Telia

2023 Annual and Sustainability Report

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Business Overview

CEO message

Dear Reader,

Becoming the CEO of Telia Lietuva at the beginning of last year was a challenge I embraced with enthusiasm and determination. On the one hand, I had the privilege of leading a reputable, well-managed company with a significant impact on society — a company that's on the right track. On the other hand, I was determined to achieve breakthroughs in all areas of strategic development crucial to our Company. Thanks to the phenomenal talent of Telia's employees, I believe we managed to capitalize on past successes while making rapid progress with our strategic objectives. Let's recap what we achieved together.

The definitive highlight of last year was the historic NATO Summit in Vilnius. Telia Lietuva was entrusted by the Alliance to ensure the safe communication infrastructure and cybersecurity of the event. It was arguably the most challenging project our Company has ever undertaken in terms of scale, safety standards, time frames, and confidentiality levels. We rose to the challenge, and our efforts were not only recognized by local government agencies but also acknowledged by the White House in an official thank-you letter from President Joe Biden's administration.

Regarding our broader role in society, much of our focus last year was directed towards inclusivity. We aimed to set an example of an open company that seeks to understand the needs of people with various disabilities and adapt our products, services, digital platforms, and customer service standards accordingly. I want to express gratitude to our inclusivity ambassadors — individuals who face various barriers daily due to their physical conditions — for their energy, enthusiasm, and enormous help in this field. It only follows that our Christmas campaign was also dedicated to the theme of inclusivity, encouraging everyone to be each other's Christmas.

Last year, we reaffirmed our commitments to sustainable change. We continued working on our key focus areas - the environmental agenda, digital inclusion, privacy, and security. Our Net Zero targets were confirmed officially by the Science Based Targets initiative, with the ultimate goal of further reducing our CO_2 emissions through the entire value chain. The biggest positive impact on minimizing our own CO_2 footprint was reached via the continuous electrification of our car fleet. Moreover, high employee engagement and the integration of sustainability targets as strategic KPIs have allowed us to ensure the acceleration of our sustainable business model.

Of course, customers remain at the core of our DNA. A prime example is 5G. Telia Lietuva invested heavily in developing the widest 5G network in Lithuania, covering 93-95% of the country's territory according to the latest data of Communications Regulatory Authority. This enabled us to set new data download speed records and become a leader in mobile data consumption, resulting in double-digit growth in revenue from billed mobile communication services. Much of this success can be attributed to fixed wireless access technology, which provides our customers with the freedom to have a reliable and fast 5G internet connection virtually anywhere.

However, it wasn't just 5G technology driving our revenue last year. Broadband solutions also performed well and were supported by higher equipment sales. Additionally, our TV business received a boost, with the Telia Play+ platform demonstrating significant potential with its world-class and original local content, raising the bar for TV content quality in Lithuania. I'm pleased to see that it is appreciated by an ever-growing viewership.

We not only managed to keep the Company's operating expenses under control but also, aligned with our goal to provide the best customer experience and with our business objectives in mind, we advanced our digitalization projects – a core prerequisite for future-proofing our business. For example, starting in 2023, our customers will always have the possibility to renew their contracts online fully digitally, with the most relevant offers reflecting their usage and lifestyle needs. Thanks to the implementation of our paperless journey, we now have faster, friction-free, and more cost-effective delivery of our products to the end customer.

As the CEO of Telia Lietuva, I am committed to ensuring that this year, we maintain our momentum and stay focused on our customer experience, the quality of our products and services, and sustainability efforts. We are well aware that in today's world, staying ahead means embracing technological advancements and leveraging them to enhance our operations and customer experiences. By doubling down on our digital initiatives, we aim to streamline processes, improve efficiency, and ultimately deliver even greater value to our customers, while remaining a change agent in Lithuanian society through our inclusivity initiatives and ambitious sustainability agenda. With the talent density of Telia Lietuva, I am confident 2024 will be another year we can be proud of.

In the meantime, let's delve into the details of Telia Lietuva's year 2023 in this report.

Giedrė Kaminskaitė-Salters
CEO of Telia Lietuva

Telia

What is Telia Lietuva?

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

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

Telia Company owns 88.15 percent of Telia Lietuva shares. Since 2000, Telia Lietuva shares have been traded on the Nasdaq Vilnius Stock Exchange (symbol – TEL1L). In total, Telia Lietuva has almost 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.

Until November 2023, Telia Lietuva held a limited activities electronic money institution license for restricted activity issued by the Bank of Lithuania. The license was obtained in October 2016 with the purpose of taking over the payment activities of Omnitel after its merger into the Company and the provision of instant payment services. Due to changes in legislation regulating the payments market, the license was no longer required for the provision of Telia Lietuva's existing and future planned payment-related 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.

