

TELIA LIETUVA, AB

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS' PERIOD ENDED 31 DECEMBER 2020
(UNAUDITED)**



Beginning of the financial year	1 January 2020
End of reporting period	31 December 2020
Name of the company	Telia Lietuva, AB (hereinafter – “Telia Lietuva” or “the Company”)
Legal form	public company (joint-stock company)
Date of registration	6 February 1992
Code of enterprise	121215434
LEI code	5299007A0LO7C2YYI075
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Saltoniškių str. 7A, LT-03501 Vilnius, Lithuania
Telephone number	+370 5 262 1511
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E-mail address	info@telia.lt
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Main activities	Integrated telecommunication, IT and TV services to residential and business customers in Lithuania

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MANAGEMENT REPORT

Fourth quarter of 2020:

- Total revenue amounted to EUR 108.6 million, an increase by 1.5 per cent over the revenue of EUR 107 million in the fourth quarter of 2019.
- EBITDA was EUR 34.1 million, an increase by 0.3 per cent over EBITDA of EUR 34 million in the fourth quarter of 2019. Adjusted EBITDA (excluding non-recurring items) declined by 0.5 per cent.
- Profit for the period was EUR 16.9 million and was almost the same (lower by 0.7 per cent) as the profit of EUR 17 million a year ago.

Twelve months of 2020:

- Total revenue amounted to EUR 398.1 million, an increase by 2.5 per cent over the revenue of EUR 388.3 million for the twelve months of 2019.
- EBITDA was EUR 134.9 million and grew by 4.7 per cent over EBITDA of EUR 128.9 million for January-December of 2019. Adjusted EBITDA (excluding non-recurring items) went up by 4 per cent.
- Profit for the period was EUR 55.9 million, an increase by 2.1 per cent over the profit of EUR 54.7 million a year ago.
- Free cash flow amounted to EUR 87.7 million, an increase by 0.3 per cent over free cash flow of EUR 87.4 million a year ago.

Management comment:

The last quarter of 2020 has been an eventful one. We announced about partnership with Ericsson for modernisation of existing mobile network and 5G network rollout in Lithuania. Over the next three years, we plan to upgrade a total of about 2,000 base stations in Lithuania using Ericsson equipment. In November, we were the first in Lithuania to launch the first 5G base stations in three largest cities for non-commercial use. At the end of 2020, our market capitalisation exceeded one billion euro and the Company's share price reached its record high.

From November the country is back into lockdown. Our retail outlets remain opened but only vital services being provided such as mobile signature or pick-up of equipment. Majority of the Company's employees continue working at remote mode, while engineers ensure installation of new and uninterrupted provision of daily services. We continued to contribute to the fight against the consequences of coronavirus (COVID-19) in Lithuania. Our specialists installed and continues servicing the Coronavirus Hotline for residents, developed information robot to Covid-19 infected people.

The drastic but necessary travel restrictions had a negative impact on the telecommunications business due to decline in roaming services, but remote work, education and the tremendous breakthrough in business digitisation meant only one thing to us: even better quality, more data, IT services, TV content and equipment.

Recent forecast of the Bank of Lithuania predicts that Lithuania's GDP in 2020 shall shrink by 2 per cent and shall recover next year with a 1.9 per cent growth in GDP. In November 2020, the European Commission forecasted that decline of Lithuania's GDP in 2020 shall be the lowest among other EU countries – 2.2 per cent.

During October-December of 2020, the biggest intake of new customers was recorded in number of prepaid (8 thousand) and post-paid (6 thousand) mobile service subscriptions. Number of TV and fiber-optic Internet service users grew by 2 thousand each, while number of DSL connection eased by just 1 thousand and fixed telephony lines by 9 thousand.

Over the last twelve months:

- number of mobile service subscriptions grew by 3.8 per cent up to 1,398 thousand,
- number of TV service users increased by 3.7 per cent up to 253 thousand,
- number of FTTH Internet connections went up by 0.7 per cent up to 297 thousand.

Revenue for the fourth quarter of 2020 exceeded EUR 100 million in spite of lower volumes of roaming and voice transit services. The revenue increase was ensured by double-digit surge in TV and IT services, as well as continuous growth in mobile communication, broadband Internet and equipment sale.

Over the year, comparing the twelve months of 2020 with the same period a year ago:

- revenue from IT services grew by 23.1 per cent,
- revenue from TV services increased by 16.9 per cent,
- comparable (like for like) revenue from billed mobile services was up by 5.6 per cent,
- equipment sale went up by 4.3 per cent.

(All tabular amounts are in EUR '000 unless otherwise stated)

The Company's expenses were under control and that in combination with increased revenue led to a higher than in 2019 EBITDA. The Company also continued to generate strong cash flows. Capital investments during the last quarter of 2020 has surged and for the full year were 2.3 per cent higher than in 2019. Almost half of invested amount went to development of fixed network while one third – to upgrade of the Company's IT systems under business transformation program. Mobile network development ensured our leadership in mobile Internet speed race with an average 85.1 Mbps speed in the Company's network according to the latest measurement of Communications Regulatory Authorities.

For constant improvements, good capital management and decent growth figures Telia Lietuva was recognised as the best listed company in Baltics according to evaluation of Corporate Excellence Award Jury comprised of representative of Herens Quality Asset Management AG (Switzerland), Alphinox Quality AS (Latvia) and Riga Technical University.

In November 2020, a new Chair of the Board, Douglas Lubbe, a CFO of Telia Sverige, stepped in to substitute Emil Nilsson, who led the Board of Telia Lietuva for almost 2 years and has resigned due his departure from Telia Company.

By the end of 2020, the Company together with the other Telia Company Group operating in Baltics and Nordics became a climate neutral undertaking. Since 2019, we use only green electricity, our mobile communication base stations operates under electricity saving program, we collect and reuse the customers' end equipment and 84 per cent of our transportation fleet is already compliant with Euro6 emission standard.

