days, a weighting was used for each months' average payment days, with relation to the total spend that month. This way, all invoices from 2024 were analyzed to capture the average figure throughout the year. It is important to note that only direct payments to Telia Lietuva suppliers were accounted for. Payments to suppliers participating in vendor financing (e.g. Supplier Invoice Financing or SIF) are not included, as the numbers may not be representative of Telia Lietuva operations.

Entity-specific topic: Taxes

Transparent, fair, and ethical tax practices are fundamental to Telia's business operations. The company follows internal control procedures, such as its Group Tax Instruction, and complies with local laws and internationally accepted principles to pay all legally required taxes.

Total tax contribution



1) If a Telia entity was in a recovery position regarding VAT or other indirect taxes, this would reduce the total amount of net VAT paid. The net VAT paid, or the total tax contribution as such, does not capture our irrecoverable VAT.

Appendix

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(BP-2-16)

List of data points from other EU legislation

Disclosure requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Page number
ESRS 2 GOV-1	Paragraph 21 (d)	Board's gender diversity	Indicator number 13 of Table #1 of Annex I		Commission Delegated Regulation (EU) 2020/1816, Annex II		57
ESRS 2 GOV-1	Paragraph 21 (e)	Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		57
ESRS 2 GOV-4	Paragraph 30	Statement on due diligence	Indicator number 10 Table #3 of Annex I				59
ESRS 2 SBM-1	Paragraph 40 (d) i	Involvement in activities related to fossil fuel activities	Indicators number 4 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		60-62
ESRS 2 SBM-1	Paragraph 40 (d) ii	Involvement in activities related to chemical production	Indicator number 9 Table #2 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		60-62
ESRS 2 SBM-1	Paragraph 40 (d) iii	Involvement in activities related to controversial weapons	Indicator number 14 Table #1 of Annex I		"Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II"		60-62
ESRS 2 SBM-1	Paragraph 40 (d) iv	Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II"		60-62
ESRS E1-1	Paragraph 14	Transition plan to reach climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	74-75
ESRS E1-1	Paragraph 16 (g)	Undertakings excluded from Paris-aligned Benchmarks		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		74-75

Disclosure requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Page number
ESRS E1-4	Paragraph 34	GHG emission reduction targets	Indicator number 4 Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		77-79
ESRS E1-5	Paragraph 38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex I				80
ESRS E1-5	Paragraph 37	Energy consumption and mix	Indicator number 5 Table #1 of Annex I				80
ESRS E1-5	Paragraphs 40–43	Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table #1 of Annex I				80
ESRS E1-6	Paragraph 44	Gross Scope 1, 2, 3 and Total GHG emissions	Indicators number 1 and 2 Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		80-81
ESRS E1-6	Paragraphs 53–55	Gross GHG emissions intensity	Indicators number 3 Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		80-81
ESRS E1-7	Paragraph 56	GHG removals and carbon credits				Regulation (EU) 2021/1119, Article 2(1)	82
ESRS E1-9	Paragraph 66	Exposure of the benchmark portfolio to climate-related physical risks			"Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II"		Phase-in
ESRS E1-9	Paragraph 66 (a)	Disaggregation of monetary amounts by acute and chronic physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book – Climate change physical risk: Exposures subject to physical risk.			Phase-in

Disclosure requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Page number
ESRS E1-9	Paragraph 66 (c)	Location of significant assets at material physical risk					Phase-in
ESRS E1-9	Paragraph 67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book – Climate change transition risk: Loans collateralised by immovable property – Energy efficiency of the collateral			Phase-in
ESRS E1-9	Paragraph 69	Degree of exposure of the portfolio to climate-related opportunities			Delegated Regulation (EU) 2020/1818, Annex II		Phase-in
ESRS E2-4	Paragraph 28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	Indicator number 8 Table #1 of Annex I Indicator number 2 Table #2 of Annex I Indicator number 1 Table #2 of Annex I Indicator number 3 Table #2 of Annex I				Not material
ESRS E3-1	Paragraph 9	Water and marine resources	Indicator number 7 Table #2 of Annex I				Not material
ESRS E3-1	Paragraph 13	Dedicated policy	Indicator number 8 Table 2 of Annex I				Not material
ESRS E3-1	Paragraph 14	Sustainable oceans and seas	Indicator number 12 Table #2 of Annex I				Not material
ESRS E3-4	Paragraph 28 (c)	Total water recycled and reused	Indicator number 6.2 Table #2 of Annex I				Not material
ESRS E3-4	Paragraph 29	Total water consumption in m3 per net revenue on own operations	Indicator number 6.1 Table #2 of Annex I				Not material
ESRS 2 – IRO-1 – E4	Paragraph 16 (a) i		Indicator number 7 Table #1 of Annex I				Not material
ESRS 2 – IRO-1 – E4	Paragraph 16 (b)		Indicator number 10 Table #2 of Annex I				Not material
ESRS 2 – IRO-1 – E4	Paragraph 16 (c)		Indicator number 14 Table #2 of Annex I				Not material

Disclosure requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Page number
ESRS E4-2	Paragraph 24 (b)	Sustainable land / agriculture practices or policies	Indicator number 11 Table #2 of Annex I				Not material
ESRS E4-2	Paragraph 24 (c)	Sustainable oceans / seas practices or policies	Indicator number 12 Table #2 of Annex I				Not material
ESRS E4-2	Paragraph 24 (d)	Policies to address deforestation	Indicator number 15 Table #2 of Annex I				Not material
ESRS E5-5	Paragraph 37 (d)	Non-recycled waste	Indicator number 13 Table #2 of Annex I				88-89
ESRS E5-5	Paragraph 39	Hazardous waste and radioactive waste	Indicator number 9 Table #1 of Annex I				88-89
ESRS 2 – SBM-3 – S1	Paragraph 14 (f)	Risk of incidents of forced labour	Indicator number 13 Table #3 of Annex I				98
ESRS 2 – SBM-3 – S1	Paragraph 14 (g)	Risk of incidents of child labour	Indicator number 12 Table #3 of Annex I				98
ESRS S1-1	Paragraph 20	Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				98-99
ESRS S1-1	Paragraph 21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		98-99
ESRS S1-1	Paragraph 22	Processes and measures for preventing trafficking in human beings	Indicator number 11 Table #3 of Annex I				98-99
ESRS S1-1	Paragraph 23	Workplace accident prevention policy or management system	Indicator number 1 Table #3 of Annex I				98-99
ESRS S1-3	Paragraph 32 (c)	Grievance/complaints handling mechanisms	Indicator number 5 Table #3 of Annex I				99
ESRS S1-14	Paragraph 88 (b) and (c)	Number of fatalities and number and rate of work-related	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		104
ESRS S1-14	Paragraph 88 (e)	Number of days lost to injuries, accidents, fatalities or illness	Indicator number 3 Table #3 of Annex I				104
ESRS S1-16	Paragraph 97 (a)	Unadjusted gender pay gap	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		104

Disclosure requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Page number
ESRS S1-16	Paragraph 97 (b)	Excessive CEO pay ratio	Indicator number 8 Table #3 of Annex I				104
ESRS S1-17	Paragraph 103 (a)	Incidents of discrimination	Indicator number 7 Table #3 of Annex I				104
ESRS S1-17	Paragraph 104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)"		104
ESRS 2 – SBM-3 – S2	Paragraph 11 (b)	Significant risk of child labour or forced labour in the value chain	Indicators number 12 and n. 13 Table #3 of Annex I				106
ESRS S2-1	Paragraph 17	Human rights policy commitments	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex I				107-108
ESRS S2-1	Paragraph 18	Policies related to value chain workers	Indicator number 11 and n. 4 Table #3 of Annex I				107-108
ESRS S2-1	Paragraph 19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)"		107-108
ESRS S2-1	Paragraph 19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		107-108
ESRS S2-4	Paragraph 36	Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table #3 of Annex I				109
ESRS S3-1	Paragraph 16	Human rights policy commitments	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex I				111
ESRS S3-1	Paragraph 17	Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)"		111
ESRS S3-4	Paragraph 36	Human rights issues and incidents	Indicator number 14 Table #3 of Annex I				112
ESRS S4-1	Paragraph 16	Policies related to consumers and end-users	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				120

Disclosure requirement	Related datapoint	Sustainability disclosure	SFDR (Sustainable Finance Disclosures Regulation) reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Page number
ESRS S4-1	Paragraph 17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II DelegatedRegulation (EU)2020/1818, Art 12 (1)"		120
ESRS S4-4	Paragraph 35	Human rights issues and incidents	Indicator number 14 Table #3 of Annex I				122
ESRS G1-1	Paragraph 10 (b)	United Nations Convention against corruption	Indicator number 15 Table #3 of Annex I				126-128
ESRS G1-1	Paragraph 10 (d)	Protection of whistle-blowers	Indicator number 6 Table #3 of Annex I				126-128
ESRS G1-4	Paragraph 24 (a)	Fines for violation of anti-corruption and anti-bribery laws	Indicator number 17 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		131
ESRS G1-4	Paragraph 24 (b)	Standards of anti-corruption and anti-bribery	Indicator number 16 Table #3 of Annex I				131

(BP-2-15)

Sustainability ratings

Sustainability ratings provide Telia's stakeholders with information about its performance and maturity while helping the company to identify opportunities to make improvements. The following sustainability performance indicators are applicable to Telia Company, as Telia Lietuva does not separately participate in external sustainability ratings and rankings, apart from Sustainability Index (Tvarumo indeksas).

Highlights for the year:

EcoVadis
Score: Platinum medal – placing Telia in the top 1%

ISS ESG rating
Score: B-

CDP Climate Change
Score: B

FTSE4Good
Included in the Index

MSCI ESG rating
Score: AAA

Sustainability Index
Score: 9.7

Financials

Statement of profit or loss and other comprehensive income

In thousands of EUR, except per share data	Notes	Year ended 31 December 2024	2023
Revenue	5	**491,114**	**476,578**
Cost of goods and services	6	(187,016)	(186,404)
Employee related expenses		(70,023)	(64,369)
Other operating expenses	7	(61,841)	(61,338)
Other gain / (loss) – net	8	1,497	715
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale	13	(85,279)	(85,546)
Operating profit		**88,452**	**79,636**
Finance income		2,302	1,216
Finance costs		(8,140)	(8,989)
Finance and investment activities – net	9	(5,838)	(7,773)
Profit before income tax		**82,614**	**71,863**
Income tax	10	(10,995)	(8,269)
Profit for the year		**71,619**	**63,594**
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**71,619**	**63,594**
Profit and comprehensive income attributable to:			
Owners of the Parent		71,619	63,594
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (EUR)	**11**	**0.123**	**0.109**

Statement of financial position

In thousands of EUR	Notes	As at 31 December 2024	2023
ASSETS			
Non-current assets			
Property, plant and equipment	13	243,694	253,738
Goodwill	14	26,769	26,769
Intangible assets	14	140,136	141,742
Right-of-use assets	15	47,177	45,134
Costs to obtain contract	28	5,587	5,477
Contract assets	29	423	718
Trade and other receivables	18	20,497	18,855
Finance lease receivables	18	5,545	5,982
		489,828	**498,415**
Current assets			
Inventories	16	13,037	12,617
Contract assets	29	1,375	1,012
Trade and other receivables	18	65,859	75,900
Current income tax assets		-	249
Finance lease receivables	18	5,668	5,852
Cash pool receivables	18	27,771	-
Cash and cash equivalents	19	7,025	20,604
		120,735	**116,234**
Assets classified as held for sale		51	1,472
Total assets		**610,614**	**616,121**

In thousands of EUR	Notes	As at 31 December 2024	2023
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Issued share capital	20	168,958	168,958
Legal reserve	21	16,896	16,896
Retained earnings		190,158	170,974
Equity attributable to owners of the Company		376,012	356,828
Total equity		**376,012**	**356,828**
LIABILITIES			
Non-current liabilities			
Lease liabilities	23	44,474	42,495
Deferred tax liabilities	24	17,592	16,965
Deferred revenue and accrued liabilities	22	18,394	19,036
Provisions	25	13,462	13,039
		93,922	**91,535**
Current liabilities			
Trade, other payables and accrued liabilities	22	69,738	58,576
Current income tax liabilities		2,835	-
Borrowings	23	50,150	91,782
Contract liabilities	29	3,067	2,895
Lease liabilities	23	14,890	14,505
		140,680	**167,758**
Total liabilities		**234,602**	**259,293**
Total equity and liabilities		**610,614**	**616,121**

Statement of changes in equity

In thousands of EUR	Notes	Issued share capital	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2023		**168,958**	**16,896**	**142,337**	**328,191**
Profit for the year		-	-	63,594	63,594
Other comprehensive income for the year, net of income tax		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**63,594**	**63,594**
Dividends paid for 2022	12	-	-	(34,957)	(34,957)
Balance at 31 December 2023		**168,958**	**16,896**	**170,974**	**356,828**
Balance at 1 January 2024		**168,958**	**16,896**	**170,974**	**356,828**
Profit for the year		-	-	71,619	71,619
Other comprehensive income for the year, net of income tax		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**71,619**	**71,619**
Dividends paid for 2023	12	-	-	(52,435)	(52,435)
Balance at 31 December 2024		**168,958**	**16,896**	**190,158**	**376,012**

Statement of cash flows

In thousands of EUR	Notes	Year ended 31 December 2024	2023
Operating activities			
Profit for the year		71,619	63,594
Adjustments for:			
Income tax expenses recognized in profit or loss	10	10,995	8,269
Depreciation, amortisation and impairment charge	7, 13, 16	87,126	87,538
Other gain / (loss) – net	8	(1,632)	(1,212)
Interest income	9	(2,293)	(1,216)
Interest expenses	9	8,083	8,933
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):			
Decrease/(increase) inventories / Assets held for sale		(643)	1,093
Decrease/(increase) trade and other receivables		6,729	(7,716)
Decrease/(increase) in contract assets	29	(68)	73
Decrease/(increase) in contract costs	28	(110)	21
Increase/(decrease) trade, other payables and accrued liabilities, deferred tax liabilities		7,064	20,419
Increase/(decrease) in contract liabilities	29	172	506
Increase/(decrease) in deferred revenue and accrued liabilities		(792)	(1,225)
Increase/(decrease) in provisions	25	(88)	(72)
Cash generated from operations		**186,162**	**179,005**
Interest paid		(7,464)	(8,422)
Interest received		1,109	281
Income taxes paid		(7,284)	(9,690)
Net cash generated by operating activities		**172,523**	**161,174**

In thousands of EUR	Notes	Year ended 31 December 2024	2023
Investing activities			
Purchase of property, plant and equipment and intangible assets		(59,081)	(83,099)
Proceeds from disposal of property, plant and equipment and intangible assets		4,068	2,319
Proceeds from / repayments for finance sublease receivables		1,805	(743)
Receipt of asset-related government grant		196	-
Net cash used in investing activities		**(53,012)**	**(81,523)**
Financing activities			
Repayment of borrowings	23	(178,615)	(189,967)
Proceeds from borrowings	23	136,983	168,201
Increase (decrease) in lease liabilities		(11,252)	(9,423)
Dividends paid to shareholders	12	(52,435)	(34,957)
Net cash received in financing activities		**(105,319)**	**(66,146)**
Increase (decrease) in cash and cash equivalents		**14,192**	**13,505**
Movement in cash and cash equivalents			
At the beginning of the financial year		**20,604**	**7,099**
Increase (decrease) in cash and cash equivalents		14,192	13,505
At the end of the financial year	19	**34,796**	**20,604**

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 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.

Until November 2023, the Company had a limited activities electronic money institution license issued by the Bank of Lithuania. The license has granted 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 at the end of 2024 amounted to 1,688 (2023: 1,829).

The shareholders' structure of the Company was as follows:

	31 December 2024		31 December 2023	
	Number of shares	%	Number of shares	%
Telia Company AB (publ), Sweden	513,594,774	88.15	513,594,774	88.15
Other shareholders	69,018,364	11.85	69,018,364	11.85
	582,613,138	**100.00**	**582,613,138**	**100.00**

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

		Ownership interest in %		
Associate	Country of incorporation	31 December 2024	31 December 2023	Profile
VšĮ Numerio Perkėlimas	Lithuania	50%	50%	A non-profit organization established by Lithuanian telecommunications operators administers central database to ensure telephone number portability

As at 31 December 2024 and 2023, the Company had no investments in subsidiaries.

The financial statements for the year ended 2024 are prepared on a stand-alone basis in accordance with IAS 27 "Separate Financial Statements".