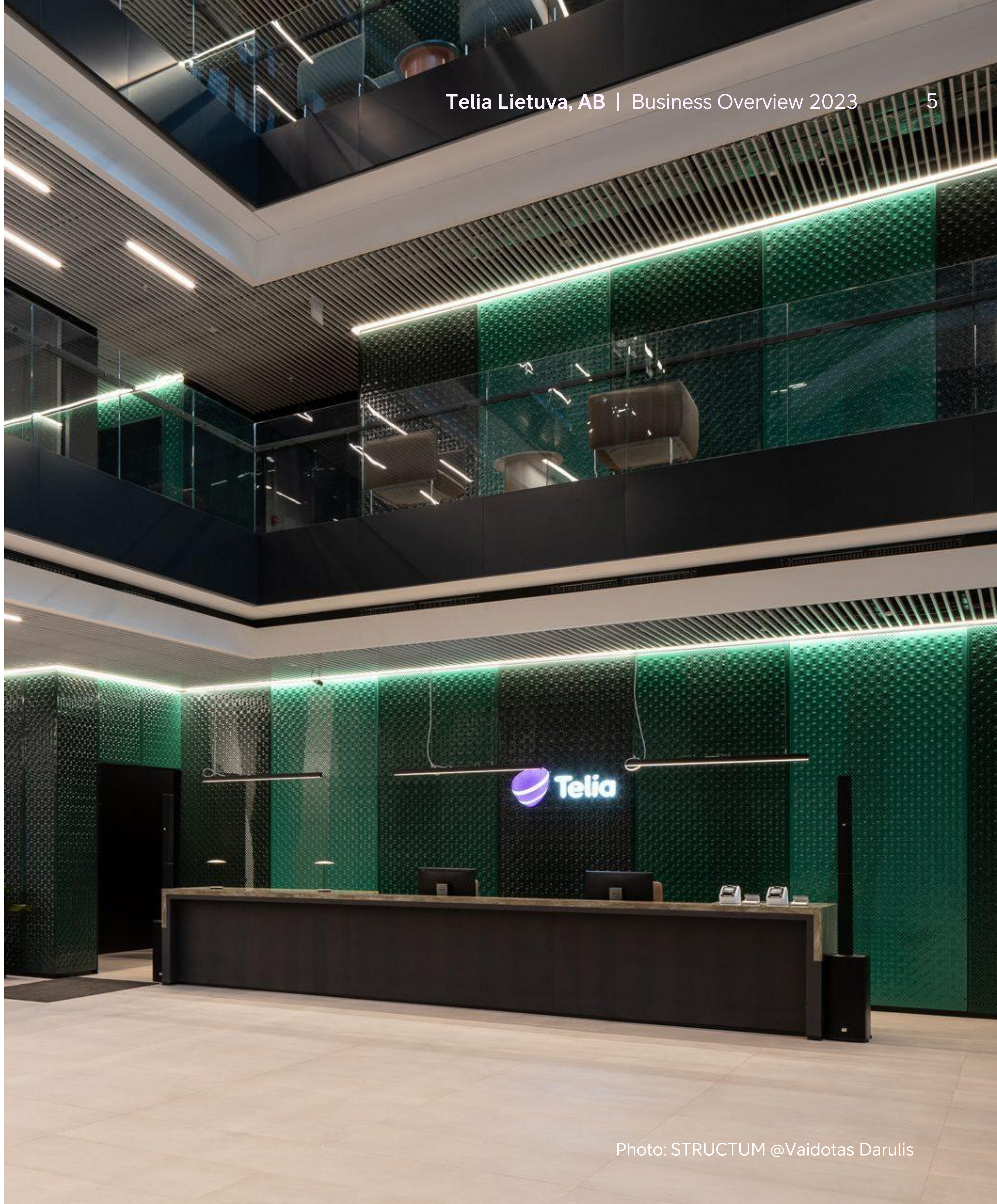


Photo: STRUCTUM @Vaidotas Darulis

Telia Company in brief

Telia Company is one of the largest developers and providers of integrated telecommunications services in Northern European countries. Its companies provide services in 6 markets, including Sweden, Norway, Finland, Estonia, Latvia and Lithuania. From Q3 2023 Denmark classified as discontinued operations.