KEY FIGURES OF THE GROUP

Financial figures	January-December		Change (%)
	2020	2019	
Revenue	398,083	388,299	2.5
EBITDA excluding non-recurring items	136,236	130,992	4.0
EBITDA margin excluding non-recurring items (%)	34.2	33.7	
EBITDA	134,915	128,868	4.7
EBITDA margin (%)	33.9	33.2	
Operating profit (EBIT) excluding non-recurring items	66,167	61,905	6.9
EBIT margin excluding non-recurring items (%)	16.6	15.9	
Operating profit (EBIT)	64,846	59,781	8.5
EBIT margin (%)	16.3	15.4	
Profit before income tax	62,255	56,855	9.5
Profit before income tax margin (%)	15.6	14.6	
Profit for the period	55,866	54,726	2.1
Profit for the period margin (%)	14.0	14.1	
Earnings per share (EUR)	0.096	0.094	2.1
Number of shares (thousand)	582,613	582,613	-
Share price at the end of period (EUR)	1.825	1.275	43.1
Market capitalisation at the end of period	1,062,727	742,832	43.1
Cash flow from operations	135,265	139,540	(3.1)
Operating free cash flow	87,702	87,441	0.3
Operating figures	31-12-2020	31-12-2019	Change (%)
Mobile service subscriptions, in total (thousand)	1,398	1,347	3.8
- Post-paid (thousand)	1,104	1,069	3.3
- Pre-paid (thousand)	294	278	5.8
Broadband Internet connections (excl. Wi-Fi), in total (thousand)	417	419	(0.5)
- Fiber-optic (FTTH/B) (thousand)	297	295	0.7
- Copper (DSL) (thousand)	120	124	(3.2)
Fixed telephone lines in service (thousand)	261	296	(11.8)
TV service customers, in total (thousand)	253	244	3.7
Number of personnel (head-counts)	2,161	2,336	(7.5)
Number of full-time employees	2,001	2,127	(5.9)

(All tabular amounts are in EUR '000 unless otherwise stated)

Financial ratios*	31-12-2020	31-12-2019
Return on capital employed (%)	14.7	13.3
Return on average assets (%)	10.8	10.0
Return on shareholders' equity (%)	17.0	17.3
Operating cash flow to sales (%)	34.0	35.9
Capex to sales (%)	13.5	13.6
Net debt to EBITDA ratio	0.50	0.72
Gearing ratio (%)	20.3	28.4
Debt to equity ratio (%)	37.1	43.7
Current ratio (%)	113.2	115.5
Rate of turnover of assets (%)	66.2	65.0
Equity to assets ratio (%)	54.5	53.4
Price to earnings (P/E) ratio	19.0	13.6

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

REVENUE

Breakdown of revenue by services	October-December		Change (%)	January-December		Change (%)
	2020	2019		2020	2019	
Fixed services	44,718	46,209	(3.2)	177,708	173,406	2.5
Voice telephony services	9,463	13,955	(32.2)	44,400	49,671	(10.6)
Internet services	15,023	14,213	5.7	57,914	56,618	2.3
Datacom and network capacity services	4,463	4,616	(3.3)	17,964	18,654	(3.7)
TV services	10,055	8,305	21.1	35,987	30,783	16.9
IT services	3,909	3,090	26.5	14,200	11,536	23.1
Other services	1,805	2,030	(11.1)	7,243	6,144	17.9
Mobile services*	33,637	32,023	5.0	128,548	126,888	1.3
Billed services*	27,521	26,986	2.0	106,457	104,896	1.5
Other mobile service	6,116	5,037	21.4	22,091	21,992	0.5
Equipment	30,248	28,755	5.2	91,827	88,005	4.3
Total	108,603	106,987	1.5	398,083	388,299	2.5

Note. *Starting from 2020, customers' contributions for insurance of mobile devices are recorded at net value (excluding costs) while earlier it was recorded at gross value (including costs), thus comparable revenue from billed mobile communication services for the fourth quarter and the twelve months of 2019 were EUR 26,195 thousand and EUR 100,841 thousand, respectively. Accordingly, comparable (like for like) revenue from billed services for the fourth quarter of 2020 increased by 5.1 per cent and for the twelve months of 2020 – by 5.6 per cent over the same period a year ago. Total comparable (like for like) revenue from mobile services over the year for fourth quarter and the twelve months of 2020 increased by 7.7 and 4.7 per cent, respectively.

New customers and new IT contracts pushed the revenue from IT, TV, Internet, billed mobile services and equipment sale up during the fourth quarter of 2020 and that fully offset decline in revenue from fixed voice telephony and lower volumes of voice transit.

An increase in the **total revenue** for the twelve months of 2020 was driven by a double digit growth in revenue from IT and TV services and supported by continuous development of revenue from mobile communication, broadband Internet services and equipment sale. Limited travelling had a negative effect on revenue from roaming services.

Share of revenue from fixed and mobile communication services amounted to 44.6 and 32.3 per cent, respectively of the total revenue for the twelve months of 2020. Share of revenue from equipment sales reached 23.1 per cent. Revenue from services provided to residential customers (B2C) amounted to 61.4 per cent, to business customers (B2B) – 37.8 per cent and others – 0.8 per cent of the total revenue for January-December of 2020.

(All tabular amounts are in EUR '000 unless otherwise stated)

The converged fixed and mobile services value offer, Telia1, which gives higher speed and more data, was improved with more TV content and as a result the number of households that took advantage of Telia1 offer reached almost 75 thousand.

The intake of 14 thousand of new **mobile** communication service subscriptions and increased ARPU led to like for like revenue from billed mobile services growth of 5.1 per cent for the fourth quarter of 2020. Over the last twelve months the number of mobile service subscriptions went up by 51 thousand (35 thousand of post-paid and 16 thousand of pre-paid). As a result, like for like revenue from billed mobile services for January-December 2020 was 5.6 per cent higher than for the same period a year ago. Starting from 2020, customers' contributions for mobile devices insurance are not included into billed revenue from mobile services.

Revenue from **other mobile services** that include revenue from mobile network interconnection, roaming charges to country's visitors and other network services was effected by limited cross-border travelling due to Covid-19 pandemic. Revenue from roaming charges alone for the twelve months of 2020, compared with the same period a year ago, decreased by 13.5 per cent.