Notes to the financial statements

2 Summary of material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The financial statements have been prepared mainly under the historical cost convention.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in Note 4.

The financial statements have been prepared under the going concern basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

AMOUNTS AND DATES

Unless otherwise specified, all amounts are in thousands of Euros (EUR) or other currency specified and are based on the twelve-month period January 1 to December 31 for items related to comprehensive income and cash flows, and as of December 31 for items related to financial position. Rounding differences may occur. Any restatements of financial or operational data are disclosed if material.

New currently effective requirements

Effective date	New accounting standards and amendments
1 January 2024	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases
	Classification of liabilities as Current or Non-Current and Non-current Liabilities with Covenants – Amendments to IAS 1 Presentation of Financial Statements
	Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

Forthcoming requirements

Effective date	New accounting standards and amendments
1 January 2025	Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates
1 January 2026	Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures
	Annual Improvements to IFRS Accounting Standards – Amendments to: — IFRS 1 First-time Adoption of International Financial Reporting Standards; — IFRS 7 Financial Instruments: Disclosures and it's accompanying Guidance on implementing IFRS 7; — IFRS 9 Financial Instruments; — IFRS 10 Consolidated Financial Statements; and — IAS 7 Statement of Cash flows
	Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7
1 January 2027	IFRS 18 Presentation and Disclosure in Financial Statements
	IFRS 19 Subsidiaries without Public Accountability: Disclosures
Available for adoption / effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures *

* The effective date for these amendments was deferred indefinitely. Early adoption continues to be permitted.

The Company does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

2.2 Foreign currency translation

Functional and presentation currency

Items included in the financial statements are presented in Euro (EUR), which is the functional currency of the Company. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of profit or loss within "Finance income" or "Finance costs". All other foreign exchange gains and losses are presented in the statement of profit or loss within "Other gain / (loss) – net".

Notes to the financial statements

2.3 Property, plant and equipment

Property, plant and equipment are carried at its historical cost less any accumulated depreciation and any accumulated impairment loss. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated on the straight-line method to allocate their cost to their residual values over their estimated useful life, as follows:

Buildings	10 – 50 years
Ducts and telecommunication equipment	3 – 30 years
Other tangible fixed assets	2 – 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Construction in progress is transferred to appropriate groups of fixed assets when it is completed and ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.4 Intangible assets

Goodwill
Goodwill arises on the acquisition of business and represents the excess of the consideration transferred over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary / associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'Intangible assets'. Goodwill on acquisitions of associates is included in 'investments in associates and subsidiaries'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Other intangible assets
Intangible assets expected to provide economic benefit to the Company in future periods have finite useful life and are measured at acquisition cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on the straight-line method to allocate the cost of intangible asset over estimated benefit period as follows:

Licenses and software	3 – 20 years
Client base	15 years
Trademarks	5 years
Other intangible fixed assets	5 years

The assets' useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each reporting date.

Separately acquired licenses are shown at historical cost. Licenses acquired in a business combination are recognised at fair value at the acquisition date.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programs are recognised as an expense as incurred.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable cost that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or loss arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are included within 'Other gain / (loss) – net' in the statement of profit or loss.

2.5 Investment property

Property that is held for undetermined use and that are not occupied are classified as investment property. Investment property comprises construction in progress.

Recognition of investment property takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Company and the cost can be measured reliably. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred.

Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Transaction costs are included on initial recognition.

Notes to the financial statements

2.6 Impairment of tangible and intangible assets excluding goodwill

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Goodwill

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash generating units (or groups of cash generating units) expected to benefit from the synergies of the combination. Cash generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2.8 Financial assets

Accounts receivables are initially recognized when they are originated by the Company. "Regular-way" acquisitions of financial assets are recognized on the date on which the instrument is actually transferred to the Company, i.e. the settlement date. All other financial assets are initially recognized when the Company becomes a part to the contractual provisions of the instrument.

Financial assets are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

2.8.1 Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the financial asset, or, where appropriate, a shorter period, to the gross carrying amount of the financial asset on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the financial asset on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

If collection is expected in one year or less, they are classified as current assets, if not, they are presented as non-current assets.

Interconnection receivables and payables to the same counterparty are stated net, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis.

Notes to the financial statements

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income – interest income" line item (Note 9).

2.8.2 Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in financial assets that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 Leases.

2.8.3 Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.9 Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Company, are measured in accordance with the specific accounting policies set out below.

2.9.1 Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

2.9.2 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

Notes to the financial statements

2.10 Investments in subsidiaries and associates in the separate financial statements of the Company

Investments in subsidiaries that are included in the separate financial statements of the Company are accounted at cost less impairment.

Investments in associates that are included in the financial statements of the Company are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, less any impairment. The carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment. The Company's investment in associates includes goodwill identified on acquisition. When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the equity, the Company does not recognize further losses.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the equity, the Company does not recognize further losses.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of inventories comprises purchase price, taxes (other than those subsequently recoverable by the Company), transportation, handling and other costs directly attributable to the acquisition of inventories. Net realisable value is the estimate of the selling price in the ordinary course of business, less the applicable selling expenses. All inventories held by the Company attribute to the materials and goods for resale categories.

2.12 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2.13 Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. An asset held for sale is measured at the lower of its previous carrying value and fair value less costs to sell. One of the conditions that must be satisfied for an asset to be classified as held for sale is that the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition. One criteria for the sale to qualify as highly probable is that the appropriate level of management must be committed to a plan to sell the assets or disposal group in its present condition. In the telecom industry acquisitions often require regulatory approval. If the buyer is a telecom operator in the same market parties often have to agree to a number of remedies to get the approval. If the buyer is expected to be a telecom operator in the same market and significant remedies are expected, a sale is usually not regarded as highly probable and consequently the assets are not classified as held for sale by the Company, until the remedies are agreed upon and accepted by management. The determination if and when non-current assets and disposal groups should be classified as held for sale requires management judgment considering all facts and circumstances relating to the transaction, the parties and the market and entities can come to different conclusions under IFRS.

2.14 Issued capital

Ordinary shares are classified as equity. Issued capital is considered by law order only registered issued capital. All issued shares have been paid in full and carry equal rights to vote and participate in the assets of the Company.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method. All borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Supplier financing arrangements

An entity may enter into arrangements under which a 'factor' (typically, a financial institution) pays a supplier on its behalf, with the entity (i.e. the purchaser) then reimbursing the factor. Such arrangements may be referred to as, for example, 'supplier financing', 'reverse factoring' or 'structured payable arrangements'.

Borrowings are disclosed in the Note 23.

2.17 Accounting for leases – where the Company is the lessee

The Company recognises a right-of-use asset and a lease liability on the statements if financial position when the underlying asset is made available for the Company, i.e. at the commencement date. The Company applies the practical expedients to recognise payments associated with short-term leases and leases of low value as an expense in the profit or loss. The Company does not apply IFRS 16 to intangible assets.

The lease liability is initially measured at the present value of the lease payments during the estimated lease term that are not paid at the commencement date. Lease payments included in the measurement of the lease liability comprise of fixed lease payments including in-substance fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee and payment related to options that the Company is reasonably certain to exercise. In all asset classes, payments related to non-lease components are separated from the lease payments and expensed as incurred.

The estimated lease term includes the non-cancellable period of the lease together with both periods covered by extension options (if the Company is reasonable certain to exercise that option) and periods covered by termination options (if the Company is reasonable certain not to exercise that option).

Notes to the financial statements

The lease liability is re-measured if there are modifications to the lease contract or if there are changes in the cash flow based on the initial contract terms. Changes in cash flows based on initial term occurs when; the Company changes its initial estimation of whether extension and/or termination options will be exercised, there are changes in earlier estimates of whether a purchase option will be exercised, lease payments changes due to changes in index or rate, or if there is a change in estimates regarding amounts expected to be under a residual value guarantee.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. For the majority of all lease contracts the Company uses its incremental borrowing rate, as the interest rate implicit in the lease usually is not readily determinable.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date and any initial direct costs incurred, less any lease incentives received. Also, any restoration costs estimated in accordance with the guidance in IAS 37 are included in the measurement of the right-of-use asset. The related provision is recognized separately from the lease liability.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the estimated lease term. Any re-measurement of the lease liability results in most cases in a corresponding adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining re-measurement is recognised in the profit or loss. The right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

Right-of-use asset are presented as a separate line in the statement of financial position and lease liabilities as long-term and short-term borrowings in the statement of financial position.

In the profit or loss, depreciation charges of the right-of-use asset are presented in the different functions depending on the type of leased asset. The interest expense on the lease liability is presented as finance costs.

Lease payments associated with leases of low value and short-term leases are presented in the different functions depending on the type of leased asset.

Repayment on the lease liability are presented as a cash flow from financing activities. Payments of interest as well as payments for short-term leases and leases of low value are presented as cash flow from operating activities.

2.18 Accounting for leases – where the Company is the lessor

In arrangements where the Company is a lessor, determination of whether each lease is a finance lease or an operating lease is made at lease inception. To classify each lease, an overall assessment is made of whether the lease transfers substantially all the risk and rewards incidental to the ownership of the underlying asset. If substantially all of the risk and rewards are transferred, then the lease is a finance lease. If not, it is an operating lease. If a contract includes both lease and non-lease components, the Company allocates the consideration to the components identified on the basis of relative stand-alone selling prices (see 2.21 section “Revenue recognition”).

In arrangements where the Company is an intermediate lessor the classification of the sublease is assessed with reference to the right-of-use asset arising from the head lease.

The Company as finance lessor
The Company owns assets that are leased to customers under finance lease agreements. Amounts due from lessees are recorded as receivables at the amount of the net investment in the leases, which equals the net present value.

Initial direct costs are included in the initial measurement of the financial lease receivable and reduce the amount of income recognized over the lease term. Interest income is recognized over the lease term on an annuity basis.

The Company as operating lessor
Rental revenues from operating leases are recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and are recognized on the same basis as the lease revenues.

2.19 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Restructurings
A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Restoration provisions
Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the managements' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

2.20 Income taxes

Current and deferred tax are recognized in net income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss.

Notes to the financial statements

Deferred tax is determined using tax rates (and legislation) that have been enacted or substantially enacted on the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that is probable that future taxable profit will be available against which the temporary differences can be utilised.

Profit for 2024 is taxable at a rate of 15% (2023: 15%) in accordance with Lithuanian regulatory legislation on taxation.

Income tax expense is calculated and accrued for in the financial statements based on information available at the moment of the preparation of the financial statements.

The Company may be entitled to claim special tax deductions for investments in qualifying assets. The Company accounts for such allowances as tax credits, which means that the allowance reduce income tax payable and current tax expense.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income tax levied by the same taxation authority on the same taxable entity. Current tax assets and tax liabilities are offset where the same taxable entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

International tax reform – Pillar Two model
As at 31 December 2024, the jurisdiction in which Telia Lietuva, AB operates has not enacted Pillar Two legislation. Consequently, the Company has applied the temporary exception from the accounting requirements for deferred taxes in IAS 12, as per the amendments issued by the IASB in May 2023. Therefore, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes. Pillar Two legislation, part of the OECD's global tax reform, aims to ensure multinational enterprises pay a minimum effective corporate tax rate of 15%.

2.21 Revenue recognition

Revenue principally consist of mobile service revenues including subscription, interconnect and roaming and fixed service revenues including telephony, broadband, TV, installation fees and business solutions, as well as revenue from equipment sales and leases. There are both revenue from products and services sold separately and from products and services sold as a bundle.

Revenue is recognized based on a single principle based five-step model which is applied to all contracts with customers (IFRS 15). Revenue is allocated to performance obligations (equipment and services) in proportion to stand-alone selling prices of the individual items. Revenue is recognized when (at a point in time) or as (over a period of time) the performance obligations are satisfied, which is determined by the manner in which control passes to the customer. Revenue is measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both. For variable consideration accumulated experience is used to estimate and provide for the variable consideration, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

Service revenues are recognized over time, in the period in which the service is performed, based on actual traffic or over the contract term, as applicable. Revenue from voice and data services is recognized when the services are used by the customer.

Subscription fees are recognized as revenue over the subscription period. Sales relating to pre-paid phone cards, primarily mobile, are deferred as a contract liability and recognized as revenue based on the actual usage of the cards.

Revenue from interconnect traffic with other telecom operators is recognized at the time of transit across the Company's network.

Revenue from equipment sales is recognized at the point in time when control is transferred to the customer, which normally is on delivery and when accepted by the customer.

Bundled services and products
The Company may bundle services and products into one customer offering. Offerings may involve the delivery or performance of multiple products, services, or rights to use assets (multiple deliverables). The Company accounts for each individual product and service separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. When the transaction price is determined for bundles that includes services (e.g. a mobile subscription), the minimum non-cancellable contract term is considered. When applicable, the transaction price is adjusted for financing components and expected returns. There are usually no or few other variable components in the transaction price. The transaction price is allocated to each equipment and service accounted for as a separate performance obligation, based on their relative stand-alone price.

For most performance obligations, the stand-alone selling prices are directly observable. If stand-alone selling prices are not directly observable, they are estimated based on expected cost plus margin. In some cases the offerings includes non-refundable upfront fees such as activation fees. Payments for such fees are included in the transaction price, and, if not related to the satisfaction of a performance obligation, allocated to other performance obligations identified in the contract.

Some bundled offerings include lease components, e.g. TV boxes, as well as non-lease components, e.g. subscription. In those arrangements, the transaction price is allocated to both the lease components and non-lease components identified as separate performance obligations. The lease components are then accounted for as either an operating lease or a finance lease depending on the lease classification. Revenue for the non-lease components are recognized when or as the performance obligations are satisfied.

Equipment that can be used only in connection with services provided by the Company and that have no other significant function for the customer than delivering the service, e.g. routers, is not accounted for as a separate performance obligation. In such arrangements, the transaction price is allocated to the performance obligations identified, i.e. no part of the transaction price is allocated to the equipment. Any consideration received upfront, when the equipment is delivered, is recognized as a contract liability and recognized as revenue when or as the identified performance obligations are satisfied. Performance obligations are satisfied when control of the promised goods or services is transferred to the customer. This transfer of control can occur either at a point in time or over time, depending on the nature of the contract.

Notes to the financial statements

Principal versus agent
Sometimes a third party is engaged in delivering goods or services to the Company's customers, e.g. the Company offers several value-added services (VAS) to the customers in bundled offerings.

When the Company acts as a principal, income and payments to suppliers are reported on a gross basis in revenue and operating costs. If the Company sells goods or services as an agent (for example insurance) revenue and payments to suppliers are recorded in revenue on a net basis, representing the margin/commission earned.

Whether the Company is considered to be principal or agent in a transaction depends on analysis by management of both the legal form and substance of the agreement between the Company and its business partners; such judgments impact the amount of reported revenue and operating expenses but do not impact net income or cash flows.

Features indicating that the Company is acting as a principal include: it has the primarily responsibility for fulfilling the promise to provide the goods or services, it bears the inventory risk, and the Company has latitude in establishing prices or provides additional goods and services. If the Company does not have control of the goods or services before they are transferred to the customer, it acts as an agent. For insurance services, the key judgement is based on whether the Company bears the insurance risk or not. The Company is deemed to be acting as an agent if it does not bear the insurance risk. For other types of digital value added services the key judgement is related to assessment of whether the Company has the primarily responsibility for fulfilling the promise to provide the service. In this assessment the terms of the contract, the way the service is sold, the level of interaction with the customer before, during and after delivering the service and the technical delivery of the service are considered among other things.

2.22 Finance income and finance costs

Interest income and expenses are recognized using the effective interest rate method. Finance income and finance costs include net changes in fair value of derivatives that hedge financial transactions, but for which hedge accounting is not applied. Finance income and finance costs also include ineffectiveness on hedging relationships related to financial transactions. Exchange rate gains and losses on financial transactions are presented net.

2.24 Employee benefits

Social security contributions
The Company pays social security contributions to the State Social Security Fund (the Fund) on behalf of its employees based on the defined contribution plan in accordance with the local legal requirements. A defined contribution plan is a plan under which the Company pays fixed contributions into the Fund and will have no legal or constructive obligations to pay further contributions if the Fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior period.

Termination benefits
Termination benefits are payable when employment is terminated before the normal retirement date per mutual agreement or employers will. The Company recognise termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of mutual agreement. Benefits falling due more than 12 months after reporting date are discounted to present value.

Bonus plans
The Company recognise a liability and an expense for bonuses based on predefined targets. The Company recognise related liability where contractually obliged or where there is a past practice that has created a constructive obligation.