Telia Company has

19,000 employees

Its sales revenue in 2023 was

€ 7.7 billion

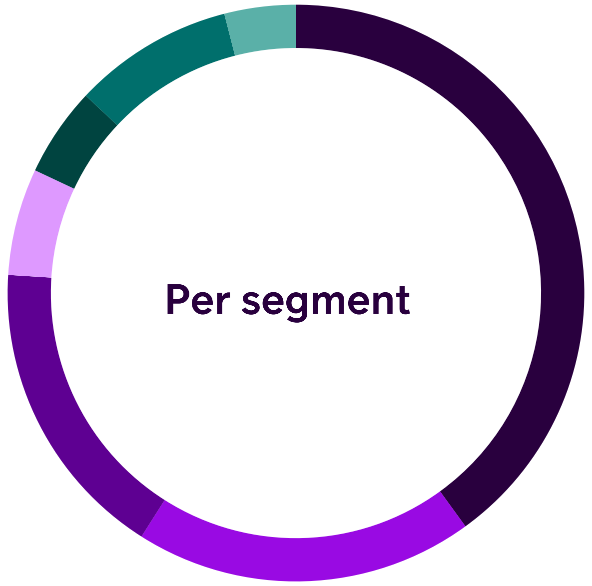
Service subscriptions

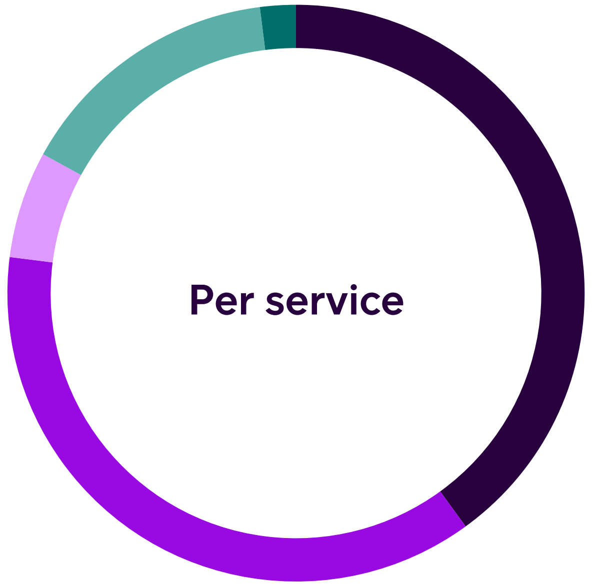
25.2 million

We provide

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

Revenue 2023: EUR 7.7 billion





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: 2023 in figures

Capital investments

€ 60.6 m

Financial

Revenue (EUR million) 2022	Revenue (EUR million) 2023	Adjusted EBITDA (EUR million) 2022	Adjusted EBITDA (EUR million) 2023	Profit for the period (EUR million) 2022	Profit for the period (EUR million) 2023	Free cash flow (EUR million) 2022	Free cash flow (EUR million) 2023
444.6	**476.6**	148.1	**168.5**	56.4	**63.6**	34.6	**80.4**

Operational

Mobile service subscriptions (thousand) 2022	Mobile service subscriptions (thousand) 2023	Broadband Internet connections (thousand) 2022	Broadband Internet connections (thousand) 2023	TV service customers (thousand) 2022	TV service customers (thousand) 2023	Fixed telephony lines (thousand) 2022	Fixed telephony lines (thousand) 2023
1,604	**1,643**	427	**426**	257	**261**	200	**177**

Telia

Securing communications at the NATO summit

Telia Lithuania was the sole provider of IT and connectivity services for the NATO summit in Vilnius in July 2023 and received formal recognition from the White House for its excellent delivery.

We served

over **2,000** workplaces

more than **5,000** unique users

over **3,500** devices operating at the same time

6 physical firewalls

109 Wi-Fi access points

7 independent Internet connections

150 km of LAN cables and 60 LAN switches

10 km of optical cables and 1,500 optical fibers

DNS solution integrated with the National Cybersecurity Center

2023 highlights

Innovations

5G leadership continues with coverage extended to 93-95% of the territory

Telia Lietuva completed the upgrade of its entire mobile network using Ericsson equipment, achieving coverage of 93-95% of the country's territory according to the latest data of CRA . Further development of 5G will continue through the deployment of ultra-high-speed base stations already in place.

Fixed wireless access technology is widening

This solution includes an external 5G base station and all the necessary equipment that ensures a much stronger connection than a simple modem alone in locations where there is no broadband.

Smart TV App

Holders of smart TV sets equipped with Android operating systems can download the Telia Play LT app to enjoy all the functionalities and content available on Telia Play.

Voice over Wi-Fi technology

Novelty on the Lithuanian market that makes voice calls possible where the mobile network signal is weak or is not available.

Business

Telia Lietuva provided communication and IT services during NATO summit in Vilnius

The number of DDoS attacks on state and private institutions during the NATO summit underscored the importance of cybersecurity solutions provided by Telia Lietuva.

Expanding IT business: achieved growth of 31.8%

This attributes both to new contracts as well as renewal of existing ones, e.g., for another 5 years the Company will provide IT systems supervision and security solutions to more than 1,300 computerized workplaces to Lithuanian Insurance and PZU Life Insurance.

2023 highlights

Sustainability

Environment

Net Zero targets approved. Telia Company's targets set with the overall aim of achieving net-zero greenhouse gas emissions across its value chain by 2040.

Suppliers responsible for **52%** of emissions from purchased goods and services and capital goods have set **science-based environmental targets.**

Signed long term contracts with **green energy providers.**

115 electric cars are already in use, with more than **100** charging stations constructed. Our plan for the year 2024 includes continuing the electrification of our own car fleet, with a new contract signed for this purpose.

Increased sales of **refurbished devices** (mobile phones and tablets).

Additional **20 solar panels** installed next to base stations, bringing the total number to 50 solar panels.

The percentage of re-used CPE equipment parts from all rental and sale equipment **exceeded 20%.**

34% of all new Telia Play sales utilize the OTT solution, without the need for Set-Top Box equipment.

Digital inclusion

Digital skills development initiatives for children and youth, small and medium-sized enterprises, etc. have reached **around 32,000 people in Lithuania.**

Diversity, equality & inclusion: focus on disability

- Supporting audio sensory library ELVIS.
- Inviting new volunteers for BeMyEyes app, resulting in a threefold increase in volunteers after the campaign.
- Recorded 10 books for children for audio sensory library.
- Recorded all Harry Potter movies with audio description, now available in the Telia Play movie library.

2023 highlights

Awards & Recognition

Top 10 in Technology Sector Leader

(by "Verslo žinios")

Best customer service in Lithuania and the Baltic 3 years in a row

("Dive Lietuva")

Top performer in customer service by phone and customer care centers

("Shopper Quality")

Recognised as "Creme de la Creme" employer

(3rd place in research conducted by "Civitta")

Job market leader

(by "CVbankas.lt")

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

(According to "Sustainable Brand Index" report)

2023 highlights

Partnerships and certificates

In 2023, we continued to enhance our partnerships, furthering our qualifications, deepening our specialized knowledge, and obtaining certificates essential for our operations.