During 2020, the decline of fixed telephony lines in service slowed down. During the fourth quarter of 2020, the number of lines eased by 9 thousand, while over the last twelve months it went down by 35 thousand. Revenue from voice transit service during October-December of 2020 was by 31.2 per cent less than a year ago and pushed down the total revenue from **voice telephony** services. During the fourth quarter of 2020 revenue from retail voice telephony services, compared with the revenue for the same quarter in 2019, went down by 34.6 per cent.

Revenue from voice transit service alone for the twelve months of 2020 was almost the same as a year ago (decline of 0.9 per cent), while revenue from retail voice telephony services was 18.7 per cent lower.

During the fourth quarter the number of fixed **broadband Internet** access users over fiber-optic network using FTTH/B technologies increased by 2 thousand, while number of broadband Internet service users over the copper DSL connections eased by just 1 thousand.

The churn of the number of DSL connections was successfully managed thanks to back in 2018 introduced "Super VDSL" (S-VDSL) technology. Depending on the length of the copper line connecting the Company's exchange and end equipment S-VDSL technology provides up to 250 Mbps Internet speed.

Over the last twelve months, the number of Internet connections over the fiber-optic network increased by 2 thousand, while the number of copper DSL connections eased by 4 thousand. By the end of December of 2020, the number of Internet connections over the FTTH/B network amounted to 71.2 per cent of all broadband Internet connections.

During October-December of 2020, the number of smart **television** (IPTV) service users increased by 2 thousand, while over the year it went up by 9 thousand. Covid-19 pandemic and free-to-air broadcasting of EuroLeague basketball games with Lithuanian team participation had a negative effect on sports' TV broadcasting subscriptions.

At the end of 2020 implemented new virtual private network (VPN) solutions, computerised workplace management and video surveillance systems installation and maintenance projects pushed the revenue from **IT services** up.

In October 2020, the Company has signed EUR 1 million equipment lease and data center services agreement with Vinted, the largest online marketplace in Europe dedicated to second-hand fashion. An additional investment is a continuation of the procurement held back in spring, when Vinted signed a contract with the Company for hardware lease worth EUR 1.5 million.

The Company operates two TIER 3-compliant data centers in Vilnius and several other smaller server rooms located throughout the country. Major online stores, supermarkets, banks and insurance companies operating in Lithuania and the Baltic markets use the data center services offered by Telia Lietuva.

Covid-19 pandemic caused remote working and distant learning change the **equipment sale** pattern: drastically increased demand for laptops and TV sets, while demand for mobile devices went down.

Revenue from **other services** consists of the non-telecommunication services such as Directory Inquiry service 118 provided to external customers, lease of premises, discount refunds and other.

(All tabular amounts are in EUR '000 unless otherwise stated)

Gain or loss from sale of property, plant and equipment, as well as gain or loss on currency exchange is recorded at net value as **other gain (loss)**. In 2020, the gain was mainly related to disposal of obsolete property.

MARKET INFORMATION

According to the Reports of the Communications Regulatory Authority (CRA), the Lithuanian electronic communications market in terms of revenue in the third quarter of 2020 increased by 2.7 per cent compared with the second quarter of 2020 and amounted to EUR 184.1 million. Over the year, compared with the third quarter of 2019, the total market revenue for the third quarter of 2020 went up by 0.9 per cent.

The total market revenue for the first nine months of 2020 amounted to EUR 542.2 million, an increase by 2 per cent over the total market revenue of EUR 531.4 million for January-September of 2019, mainly due to growth in mobile and fixed Internet access as well as pay TV segments.

Telia Lietuva remains the largest telecommunications' service provider in Lithuania with the market share (in term of revenue) of 38 per cent for the third quarter of 2020 with the leaders' position on fixed broadband Internet, pay TV and fixed voice telephony markets, while on mobile voice and mobile Internet markets the Company occupies the third place.

	The market shares in terms of customers (%)		The market shares in terms of revenue (%)	
	Q3 2020	Change (p.p.) (y-o-y)	Q3 2020	Change (p.p.) (y-o-y)
Fixed voice telephony services	80.0	(1.6)	86.5	0.5
Mobile voice telephony services	28.2	0.4	26.8	(0.8)
Fixed Internet access	52.4	0.2	59.1	(0.3)
Mobile Internet access	28.5	(0.1)	26.8	(0.1)
Pay-TV services	37.0	1.3	45.1	1.4
Data communication services	n/a	n/a	58.4	(5.2)

According to the Report of the CRA, on 30 September 2020, broadband Internet penetration per 100 residents of Lithuania was 52.8 per cent (50.1 per cent a year ago) and pay-TV penetration per 100 households was 51.7 per cent (51.1 per cent a year ago). The penetration of active mobile voice communication users per 100 residents was 132.7 per cent (132.7 per cent a year ago) and penetration of fixed voice telephony lines per 100 households – 24.5 per cent (27.7 per cent a year ago).

EXPENSES

	October-December		Change (%)	January-December		Change (%)
	2020	2019		2020	2019	
Cost of goods and services	(47,398)	(45,781)	1.5	(158,023)	(155,204)	2.5
Operating expenses	(27,270)	(27,714)	(1.6)	(105,647)	(104,871)	0.7
Employee related	(14,282)	(13,617)	4.9	(54,887)	(53,495)	1.8
Other	(12,988)	(14,097)	(7.9)	(50,760)	(51,376)	1.2
<i>Non-recurring expenses</i>	347	609	(43.0)	1,321	2,124	(37.8)
Operating expenses (excl. non-recurring expenses)	(26,923)	(27,105)	(0.7)	(104,326)	(102,747)	1.5
Employee related	(13,935)	(13,008)	7.1	(53,566)	(51,371)	4.3
Other	(12,988)	(14,097)	(7.9)	(50,760)	(51,376)	1.2

Cost of goods and services for the fourth quarter and the twelve months of 2020 went up mainly due to higher equipment sale. **Employee related expenses** in spite of decreased number of employees were higher than in 2019 due to increased employees' salaries. **Other expenses** were higher mainly due to higher marketing expenses while savings of transportation and travelling expenses were recorded in 2020. **Non-recurring expenses** in both 2020 and 2019 were related to one-off redundancy pay-outs.