Supplementary health insurance
The Company pays supplementary health insurance contributions to the insurance company on behalf of its employees. Supplementary health insurance for employees is the possibility to get health care and health improvement services in a selected health care institution. The supplementary health insurance contributions are recognized as expenses when incurred.

Contributions to Employees' Pensions
The Company is contributing to III pillar pension funds on behalf of its employees who decided to participate in pension fund's program proposed by the Company with cooperation with “SEB Investicijų valdymas”. These contributions are recognized as expenses when incurred.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Withholding tax on dividends paid to legal entities amounts to 15% (2023: 15%). According to statutory law, participation exemption (i.e. no withholding tax on dividends) could be applied when shareholder holds more than 10% of share capital and retains the holding for more than one year. There is also withholding tax exemption on dividends paid to pension and investment funds.

2.26 Segment information

Business customer segment (B2B) is responsible for services sales and customer care for big, medium and small business customer and operators including retail and wholesale telecommunication and IT services.

Private customer segment (B2C) is responsible for service and customer care for private customers.

Other segment includes technology division and support units' financial performance.

The management assesses the performance of the segments based on measure of revenue and operational profit using the same accounting policies as used in preparation of these financial statements.

Segment revenue represents revenue generated from external customers. Management assess segment operating profit according to its responsibility defined in segment budget. Intersegment sales and expenses are not included into segment activities assessment.

Notes to the financial statements

The Company's segment reporting 2024:

In thousands of EUR	January – December 2024			
	B2B	B2C	Other	Total
Revenue from external customers	**175,775**	**310,151**	**5,188**	**491,114**
Cost of goods and services, employee related expenses, other operating expenses	(94,660)	(104,155)	(120,065)	(318,880)
Operational result	**81,115**	**205,996**	**(114,877)**	**172,234**
Other income				-
Other gain/ (loss) – net				1,497
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale				(85,279)
Operating profit				**88,452**
Finance income				2,302
Finance costs				(8,140)
Finance and investment activities – net				(5,838)
Profit before income tax				**82,614**

The Company's segment reporting 2023:

In thousands of EUR	January – December 2023			
	B2B	B2C	Other	Total
Revenue from external customers	**172,394**	**299,116**	**5,068**	**476,578**
Cost of goods and services, employee related expenses, other operating expenses	(92,023)	(105,815)	(114,273)	(312,111)
Operational result	**80,371**	**193,301**	**(109,205)**	**164,467**
Other income				-
Other gain/ (loss) – net				715
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale				(85,546)
Operating profit				**79,636**
Finance income				1,216
Finance costs				(8,989)
Finance and investment activities – net				(7,773)
Profit before income tax				**71,863**

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose them to financial risks: market risk (including foreign exchange risk, and interest rate risk), credit risk, liquidity risk. The Company's Policy for Financial Management putting the main guidelines for financial risk management and seeks to minimise potential adverse effects of the financial performance of the Company.

The Company's financial risk management is conducted by employees of the Finance unit in accordance with Telia Company Group policies, in close cooperation with Telia Company Group Treasury.

MARKET RISK

Foreign exchange risk

The Company operates in euro zone and mainstream of revenue and payments are in euro therefore its exposure to currency risk is not significant. 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 (USD). Substantially all the Company's trade payables and trade receivables in foreign currency are short-term and insignificant as compared to total cash pool in EUR. As the foreign exchange risk is insignificant, the sensitivity analysis of foreign exchange risk is not disclosed. The Company manages foreign exchange risk by minimising the net exposure to open foreign currency position. Further exposure to foreign exchange risk is disclosed in Notes 18, 19, 22 and 23.

Notes to the financial statements

Cash flow and interest rate risk
The Company is exposed to interest rate risk through funding, financing and cash management activities.

At the reporting date the interest rate profile of the Company's interest-bearing financial assets and liabilities:

In thousands of EUR	2024	2023
Financial assets		
Accounts receivables with deferred payments	30,536	35,314
Financial liabilities		
Loans with variable interest rate	-	30,000
Provisions (ARO)	13,462	13,039
Pensions accruals	482	459
Accounts payables with deferred payment	19,182	20,390

A change in the interest rates at the reporting date would have increased (decreased) assets or liabilities and equity by the amounts shown below. This analysis assumes that all other variables remain constant.

In thousands of EUR	Interest rate applied	Change in interest rate (-100 basis points)	Change in interest rate (+100 basis points)	Delta, EUR thousand
Financial assets				
Accounts receivables with deferred payments	5,21%	30,848	30,225	311
Financial liabilities				
Loans with variable interest rate	-	-	-	-
ARO	4,20%	14,307	12,788	845 / (674)
Pensions accruals	2,88%	515	453	33 / (29)
Accounts Payables with Deferred Payment (related to the mobile licenses acquired in 2016)	2,21%	5,104	4,745	184 / (175)
Accounts Payables with Deferred Payment (related to the mobile licenses acquired in 2022)	3,41%	15,437	13,213	1,175 / (1,049)

CREDIT RISK
The financial assets exposed to credit risk represent cash deposits, trade receivables and lease receivables.

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' debts are transferred to external debt collection before contract termination and can be sold to external partner a few times per year.

Impairment provision for trade receivables is calculated on a monthly basis according to the Company's internal policy for trade receivable impairment. Estimation of impairment is based on expected loss of trade receivables categories and application of certain impairment rates to each category. The impairment rates and the Company's internal policy for trade receivable impairment estimation are updated on a yearly basis.

Debtors of the Company may be affected by the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of financial and non-financial assets. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in its impairment assessments.

Notes to the financial statements

The Company has arrangements in place with a third party under which rights to cash flows from trade receivables and substantially all related financial risks are transferred to the third party. The transactions under these arrangements qualify as transfers of the underlying financial assets under the so-called "pass-through" criteria in IFRS 9. The third party also assumes substantially all the credit risk and other financial risks of the underlying assets. These trade receivables are derecognized in full when the contractual rights to the cash flows are passed to the third party. An expense is recognized upon derecognition based on the difference between the carrying amount of the financial asset derecognized and the consideration paid by the third party for the rights to the cash flows from the asset. The expense related to derecognition amounted to EUR 540 thousand.

Credit risk of cash deposits is managed by limiting exposure to financial institutions with credit ratings lower than A (according to Fitch or equivalent ratings by Standard & Poor's or Moody's). As at 31 December 2024, the majority (98 per cent) of the Company's cash and short-term investments were held in A+ rated banks.

LIQUIDITY RISK

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk relates to the availability of sufficient funds for debt service, capital expenditure and working capital requirement or dividend payment. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents. Accordingly, the Company's management implemented formal procedures for liquidity risk management, where minimum required 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 planned annual revenue. In 2024, the Company's average liquidity position amounted to 5.2% of the annual revenue.

The Company's current liabilities exceed current assets by EUR 19,945 thousand and liquidity ratio is below 1. The Company's operating cashflows are sufficient to cover liquidity gap.

The Company has internal control processes and contingency plans for managing liquidity risk. The short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from operations.

For the maturity analysis of the undiscounted cash flows of the Company's borrowings, into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date see Note 23.

To mitigate liquidity risk, in January 2023 the Company signed two-years agreement with its largest shareholder, Telia Company AB, regarding a Revolving credit facility. This facility allowed the Company to borrow any amount up to a total limit of EUR 50 million for 3 or 6 months, with funds available within 2 business days.

In January 2024, the Company has entered into agreement with Telia Company AB and Telia Global Services Lithuania, UAB, a subsidiary of Telia Company AB in Lithuania, on cash pooling at SEB bank. Cash pool arrangement provides the Company with the short-term borrowing possibility to ensure liquidity.

OPERATIONAL TRANSACTION EXPOSURE SENSITIVITY

In most cases, the Company customers are billed in local currency. Receivables from and payables to other operators for international fixed-line traffic and roaming are normally settled net through clearing-houses.

The sensitivity analysis based on the assumption that the operational transaction exposure is equivalent to that in 2024 did not reveal any significant interest rate or currency exchange risk, no hedging measures were taken.

FAIR VALUE ESTIMATION

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. This hierarchy requires the use of observable market data when available.

The objective of the fair value measurement, even in inactive markets, is to arrive at the price at which an orderly transaction would take place between market participants to sell the asset or transfer the liability at the measurement date under current market conditions.

In order to arrive at the fair value of a financial instrument different methods are used: quoted prices, valuation techniques incorporating observable data, and valuation techniques based on internal models. These valuation methods are divided according with the fair value hierarchy in Level 1, Level 2, and Level 3.

The level in the fair value hierarchy within which the fair value of a financial instrument is categorized, is determined on the basis of the lowest level input that is significant to the fair value in its entirety.

The classification of financial instruments in the fair value hierarchy is a two-step process:

1) Classifying each input used to determine the fair value into one of the three levels;
2) Classifying the entire financial instrument based on the lowest level input that is significant to the fair value in its entirety.

Quoted market prices – Level 1
Valuations in Level 1 are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the prices represent actual and regularly occurring market transactions on an arm's length basis.

Valuation techniques using observable inputs – Level 2
Valuation techniques in Level 2 are models where all significant inputs are observable for the asset or liability, either directly or indirectly. Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as price) or indirectly (that is, derived from prices).

Valuation technique using significant unobservable inputs – Level 3
A valuation technique that incorporates significant inputs that are not based on observable market data (unobservable inputs) is classified in Level 3. Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product. Level 3 inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques.

ASSETS AND LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED

The carrying amount of liquid and short-term financial instruments (with maturity below 3 months), for example, cash and cash equivalents, short-term deposits, short-term trade payables and trade receivables, short-term bank borrowings corresponds to its fair value.

Notes to the financial statements

3.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders and issue new shares. The Company defines capital as equity which is disclosed in the statement of financial position.

Pursuant to the Lithuanian Law on Companies the authorised share capital of a joint stock company must be not less than EUR 40,000, and the shareholders' equity should not be lower than 50 per cent of the company's registered share capital. As at 31 December 2024 and 2023, the Company complied with these requirements.

The Company's operations are financed by the external parties as well as by the shareholders' capital. The Company had vendor financing liabilities. For more detailed borrowings related information see Note 23.

The Company is not subject to any externally imposed capital requirements.

3.3 Offsetting financial assets and financial liabilities

Financial assets

The following financial assets are subject to offsetting, according to criteria described in Note 2.8:

In thousands of EUR	**As at 31 December**	
	2024	**2023**
Trade and other receivable		
Gross amounts of recognized financial assets	122,397	102,028
Gross amounts of recognized financial liabilities set off in the statement of financial position	1,147	3,506
Net amounts of financial assets presented in the statement of financial position	**123,544**	**105,534**

Financial liabilities

The following financial liabilities are subject to offsetting, according to criteria described in Note 2.9:

In thousands of EUR	**As at 31 December**	
	2024	**2023**
Trade payables		
Gross amounts of recognized financial liabilities	99,266	127,738
Gross amounts of recognized financial assets set off in the statement of financial position	1,147	3,506
Net amounts of financial liabilities presented in the statement of financial position	**100,413**	**131,244**

Notes to the financial statements

4 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of goodwill
The Company tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.6 and Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 14).

The purpose of impairment test is to ensure that assets are carried at no more than their recoverable amount. The recoverable amounts (that is, the higher of value in use and fair value less cost to sell) are normally determined on the basis of value in use, applying discounted cash flow calculations. In the recoverable amount calculations, management used assumptions that it believes are reasonable based on the best information available.

The key assumptions in the value in use calculations were sales growth, EBITDA margin development, the weighted average return on assets (WARA), CAPEX-to-sales ratio, and the terminal growth rate of free cash flow.

The value in use calculations were based on forecasts approved by management, which management believes reflect past experience, forecasts in industry reports, and other externally available information. The forecasted cash flows were discounted at the weighted average return on assets (WARA). It represents a method of calculating a company's average cost of capital, in which each category of capital is weighted in accordance with the share of that particular category of capital in overall company's financing. WARA mirrors the Internal rate of return (IRR), which is the expected result of the purchase price allocation (PPA). Weighted average cost of capital (WACC) is lower than IRR as a rational and knowledgeable market investor does not invest in projects, which yield is below WACC. Therefore, WACC is usually below WARA and IRR.

Goodwill was tested for impairment at 31 December 2024 and 2023. Calculations were done using pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management determined budgeted profit pre-tax based on past performance, valued contracts with customers and its expectations of market development. For details of assumptions used in impairment valuation are presented in Note 14. Based on analysis performed, the management concluded no impairment loss.

Intangibles
Estimates concerning useful lives of intangibles are disclosed above and amortization charge for the year is disclosed in Note 14. Intangible assets with the estimated useful life and amortization method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. The estimations are done based on the entity's consideration of its own historical experience consistent with the highest and best use of the asset and with the expected use of the asset in future. Recognized intangible asset reflects the period over the asset will contribute. The estimation of the useful life for customer data basis was done based on the. statistics of current number of customers and the disconnected amount of customers over the period.

Property, plant and equipment
Estimates concerning useful lives of property, plant and equipment due to constant technology advances – useful lives are disclosed above and depreciation charge for the year is disclosed in Note 13. Increasing an asset's expected useful life or its residual value would result in a reduced depreciation charge. The useful lives of property, plant and equipment are determined by management at the time the asset is acquired and reviewed on an annual basis for appropriateness. The lives are based on historical experiences with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. Furthermore, network infrastructure cannot be depreciated over a period that extends beyond the expiry of the associated license under which services are provided.

Provisions for asset retirement obligations
The provisions for asset retirement obligations (AROs) represent the Company's best estimate of the future costs for handling hazardous waste such as worn-out telephone poles impregnated with creosote or arsenic and dismantling and restoration of mobile and fixed network sites. Estimating the ARO provisions requires significant judgment regarding the estimation of future cost for dismantling and restoration as well as the timing for settlement. The dismantling and restoration costs are impacted by uncertainty relating to future price development and how the dismantling and restauration work will be performed. There is also significant uncertainty related to the timing of the settlement as this is impacted by Company's network strategy and dismantling plans, contract renewal options for site leases, technology changes and other factors.

For additional information on ARO provisions including their carrying values as of the end of the reporting period, see Note 25.

Impairment allowance for accounts receivable
Impairment allowance for accounts receivable was determined based on the management's estimates on recoverability and timing relating to the amounts that will not be collectable according to the original terms of receivables. This determination requires significant judgment. Judgment is exercised based on significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments. Current estimates of the Company could change significantly as a result of change in situation in the market and the economy as a whole. Recoverability rate also highly depends on success rate and actions employed relating to recovery of significantly overdue amounts receivable.

Allowance for doubtful receivables reflects estimated losses that result from the inability of customers to make required payments. Management determines the size of the allowance based on the likelihood of recoverability of accounts receivable taking into account actual losses in prior years and current collection trends.

Notes to the financial statements

LEASES

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Significant management judgment is required in determining whether the contract is a lease or a service agreement. To determine if a contract is a lease an assessment of whether, throughout the period of use, the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset.

Especially for contracts for network related assets (technical space and technical equipment) where the contract is related to the use of a portion of a larger asset this assessment requires significant judgment and analysis of the contract terms and the facts and circumstances such as for example the technological aspects of the asset.

Lease term

Determining the lease term requires management judgment as the estimated lease term includes the non-cancellable period of the lease together with both periods covered by extension options, if the lessee is reasonably certain to exercise that option, and periods covered by termination options if the lessee is reasonable certain not to exercise that option.

The threshold for reasonably certain is deemed to be higher than “more likely than not”, but lower than “virtually certain” in IAS 37 “Provisions, contingent liabilities and contingent assets”. Extension and termination options are included in a number of Company’s lease contracts.

When determining the lease term, Company considers all facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option. Example of factors that are considered are: strategic plans, assessment of future technology changes, the importance of the underlying asset to Company’s operations and/or costs associated with not extending or not terminating the lease.

Discount rate

The future lease payments are discounted using either the interest rate implicit in the contract, if that rate can be readily determined, or the lesee’s incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most contracts, Company has discounted the future lease payments using the incremental borrowing rate. Determining the incremental borrowing rate requires management judgement. The incremental borrowing rate is based on Company’s external funding rate by currency and by duration of the estimated lease term. The rate is also adjusted for geographical risks and credit risks.

For additional information on leases and carrying value, see Note 23.