ISO certificates

— Environmental System Certification: ISO 14001
— Safety System Certification: ISO 45001
— Quality System Certification: ISO 9001
— IT Service Management System Certification: ISO/IEC 20000-1
— Information Security Management System Certification: ISO/IEC 27001

Cloud Security Certification: ISO 27017

(newly acquired in 2023. Telia Lietuva is the first and only in Lithuania to have this certificate to date)

Authorised to provide Fortinet

security solutions – Regional Partner (Integrator, MSSP)

SAP

certified provider of **SAP HANA operations**

Strategy

Our business strategy

We are implementing our strategy and and have made considerable strides, including a return to growth, establishment of leading 5G networks, substantial simplification of operations, and enhancing sustainability efforts to benefit the world around us. The observed trends validate our strategic choices, reaffirming our commitment to these priorities and driving us to expedite our execution.

1. Inspiring customers
with brands and experiences that go beyond connectivity

2. Connecting everyone
through the most trusted, reliable and efficient modern networks

3. Delivering sustainably
through an accountable and empowered organization

4. Transforming to digital
to achieve simplicity, speed, data-driven processes, and reduced costs

Sustainability is reflected in all areas of the strategy:

- We inspire customers by setting **ambitious environmental goals**.
- We foster inclusivity by spearheading **digital inclusion projects**, upholding the highest level of privacy and security requirements.
- We consider **sustainability aspects** in our digitization processes.
- We operate sustainably, because we base all our activities on **fundamental principles** of accountability, ethics, diversity and human rights.

Quality at the Core, Digital to Soar – Unleashing Growth

Inspiring customers	Connecting everyone	Transforming to digital	Delivering sustainably
#1. Enhance Brand Value #2. Foster Customer Engagement #3. Lead in TV	#4. Provide Best Internet #5. Scale ICT Business	#6. Fuel growth through Digital and Analytics	#7. Deliver Sustainability Goals #8. Be there for our People

Our values

All Telia employees adhere to the updated core values in their work, introduced in 2023.

We Dare
to make an impact

We Care
for everyone

We Simplify
the way we do things

Speed up
Make the right decisions fast

Make it happen
Empower everyone to facilitate positive outcomes

Radical honesty
Call things out even when it´s difficult

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

Less is more
Do what matters most

One team
Align goals and prioritise

1% a day
Make small improvements every day

Management Report

Financial highlights of 2023

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

Revenue grew by 7.2%
and amounted to EUR 476.6 million
(2022: EUR 444.6 million)

EBITDA increased by 12%
and amounted to EUR 165.2 million
(2022: EUR 147.5 million)

Free cash flow went up by 132.1%
and amounted to EUR 80.4 million
(2022: EUR 34.6 million)

Double digit growth in revenue
from IT and billed mobile communication services

Profit for the period went up by 12.8%
to EUR 63.6 million (2022: EUR 56.4 million)

Dividend of EUR 35 million
(EUR 0.06 per shares) was paid for the year 2022

Adjusted EBITDA up by 13.7%
to EUR 168.5 million (2022: EUR 148.1 million)

Capital investments
amounted to EUR 60.6 million
(2022: EUR 80.9 million)

Financial figures

(in thousands of EUR unless otherwise stated)	2023	2022	Change (%)	2021	2020	2019
Revenue	476,578	444,623	7.2	420,794	398,083	388,299
Adjusted EBITDA excluding non-recurring items	168,492	148,137	13.7	139,063	136,236	130,992
Adjusted EBITDA margin excluding non-recurring items (%)	35.4	33.3		33.0	34.2	33.7
EBITDA	165,182	147,537	12.0	138,599	134,915	128,868
EBITDA margin (%)	34.7	33.2		32.9	33.9	33.2
Operating profit (EBIT) excluding non-recurring items	82,946	64,054	29.5	61,394	66,167	61,905
EBIT margin excluding non-recurring items (%)	17.4	14.4		14.6	16.6	15.9
Operating profit (EBIT)	79,636	63,454	25.5	60,930	64,846	59,781
EBIT margin (%)	16.7	14.3		14.5	16.3	15.4
Profit before income tax	71,863	60,819	18.2	58,845	62,255	56,855
Profit before income tax margin (%)	15.1	13.7		14.0	15.6	14.6
Profit for the period	63,594	56,398	12.8	56,808	55,866	54,726
Profit for the period margin (%)	13.3	12.7		13.5	14.0	14.1
Earnings per share (EUR)	0.109	0.097	12.8	0.098	0.096	0.094
Number of shares (thousand)	582,613	582,613	-	582,613	582,613	582,613
Share price at the end of period (EUR)	1.665	1.985	(16.1)	2.040	1.825	1.275
Market capitalisation at the end of period	970,051	1,156,487	(16.1)	1,188,531	1,063,269	742,832
Total assets	616,121	611,047	0.8	641,469	608,448	614,116
Shareholders' equity	356,828	328,191	8.7	330,054	331,507	328,076
Cash flow from operations	161,174	140,805	14.5	126,373	132,427	139,540
Free cash flow	80,394	34,637	132.1	78,764	84,869	87,441
Capital investments (Capex)	60,584	80,935	(25.1)	93,937	53,856	52,669
Net debt	71,178	106,449	(33.1)	92,485	67,202	93,295