(All tabular amounts are in EUR '000 unless otherwise stated)

	<u>31-12-2020</u>	<u>30-09-2020</u>	<u>Change</u>	<u>31-12-2020</u>	<u>31-12-2019</u>	<u>Change</u>
Number of employees:						
Headcounts	2,161	2,186	(25)	2,161	2,336	(175)
Full-time employees	2,001	2,014	(13)	2,001	2,127	(126)

On 1 July 2020, the Company's subsidiary Telia Customer Service LT, AB was merged into the Company and all **employees** of merged subsidiary became employees of Telia Lietuva, AB. In August 2020, 69 employees involved in maintenance of copper access network were outsourced to the third party.

EARNINGS

Growth in revenue growth and control of operating expenses led to higher earnings in 2020 that a year ago.

	<u>October-December</u>		<u>Change</u>	<u>January-December</u>		<u>Change</u>
	<u>2020</u>	<u>2019</u>	<u>(%)</u>	<u>2020</u>	<u>2019</u>	<u>(%)</u>
EBITDA	34,052	33,950	0.3	134,915	128,868	4.7
Margin (%)	31.4	31.7		33.9	33.2	
Depreciation and amortisation	(17,205)	(17,793)	(7.9)	(70,069)	(69,087)	1.4
Operating profit (EBIT)	16,847	16,157	4.3	64,846	59,781	8.5
Margin (%)	15.5	15.1		16.3	15.4	
EBITDA excl. non-rec. items	34,399	34,559	(0.5)	136,236	130,992	4.0
Margin (%)	31.7	32.3		34.2	33.7	
EBIT excl. non-rec. items	17,194	16,766	2.6	66,167	61,905	6.9
Margin (%)	15.8	15.7		16.6	15.9	

Loss from investments represents result from activities of on 18 June 2020 disposed associated entity UAB Mobilieji Mokėjimai that until 18 May 2020 was providing instant payment service. As of 31 December 2019, the Company impaired the value of this investment to one euro. During 2020, the Company extended loans for the total amount of EUR 289.2 thousand to UAB Mobilieji Mokėjimai at an annual interest rate of 3.37 per cent. The Company's claim under not repaid loan and accumulated interest was used to cover losses of UAB Mobilieji Mokėjimai. An additional shareholders' contribution of EUR 26.7 thousand to cover losses of associate was made before divestment of a 33.3 per cent stake.

	<u>October-December</u>		<u>Change</u>	<u>January-December</u>		<u>Change</u>
	<u>2020</u>	<u>2019</u>	<u>(%)</u>	<u>2020</u>	<u>2019</u>	<u>(%)</u>
Profit before income tax	16,150	15,074	7.1	62,255	56,855	9.5
Margin (%)	14.9	4.1		15.6	14.6	
Income tax	702	1,890	(62.9)	(6,389)	(2,129)	200.1
Profit for the period	16,852	16,964	(0.7)	55,866	54,726	2.1
Margin (%)	15.5	15.9		14.0	14.1	

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 the **profit tax relief** in 2020 amounted to EUR 2.1 million (in 2019 – EUR 2.9 million).

FINANCIAL POSITION AND CASH FLOW

During January-December of 2020, **total assets** decreased mainly due to depreciation of the assets. As of 31 December 2020, the total non-current assets amounted to 76.2 per cent, the total current assets – to 23.6 per cent, whereof cash alone represented 9.2 per cent of total assets. **Shareholders' equity** eased due to dividend pay-out in May and at the end of 2020 amounted to 54.5 per cent of the total assets.

(All tabular amounts are in EUR '000 unless otherwise stated)

	31-12-2020	31-12-2019	Change (%)
Total assets	608,448	614,116	(0.9)
Non-current assets	463,497	462,595	0.2
Current assets	143,869	150,341	(4.3)
<i>whereof cash and cash equivalents</i>	55,941	50,157	11.5
Assets for sale	1,082	1,180	(8.3)
Shareholders' equity	331,507	328,076	1.0

On 28 April 2020, the Annual General Meeting of Shareholders allocated from the Company's distributable profit of EUR 140.1 million EUR 52.4 million for the payment of **dividends** for the year 2019, i.e. EUR 0.09 dividend per share, and carried forward to the next financial year an amount of EUR 87.6 million as retained earnings (undistributed profit). In May 2020, dividends for the year 2019 were paid to the shareholders of the Company.

According to the Law on Companies of the Republic of Lithuania, dividends should be paid from retained earnings of the Company. As of 31 December 2020, **retained earnings** of the Company amounted to EUR 145.7 million.

The Company's Dividend Policy that was approved by the Board in 2017 provides that the Company must maintain the net debt to EBITDA ratio not higher than 1.5 and to pay out 80 per cent of free cash flow as dividend. As of 31 December 2020, the Company's net debt to EBITDA ratio was 0.50 (0.72 a year ago).

During the fourth quarter of 2020, the Company repaid EUR 7.5 million of the long-term EUR 150 million bank loan. The last instalment of this loan was repaid in January 2021, thus the Company completed return of a EUR 150 million loan that was borrowed in January 2016 for financing of Omnitel shares' acquisition.

	31-12-2020	31-12-2019
Bank loans	67,500	97,500
Telia Company loans	-	5,000
Reverse factoring agreements	54,243	38,704
Financial lease	1,400	2,248
Borrowings	123,143	143,452
Cash and cash equivalents	55,941	50,157
Net debt	67,202	93,295
Net debt to equity (Gearing) ratio (%)	20.3	28.4

Following the Revolver Loan Agreement signed in May 2019, the Company has a possibility to borrow from Telia Company any amount up to the total limit of EUR 20 million for a tenor of 3 or 6 months within 2 business days. This agreement is valid till May 2021. As of 31 December 2020, the Company had no loans borrowed from Telia Company (EUR 5 million a year ago).