Notes to the financial statements

5 Revenue

In thousands of EUR	Year ended 31 December	
	2024	2023
Mobile services	177,631	165,685
Equipment sales revenue	97,147	97,420
Internet services	79,952	75,815
Voice telephony services	37,268	38,593
TV services	38,069	37,473
IT services	29,066	27,860
Data communication and network capacity services	18,483	18,063
Finance lease revenue	5,353	7,697
Other services	8,145	7,972
Total	**491,114**	**476,578**

Disaggregation of revenue for the year ended 31 December 2024:

In thousands of EUR	January – December 2024			
	B2B	B2C	Other	Total
At point in time	40,253	74,102	5,172	119,527
Over time	135,522	236,049	16	371,587
Total	**175,775**	**310,151**	**5,188**	**491,114**

Disaggregation of revenue for the year ended 31 December 2023:

In thousands of EUR	January – December 2023			
	B2B	B2C	Other	Total
At point in time	38,652	76,001	5,053	119,706
Over time	133,742	223,115	15	356,872
Total	**172,394**	**299,116**	**5,068**	**476,578**

6 Cost of goods and services

In thousands of EUR	Year ended 31 December	
	2024	2023
Costs of goods and services purchased	135,916	132,958
Network's interconnection	37,292	39,575
Network capacity costs	13,808	13,871
Total	**187,016**	**186,404**

7 Other operating expenses

In thousands of EUR	Year ended 31 December	
	2024	2023
Energy, premises and transport costs	18,970	17,910
Marketing expenses	16,690	17,049
Consultations and other services from group	10,956	11,277
Maintenance and other services	7,022	7,296
Impairment of accounts receivable	1,670	1,241
Other expenses	6,533	6,565
Total	**61,841**	**61,338**

Agreement with KPMG Baltics UAB sets out that an amount of EUR 184 thousand (VAT exclude) shall be paid for the audit of the annual financial statements and assessment of the annual reportfor the years 2024.

Notes to the financial statements

8 Other gain (loss)

In thousands of EUR	Year ended 31 December	
	2024	2023
Gain on sales of property, plant and equipment	1,860	1,314
Loss on sales of property, plant and equipment	(228)	(102)
Other gain (loss)	(135)	(497)
Total	**1,497**	**715**

9 Finance and investment activities – net

In thousands of EUR	Year ended 31 December	
	2024	2023
Interest income from trade receivables	574	578
Interest income on finance leases	504	338
Interest income on cash and cash equivalents	314	281
Cash pool interest income	863	-
Foreign exchange gain on financing activities	9	-
Other finance income	38	19
Finance income	**2,302**	**1,216**
Interest expenses on leases	(3,428)	(3,057)
Interest expenses on borrowings	(4,655)	(5,876)
Foreign exchange loss on financing activities	-	(4)
Other finance costs	(57)	(52)
Finance costs	**(8,140)**	**(8,989)**
Finance and investment activities – net	**(5,838)**	**(7,773)**

10 Income tax

In thousands of EUR	Year ended 31 December	
	2024	2023
Current tax expenses	10,368	9,178
Deferred tax change (Note 24)	627	(909)
Total	**10,995**	**8,269**

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 2024 to EUR 2.9 million (2023: EUR 3.4 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.

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

In thousands of EUR	Year ended 31 December	
	2024	2023
Profit before income tax	**82,614**	**71,863**
Tax calculated at a tax rate of 15% (2023: 15%)	12,392	10,779
Income not subject to tax (-) and expenses not deductible for tax purposes (+)	2,251	468
Tax relief	(2,886)	(3,411)
Other	(762)	433
Income tax expense recognized in profit or loss and other comprehensive income statement	**10,995**	**8,269**
Effective tax rate	**13.31%**	**11.51%**

Notes to the financial statements

11 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.

In thousands of EUR, except per share data	Year ended 31 December	
	2024	2023
Net profit	**71,619**	**63,594**
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613
Basic earnings per share (EUR)	**0.123**	**0.109**

12 Dividends per share

The dividends per share declared in respect of 2023 and 2022 and paid in 2024 and 2023 were EUR 0.09 and EUR 0.06 respectively.

13 Property, plant and equipment

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

In thousands of EUR	Year ended 31 December	
	2024	2023
Depreciation of property, plant and equipment (Note 13)	45,062	48,005
Impairment of property, plant and equipment (Note 13)	509	310
Amortisation of intangible assets (Note 14)	28,135	26,691
Impairment of intangible assets (Note 14)	-	-
Amortisation of right-of-use-asset (Note 15)	11,573	10,540
Total	**85,279**	**85,546**
Impairment of assets classified as held for sale	-	-
Total	**85,279**	**85,546**

Notes to the financial statements

13 Property, plant and equipment (continued)

In thousands of EUR	Land and buildings	Ducts and telecommunication equipment	Other tangible fixed assets	Construction in progress	Total
Year ended 31 December 2023					
Opening net book amount	**9,776**	**225,343**	**10,943**	**23,591**	**269,653**
Additions	-	681	-	34,711	35,392
Reclassifications	(1,578)	47	-	92	(1,439)
Disposals and write-offs	(1)	(1,571)	19	-	(1,553)
Transfers from construction in progress	1,296	36,537	4,865	(42,698)	-
Depreciation charge	(1,244)	(41,878)	(4,883)	-	(48,005)
Impairment charge	-	(310)	-	-	(310)
Closing net book amount	**8,249**	**218,849**	**10,944**	**15,696**	**253,738**
At 31 December 2023					
Cost	27,530	769,166	50,697	15,696	863,089
Accumulated depreciation	(19,240)	(549,341)	(39,752)	-	(608,333)
Impairment charge	(41)	(976)	(1)	-	(1,018)
Net book amount	**8,249**	**218,849**	**10,944**	**15,696**	**253,738**
Year ended 31 December 2024					
Opening net book amount	**8,249**	**218,849**	**10,944**	**15,696**	**253,738**
Additions	-	316	-	36,309	36,625
Reclassifications	(266)	199	65	(474)	(476)
Disposals and write-offs	(180)	(436)	(6)	-	(622)
Transfers from construction in progress	460	29,134	1,914	(31,508)	-
Depreciation charge	(1,284)	(39,275)	(4,503)	-	(45,062)
Impairment charge	-	(509)	-	-	(509)
Closing net book amount	**6,979**	**208,278**	**8,414**	**20,023**	**243,694**
At 31 December 2024					
Cost	27,040	755,930	46,362	20,023	849,355
Accumulated depreciation	(20,021)	(546,878)	(37,948)	-	(604,847)
Impairment charge	(40)	(774)	-	-	(814)
Net book amount	**6,979**	**208,278**	**8,414**	**20,023**	**243,694**

During 2024, the Company has written-off fully depreciated assets for EUR 19,453 thousands of acquisition cost (during 2023: EUR 32,497 thousand).

During 2024, the Company has done the reclassification from tangible assets to assets held for sale in amount of EUR 0 thousand (during 2023: EUR 1,556 thousand).

During 2024 and 2023, the Company had no reclassifications from assets held for sale to tangible assets.

Also, the Company reviewed the accounted projects and had no reclassifications from tangible assets to intangible assets.

The Company still uses depreciated property, plant and equipment with acquisition cost as at 31 December 2024 amounting to EUR 188,258 thousand (2023: EUR 293,156 thousand), comprising buildings with acquisition cost as at 31 December 2024 amounting to EUR 7,998 thousand (2023: EUR 7,078 thousand), plant and machinery with acquisition cost of EUR 153,534 thousand (2023: EUR 261,779 thousand) and other fixtures, fitting, tools and equipment with acquisition cost of EUR 26,726 thousand (2023: EUR 24,299 thousand).

The category 'Ducts and telecommunication equipment' includes terminal equipment leased by the Company to third parties under operating leases with the following carrying amounts:

In thousands of EUR	2024	2023
Cost	75,913	73,657
Accumulated depreciation at 1 January	(53,725)	(48,549)
Depreciation charge for the year	(7,034)	(6,891)
Disposals and write-offs accumulated depreciation	5,709	1,716
Net book amount	**20,863**	**19,933**

Notes to the financial statements

14 Intangible assets

In thousands of EUR	Licenses and software	Goodwill	Other intangible assets*	Construction in progress**	Total
Year ended 31 December 2023					
Opening net book amount	**88,540**	**26,769**	**27,805**	**26,305**	**169,419**
Additions	-	-	-	25,870	25,870
Reclassifications	-	-	-	(83)	(83)
Disposals and write-offs	(4)	-	-	-	(4)
Transfers to other accounts	15,479	-	-	(15,479)	-
Amortisation charge	(23,252)	-	(3,439)	-	(26,691)
Closing net book amount	**80,763**	**26,769**	**24,366**	**36,613**	**168,511**
At 31 December 2023					
Cost	177,525	29,408	53,125	36,613	296,671
Accumulated amortisation	(96,762)	-	(28,759)	-	(125,521)
Impairment charge	-	(2,639)	-	-	(2,639)
Net book amount	**80,763**	**26,769**	**24,366**	**36,613**	**168,511**
Year ended 31 December 2024					
Opening net book amount	**80,763**	**26,769**	**24,366**	**36,613**	**168,511**
Additions	-	-	-	26,537	26,537
Reclassifications	-	-	-	476	476
Disposals and write-offs	(483)	-	(1)	-	(484)
Transfers to other accounts	17,571	-	-	(17,571)	-
Amortisation charge	(24,697)	-	(3,438)	-	(28,135)
Closing net book amount	**73,154**	**26,769**	**20,927**	**46,055**	**166,905**
At 31 December 2024					
Cost	192,266	29,408	53,124	46,055	320,853
Accumulated depreciation	(119,112)	-	(32,197)	-	(151,309)
Impairment charge	-	(2,639)	-	-	(2,639)
Net book amount	**73,154**	**26,769**	**20,927**	**46,055**	**166,905**

* Other intangible assets at 31 December 2024 consist of the client base and trademark (acquired while merging AB Omnitel) for an amount of EUR 20,932 thousand (31 December 2023: EUR 24,369 thousand), the remaining amortisation period is 6 years.

** Construction in progress comprise intangible assets developed for internal use and provision of services, are expected to be completed within 2025.

During 2024, the Company has written-off fully amortised assets for EUR 13,822 thousands of acquisition cost (during 2023: EUR 11,401 thousand).

During 2024 and 2023, the Company reviewed the accounted projects and had no reclassifications from tangible assets to intangible assets.

At the end of 2024, the carrying value of client base was EUR 21.0 million and goodwill – EUR 24.7 million. Management measured their recoverable amounts using value in use method. Management determined budgeted profit pre-tax based on past performance, valued contracts with customers and its expectations of market development. Carrying amount of goodwill was allocated to the mobility business as cash generating unit (CGU), working capital and capital investments were allocated to CGU as a proportion of sales. Cash flows beyond the five-year period are extrapolated using the estimated rates as follows: for client base – growth rate perpetuity: 2% (2023: 2.1%), discount rate: 7.36% (2023: 4.42%); for goodwill: growth rate perpetuity: 1% (2023: 1%), discount rate: 7.36% (2023: 4.42%). The discount rates used are pre-tax and reflect specific risks relating to the relevant cash generating units. Based on analysis performed, the management concluded no impairment loss. If the discount rate is increased by 10 p. p. client base or goodwill would not be impaired.

Provision of fixed, long distance and international telecommunication services (including transmission) is not a subject to licensing in Lithuania.

In the beginning of August 2022, the Company won the auction for 3.5 GHz radio frequency license by offering the highest bid of EUR 7 million. The Company acquired the cleanest and least constrained 100 MHz radio frequency block from 3,400-3,700 MHz band.

At the end of August, 2022 the auction for 700 MHz radio frequency license was over. The Company acquired 2x10 MHz radio frequency block for EUR 23 million that covers the largest territory of the country in the 700 MHz band. It allows consumers to use a combined spectrum thus improving 4G speed and coverage, especially in low density areas.

In total, the Company will pay EUR 30 million over 20 years to the Lithuanian state budget for both 5G frequency bands. The initial 30 per cent payments for both licenses (in total EUR 9 million) are already made.

The Company still uses amortized software and licenses with acquisition cost as at 31 December 2024 amounting to EUR 41,425 thousand (2023: EUR 20,048 thousand).

Notes to the financial statements

15 Right-of-use-assets

In thousands of EUR	Land and premises	Dark fibre	Equipment rent	Other	Total
Year ended 31 December 2023					
Opening net book amount	**36,018**	**8,134**	**-**	**843**	**44,995**
Additions	2,794	2	6,758	512	10,066
Lease modifications	4,074	1,370	-	1,927	7,371
Disposals and write-offs	-	-	(6,758)	-	(6,758)
Amortisation charge	(8,893)	(1,093)	-	(554)	(10,540)
Closing net book amount	**33,993**	**8,413**	**-**	**2,728**	**45,134**
At 31 December 2023					
Cost	72,460	14,305	-	4,400	91,165
Accumulated amortisation	(38,467)	(5,892)	-	(1,672)	(46,031)
Net book amount	**33,993**	**8,413**	**-**	**2,728**	**45,134**
Year ended 31 December 2024					
Opening net book amount	**33,993**	**8,413**	**-**	**2,728**	**45,134**
Additions	3,108	-	5,800	1,079	9,987
Lease modifications	7,084	2,144	-	201	9,429
Disposals and write-offs	-	-	(5,800)	-	(5,800)
Amortisation charge	(9,378)	(1,124)	-	(1,071)	(11,573)
Closing net book amount	**34,807**	**9,433**	**-**	**2,937**	**47,177**
At 31 December 2024					
Cost	82,647	16,449	-	5,682	104,778
Accumulated depreciation	(47,840)	(7,016)	-	(2,745)	(57,601)
Net book amount	**34,807**	**9,433**	**-**	**2,937**	**47,177**

16 Inventories

In thousands of EUR	As at 31 December	
	2024	**2023**
Goods for resale	14,288	14,035
Supplies and consumables	430	40
	14,718	**14,075**
Less: allowance for obsolete inventory	(1,681)	(1,458)
Total	**13,037**	**12,617**

17 Financial instruments by category

The accounting policies for the financial instruments have been applied to the line item below:

In thousands of EUR	As at 31 December	
	2024	**2023**
Assets as per statement of financial position		
Financial assets measured at amortized cost		
Contract assets	1,798	1,729
Trade and other receivables	82,762	91,971
Finance lease receivables	11,213	11,834
Cash pool receivables	27,771	-
Cash and cash equivalents	7,025	20,604
Total	**130,569**	**126,138**

All financial liabilities of the Company amounting to EUR 100,413 thousand (2023: EUR 131,244 thousand) fell under the category of other financial liabilities, there are no liabilities at fair value through profit and loss.

Notes to the financial statements

18 Trade and other receivables, finance lease receivables other assets

In thousands of EUR	As at 31 December	
	2024	**2023**
Trade receivables from business customers and residents	84,524	91,162
Trade receivables from other operators	1,313	2,192
Total trade receivables	**85,837**	**93,354**
Less: provision for impairment of receivables	(6,246)	(5,400)
Trade receivables – net	**79,591**	**87,954**
Receivables from companies collecting payments for telecommunication services	509	566
Prepaid expenses and other receivables	4,476	3,608
Finance lease receivables	11,213	11,833
Cash pool receivables (Note 27)	27,771	-
Receivables from related parties (Note 27)	1,780	2,628
	125,340	**106,589**
Less: non-current portion	(26,042)	(24,837)
Current portion	**99,298**	**81,752**

All non-current receivables are due within three years from the reporting date.

The fair values of trade and other receivables are approximate to their carrying values.

The maximum exposure to credit risk at the reporting date is the carrying value of receivables mentioned above. The Company does not hold any collateral as security.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

As at 31 December 2024, the Company's trade receivable of EUR 85,837 thousand (2023: EUR 93,206 thousand) were not impaired and provided for. The amount of the Company's provision was EUR 6,246 thousand as at 31 December 2024 (2023: EUR 5,400 thousand). Impairment allowance by major part has been recognized on an issued invoices, based on the impairment rates assessed by management.

The Company started to account an expected credit losses on account receivables according to IFRS 9 requirements.

The main rules used in calculation of expected credit losses are as following:

- Historical data is used to estimate expected credit losses.
- A provision matrix specifies fixed provision rates depending on the number of days that account receivable is past due.
- The same provision rate is applied to all customer's account receivables (which may have different days past due) according to the oldest due date. Postponed payments for instalments are also included in calculation of expected credit losses.
- Different provision rates are applied for different customer segments – Mobility B2C; Mobility B2B; Broadband B2C; Broadband B2B/B2O as historical credit loss experience shows different loss patterns for these segments. This means that in case customer has services in different systems (e.g. Broadband and Mobility) different provision rates will be applied for the same customer.