Operating figures

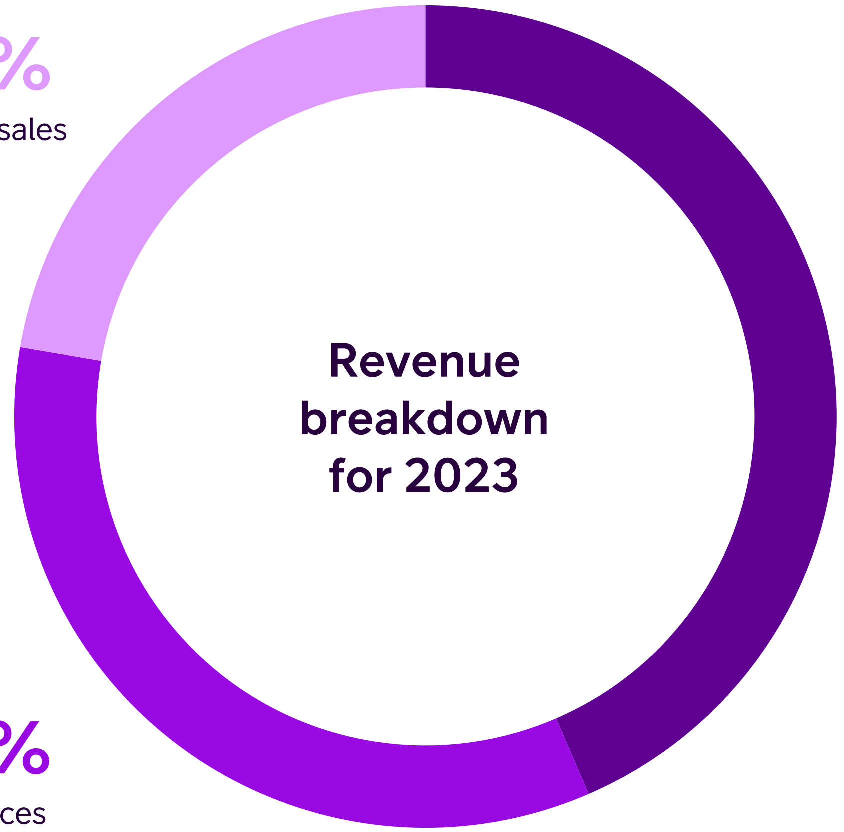
	31-12-2023	31-12-2022	Change (%)	31-12-2021	31-12-2020	31-12-2019
Mobile service subscriptions, in total (thousand)	**1,643**	1,604	2.4	1,518	1,398	1,347
— Post-paid (thousand)	**1,323**	1,278	3.5	1,236	1,104	1,069
— Pre-paid (thousand)	**320**	326	(1.8)	282	294	278
Broadband Internet connections, in total (thousand)	**426**	427	(0.2)	421	417	419
— Fiber-optic (FTTH/B) (thousand)	**315**	313	0.6	305	297	295
— Copper (DSL) (thousand)	**111**	114	(2.6)	116	120	124
TV service customers (thousand)	**261**	257	1.6	255	253	244
Fixed telephone lines in service (thousand)	**177**	200	(11.5)	230	261	296
Number of personnel (headcounts)	**1,935**	2,051	(5.7)	2,095	2,161	2,336
Number of full-time employees	**1,829**	1,925	(5.0)	1,939	2,001	2,127

Financial ratios[1]

	31-12-2023	31-12-2022	31-12-2021	31-12-2020	31-12-2019
Return on capital employed[2] (%)	**18.0**	14.0	13.4	15.1	13.3
Return on average assets[2] (%)	**12.9**	10.2	9.9	11.0	10.0
Return on shareholders' equity[2] (%)	**18.6**	17.6	17.6	17.4	17.3
Operating cash flow to sales (%)	**33.8**	31.7	30.0	33.3	35.9
Capex (excl. mobile licenses) to sales (%)	**12.7**	18.2	22.3	13.5	13.6
Net debt to EBITDA ratio	**0.43**	0.72	0.67	0.50	0.72
Gearing ratio (%)	**19.9**	32.4	28.0	20.3	28.4
Debt to equity ratio (%)	**25.7**	34.6	46.7	37.1	43.7
Current ratio (%)	**69.3**	62.0	77.7	110.2	115.5
Rate of turnover of assets[2] (%)	**77.4**	71.2	68.1	67.6	65.0
Equity to assets ratio (%)	**57.9**	53.7	51.5	54.5	53.4
Price to earnings (P/E) ratio	**15.3**	20.4	20.9	19.0	13.6

[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



36.9%
Enterprises

63.1%
Consumers

(in thousands of EUR)	2023	2022	Change (%)
Fixed services	**205,776**	**193,412**	**6.4**
Voice telephony services	38,593	39,164	(1.5)
Internet services	75,815	70,302	7.8
Datacom and network capacity services	18,063	17,963	0.6
TV services	37,473	37,555	(0.2)
IT services	27,860	21,132	31.8
Other services	7,973	7,296	9.3
Mobile services	**165,685**	**152,125**	**8.9**
Billed services	154,680	136,980	12.9
Other mobile service	11,005	15,145	(27.3)
Equipment	**105,117**	**99,086**	**6.1**
Total	**476,578**	**444,623**	**7.2**

The increase in total revenue in 2023 was primarily driven by double-digit growth in revenue from billed mobile services and IT services, supported by revenue streams from broadband Internet and equipment sales. Additionally, in July 2023, Telia Lietuva provided communication and IT services during the NATO summit in Vilnius.