During January-December of 2020, the total **capital investments** amounted to EUR 53.9 million and were 2.3 per cent higher than capital investments of EUR 52.7 million a year ago. Most of capital investments (EUR 24.9 million or 46.4 per cent) went to upgrade of fixed network and development of fiber-optic access network. An amount of EUR 9.6 million was invested into development of mobile network, EUR 10.2 million – into development of the Company's IT systems and infrastructure, EUR 6.5 million – under ongoing business transformation program and EUR 2.6 million were other investments.

In August 2020, the Company has assigned frequencies used for 3G mobile communication to more advanced 4G technology all over the country except Vilnius and Kaunas cities. As a result speed in 4G network increased and according to the latest data of the Communications Regulatory Authority (CRA), the current average 4G speed in the Telia Lietuva network amounts to 85.1 Mbps (76.2 Mbps a year ago).

By the end of December 2020, the Company had 937 thousand households passed (929 thousand a year ago), or 71.4 per cent of the country's households, by the fiber-optic network.

(All tabular amounts are in EUR '000 unless otherwise stated)

In October 2020, the first customer care center dedicated to small and medium size enterprises was opened in Kaunas. During 2020, the Company renovated 11 retail outlets under new Scandinavian style concept.

Increase in EBITDA and positive changes in working capital contributed to generation of a strong free cash flow:

	<u>October-December</u>		Change (%)	<u>January-December</u>		Change (%)
	2020	2019		2020	2019	
Net cash from operating activities	35,589	50,749	(29.9)	135,265	139,540	(3.1)
Operating free cash flow	<u>23,778</u>	<u>39,934</u>	<u>(40.5)</u>	<u>87,702</u>	<u>87,441</u>	<u>0.3</u>

Operating free cash flow is operating cash flow excluding capital investments.

SHARE CAPITAL AND SHAREHOLDERS

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

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

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

Information about **trading in Telia Lietuva shares** on Nasdaq Vilnius stock exchange in January-December of 2020:

Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover (units)	Turnover
EUR	1.275	1.840	1.135	1.825	1.414	7,636,709	10,798,684

The Company's **market capitalisation** as on 31 December 2020 was EUR 1,063 million, an increase by 43.1 per cent over the market capitalisation of EUR 743 million a year ago.

The number of **shareholders** on the shareholders' registration day (16 November 2020) for the Extraordinary General Meeting of Shareholders, which was held on 23 November 2020, was 11,703.

Shareholders, holding more than 5 per cent of the share capital and votes, as on 31 December 2020:

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	-

OTHER MATERIAL INFORMATION

In pursuit of a closer synergy with other companies of Telia Company Group and a higher performance efficiency, from 1 January 2020, Telia Lietuva has started to apply the New Operating Model, which brings together competences and capacities across Telia Company Group, aiming to avoid duplication of tasks, to standardize processes, to create a common operating architecture, to plan investments and to make data and analytics-based

(All tabular amounts are in EUR '000 unless otherwise stated)

decisions. Telia teams in Estonia, Denmark and Norway have also embraced the New Operating Model together with Lithuania. This model is already applied in Sweden and Finland.

In March 2020, the shareholders of UAB Mobilieji Mokėjimai decided to cease provision of payment services and activities of mobile application MoQ from 18 May 2020. On 18 June 2020, the Company together with other shareholders – UAB Bitė Lietuva and UAB Tele 2 – sold all shares of UAB Mobilieji Mokėjimai to the third party, SEPExpress FS, UAB.

From 16 March till 27 April 2020, all Company's retail outlets were closed due to coronavirus-imposed quarantine regime in the Republic of Lithuania. Customers were served only online or by phone. During the first quarantine (till 17 June 2020) most of the Company's units worked remotely, while engineering teams acted in observance of extreme care requirements when installing new services and troubleshooting.

The second country's lockdown was imposed from 7 November 2020. All the Company's shops are currently open under very strict time and safety restrictions, with only vital services being provide within strict time limits and limited work hours. Majority of the Company's employees continue their activities at remote work mode.

On 28 April 2020, the Annual General Meeting approved the audited annual consolidated and separate financial statements of the Company for the year 2019. The consolidated annual report of the Company for the year 2019, prepared by the Company, assessed by the auditors and approved by the Board, was presented to the shareholders. The shareholders decided to allocate from the Company's distributable profit of EUR 140,080 thousand EUR 52,435 thousand for the payment of dividends for the year 2019, i.e. EUR 0.09 dividend per share, and carry forward to the next financial year an amount of EUR 87,645 thousand as retained earnings (undistributed profit).

The shareholders also elect UAB Deloitte Lietuva as the Company's audit enterprise to perform the audit of the annual consolidated and separate financial statements of the Company for the year 2020, and to make the assessment of the consolidated annual report of the Company for the year 2020.

To streamline Telia Lietuva Group structure, in April 2019 shareholders of Telia Lietuva, AB and Telia Customer Service LT, AB had approved the preparation of reorganisation terms, under which the Company's subsidiary, Telia Customer Service LT, AB, would be merged into Telia Lietuva, AB. The terms of merger were prepared and on 6 November 2019 approved by the Boards of both companies. On 28 April 2020, shareholders of both entities decided to reorganize Telia Lietuva, AB and Telia Customer Service LT, AB pursuant to Part 3 of Article 2.97 of the Civil Code of the Republic of Lithuania by way of merging.

On 1 July 2020, the Register of Legal Persons of the Republic of Lithuania registered a new wording of the By-laws of Telia Lietuva, AB that continues activities following the reorganization process whereby Telia Customer Service LT, AB was merged into Telia Lietuva, AB. Telia Customer Service LT, AB terminated its activities as legal entity, and its activities are carried on by Telia Lietuva, AB. The Company took over all assets, rights and obligations of Telia Customer Service LT, AB.

In November 2020, the Company has entered into a strategic partnership with Ericsson to modernize its mobile network and rollout of 5G across the country. Ericsson will be the sole partner to deliver radio access network technology (RAN) in Lithuania. Over the next three years, the Company plans to upgrade around 2,000 sites in Lithuania, phasing out equipment from Huawei starting 2021. This will further improve the current quality of 4G networks and ensure a fast upgrade to 5G, which will eventually be available throughout Lithuania.