The loss allowance is measured at an amount equal to lifetime expected credit losses, except for the following, for which the loss allowance is measured at an amount of twelve months expected credit losses:

- Financial assets that are determined to have low credit risk at the reporting date.
- Financial assets for which the credit risk has not increased significantly since initial recognition.

The loss allowance for trade receivables and contract assets is always measured at an amount equal to lifetime expected credit losses, applying the simplified approach according to IFRS 9. The general model is applied for all other financial assets. Impairment losses on trade receivables, lease receivables, and contract assets are recognized within Other external expenses.

Notes to the financial statements

The ageing of these receivables is as follows:

In thousands of EUR	As at 31 December	
	2024	2023
Trade receivable total	**85,837**	**93,354**
Of which not overdue	67,550	72,654
Overdue up to 3 months	13,144	16,688
4 to 6 months	829	847
Over 6 months	4,314	3,165

There were no age of past due but not impaired accounts receivable.

The carrying amounts of the trade and other receivables are denominated in the following currencies:

In thousands of EUR	As at 31 December	
	2024	2023
Currency		
EUR	123,536	104,380
Other currency	1,804	2,209
Total	**125,340**	**106,589**

Movements of impairment for trade receivables are as follows:

In thousands of EUR	As at 31 December	
	2024	2023
At the beginning of year	**5,400**	**5,324**
Receivables written off during the year as uncollectible	(824)	(1,014)
Provision for receivables impairment / Unused amount reversed (-)	1,670	1,090
At the end of year	**6,246**	**5,400**

The recognition and release of provision for impaired receivables have been included in “Other operating expenses” in the profit or loss (Note 7).

19 Cash and cash equivalents

In thousands of EUR	As at 31 December	
	2024	2023
Cash in hand and at bank	7,025	20,604
Total	**7,025**	**20,604**
Cash pool receivables *	27,771	-
Cash and cash equivalents in the statement of cash flows	**34,796**	**20,604**

* The balance on the transaction account is readily convertible to a known amount of cash, as the Company is able to withdraw the funds without any requirement for permission from Telia Company AB. Hence the balance on the transaction account is highly liquid.

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

In thousands of EUR	As at 31 December	
	2024	2023
Currency		
EUR	7,015	20,560
USD	10	44
Total	**7,025**	**20,604**

The credit quality of cash in hand and at bank can be assessed by reference to Standard & Poor’s long term credit ratings (or equivalent by Moody’s):

In thousands of EUR	As at 31 December	
	2024	2023
A+	6,219	19,662
A	401	-
Baa1 (Moody’s)	105	774
Other	300	168
Total	**7,025**	**20,604**

The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents classified as other cash and cash equivalents.

Notes to the financial statements

20 Issued capital

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

21 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.

At the end of 2024 and 2023, the legal reserve was EUR 16.9 million.

22 Trade, other payables and accrued liabilities

In thousands of EUR	As at 31 December	
	2024	**2023**
Trade payables	32,179	21,327
Taxes, salaries and social security payable	16,938	16,582
Accrued liabilities	7,137	5,547
Amounts payable to related parties (Note 27)	2,941	3,175
Trade payables to operators	2,680	3,497
Accruals to operators	2,628	2,747
Other payables and deferred revenue	23,629	24,737
	88,132	**77,612**
Less non-current portion	(18,394)	(19,036)
Current portion	**69,738**	**58,576**

In the beginning of August 2022, the Company won the auction for 3.5 GHz radio frequency license by offering the highest bid of EUR 7 million. The Company acquired the cleanest and least constrained 100 MHz radio frequency block from 3,400-3,700 MHz band.

At the end of August 2022, the auction for 700 MHz radio frequency license was over. The Company acquired a 2x10 MHz radio frequency block for EUR 23 million that covers the largest territory of the country in the 700 MHz band. It allows consumers to use a combined spectrum thus improving 4G speed and coverage, especially in low density areas.

In total, the Company will pay EUR 30 million over 20 years to the Lithuanian state budget for both 5G frequency bands. The initial 30 per cent payments for both licenses (in total EUR 9 million) are already made.

The carrying amounts of the trade and other payables are denominated in the following currencies:

In thousands of EUR	As at 31 December	
	2024	**2023**
Currency		
EUR	84,490	76,316
Other currency	3,642	1,296
Total	**88,132**	**77,612**

Notes to the financial statements

23 Borrowings and lease liabilities

In thousands of EUR	As at 31 December	
	2024	2023
Current		
Borrowings	-	55,000
Reverse factoring	50,150	36,782
Lease liabilities	14,890	14,505
	65,040	**106,287**
Non-current (due between 2 and 5 years)		
Borrowings	-	-
Lease liabilities	44,474	42,495
	44,474	**42,495**
Total borrowings and lease liabilities	**109,514**	**148,782**

All the borrowings denominated in EUR.

As at 31 December 2023, an outstanding amount of a syndicated bank loan which is due in May 2024 was EUR 30 million.

An amount of EUR 25 million was borrowed from Telia Company AB under Revolver credit facility agreement signed in January 2023.

The Company participates in a 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 bank is acting as an agent when paying the 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 amount in approximately one-year period, no longer than that (actual term depends on few variables agreed between all 3 parties). The actual term depends on several variables agreed upon by all three parties, one of which is the EURIBOR interest rate.

All arrangements in the vendor financing portfolio provide earlier payment for the vendors and extended payment terms for the Company. Due dates for the payables within the vendor financing arrangements are 40-360 days after invoice date, with the majority of the outstanding balance closer to 360 days.

To mitigate the impact of the interest rate, the Company had renegotiated the conditions of the SIF program. The credit period does not exceed 12 months; therefore, the payable amounts are not discounted.

The total vendor financing balance is divided between four banks, where the bank with the largest balance represents 79% (OP Corporate Bank plc).

There were 25 suppliers which participated in SIF program during 2024 (30 in 2023) and used over EUR 50 million (used over EUR 47 million in 2023) cash flow.

The Company's maturity analysis of lease liabilities is as follows:

In thousands of EUR	As at 31 December			
	Due in 1 year	Due between 2 and 5 years	Due after 5 years	Total
Minimum lease payments at 31 December 2023	17,416	38,505	12,807	68,728
Less future finance charges	(2,911)	(6,146)	(2,671)	(11,728)
Present value of minimum lease payments at 31 December 2023	**14,505**	**32,359**	**10,136**	**57,000**
Minimum lease payments at 31 December 2024	17,711	38,665	14,261	70,637
Less future finance charges	(2,821)	(5,612)	(2,840)	(11,273)
Present value of minimum lease payments at 31 December 2024	**14,890**	**33,053**	**11,421**	**59,364**

Amounts recognized in the statement of comprehensive income

The statement of comprehensive income includes the following amounts relating to leases:

In thousands of EUR	As at 31 December	
	2024	2023
Expenses relating to short-term, low value assets	2,343	2,192

Notes to the financial statements

24 Deferred taxes

On 1 February 2017, AB Omnitel was merged into the Company therefore, a tax goodwill of EUR 71.2 million was calculated upon the merger. The Company was also potentially liable to recognise a deferred tax asset of approx. EUR 10 million due to potential additional tax amortisation of goodwill, however, due to the negative binding ruling received from the Tax Authorities, such deferred tax asset was not recognised by the Company. The negative binding ruling was appealed to the Supreme Administrative Court. As at 6 November 2019, the Supreme Administrative Court passed a negative ruling.

In 2020, the Company has renewed the discussions with Tax Authorities regarding tax goodwill recognition and filed for an adjustment of the FY 2017 Corporate Income Tax return. In the adjusted return the Company claimed right to tax deduction for goodwill amortization as well as loan interest expenses relating to a merger transaction in 2017.

The Tax Authorities has completed the tax audit of the Company for the year of 2017. A final decision was issued by the Tax Authorities on 29 October 2021. The Company has been granted partial right to goodwill and loan interest expenses deduction for 2017 as well as exempted from fines and penalties. This decision and deduction was also applicable for the period of 2018-2021 and will be applicable for further goodwill deduction until 2032.

The net movement on the deferred tax liabilities and deferred tax assets is as follows:

In thousands of EUR	As at 31 December	
	2024	2023
Deferred tax assets and liabilities		
At the beginning of year	**16,965**	**17,874**
Charged/ (credited) to profit or loss (Note 10)	627	(909)
At the end of year	**17,592**	**16,965**

The analysis of deferred tax assets and deferred tax liabilities is as the follows:

In thousands of EUR	As at 31 December	
	2024	2023
Deferred tax assets and liabilities		
Deferred tax asset to be recovered / liability settled after more than 12 months	17,705	17,123
Deferred tax asset to be recovered / liability settled within 12 months	(113)	(158)
At the end of year	**17,592**	**16,965**

The movement in deferred tax assets and liabilities of the Company (prior to offsetting of balances) during the period is as follows:

Deferred tax liabilities In thousands of EUR	Investment relief[1]	Difference in useful lives[2]	IFRS 16	Other	Total
At 31 December 2023	**1,067**	**15,623**	**9,827**	**1,762**	**28,279**
Charged / (credited) to profit or loss	(113)	901	977	75	1,840
At 31 December 2024	**954**	**16,524**	**10,804**	**1,837**	**30,119**

Deferred tax assets In thousands of EUR	Tax losses	Assets retirement obligation	IFRS 16	Other	Total
At 31 December 2023	**-**	**(1,956)**	**(8,850)**	**(508)**	**(11,314)**
Charged / (credited) to profit or loss	-	(198)	(950)	(65)	(1,213)
At 31 December 2024	**-**	**(2,154)**	**(9,800)**	**(573)**	**(12,527)**

[1] under investments relief applied till year 2001, value of assets invested was deducted for income tax purpose in the year of investment. Further depreciation expenses of these assets are not tax-deductible therefore deferred tax liability was created. It will be fully utilized during useful lives of these assets.

[2] when depreciation is prolonged for accounting purposes, as useful lives set by tax laws are shorter than normal wear-and-tear rates.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

In thousands of EUR	As at 31 December	
	2024	2023
Deferred tax asset	(12,527)	(11,314)
Offset with deferred tax liabilities	12,527	11,314
Deferred tax asset as per statement of financial position	**-**	**-**
Deferred tax liabilities	30,119	28,279
Offset with deferred tax asset	(12,527)	(11,314)
Deferred tax liabilities as per statement of financial position	**17,592**	**16,965**

Notes to the financial statements

25 Provisions

The Company provisions movement during January-December 2024:

In thousands of EUR	Assets retirement obligation
Closing net book amount at 31 December 2022	**13,179**
Additions	681
Unwinding of discounting	379
Used provisions	(72)
Adjustment for change in discount rate, timing	(1,128)
Closing net book amount at 31 December 2023	**13,039**
Additions	316
Unwinding of discounting	286
Used provisions	(88)
Adjustment for change in discount rate, timing	(91)
Closing net book amount at 31 December 2024	**13,462**

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.

Remaining provisions as at 31 December 2024, are expected to be fully utilized in the period 2025–2100, depending on factors such as any contractual renewal options for site leases and dismantling plans decided by management.

26 Contingent liabilities and contingent assets

Guarantees

As at 31 December 2024, the aggregate guarantees (obligations guaranteed under tender, agreement performance and advance payment arrangements) provided by AB SEB Bankas, AB Lietuvos Draudimas and AAS BTA Baltic Insurance Company branch in Lithuania on behalf of the Company amounts to EUR 1,009 thousand (2023: EUR 1,022 thousand).

As at 31 December 2024, tender, agreement performance and advance payment guarantees represented the following expected maturities:

Expected maturity In thousands of EUR	Jan-Mar 2025	Apr-Jun 2025	Jul-Sep 2025	Oct-Dec 2025	2026	2027	2028	2029 and later	Total
Guarantees	166	130	6	118	131	64	12	382	1,009

Minimum lease payments receivable

The future minimum lease payments to be received under non-cancellable operating leases are as follows:

In thousands of EUR	As at 31 December 2024	2023
Not later than 1 year	8,543	8,607
Later than 1 year but not later than 5 years	33,353	30,490
Total	**41,896**	**39,097**

Minimum lease payments recognized in the statement of profit or loss and other comprehensive income during 2024 were EUR 8,297 thousand (2023: EUR 7,722 thousand).

There were no material variable lease payments related to operating leases during 2024 or 2023.

The future minimum lease payments to be received:

- not later than 1 year consist of EUR 427 thousand Telia Asset Finance (TAF) contracts <EUR 5,000 and EUR 8,116 thousand other equipment (2023: EUR 905 thousand and EUR 7,702 thousand);
- later than 1 year but not later than 5 years consist of EUR 103 thousand Telia Asset Finance (TAF) contracts <EUR 5,000 and EUR 33,250 thousand other equipment (2023: EUR 510 thousand and EUR 29,980 thousand).

Notes to the financial statements

Capital commitments

Capital expenditure contracted for at the reporting date but not recognized in the financial statements is as follows:

In thousands of EUR	As at 31 December	
	2024	2023
Property, plant and equipment	4,165	8,796
Intangible assets	661	605
Total	**4,826**	**9,401**

27 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:

In thousands of EUR	Year ended 31 December	
	2024	2023
Sales of telecommunication and other services to Telia Company AB and its subsidiaries		
Sales of telecommunication and other services	10,406	10,589
of which Telia Company AB	-	3
Cash pool interest income	795	-
Sale of assets	381	-
Other sales	20	-
Total sales of telecommunication and other services	**11,602**	**10,589**

In thousands of EUR	Year ended 31 December	
	2024	2023
Purchases of assets and services from Telia Company AB and its subsidiaries:		
Purchases of services	15,656	17,068
of which Telia Company AB	12,394	12,090
Interest expenses on borrowings (incl. commitment fee)	1,177	1,938
Purchases of assets	174	984
Other purchases	346	173
Total purchases of assets and services	**17,353**	**20,163**

Year-end balances arising from sales / purchases of assets / services:

Receivables and accrued revenue from related parties:

In thousands of EUR	As at 31 December	
	2024	2023
Receivables and accrued revenue from Telia Company AB and its subsidiaries:		
Long term receivables	-	-
Short-term receivables	1,673	2,414
of which Telia Company AB	29	337
Interest bearing receivables (cash pool)	27,771	-
Accrued revenue	107	214
Total receivables and accrued revenue	**29,551**	**2,628**

The receivables from related parties arise mainly from sale transactions and due one month after the date of sale. The receivables are unsecured in nature and bear no interest. No provisions are held against receivables from related parties as at 31 December 2024 and 2023.

Notes to the financial statements

Payables and accrued expenses to related parties:

In thousands of EUR	As at 31 December	
	2024	**2023**
Borrowings, payables and accrued expenses from Telia Company AB and its subsidiaries:		
Borrowings	-	25,000
Short term borrowings	**-**	**25,000**
Short-term payables	2,940	3,668
of which Telia Company AB	1,054	1,119
Accrued expenses	517	170
Total payables and accrued expenses	**3,457**	**3,838**

On 10 January 2023, the Company had signed 2-years agreement regarding revolving credit facility with Telia Company AB that provides the Company with the possibility to borrow any amount up to a total limit of EUR 50 million for 3 or 6 months within 2 business days. As at 31 December 2024, the Company had no outstanding internal loans provided by Telia Company AB (2023: EUR 25 million).

All transactions with related parties are carried out based on an arm's length principle.

In 2024, dividends paid out to Telia Company AB amounted to EUR 46,224 thousand (2023: EUR 30,516 thousand).

Remuneration of the Company's key management

In thousands of EUR	As at 31 December	
	2024	**2023**
Remuneration of key management personnel	7,001	6,347
Social security contributions on remuneration	124	115
Total remuneration	**7,125**	**6,462**

Key management includes CEO, Heads of Units directly reporting to CEO and Heads of the largest Units of the Company. The total number of top management personnel employed as at 31 December 2024 was 49 (as at 31 December 2023: 50).

According to the Law, the rate of social security contribution on remuneration paid by the Company is 1.77%.

The total amount of annual payments (tantiemes) assigned to two independent members of the Board of the Company for the year 2023 during 2024 amounted to EUR 37 thousand. All remuneration of the Company's key management falls under short term employee benefits.

Notes to the financial statements

28 Costs to obtain a contract

Contract cost assets balance roll forward:

In thousands of EUR	As at 31 December	
	2024	2023
Contract cost assets at the beginning of the year	**5,477**	**5,498**
Increase of contract assets due to new contracts within the year	7,488	7,250
Amortization expense of costs to obtain contracts	(7,378)	(7,271)
Contract cost assets as at 31 December	**5,587**	**5,477**

Costs to obtain a contract are incremental costs incurred as a result of 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 for contract renewal, the asset is amortized over the minimum contract term.