During 2023, the number of post-paid mobile communication service subscriptions increased by 45 thousand, while the number of pre-paid service subscriptions decreased by 6 thousand. This larger customer base, coupled with 93-95 percent coverage of Lithuania's territory by the 5G network and the continuous growth in mobile data usage, contributed to a stable revenue increase from billed mobile services.

Despite a relatively moderate increase of 2 thousand in the number of FTTH/B connections, revenue from Internet services grew, although it did not fully offset the decline in the number of DSL connections by 3 thousand.

The number of TV service users increased by 4 thousand over the year, following the shake-up of the entire TV industry due to the shutdown of Russian channels in 2022. However, due to intense competition in the TV market, TV revenue in 2023 was slightly lower than in 2022.

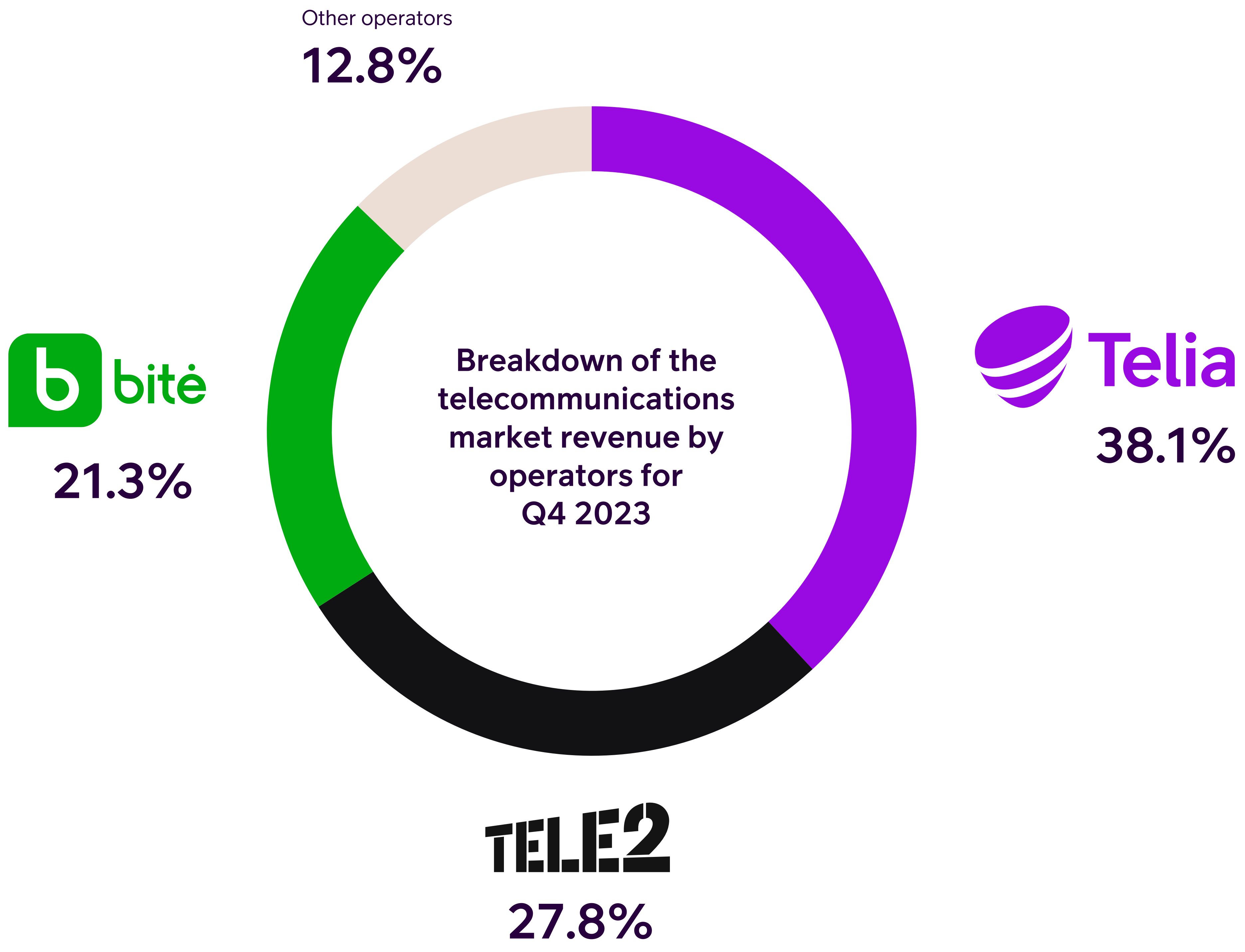
Revenue from retail voice telephony services decreased in line with the continuous decline in the number of fixed lines. However, higher volumes of voice transit in 2023 partially compensated for the loss of revenue from retail voice telephony services.

Market information

According to the Reports of the Communications Regulatory Authority (CRA), the Lithuanian electronic communications market during 2023 generated revenue of EUR 846.9 million, marking a 5.4 per cent increase compared to the total market revenue of EUR 803.5 million for the year 2022.