On 10 November 2020, the Company launched next-generation 5G mobile network in Lithuania: 11 base stations of the new technology operating at the city centres of Vilnius, Kaunas and Klaipėda, while two more 5G stations were launched in the Klaipėda Free Economic Zone (FEZ) in December. Frequencies for testing the technology provided by the Communications Regulatory Authority (CRA) are used for non-commercial 5G communication service. The Company will start providing commercial next-generation 5G mobile communication services in Lithuania after CRA announces the 5G frequency auction, which is expected to take place in 2021.

(All tabular amounts are in EUR '000 unless otherwise stated)

MEMBERS OF THE MANAGING BODIES

According to the By-laws of Telia Lietuva, the managing bodies of the Company are General Meeting, Board and General Manager. The Company does not have a Supervisory Council.

On 7 October 2020, the Company received a letter from Emil Nilsson, the then Chair of the Board, that as of 21 October 2020 he resigns from the position of the Company's member of the Board, Chair of the Board and Chair of the Remuneration Committee.

On 23 November 2020, the Extraordinary General Meeting of the Company's shareholders elected Douglas Lubbe to the Board of the Company. He was nominated by Telia Company AB, a shareholder of the Company holding 88.15 per cent of the Company's shares and votes, and is regarded as non-executive member of the Company's Board.

On 24 November 2020, the Board elected Douglas Lubbe as the Chair of the Board and appointed him to the Remuneration Committee of the Company. The Board also elected Claes Nycander, a member of the Board and member of the Remuneration Committee, as the Chair of the Remuneration Committee.

Members of the Board as of 31 December 2020:

Name, surname	Position in the Board	Employment	Ownership of the Company's shares
Douglas Lubbe	Chair of the Board, member of the Remuneration Committee	Telia Sverige AB (Sweden), Chief Financial Officer	-
Agneta Wallmark	Member of the Board, Chair of the Audit Committee	Telia Company AB (Sweden), Vice President & Head of Group Treasury	-
Claes Nycander	Member of the Board, Chair of the Remuneration Committee	Telia Company AB (Sweden), Vice President & Head of Chief Operating Officer Office & LED (Lithuania, Estonia, Denmark) Management at Common Product and Services (CPS)	-
Hannu-Matti Mäkinen	Member of the Board	Telia Company AB (Sweden), Vice President & Head of Legal Practice Group B2B and Carrier	-
Tomas Balžekas	Member of the Board, member of the Audit Committee	UAB Media Bitės (Lithuania), General Manager (CEO)	-
Mindaugas Glodas	Member of the Board, member of the Audit and Remuneration Committees	NRD Companies AS (Norway), General Manager; Norway Registers Development AS (Norway), General Manager; Norway Registers Development AS Lithuanian branch, General Manager; NRD Systems, UAB (Lithuania), General Manager	-

All members of the Board are regarded as non-executive members of the Board, and Tomas Balžekas and Mindaugas Glodas are regarded as independent members of the Board. Information about participation of the members of the Company's Board in activities of other entities is provided at the Company's webpage www.telia.lt. The current two-year's term of the Board terminates on 26 April 2021.

On 28 April 2020, the shareholders decided to allocate for two independent members to the Board – Tomas Balžekas and Mindaugas Glodas – the total amount of EUR 31,280, or EUR 15,640 each, as a tantiemes (annual payment) for the year 2019.

On 28 April 2020, the Annual General Meeting approved Remuneration Policy for CEO and members of the Board of Telia Lietuva, AB. The Policy that establishes requirements and guidelines in determining the remuneration of the Company's CEO and the Board members is provided at the Company's webpage www.telia.lt.

(All tabular amounts are in EUR '000 unless otherwise stated)

From 1 January 2020, the Company established a new Digitization and Analytics unit that took over the management of digital channels from the Direct and Digital Channels Unit and was merged with the Data and Business Insights unit, which until then was a part of the Business to Consumer (B2C). Nortautas Luopas, the Head of Business to Consumer of the Company, is leading the new unit responsible for data mining, management, modelling as well as marketing automation and management. Also, from 1 January 2020, names of some units were changed.

Dan Strömberg, CEO of Telia Lietuva, has been appointed as Senior Vice President of Telia Company AB and from August 2020 is in charge of cluster Lithuania, Estonia and Denmark (LED) at Telia Company Group.

Management Team as of 31 December 2020:

Name, surname	Position in the Company	Involvement into activities of other entities	Ownership of the Company's shares
Dan Strömberg	CEO	Telia Company AB (Sweden), Senior Vice President & Head of cluster Lithuania, Estonia and Denmark (LED); Tet SIA (Latvia), Deputy Chair of the Supervisory Council; Association Investors' Forum (Lithuania), member of the Board	-
Daniel Karpovič	Head of Enterprise	-	-
Nortautas Luopas	Head of Consumer, Head of Digitalization and Analytics	-	-
Giedrė Kaminskaitė-Salters	Head of Sales and Customer Care	UAB Litexpo (Lithuania), Chair of the Board; Vilnius University Institute of International Relations and Political Science (Lithuania), member of the Board of Trustees	-
Andrius Šemeškevičius	Head of Technology Infrastructure	SIA Telia Latvija (Latvia), Chair of the Supervisory Council	8,761 shares or 0.0015% of the total number of shares and votes
Arūnas Lingė	Head of Finance	-	-
Ramūnas Bagdonas	Head of People & Engagement	Association of Personnel Management Professionals (Lithuania), member of the Board	-
Daiva Kasperavičienė	Head of Legal and Corporate Affairs	-	-
Birutė Eimontaitė	Head of Communication	-	-
Vytautas Bučinskas	Head of Business Assurance & Transformation	Member of the Cyber Security Council (Lithuania); Association INFOBALT (Lithuania), Deputy Chairman of Cybersecurity Group	-