29 Contract assets and liabilities

Contract assets balance roll forward:

In thousands of EUR	As at 31 December	
	2024	2023
Current contract assets at 1 January	**1,012**	**1,266**
Increase in the balance due to new contract modification	1,200	1,496
Decrease in balance due to normal unwind or contract modification	(837)	(1,750)
Current contract assets as at 31 December	**1,375**	**1,012**
Non-current contract assets at 1 January	**718**	**537**
Increase in the balance due to new contracts	72	196
Decrease in balance due to normal unwind or contract modification	(367)	(15)
Non-current contract assets as at 31 December	**423**	**718**
Total contract assets as at 31 December	**1,798**	**1,730**
Current contract liabilities at 1 January	**2,895**	**2,389**
Increase in contract liability during the year	3,189	2,950
Derecognition of contract liability	(3,017)	(2,444)
Current contract liabilities as at 31 December	**3,067**	**2,895**
Non-current contract liabilities at 1 January	**-**	**-**
Increase in the balance due to new contracts	-	-
Decrease in balance due to normal unwind or contract modification	-	-
Balance transfer from non-current to current contract liabilities	-	-
Non-current contract liabilities as at 31 December	**-**	**-**
Total contract liabilities as at 31 December	**3,067**	**2,895**

Notes to the financial statements

29 Contract assets and liabilities (continued)

Unsatisfied performance obligations

The following reflects the amount of the transaction price in long-term contracts, which relates to either partially or fully unsatisfied performance obligation as at 31 December 2024:

Expected revenue recognition of unsatisfied performance obligations In thousands of EUR	2025	2026 and onwards	Total 31 December 2024	Total 31 December 2023
Total unsatisfied performance obligations	978	291	1,269	1,165

30 Events after the reporting period and going concern

As of the date of approval of these financial statements, there have been no material events or transactions that have occurred subsequent to the statement of financial position date that would require adjustment to or disclosure in the financial statements.

Other

Corporate governance reporting form

for the year ended 31 December 2024

The public limited liability company Telia Lietuva, AB (hereinafter referred to as the “Company”), acting in compliance with Article 12 (3) of the Law of the Republic of Lithuania on Securities and paragraph 24.5 of the Listing Rules of AB Nasdaq Vilnius, hereby discloses how it complies with the Corporate Governance Code for the Companies listed on Nasdaq Vilnius as well as its specific provisions or recommendations. In case of non-compliance with this Code or some of its provisions or recommendations, the specific provisions or recommendations that are not complied with must be indicated and the reasons for such non-compliance must be specified. In addition, other explanatory information indicated in this form must be provided.

1. Summary of the Corporate Governance Reporting Form

According to the By-Laws of Telia Lietuva, AB, the governing bodies of the Company are the General Shareholder’s Meeting, the Board and CEO. 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 four representatives of the largest shareholder, Telia Company, and two independent members of the Board. Following the By-Laws of the Company the Board is elected for a term of two years. There are two committees in the Company: Audit and Remuneration. The Company does not have a Nomination Committee as its functions are performed by the Remuneration Committee. The Board elect members of both committees for a term of two years. Three members of the Board, whereof two are independent, comprise the Audit Committee, and three members of the Board, whereof one is independent, comprise the Remuneration Committee. The Board elects and recalls CEO of the Company, sets his/her remuneration and other conditions of the employment agreement.

Upon resignation of Dan Strömberg, Chair of the Board, as of 25 April 2024, the shareholders has elected Stefan Backman, representing the largest shareholder of the Company, Telia Company AB, to the Board of Telia Lietuva for the current term of the Board till 27 April 2025. On 25 June 2024, the Board of Telia Lietuva elected Stefan Backman as a Chair of the Board.

Agneta Wallmark, a member of the Board and Chair of the Audit Committee, has resigned from the Board as of 20 September 2024 due to her retirement. On 4 October 2024, the Board has elected Board member, Hannu-Matti Mäkinen, as a new member and Chair of the Audit Committee.

According to the By-laws of the Company, the Board shall be comprised of 6 members. The current two-year term of the Company’s Board terminates on 27 April 2025, thus election of a new member of the Board is not planned till the forthcoming Annual General Meeting of shareholders to be held in April 2025.

More information about the corporate governance, shareholders’ rights, activities of the Board and the Committees as well as members of the Board and Management Team, internal control and risk management systems are provided in the Annual Report of Telia Lietuva, AB, for the year ended 31 December 2024.

Corporate governance reporting form

for the year ended 31 December 2024

2. Structured table for disclosure

Principle 1: General meeting of shareholders, equitable treatment of shareholders, and shareholders' rights

The corporate governance framework should ensure the equitable treatment of all shareholders.
The corporate governance framework should protect the rights of shareholders.

Principles / recommendations	Yes / No / Not applicable	Commentary
1.1. All shareholders should be provided with access to the information and/or documents established in the legal acts on equal terms. All shareholders should be furnished with equal opportunity to participate in the decision-making process where significant corporate matters are discussed.	Yes	The Company's documents and information required by the legal acts are available on the Company's webpage in both Lithuanian and English languages. All shareholders have the equal rights to participate in the General Meetings of Shareholders.
1.2. It is recommended that the company's capital should consist only of the shares that grant the same rights to voting, ownership, dividend and other rights to all of their holders.	Yes	The share capital of the Company consists of 582,613,138 ordinary registered shares of EUR 0.29 nominal value each. Each share gives one vote during the shareholders meeting. All shares of the Company are given equal rights.
1.3. It is recommended that investors should have access to the information concerning the rights attached to the shares of the new issue or those issued earlier in advance, i.e. before they purchase shares.	Yes	The Company's By-Laws, stipulating all the rights of shareholders, are publicly available on the Company's webpage.
1.4. Exclusive transactions that are particularly important to the company, such as transfer of all or almost all assets of the company which in principle would mean the transfer of the company, should be subject to approval of the general meeting of shareholders.	Yes	The shareholders approve all the transactions that, following the Law on Companies and the By-Laws of the Company, should be approved by the shareholders.
1.5. Procedures for convening and conducting a general meeting of shareholders should provide shareholders with equal opportunities to participate in the general meeting of shareholders and should not prejudice the rights and interests of shareholders. The chosen venue, date and time of the general meeting of shareholders should not prevent active participation of shareholders at the general meeting. In the notice of the general meeting of shareholders being convened, the company should specify the last day on which the proposed draft decisions should be submitted at the latest.	Yes	The shareholders' meetings of the Company are convened at the head-quarters of the Company in Vilnius. The Annual General Meetings are usually held in the second half of April. In 2024, the Annual General Meeting was convoked on 26 April 2024 at 1 p.m. The notice of General Meetings of Shareholders specified that draft decisions could be submitted at any time before or at the General Meeting of Shareholders in writing.

Corporate governance reporting form

for the year ended 31 December 2024

Principles / recommendations	Yes / No / Not applicable	Commentary
1.6. With a view to ensure the right of shareholders living abroad to access the information, it is recommended, where possible, that documents prepared for the general meeting of shareholders in advance should be announced publicly not only in Lithuanian language but also in English and/or other foreign languages in advance. It is recommended that the minutes of the general meeting of shareholders after the signing thereof and/or adopted decisions should be made available publicly not only in Lithuanian language but also in English and/or other foreign languages. It is recommended that this information should be placed on the website of the company. Such documents may be published to the extent that their public disclosure is not detrimental to the company or the company's commercial secrets are not revealed.	Yes	All the documents and information related to the General Meetings of Shareholders including notices of the meetings, draft decisions, decisions and minutes of the meetings are publicly announced in two languages – Lithuanian and English – simultaneously via regulatory news dissemination system and on the Company's website. Draft decisions for the Annual General Meeting, held on 26 April 2024, were announced in two languages on 5 April 2024.
1.7. Shareholders who are entitled to vote should be furnished with the opportunity to vote at the general meeting of shareholders both in person and in absentia. Shareholders should not be prevented from voting in writing in advance by completing the general voting ballot.	Yes	Shareholders of the Company may exercise their right to vote in the General Meeting in person or through a representative upon issuance of proper proxy or having concluded an agreement on the transfer of their voting rights in the manner compliant with the legal regulations, also the shareholder may vote by completing the General Voting Ballot in the manner provided by the Law on Companies.
1.8. With a view to increasing the shareholders' opportunities to participate effectively at general meetings of shareholders, it is recommended that companies should apply modern technologies on a wider scale and thus provide shareholders with the conditions to participate and vote in general meetings of shareholders via electronic means of communication. In such cases the security of transmitted information must be ensured and it must be possible to identify the participating and voting person.	No	Currently the Company could not provide possibility to the shareholders to participate at the General Meetings with means of electronic communication as secure means to guarantee text protection and possibilities to identify the signatures of voting persons are not yet fully available in Lithuania.
1.9. It is recommended that the notice on the draft decisions of the general meeting of shareholders being convened should specify new candidatures of members of the collegial body, their proposed remuneration and the proposed audit company if these issues are included into the agenda of the general meeting of shareholders. Where it is proposed to elect a new member of the collegial body, it is recommended that the information about his/her educational background, work experience and other managerial positions held (or proposed) should be provided.	Yes	The nominees to the Board are publicly announced as soon as the Company receives nominations. Publicly announced and presented to the General Meeting CVs of the Board nominees contain information about their education, employment history and other competence. The amount of annual compensation (tantiemes) to the Board members is provided in the draft of the Profit allocation statemen presented the General Meeting. The name of proposed audit company and proposed remuneration for the audit services are presented in advance as a draft decision for the General Meeting.
1.10. Members of the company's collegial management body, heads of the administration or other competent persons related to the company who can provide information related to the agenda of the general meeting of shareholders should take part in the general meeting of shareholders. Proposed candidates to member of the collegial body should also participate in the general meeting of shareholders in case the election of new members is included into the agenda of the general meeting of shareholders.	Yes	CEO and CFO of the Company participated at the Annual General Meetings of Shareholders held on 26 April 2024.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 2: Supervisory board

2.1. Functions and liability of the supervisory board

The supervisory board of the company should ensure representation of the interests of the company and its shareholders, accountability of this body to the shareholders and objective monitoring of the company's operations and its management bodies as well as constantly provide recommendations to the management bodies of the company.

The supervisory board should ensure the integrity and transparency of the company's financial accounting and control system.

Principles / recommendations	Yes / No / Not applicable	Commentary
2.1.1. Members of the supervisory board should act in good faith, with care and responsibility for the benefit and in the interests of the company and its shareholders and represent their interests, having regard to the interests of employees and public welfare.	Not applicable	
2.1.2. Where decisions of the supervisory board may have a different effect on the interests of the company's shareholders, the supervisory board should treat all shareholders impartially and fairly. It should ensure that shareholders are properly informed about the company's strategy, risk management and control, and resolution of conflicts of interest.	Not applicable	
2.1.3. The supervisory board should be impartial in passing decisions that are significant for the company's operations and strategy. Members of the supervisory board should act and pass decisions without an external influence from the persons who elected them.	Not applicable	
2.1.4. Members of the supervisory board should clearly voice their objections in case they believe that a decision of the supervisory board is against the interests of the company. Independent members of the supervisory board should: a) maintain independence of their analysis and decision-making; b) not seek or accept any unjustified privileges that might compromise their independence.	Not applicable	
2.1.5. The supervisory board should oversee that the company's tax planning strategies are designed and implemented in accordance with the legal acts in order to avoid faulty practice that is not related to the long-term interests of the company and its shareholders, which may give rise to reputational, legal or other risks.	Not applicable	
2.1.6. The company should ensure that the supervisory board is provided with sufficient resources (including financial ones) to discharge their duties, including the right to obtain all the necessary information or to seek independent professional advice from external legal, accounting or other experts on matters pertaining to the competence of the supervisory board and its committees.	Not applicable	

Corporate governance reporting form

for the year ended 31 December 2024

Principle 2: Supervisory board

2.2. Formation of the supervisory board

The procedure of the formation of the supervisory board should ensure proper resolution of conflicts of interest and effective and fair corporate governance.

Principles / recommendations	Yes / No / Not applicable	Commentary
2.2.1. The members of the supervisory board elected by the general meeting of shareholders should collectively ensure the diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance between the qualifications of the members of the supervisory board, it should be ensured that members of the supervisory board, as a whole, should have diverse knowledge, opinions and experience to duly perform their tasks.	Not applicable	
2.2.2. Members of the supervisory board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience.	Not applicable	
2.2.3. Chair of the supervisory board should be a person whose current or past positions constituted no obstacle to carry out impartial activities. A former manager or management board member of the company should not be immediately appointed as chair of the supervisory board either. Where the company decides to depart from these recommendations, it should provide information on the measures taken to ensure impartiality of the supervision.	Not applicable	
2.2.4. Each member should devote sufficient time and attention to perform his duties as a member of the supervisory board. Each member of the supervisory board should undertake to limit his other professional obligations (particularly the managing positions in other companies) so that they would not interfere with the proper performance of the duties of a member of the supervisory board. Should a member of the supervisory board attend less than a half of the meetings of the supervisory board throughout the financial year of the company, the shareholders of the company should be notified thereof.	Not applicable	
2.2.5. When it is proposed to appoint a member of the supervisory board, it should be announced which members of the supervisory board are deemed to be independent. The supervisory board may decide that, despite the fact that a particular member meets all the criteria of independence, he/she cannot be considered independent due to special personal or company-related circumstances.	Not applicable	
2.2.6. The amount of remuneration to members of the supervisory board for their activity and participation in meetings of the supervisory board should be approved by the general meeting of shareholders.	Not applicable	
2.2.7. Every year the supervisory board should carry out an assessment of its activities. It should include evaluation of the structure of the supervisory board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the supervisory board, and evaluation whether the supervisory board has achieved its objectives. The supervisory board should, at least once a year, make public respective information about its internal structure and working procedures.	Not applicable	

Corporate governance reporting form

for the year ended 31 December 2024

Principle 3: Management Board

3.1. Functions and liability of the management board

The management board should ensure the implementation of the company's strategy and good corporate governance with due regard to the interests of its shareholders, employees and other interest groups.

Principles / recommendations	Yes / No / Not applicable	Commentary
3.1.1. The management board should ensure the implementation of the company's strategy approved by the supervisory board if the latter has been formed at the company. In such cases where the supervisory board is not formed, the management board is also responsible for the approval of the company's strategy.	Yes	As there is no Supervisory Council in the Company, the Company's Board performs supervisory functions set by the Law on Companies of the Republic of Lithuania and approves the Company's strategy.
3.1.2. As a collegial management body of the company, the management board performs the functions assigned to it by the Law and in the articles of association of the company, and in such cases where the supervisory board is not formed in the company, it performs inter alia the supervisory functions established in the Law. By performing the functions assigned to it, the management board should take into account the needs of the company's shareholders, employees and other interest groups by respectively striving to achieve sustainable business development.	Yes	The Company's approach towards employees, suppliers, customers and society are set up in respective Company's policies and Code of Conduct that are approved by the Board and are available on the Company's webpage.
3.1.3. The management board should ensure compliance with the laws and the internal policy of the company applicable to the company or a group of companies to which this company belongs. It should also establish the respective risk management and control measures aimed at ensuring regular and direct liability of managers.	Yes	Internal policies of Telia Company Group are adopted by the Company's Board including the Code of Conduct, and their implementation in the Company is followed up at regular local Governance, Risk, Ethics and Compliance (GREC) meetings.
3.1.4. Moreover, the management board should ensure that the measures included into the OECD Good Practice Guidance on Internal Controls, Ethics and Compliance are applied at the company in order to ensure adherence to the applicable laws, rules and standards.	Yes	The Company's Governance, Risk, Ethics and Compliance (GREC) meetings are held on a regular basis.
3.1.5. When appointing the manager of the company, the management board should take into account the appropriate balance between the candidate's qualifications, experience and competence.	Yes	The current CEO of the Company, who was appointed by the Board from 1 March 2023, has been working in the Company since 2015. She has an attorney's education and has occupied number of managerial positions in the foreign countries.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 3: Management Board

3.2. Formation of the management board

Principles / recommendations	Yes / No / Not applicable	Commentary
3.2.1. The members of the management board elected by the supervisory board or, if the supervisory board is not formed, by the general meeting of shareholders should collectively ensure the required diversity of qualifications, professional experience and competences and seek for gender equality. With a view to maintain a proper balance in terms of the current qualifications possessed by the members of the management board, it should be ensured that the members of the management board would have, as a whole, diverse knowledge, opinions and experience to duly perform their tasks.	Yes, except gender diversity	3 current members of the Board have MBA degrees, 2 – Master of Law degrees and one member that resigned from the Board in September 2024 had degree in Finance and Accounting. Three current and one member of the Board that resigned in September 2024 due to retirement are/were working in the telecommunications industry; one – in ICT sector and one has banking experience. As of 31 December 2023, one out of 5 current members of the Board was female. The resigned in September 2024 member of the Board was female. Thus, till September 2024, 2 out of 6 members of the Board were females.
3.2.2. Names and surnames of the candidates to become members of the management board, information on their educational background, qualifications, professional experience, current positions, other important professional obligations and potential conflicts of interest should be disclosed without violating the requirements of the legal acts regulating the handling of personal data at the meeting of the supervisory board in which the management board or individual members of the management board are elected. In the event that the supervisory board is not formed, the information specified in this paragraph should be submitted to the general meeting of shareholders. The management board should, on yearly basis, collect data provided in this paragraph on its members and disclose it in the company's annual report.	Yes	CVs of the nominees to the Board (including information about candidate's participation in activities of other companies) are included into the draft decisions for the General Meeting of Shareholders and are available at the Company's website, and shareholders may be acquitted with such information in advance. Information about employment of the Board members as well as their participation in the activities of other companies is continuously monitored and collected, and each quarter updated information is presented at the Company's website as well as in the Company's annual and interim reports.
3.2.3. All new members of the management board should be familiarized with their duties and the structure and operations of the company.	Yes	Upon election, all members of the Board were acquainted with their duties and responsibilities set by Lithuanian legislation as well as the By-laws of the Company. Members of the Board on the regular basis are informed about the Company's performance and its development, as well as major changes in the Company's activities legal framework and other circumstances having effect on the Company during the Board meetings and individually upon the need and request by the Board members.