Telia Lietuva continues to maintain its position as the largest telecommunications service provider in Lithuania, with a market share (in terms of revenue) of 38.1 per cent for the fourth quarter of 2023 (37.9 per cent a year ago).

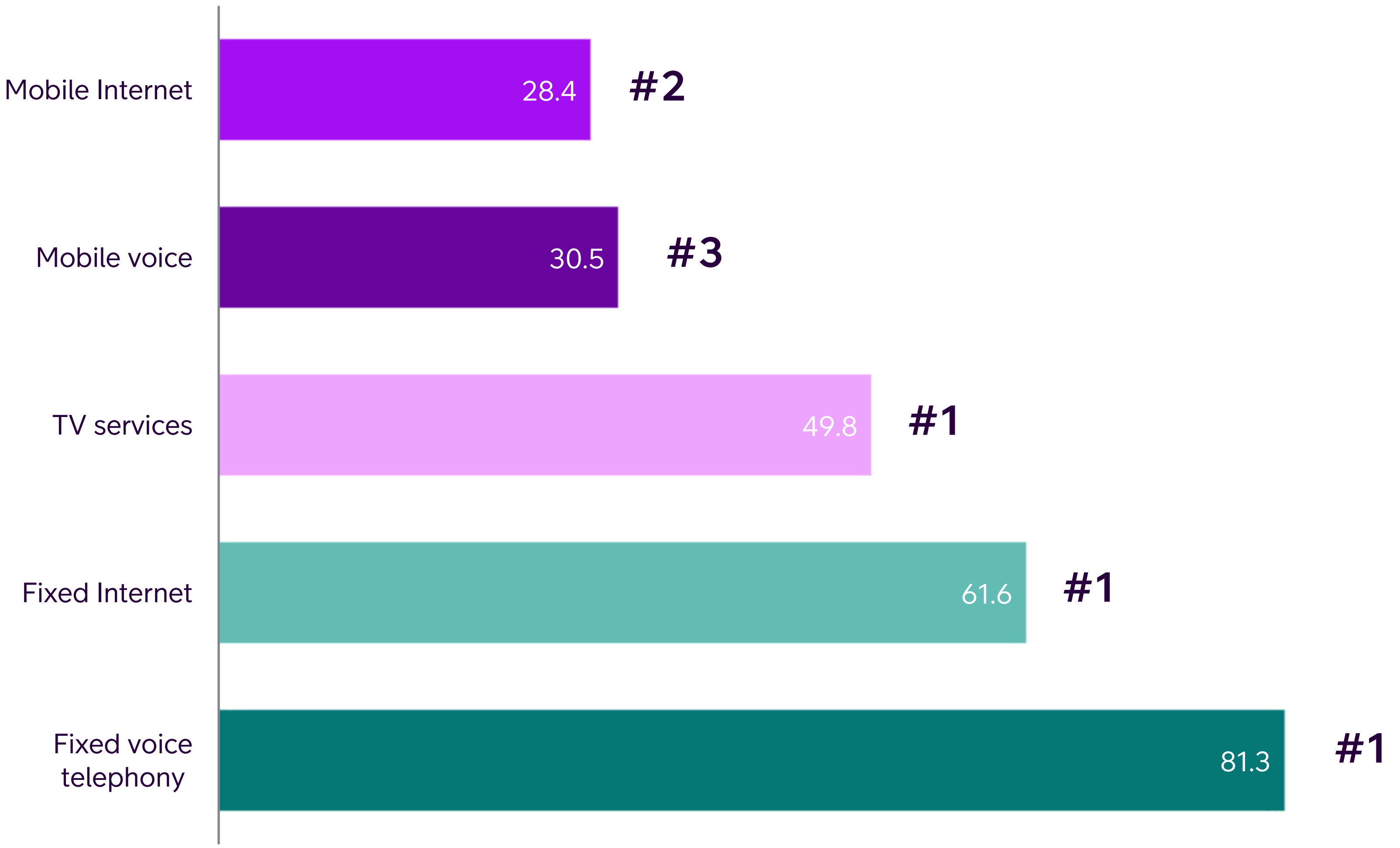
The fastest-growing segments in terms of revenue are mobile (13.3%) and broadband Internet (8.7%), while the pay-TV market contracted by 3.6%. The mobile voice segment saw an increase of 2.2%, while the fixed voice market experienced a decline of 10%.



Source: Report of the Communications Regulatory Authority

Market information

Telia Lietuva market shares in terms of revenue for Q4 2023 (%)



Source: Report of the Communications Regulatory Authority

Market penetration as of 31 December 2023

135.7
Mobile communications subscribers
(per 100 inhabitants)

53.6
Broadband **Internet** access
(per 100 households)

13.7
Fixed **telephony** lines
(per 100 households)

40.3
Pay-TV subscribers
(per 100 households)

Expenses

(in thousands of EUR)	2023	2022	Change (%)
Cost of goods and services	**(186,404)**	**(174,991)**	**6.5**
Operating expenses	**(125,707)**	**(123,189)**	**2.0**
Employee related	(64,369)	(58,385)	10.2
Other	(61,338)	(64,804)	(5.3)
Non-recurring expenses	3,122	1,417	120.4
Operating expenses (excl. non-recurring expenses)	**(122,585)**	**(121,772)**	**0.7**
Employee related	(63,251)	(57,872)	9.3
Other	(59,334)	(63,900)	(7.1)

During 2023, the cost of goods and services increased primarily due to higher equipment sales. Employee-related expenses were also higher than in 2022 due to salary increases. However, there was a decrease in expenses for energy as electricity prices decreased, resulting in a 20% reduction in energy expenses for January to December 2023 compared to the previous year and leading to a decrease in other operating expenses.