(All tabular amounts are in EUR '000 unless otherwise stated)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	October-December		January-December	
		2020	2019	2020	2019
Revenue		108,603	106,987	398,083	388,299
Cost of goods and services		(47,398)	(45,781)	(158,023)	(155,204)
Employee-related expenses		(14,282)	(13,617)	(54,887)	(53,495)
Other expenses		(12,988)	(14,097)	(50,760)	(51,376)
Other gain/ (loss) - net		117	458	502	644
Depreciation, amortisation and impairment of fixed assets	2	(17,205)	(17,793)	(70,069)	(69,087)
Operating profit		16,847	16,157	64,846	59,781
Gain/loss from investments in subsidiaries		1	(831)	(318)	(1,860)
Finance income		548	690	2,320	2,859
Finance costs		(1,246)	(942)	(4,593)	(3,925)
Finance and investment activities – net		(697)	(1,083)	(2,591)	(2,926)
Profit before income tax		16,150	15,074	62,255	56,855
Income tax	6	702	1,890	(6,389)	(2,129)
Profit for the period		16,852	16,964	55,866	54,726
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		16,852	16,964	55,866	54,726
Profit and comprehensive income attributable to:					
Owners of the Parent		16,852	16,964	55,866	54,726
Minority interests		-	-	-	-
Earnings per share for profit attributable to the equity holders of the Company (expressed in euro per share)	7	0.029	0.029	0.096	0.094

(All tabular amounts are in EUR '000 unless otherwise stated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2	256,923	263,794
Intangible assets	2	132,223	132,161
Right-of-use-asset	2	47,217	47,900
Cost to obtain a contract (non-current)		4,806	4,625
Other contract assets (non-current)		445	351
Trade and other receivables		15,543	9,728
Finance lease receivables		6,340	4,036
		463,497	462,595
Current assets			
Inventories		10,427	10,153
Other current contract assets		1,196	1,178
Trade and other receivables		71,623	84,314
Current income tax receivable		114	1,708
Finance lease receivables		4,568	2,831
Cash and cash equivalents		55,941	50,157
		143,869	150,341
Assets held for sale		1,082	1,180
Total assets		608,448	614,116
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	4	168,958	168,958
Legal reserve		16,896	16,896
Retained earnings		145,653	142,222
Total equity		331,507	328,076
LIABILITIES			
Non-current liabilities			
Borrowings		60,574	68,916
Non-current lease liabilities		50,774	47,541
Deferred tax liabilities		18,880	19,829
Deferred revenue and accrued liabilities		7,815	8,376
Provisions	5	11,833	11,257
		149,876	155,919
Current liabilities			
Trade, other payables and accrued liabilities		55,158	48,737
Current income tax liabilities		-	-
Borrowings		62,569	74,536
Other current contract liabilities		1,610	501
Current lease liabilities		7,728	6,347
Provisions	5	-	-
		127,065	130,121
Total liabilities		276,941	286,040
Total equity and liabilities		608,448	614,116

(All tabular amounts are in EUR '000 unless otherwise stated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2019	168,958	16,896	134,105	319,959
Net profit	-	-	54,726	54,726
Total comprehensive income for the period	-	-	54,726	54,726
Dividends paid for 2018	-	-	(46,609)	(46,609)
Balance at 31 December 2019	168,958	16,896	142,222	328,076
Balance at 1 January 2020	168,958	16,896	142,222	328,076
Net profit	-	-	55,866	55,866
Total comprehensive income for the period	-	-	55,866	55,866
Dividends paid for 2019	-	-	(52,435)	(52,435)
Balance at 31 December 2020	168,958	16,896	145,653	331,507

(All tabular amounts are in EUR '000 unless otherwise stated)

CONSOLIDATED STATEMENT OF CASH FLOW

	January-December	
	2020	2019
Operating activities		
Profit for the period	55,866	54,726
Income tax	6,389	2,129
Depreciation, amortisation and impairment charge	72,585	65,306
Write off of property, plant and equipment and intangible assets	395	375
Impairment of investments in subsidiaries	318	591
Interest income	(2,204)	(2,797)
Interest expenses	4,295	3,446
Other non-cash transactions	-	339
Changes in working capital:		
Inventories	(621)	(618)
Trade and other receivables	6,103	18,301
Trade, other payables and accrued liabilities	(1,080)	7,999
Cash generated from operations	142,046	149,797
Interest paid	(1,362)	(3,199)
Interest received	382	100
Tax paid	(5,801)	(7,158)
Net cash from operating activities	135,265	139,540
Investing activities		
Purchase of property, plant and equipment (PPE) and intangible assets, right-of-use assets (RoU)	(47,494)	(53,127)
Proceeds from disposal of PPE and intangible assets, RoU	249	2,296
Interest and finance lease income	-	655
Proceeds from (granted to) finance sublease receivables	4,860	3,416
Acquisition/divestment of subsidiaries	(318)	(1,268)
Net cash used in investing activities	(42,703)	(48,028)
Financing activities		
Repayment of borrowings	(81,176)	(67,950)
Borrowings	61,715	54,141
Increase (decrease) in lease liabilities	(14,882)	(9,662)
Dividends paid to shareholders of the Company	(52,435)	(46,609)
Net cash used in financing activities	(86,778)	(70,080)
Increase (decrease) in cash and cash equivalents	5,784	21,432
Movement in cash and cash equivalents		
At the beginning of the year	50,157	28,725
Increase (decrease) in cash and cash equivalents	5,784	21,432
At the end of the period	55,941	50,157

(All tabular amounts are in EUR '000 unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The consolidated interim financial statements for the twelve months' period ending 31 December 2020 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2019.

The presentation currency is euro. The financial statements are presented in thousands of euro, unless indicated otherwise. The financial statements are prepared under the historical cost convention.

Financial statements for the period ended 31 December 2020 are not audited. Financial statements for the year ended 31 December 2019 are audited by the external auditor UAB Deloitte Lietuva.