Corporate governance reporting form

for the year ended 31 December 2024

Principles / recommendations	Yes / No / Not applicable	Commentary
3.2.4. Members of the management board should be appointed for a specific term, subject to individual re-election for a new term in office in order to ensure necessary development of professional experience and sufficiently frequent reconfirmation of their status.	Yes	Following the By-Laws of the Company, the Board members are elected for a two-year term, not limiting the number of terms. Thus, one member of the Board has been working in the Board since April 2014 and has been re-elected 5 times – in April 2015, April 2017, April 2019, April 2021 and April 2023. Another was elected in April 2016 and worked till April 2017, and once again was elected in April 2018 and re-elected in April 2019, April 2021 and April 2023. One member was elected in April 2018 and re-elected in April 2019, April 2021 and April 2023. One member of the Board were elected in March 2023 and re-elected in April 2023. The new member of the Board was elected in April 2024. The current two-year term of the Board ends on 27 April 2025.
3.2.5. Chair of the management board should be a person whose current or past positions constitute no obstacle to carry out impartial activity. Where the supervisory board is not formed, the former manager of the company should not be immediately appointed as chair of the management board. When a company decides to depart from these recommendations, it should furnish information on the measures it has taken to ensure the impartiality of supervision.	Yes	Dan Strömberg, who was CEO of the Company till 28 February 2023, on 16 March 2023 elected as member of the Board and on 4 April 2023 – Chair of the Board, has resigned from the Board as of 25 April 2024. Stefan Backman, as a representative of the Company's largest shareholder, Telia Company AB, was elected to the Board on 26 April 2024 and elected as a new Chair of the Board from 25 June 2024.
3.2.6. Each member should devote sufficient time and attention to perform his duties as a member of the management board. Should a member of the management board attend less than a half of the meetings of the management board throughout the financial year of the company, the supervisory board of the company or, if the supervisory board is not formed at the company, the general meeting of shareholders should be notified thereof.	Yes	Each member devotes sufficient time and attention to perform his duties as a member of the collegial body. During all Board meetings in 2024 there was the quorum prescribed by legal acts. Attendees of the meetings are registered in the minutes of the meetings and information about attendance of the meetings by each member of the Board is presented in the Annual Report for the year 2024.
3.2.7. In the event that the management board is elected in the cases established by the Law where the supervisory board is not formed at the company, and some of its members will be independent, it should be announced which members of the management board are deemed as independent. The management board may decide that, despite the fact that a particular member meets all the criteria of independence established by the Law, he/she cannot be considered independent due to special personal or company-related circumstances.	Yes	There are two independent members of the Board. Mindaugas Glodas was re-elected for a new term of the Board in April 2023 and new independent member of the Board, Leda Iržikevičienė, was elected in March 2023 and re-elected in April 2023. It was disclosed before the Annual General Meeting in 2023 which nominees to the Board upon election will be regarded as independent members of the Board.
3.2.8. The general meeting of shareholders of the company should approve the amount of remuneration to the members of the management board for their activity and participation in the meetings of the management board.	Yes	While approving the Profit allocation statement the Annual General Meeting of the Company's Shareholders sets the annual compensations (tantiemes) to the members of the Board. Starting from 2016, annual compensation is paid only to independent members of the Board.

Corporate governance reporting form

for the year ended 31 December 2024

Principles / recommendations	Yes / No / Not applicable	Commentary
3.2.9. The members of the management board should act in good faith, with care and responsibility for the benefit and the interests of the company and its shareholders with due regard to other stakeholders. When adopting decisions, they should not act in their personal interest; they should be subject to no-compete agreements and they should not use the business information or opportunities related to the company's operations in violation of the company's interests.	Yes	According to the information possessed by the Company, all members of the Board that perform supervisory functions provided by the Law are acting in a good faith in respect of the Company, in the interest of the Company but not in the interest of their own or third parties, pursuing principles of honesty and rationality, following obligations of confidentiality and property separation, thus striving to maintain their independence in decisions making.
3.2.10. Every year the management board should carry out an assessment of its activities. It should include evaluation of the structure of the management board, its work organization and ability to act as a group, evaluation of the competence and work efficiency of each member of the management board, and evaluation whether the management board has achieved its objectives. The management board should, at least once a year, make public respective information about its internal structure and working procedures in observance of the legal acts regulating the processing of personal data.	Yes	Information about the Board and its Committees' activities is disclosed in the Annual Report for the year 2024. Eash year the members of the Board carries out an assessment of the Board's annual activities.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 4: Rules of procedure of the supervisory board and the management board of the company

The rules of procedure of the supervisory board, if it is formed at the company, and of the management board should ensure efficient operation and decision-making of these bodies and promote active cooperation between the company's management bodies.

Principles / recommendations	Yes / No / Not applicable	Commentary
4.1. The management board and the supervisory board, if the latter is formed at the company, should act in close cooperation in order to attain benefit for the company and its shareholders. Good corporate governance requires an open discussion between the management board and the supervisory board. The management board should regularly and, where necessary, immediately inform the supervisory board about any matters significant for the company that are related to planning, business development, risk management and control, and compliance with the obligations at the company. The management board should inform he supervisory board about any derogations in its business development from the previously formulated plans and objectives by specifying the reasons for this.	Yes	The Company has the Board that represents the shareholders of the Company and is responsible for strategic management of the Company, supervision and control of activities of CEO of the Company. The management team of the Company on a regular basis informs the Board about the Company's performance.
4.2. It is recommended that meetings of the company's collegial bodies should be held at the respective intervals, according to the pre-approved schedule. Each company is free to decide how often meetings of the collegial bodies should be convened but it is recommended that these meetings should be convened at such intervals that uninterruptable resolution of essential corporate governance issues would be ensured. Meetings of the company's collegial bodies should be convened at least once per quarter.	Yes	The Company's Board meetings are convoked according to the preliminary approved meetings schedule for the year. At least one ordinary meeting is held each quarter, while extraordinary meetings could be convoked upon the need.
4.3. Members of a collegial body should be notified of the meeting being convened in advance so that they would have sufficient time for proper preparation for the issues to be considered at the meeting and a fruitful discussion could be held and appropriate decisions could be adopted. Along with the notice of the meeting being convened all materials relevant to the issues on the agenda of the meeting should be submitted to the members of the collegial body. The agenda of the meeting should not be changed or supplemented during the meeting, unless all members of the collegial body present at the meeting agree with such change or supplement to the agenda, or certain issues that are important to the company require immediate resolution.	Yes	Following the Board Rules of Procedure, information about the meeting convocation, agenda and all materials related to the agenda issues should be provided to each Board member not later than 6 days before the meeting. The meeting agenda should not be changed during the meeting, unless all members present at the meeting agree or absentees inform that they agree with the changed agenda.
4.4. In order to coordinate the activities of the company's collegial bodies and ensure effective decision-making process, the chairs of the company's collegial supervision and management bodies should mutually agree on the dates and agendas of the meetings and close cooperate in resolving other matters related to corporate governance. Meetings of the company's supervisory board should be open to members of the management board, particularly in such cases where issues concerning the removal of the management board members, their responsibility or remuneration are discussed.	Not applicable	There is no Supervisory Council in the Company, but dates and agenda of the Board meetings are coordinated with the CEO of the Company, and the CEO of the Company as well as other members of the Management Team, if necessary, participate in the Board meetings.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 5: Nomination, remuneration and audit committees

5.1. Purpose and formation of committees

The committees formed at the company should increase the work efficiency of the supervisory board or, where the supervisory board is not formed, of the management board which performs the supervisory functions by ensuring that decisions are based on due consideration and help organise its work in such a way that the decisions it takes would be free of material conflicts of interest.

Committees should exercise independent judgment and integrity when performing their functions and provide the collegial body with recommendations concerning the decisions of the collegial body. However, the final decision should be adopted by the collegial body.

Principles / recommendations	Yes / No / Not applicable	Commentary
5.1.1. Taking due account of the company-related circumstances and the chosen corporate governance structure, the supervisory board of the company or, in cases where the supervisory board is not formed, the management board which performs the supervisory functions, establishes committees. It is recommended that the collegial body should form the nomination, remuneration and audit committees.	Yes	There are two instituted by the Board Committees in the Company: Audit and Remuneration. The Nomination Committee is not instituted as its functions are performed by the Remuneration Committee. Three members of the Board shall comprise each committee.
5.1.2. Companies may decide to set up less than three committees. In such case companies should explain in detail why they have chosen the alternative approach, and how the chosen approach corresponds with the objectives set for the three different committees.		
5.1.3. In the cases established by the legal acts the functions assigned to the committees formed at companies may be performed by the collegial body itself. In such case the provisions of this Code pertaining to the committees (particularly those related to their role, operation and transparency) should apply, where relevant, to the collegial body as a whole.	Not applicable	
5.1.4. Committees established by the collegial body should normally be composed of at least three members. Subject to the requirements of the legal acts, committees could be comprised only of two members as well. Members of each committee should be selected on the basis of their competences by giving priority to independent members of the collegial body. The chair of the management board should not serve as the chair of committees.	Yes	Three members of the Board shall comprise each committee. Two independent members of the Board are members of the Audit Committee. Two current members of the Audit committee have a financial background and one is a lawyer. One independent member of the Board is also member of the Remuneration Committee. All three members of the Remuneration Committee have managerial experience. Chair of the Board is not a member of any Committee.

Corporate governance reporting form

for the year ended 31 December 2024

Principles / recommendations	Yes / No / Not applicable	Commentary
5.1.5. The authority of each committee formed should be determined by the collegial body itself. Committees should perform their duties according to the authority delegated to them and regularly inform the collegial body about their activities and performance on a regular basis. The authority of each committee defining its role and specifying its rights and duties should be made public at least once a year (as part of the information disclosed by the company on its governance structure and practice on an annual basis). In compliance with the legal acts regulating the processing of personal data, companies should also include in their annual reports the statements of the existing committees on their composition, the number of meetings and attendance over the year as well as the main directions of their activities and performance.	Yes	Responsibilities and work regulations of the committees are approved by the Board. In 2019, Rules of Procedure of both committees were revised and updated. The names of the Committee members are announced in the Company's periodic reports and on the webpage of the Company. Information about activities of the committees and attendance of the committees' meeting is provided in the Annual Report for the year 2024.
5.1.6. With a view to ensure the independence and impartiality of the committees, the members of the collegial body who are not members of the committees should normally have a right to participate in the meetings of the committee only if invited by the committee. A committee may invite or request that certain employees of the company or experts would participate in the meeting. Chair of each committee should have the possibility to maintain direct communication with the shareholders. Cases where such practice is to be applied should be specified in the rules regulating the activities of the committee.	Yes	Employees of the Company who are responsible for the discussed area as well as external partners such as auditors participate in the Committees' meetings and provide all necessary information.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 5: Nomination, remuneration and audit committees

5.2. Nomination committee

Principles / recommendations	Yes / No / Not applicable	Commentary
5.2.1. The key functions of the nomination committee should be the following: 1) to select candidates to fill vacancies in the membership of supervisory and management bodies and the administration and recommend the collegial body to approve them. The nomination committee should evaluate the balance of skills, knowledge and experience in the management body, prepare a description of the functions and capabilities required to assume a particular position and assess the time commitment expected; 2) assess, on a regular basis, the structure, size and composition of the supervisory and management bodies as well as the skills, knowledge and activity of its members, and provide the collegial body with recommendations on how the required changes should be sought; 3) devote the attention necessary to ensure succession planning.	Yes	In the Company, the function of the Nomination Committee is performed by the Remuneration Committee.
5.2.2. When dealing with issues related to members of the collegial body who have employment relationships with the company and the heads of the administration, the manager of the company should be consulted by granting him/her the right to submit proposals to the Nomination Committee.	Yes	

Corporate governance reporting form

for the year ended 31 December 2024

Principle 5: Nomination, remuneration and audit committees

5.3. Remuneration committee

Principles / recommendations	Yes / No / Not applicable	Commentary
5.3.1. The main functions of the remuneration committee should be as follows: 1) submit to the collegial body proposals on the remuneration policy applied to members of the supervisory and management bodies and the heads of the administration for approval. Such policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as conditions which would allow the company to recover the amounts or suspend the payments by specifying the circumstances under which it would be expedient to do so; 2) submit to the collegial body proposals regarding individual remuneration for members of the collegial bodies and the heads of the administration in order to ensure that they would be consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned; 3) review, on a regular basis, the remuneration policy and its implementation.	Yes	Information about activities of the Remuneration committee is provided in the Annual Report for the year 2024.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 5: Nomination, remuneration and audit committees

5.4. Audit committee

Principles / recommendations	Yes / No / Not applicable	Commentary
5.4.1. The key functions of the audit committee are defined in the legal acts regulating the activities of the audit committee.	Yes	
5.4.2. All members of the committee should be provided with detailed information on specific issues of the company's accounting system, finances and operations. The heads of the company's administration should inform the audit committee about the methods of accounting for significant and unusual transactions where the accounting may be subject to different approaches.	Yes	
5.4.3. The audit committee should decide whether the participation of the chair of the management board, the manager of the company, the chief finance officer (or senior employees responsible for finance and accounting), the internal and external auditors in its meetings is required (and, if required, when). The committee should be entitled, when needed, to meet the relevant persons without members of the management bodies present.	Yes	
5.4.4. The audit committee should be informed about the internal auditor's work program and should be furnished with internal audit reports or periodic summaries. The audit committee should also be informed about the work program of external auditors and should receive from the audit firm a report describing all relationships between the independent audit firm and the company and its group.	Yes	Internal and external auditors present their activities plans and reports to the Audit Committee on a regular basis.
5.4.5. The audit committee should examine whether the company complies with the applicable provisions regulating the possibility of lodging a complaint or reporting anonymously his/her suspicions of potential violations committed at the company and should also ensure that there is a procedure in place for proportionate and independent investigation of such issues and appropriate follow-up actions.	Yes	Reports of the Company's Governance, Risk, Ethics and Compliance (GREC) meetings are presented to the Audit Committee on a regular basis.
5.4.6. The audit committee should submit to the supervisory board or, where the supervisory board is not formed, to the management board its activity report at least once in every six months, at the time that annual and half-yearly reports are approved.	Yes	Reports of the Audit Committee are presented at the Board meetings on a regular basis.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 6: Prevention and disclosure of conflicts of interest

The corporate governance framework should encourage members of the company's supervisory and management bodies to avoid conflicts of interest and ensure a transparent and effective mechanism of disclosure of conflicts of interest related to members of the supervisory and management bodies.