New IFRS 16 "Leases" effective as of January 1, 2019

The Company apply the new standard using the modified retrospective approach, which means that comparative figures are not restated. The cumulative effect of applying IFRS 16 recognized at 1 January 2019. The lease liabilities attributable to leases which have previously been classified as operating leases under IAS 17 are measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The Company recognize a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to the lease, recognized as of 31 December 2018. The Company's long-term operating leases are recognized as non-current assets and financial liabilities in the consolidated statement of financial position. Instead of operating lease expenses the Company recognize depreciation and interest expenses in the consolidated statement of comprehensive income. Lease payments affect cash flow from operating activities (e.g. interest, low value asset leases and short-term leases), and cash flow from financing activities (repayment of the lease liability) in the cash flow statement.

2 Property, plant and equipment and intangible assets

	Property, plant and equipment	Intangible assets
Twelve months ended 31 December 2019		
Opening net book amount as at 31 December 2018	276,537	131,511
Additions	41,652	11,313
Disposals and retirements	(2,704)	(1)
Reclassification	(5,742)	5,742
Depreciation and amortisation charge	(45,949)	(16,404)
Closing net book amount as at 31 December 2019	263,794	132,161
Twelve months ended 31 December 2020		
Opening net book amount as at 31 December 2019	263,794	132,161
Additions	38,833	15,700
Disposals and retirements	(577)	(59)
Reclassification	(188)	184
Depreciation and amortisation charge	(44,939)	(15,763)
Closing net book amount as at 31 December 2020	256,923	132,223

(All tabular amounts are in EUR '000 unless otherwise stated)

2 Property, plant and equipment, intangible assets and right-of-use-asset (continued)

	<u>Right-of-use-asset</u>
Twelve months ended 31 December 2019*	
Opening net book amount as at 1 January 2019*	28,999
Additions	32,020
Disposals and retirements	(6,565)
Reclassification	180
Depreciation and amortisation charge	(6,734)
Closing net book amount as at 31 December 2019	47,900
Twelve months ended 31 December 2020	
Opening net book amount as at 1 January 2020	47,900
Additions	15,763
Disposals and retirements	(7,079)
Reclassification	-
Depreciation and amortisation charge	(9,367)
Closing net book amount as at 31 December 2020	47,217

Note. * Due to IFRS 16 "Leases" effective for periods beginning on or after 1 January 2019, Financial Position for 1 January 2019 is restated in line with IFRS 16.

3 Investments in subsidiaries and associates

The subsidiaries and associates included in the Group's consolidated financial statements are indicated below:

Name	Country of incorporation	Ownership interest in %		Profile
		31 December 2020	31 December 2019	
Telia Customer Service LT, AB	Lithuania	-	100%	The subsidiary that provided Directory Inquiry Service 118 and customer care services to the Company's customers was merged into the Company on 1 July 2020.
VšĮ Numerio Perkėlimas	Lithuania	50%	50%	A non-profit organization established by Lithuanian telecommunications operators administers central database to ensure telephone number portability.
UAB Mobilieji Mokėjimai	Lithuania	-	33.3%	An associated company, that in equal parts was owned by three Lithuanian telecommunications operators and till 18 May 2020 was providing mobile payment services, was sold to the third party on 18 June 2020.

(All tabular amounts are in EUR '000 unless otherwise stated)

4 Share capital

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

5 Provisions

Provisions movement during January–December 2020:

	Provision for restructuring	Assets retirement obligation	Total
Opening net book amount at 31 December 2019	-	11,257	11,257
Additions	-	589	589
Used provisions	-	(13)	(13)
Closing net book amount at 31 December 2020	-	11,833	11,833

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 recognised. The Company expects that assets retirement obligation will be realised 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.

6 Income tax

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

Profit for 2020 is taxable at a rate of 15 per cent in accordance with Lithuanian regulatory legislation on taxation (2019: 15 per cent).

According to the Law on Corporate Profit Tax which provides tax relief for investments in new technologies, the Company's calculated profit tax relief in 2020 amounted to EUR 2.1 million (in 2019 – EUR 2.9 million).

7 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 Group 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 the both reporting periods amounted to 582,613 thousand.

	January–December	
	2020	2019
Net profit	55,866	54,726
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613
Earnings per share (euro)	0.096	0.094

(All tabular amounts are in EUR '000 unless otherwise stated)

8 Dividends per share

A dividend that relates to the period to 31 December 2019 was approved by the Annual General Meeting of Shareholders on 28 April 2020. The total amount of allocated dividend, that was paid off in May 2020 was EUR 52,435 thousand or EUR 0.09 per ordinary share.

9 Related party transactions

The Group is controlled by Telia Company AB, which as of 31 December 2020 owned 88.15 per cent (88.15 per cent a year ago) of the Company's shares. The following transactions were carried out with related parties:

Sales and purchases from Telia Company AB and its subsidiaries:

	January–December	
	2020	2019
Sales of telecommunication and other services	11,187	8,115
Total sales of telecommunication and other services	11,187	8,115
Purchases of services	24,142	22,047
Purchases of assets	-	-
Total purchases of services and assets:	24,142	22,047

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

	As at 31 December	
	2020	2019
Long-term receivables from related parties	140	195
Receivables from related parties	4,798	6,822
Accrued revenue from related parties	1,030	1,113
Total receivables and accrued revenue from related parties	5,968	8,130
Short-term borrowings from related parties	-	5,000
Payables to related parties	4,018	4,108
Accrued expenses to related parties	(212)	1,427
Total borrowings, payables and accrued expenses to related parties	3,806	10,535

On 26 May 2020, following the decision of the Annual General Meeting of Shareholders, held on 28 April 2020, the Company paid-out to Telia Company an amount of EUR 46,224 thousand as dividends for the year 2019.

As of 31 December 2020, the Company had no outstanding loans (EUR 5 million a year ago) provided by Telia Company AB.

(All tabular amounts are in EUR '000 unless otherwise stated)

MANAGEMENT CONFIRMATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

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, Dan Strömberg, CEO of Telia Lietuva, AB, and Arūnas Lingė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, the not audited Telia Lietuva, AB Interim Consolidated Financial Statements for the twelve months' period ended 31 December 2020, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit and cash flows of Telia Lietuva, AB and the Group of undertakings.

Dan Strömberg
CEO

Arūnas Lingė
Head of Finance

Vilnius, 28 January 2021