Principles / recommendations	Yes / No / Not applicable	Commentary
Any member of the company's supervisory and management body should avoid a situation where his/her personal interests are or may be in conflict with the company's interests. In case such a situation did occur, a member of the company's supervisory or management body should, within a reasonable period of time, notify other members of the same body or the body of the company which elected him/her or the company's shareholders of such situation of a conflict of interest, indicate the nature of interests and, where possible, their value.	Yes	

Corporate governance reporting form

for the year ended 31 December 2024

Principle 7: Remuneration policy of the company

The remuneration policy and the procedure for review and disclosure of such policy established at the company should prevent potential conflicts of interest and abuse in determining remuneration of members of the collegial bodies and heads of the administration, in addition it should ensure the publicity and transparency of the company's remuneration policy and its long-term strategy.

Principles / recommendations	Yes / No / Not applicable	Commentary
7.1. The company should approve and post the remuneration policy on the website of the company; such policy should be reviewed on a regular basis and be consistent with the company's long-term strategy.	Yes	The Remuneration Policy for CEO and members of the Board of the Company approved by the Annual General Meeting of Shareholders is placed on the Company's website.
7.2. The remuneration policy should include all forms of remuneration, including the fixed-rate remuneration, performance-based remuneration, financial incentive schemes, pension arrangements and termination payments as well as the conditions specifying the cases where the company can recover the disbursed amounts or suspend the payments.	Yes	
7.3. With a view to avoid potential conflicts of interest, the remuneration policy should provide that members of the collegial bodies which perform the supervisory functions should not receive remuneration based on the company's performance.	Yes	Only independent members of the Board receive the annual compensations (tantiemes) approved by the Annual General Meeting. The total amount of tantiemes paid to 2 independent members of the Board for the year 2023 was EUR 37 thousand.
7.4. The remuneration policy should provide sufficient information on the policy regarding termination payments. Termination payments should not exceed a fixed amount or a fixed number of annual wages and in general should not be higher than the non-variable component of remuneration for two years or the equivalent thereof. Termination payments should not be paid if the contract is terminated due to inadequate performance.	Yes	The Company's Remuneration Policy for CEO and members of the Board stipulates that upon termination of the employment contract the CEO should be entitled to receive the statutory severance pay as specified in the Labor Code of the Republic of Lithuania or other laws, unless it was agreed with the Board on different severance pay in CEO's employment contract.
7.5. In the event that the financial incentive scheme is applied at the company, the remuneration policy should contain sufficient information about the retention of shares after the award thereof. Where remuneration is based on the award of shares, shares should not be vested at least for three years after the award thereof. After vesting, members of the collegial bodies and heads of the administration should retain a certain number of shares until the end of their term in office, subject to the need to compensate for any costs related to the acquisition of shares.	Not applicable	The Company does not have any share options scheme for employees' remuneration.

Corporate governance reporting form

for the year ended 31 December 2024

Principles / recommendations	Yes / No / Not applicable	Commentary
7.6. The company should publish information about the implementation of the remuneration policy on its website, with a key focus on the remuneration policy in respect of the collegial bodies and managers in the next and, where relevant, subsequent financial years. It should also contain a review of how the remuneration policy was implemented during the previous financial year. The information of such nature should not include any details having a commercial value. Particular attention should be paid on the major changes in the company's remuneration policy, compared to the previous financial year.	Yes	The Company prepared Report on implementation of the Remuneration Policy for CEO and members of the Board. The Report provides information on remuneration of CEO and members of the Board. The Report is part of the Annual Report for the year 2024 and as a separate document is publicly available on the Company's webpage.
7.7. It is recommended that the remuneration policy or any major change of the policy should be included on the agenda of the general meeting of shareholders. The schemes under which members and employees of a collegial body receive remuneration in shares or share options should be approved by the general meeting of shareholders.	Yes	Following the requirement of the Laws, the Annual General Meeting of Shareholders approves the Remuneration Policy for CEO and members of the Board and annual Report on Policy's implementation. The Company does not apply any schemes for remuneration in shares, share options or any other rights to purchase shares or be remunerated based on share price movements.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 8: Role of stakeholders in corporate governance

The corporate governance framework should recognize the rights of stakeholders entrenched in the laws or mutual agreements and encourage active cooperation between companies and stakeholders in creating the company value, jobs and financial sustainability. In the context of this principle the concept "stakeholders" includes investors, employees, creditors, suppliers, clients, local community and other persons having certain interests in the company concerned.

Principles / recommendations	Yes / No / Not applicable	Commentary
8.1. The corporate governance framework should ensure that the rights and lawful interests of stakeholders are protected.	Yes	The Code of Conduct is approved by the Board and is available on the Company's webpage.
8.2. The corporate governance framework should create conditions for stakeholders to participate in corporate governance in the manner prescribed by law. Examples of participation by stakeholders in corporate governance include the participation of employees or their representatives in the adoption of decisions that are important for the company, consultations with employees or their representatives on corporate governance and other important matters, participation of employees in the company's authorized capital, involvement of creditors in corporate governance in the cases of the company's insolvency, etc.	Yes	The Company and trade unions that represent employees of the Company have signed a Collective Bargaining Agreement. In 1999, following the Company's privatization program, almost 5 per cent of the Company's shares were sold to its employees. The current and former employees of the Company participate in the shareholders meetings, show interest in the Company's performance and results. Every year the Company pays dividends to the shareholders. The Company has approved Support Policy and based on it builds its relations with society and local communities.
8.3. Where stakeholders participate in the corporate governance process, they should have access to relevant information.	Yes	The Company prepares the Sustainability Statement, which discusses principles and practices in relation to the Company's cooperation with investors, employees, customers and local communities.
8.4. Stakeholders should be provided with the possibility of reporting confidentially any illegal or unethical practices to the collegial body performing the supervisory function.	Yes	There is a ***Whistleblowing Line*** valid for the whole Telia Company Group.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 9: Disclosure of information

The corporate governance framework should ensure the timely and accurate disclosure of all material corporate issues, including the financial situation, operations and governance of the company.

Principles / recommendations	Yes / No / Not applicable	Commentary
9.1. In accordance with the company's procedure on confidential information and commercial secrets and the legal acts regulating the processing of personal data, the information publicly disclosed by the company should include but not be limited to the following:		
9.1.1. operating and financial results of the company;	Yes	The Company reports its operating and financial results quarterly.
9.1.2. objectives and non-financial information of the company;	Yes	The Company reports its operating and financial results quarterly.
9.1.3. persons holding a stake in the company or controlling it directly and/or indirectly and/or together with related persons as well as the structure of the group of companies and their relationships by specifying the final beneficiary;	Yes	The information is available on the Company's website and is presented in the interim and annual reports.
9.1.4. members of the company's supervisory and management bodies who are deemed independent, the manager of the company, the shares or votes held by them at the company, participation in corporate governance of other companies, their competence and remuneration;	Yes	The information is available on the Company's website and is presented in the interim and annual reports.
9.1.5. reports of the existing committees on their composition, number of meetings and attendance of members during the last year as well as the main directions and results of their activities;	Yes	The information about composition of the committees, number of meetings and attendance is presented in the semi-annual and annual reports.
9.1.6. potential key risk factors, the company's risk management and supervision policy;	Yes	Information is presented in the semi-annual and annual reports.
9.1.7. the company's transactions with related parties;	Yes	The information is available on the Company's website and is presented in the interim and annual reports.
9.1.8. main issues related to employees and other stakeholders (for instance, human resource policy, participation of employees in corporate governance, award of the company's shares or share options as incentives, relationships with creditors, suppliers, local community, etc.);	Yes	Information is presented in the semi-annual and annual reports.
9.1.9. structure and strategy of corporate governance;	Yes	The information is available on the Company's website and is presented in the interim and annual reports.

Corporate governance reporting form

for the year ended 31 December 2024

Principles / recommendations	Yes / No / Not applicable	Commentary
9.1.10. initiatives and measures of social responsibility policy and anti-corruption fight, significant current or planned investment projects. This list is deemed minimum and companies are encouraged not to restrict themselves to the disclosure of information included into this list. This principle of the Code does not exempt companies from their obligation to disclose information as provided for in the applicable legal acts.	Yes	Information about investments is presented in the interim and annual reports. Information about social responsibility policy and anti-corruption fight is available on the Company's website and is presented in the Sustainability Statements.
9.2. When disclosing the information specified in paragraph 9.1.1 of recommendation 9.1, it is recommended that the company which is a parent company in respect of other companies should disclose information about the consolidated results of the whole group of companies.	Yes	Until the year 2021, the Company was preparing consolidated financial interim and annual reports. From 1 July 2020, the Company has no subsidiaries to be consolidated, thus the Company's financial statements starting from the year 2021 are prepared as stand-alone.
9.3. When disclosing the information specified in paragraph 9.1.4 of recommendation 9.1, it is recommended that the information on the professional experience and qualifications of members of the company's supervisory and management bodies and the manager of the company as well as potential conflicts of interest which could affect their decisions should be provided. It is further recommended that the remuneration or other income of members of the company's supervisory and management bodies and the manager of the company should be disclosed, as provided for in greater detail in Principle 7.	Yes	Information about remuneration of CEO and members of the Board is provided in the Remuneration Report.
9.4. Information should be disclosed in such manner that no shareholders or investors are discriminated in terms of the method of receipt and scope of information. Information should be disclosed to all parties concerned at the same time.	Yes	All information is disseminated to the shareholders, investors and stock exchanges at the same time and in the same amount, in both Lithuanian and English, and all information is publicly available on the Company's webpage.

Corporate governance reporting form

for the year ended 31 December 2024

Principle 10: Selection of the company's audit firm

The company's audit firm selection mechanism should ensure the independence of the report and opinion of the audit firm.

Principles / recommendations	Yes / No / Not applicable	Commentary
10.1. With a view to obtain an objective opinion on the company's financial condition and financial results, the company's annual financial statements and the financial information provided in its annual report should be audited by an independent audit firm.	Yes	An independent audit firm carries out an audit of the annual financial statements of the Company prepared in accordance with the IFRS adopted by the EU. The auditors also review Annual Reports for any inconsistencies with financial statements.
10.2. It is recommended that the audit firm would be proposed to the general meeting of shareholders by the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company.	Yes	The Board based on the Audit Committee recommendation proposes the candidacy of an independent audit firm to the Annual General Meeting of Shareholders.
10.3. In the event that the audit firm has received remuneration from the company for the non-audit services provided, the company should disclose this publicly. This information should also be available to the supervisory board or, if the supervisory board is not formed at the company, by the management board of the company when considering which audit firm should be proposed to the general meeting of shareholders.	Yes	Information about non-audit services provided to the Company by the audit firm (if any) is presented in the Annual Report of the Company.

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,

- Telia Lietuva, AB Financial Statements as of and for the year ended 31 December 2024 as set out on above are prepared in accordance with International Financial Reporting Standards as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows of the Company of undertakings, and

- the Annual Report of Telia Lietuva, AB, for the year 2024 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

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EU/EEA Independent Practitioners' Limited Assurance Report on Telia Lietuva AB's Sustainability Statement

To: the Management of Telia Lietuva AB

Limited assurance conclusion

We have performed a limited assurance engagement on whether the Sustainability Statement of Telia Lietuva AB (the "Company", an EU/EEA entity) included in section Sustainability Statement on pages 53-144 of the Annual Report (the "Sustainability Statement") as at and for the year ended on 31 December 2024 has been prepared in accordance with the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Sustainability Statement of the Company as at and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, including:

- compliance with the European Sustainability Reporting Standards (ESRS), including that the process carried out by the Company to identify the information reported in the Sustainability Statement (the "Process") is in accordance with the description set out in subsection "IRO-1 Description of the process to identify and assess material impacts, risks and opportunities" within note "ESRS 2 General disclosures"; and
- compliance of the disclosures in subsection "Taxonomy reporting" within note "Environment" of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Our conclusion on the Sustainability Statement does not extend to any other information that accompanies or contains the Sustainability Statement and our report.

Basis for conclusion

We conducted our limited assurance engagement on Sustainability Statement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA), together with the ethical requirements that are relevant to our assurance engagement on the Sustainability Statement in Lithuania.

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Other matter

The Subject Matter Information (further "SMI") for the year ended 31 December 2023 was not subject to our limited assurance engagement and, accordingly, we do not express a conclusion, or provide any assurance on such information. Our limited assurance conclusion is not modified in respect of this matter.

Responsibilities for the Sustainability Statement

Management of the Company is responsible for designing and implementing and maintaining a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this process in subsection "IRO-1 Description of the process to identify and assess material impacts, risks and opportunities" within note "ESRS 2 General disclosures" of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- identifying the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium-, or long-term;
- assessing the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- developing methodologies and making assumptions that are reasonable in the circumstances.

Management of the Company is further responsible for the preparation of the Sustainability Statement, in accordance with the Law on Reporting by Undertakings and Groups of Undertakings of the Republic of Lithuania, including:

- compliance with the ESRS;
- preparing the disclosures in subsection "Taxonomy reporting" within note "Environment" of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation");
- designing, implementing and maintaining such internal controls that management determines are necessary to enable the preparation of the Sustainability Statement such that it is free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate sustainability reporting methods and making assumptions and estimates about individual sustainability disclosures that are reasonable in the circumstances.
- making judgments and estimates that are reasonable in the circumstances;
- preventing and detecting fraud;
- selecting the content of the Sustainability Statement, including identifying and engaging with intended users to understand their information needs;
- establishing targets, goals and other performance measures, and implementing actions to achieve such targets, goals and performance measures;
- supervision of other staff involved in the preparation of the Sustainability Statement.

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

KPMG

EU/EEA Independent Practitioners' Limited Assurance Report on Telia Lietuva AB's Sustainability Statement

Inherent limitations in preparing the Sustainability Statement

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. The actual outcome is likely to be different since anticipated events frequently do not occur as expected.

In determining the disclosures in the Sustainability Statement, management of the Company interprets undefined legal and other terms. Undefined legal and other terms may be interpreted differently, including the legal conformity of their interpretation and, accordingly, are subject to uncertainties.

Our responsibilities

Our objectives are to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and reporting our limited assurance conclusion to the Management of the Company. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

Our responsibilities in relation to the Process for reporting the Sustainability Statement, include:

- Obtaining an understanding of the Process but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process; and
- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process, as disclosed in subsection "Taxonomy reporting" within note "Environment".

Our other responsibilities in respect of the Sustainability Statement include:

- Obtaining an understanding of the Company's control environment, processes and information systems relevant to the preparation of the Sustainability Statement but not evaluating the design of particular control activities, obtaining evidence about their implementation or testing their operating effectiveness;
- Identifying disclosures where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures focused on disclosures in the Sustainability Statement where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work we performed as the basis for our conclusion

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. We designed and performed our procedures to obtain evidence about the Sustainability Statement that is sufficient and appropriate to provide a basis for our conclusion. The nature, timing and extent of our procedures depended on our understanding of the Sustainability Statement and other engagement circumstances, including the identification of disclosures where material misstatements are likely to arise, whether due to fraud or error, in the Sustainability Statement. We exercised professional judgment and maintained professional scepticism throughout the engagement.

In conducting our limited assurance engagement, with respect to the Process, the procedures we performed included:

- Obtaining an understanding of the Process by:
  – performing inquiries to understand the sources of the information used by the Management of the Company (e.g., stakeholder engagement, business plans and strategy documents); and
  – reviewing the Company's internal documentation of its Process;
- Evaluating whether the evidence obtained from our procedures about the Process was consistent with the description of the Process set out in subsection "Taxonomy reporting" within note "Environment".

In conducting our limited assurance engagement with respect to the Sustainability Statement, the procedures we performed included:

- Obtaining an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Statement by:
  – performing inquiries to obtain an understanding of the Company's reporting process relevant to the preparation of the Sustainability Statement;
  – assessed data management processes, information systems and working methods used to gather and consolidate the Sustainability Statement disclosures;
- Evaluating whether material information identified by the Process is included in the Sustainability Statement;
- Evaluating whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performing inquiries of relevant personnel and analytical procedures on selected disclosures in the Sustainability Statement;
- Performing substantive assurance procedures based on a sample basis on selected disclosures in the Sustainability Statement;
- Obtaining evidence on the methods, assumptions and data for developing material estimates and forward-looking information and on how these methods were applied;
- Obtaining an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Sustainability Statement;
- Testing selected items from the GHG information and vouching the activity data disaggregated by scope and categories in the GHG inventory disclosures to relevant documentation;
- Other procedures performed with respect to the EU taxonomy disclosures.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

On behalf of KPMG Baltics, UAB

Toma Jensen
Partner pp

Vilnius, the Republic of Lithuania
2 April 2025

Telia

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