The total number of employees (headcount) decreased by 116 over the year, from 2,051 to 1,935. In terms of full-time employees (FTE), the total number decreased by 96, from 1,925 to 1,829.

Non-recurring items for the year 2023 included one-off redundancy pay-outs of EUR 1,118 thousand (compared to EUR 513 thousand in 2022) and non-recurring other expenses of EUR 2,004 thousand (compared to EUR 904 thousand in 2022).

Earnings

(in thousands of EUR)	2023	2022	Change (%)
EBITDA	**165,182**	**147,537**	**12.0**
Margin (%)	34.7	33.2	
Depreciation and amortisation	(85,546)	(84,083)	1.7
Operating profit (EBIT)	**79,636**	**63,454**	**25.5**
Margin (%)	16.7	14.3	
Non-recurring expenses	3,122	1,417	120.4
Gain (loss) on sale of property	(188)	817	(123.0)
Adjusted EBITDA excluding non-recurring items	**168,492**	**148,137**	**13.7**
Margin (%)	35.4	33.3	
EBIT excluding non-recurring items	**82,946**	**64,054**	**29.5**
Margin (%)	17.4	14.4	

The profit tax rate in Lithuania is 15%. Following the provisions of the Law on Corporate Profit Tax regarding tax relief for investments in new technologies, the profit tax relief for 2023 amounted to EUR 3.4 million (compared to EUR 6.1 million in 2022).

(in thousands of EUR)	2023	2022	Change (%)
Profit before income tax	**71,863**	**60,819**	**18.2**
Margin (%)	15.1	13.7	
Income tax	(8,269)	(4,421)	87.0
Profit for the period	**63,594**	**56,398**	**12.8**
Margin (%)	13.3	12.7	

Financial position and cash flow

As of 31 December 2023, the total non-current assets amounted to 80.9 per cent (83.7 per cent a year ago), the total current assets – to 19.1 per cent (16.3 per cent), whereof cash alone represented 3.3 per cent (1.2 per cent) of total assets. At the end of December 2023, shareholders' equity amounted to 57.9 per cent of the total assets (53.7 per cent a year ago).

(in thousands of EUR)	31-12-2023	31-12-2022	Change (%)
Total assets	**616,121**	**611,047**	**0.8**
Non-current assets	498,415	511,569	(2.6)
Current assets	116,234	98,884	17.5
whereof cash and cash equivalents	20,604	7,099	190.2
Assets for sale	1,472	594	147.8
Shareholders' equity	**356,828**	**328,191**	**8.7**

On 27 April 2023, the Annual General Meeting of Shareholders allocated from the Company's distributable profit of EUR 142 million an amount of EUR 35 million for the payment of dividends for the year 2022, i. e. EUR 0.06 dividend per share and carried forward to the next financial year an amount of EUR 107 million as retained earnings (undistributed profit). In May 2023, dividends for the year 2022 were paid to the shareholders of the Company.

(in thousands of EUR)	2023	2022	Change (%)
Net cash generated by operating activities	**161,174**	**140,805**	**14.5**
Purchase of PPE and intangible assets (Cash Capex)	(83,099)	(111,982)	(25.8)
Proceeds from disposal of PPE and intangible assets	2,319	5,814	(60.1)
Free cash flow	**80,394**	**34,637**	**132.1**
Increase (decrease) in lease liabilities	(9,423)	(13,015)	(27.6)
Operational free cash flow	**70,971**	**21,622**	**228.2**

Free cash flow for 2023 was higher compared to 2022 due to higher net cash flow from operating activities and lower capital investments.

To ensure sufficient liquidity, in January 2023, the Company had signed an agreement regarding revolving credit facility with Telia Company AB that provides the Company with the possibility to borrow any amount up to total limit of EUR 50 million for 3 or 6 months within 2 business days. In May 2023, the borrowing limit was temporary (till the end of October) increased up to EUR 65 million.

(in thousands of EUR)	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	36,782	83,548
Borrowings	**91,782**	**113,548**
Cash and cash equivalents	20,604	7,099
Net debt	**71,178**	**106,449**
Net debt to equity (Gearing) ratio (%)	19.9	32.4

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

Capital investments

(in thousands of EUR)	2023	2022	Change (%)
Fixed network	20,960	22,545	(7.0)
Mobile network	13,508	28,963	(53.4)
IT systems and infrastructure	11,566	18,062	(36.0)
Transformation program	13,481	10,346	30.3
Other	1,070	1,019	5.0
Total capital investments excluding mobile licenses	**60,584**	**80,935**	**(25.1)**
Capital investments to revenue ratio (%)	12.7	18.2	

In 2023, the major upgrade of the Company's radio access network (RAN), which commenced in 2021, was successfully completed. Nearly 1,650 of the Company's base stations were upgraded with Ericsson equipment to support 5G connections. As a result, Telia Lietuva's 5G network now covers 93-95 percent of the country's territory. Further expansion of the 5G network is ongoing, with the deployment of ultra-high-speed base stations at existing sites.

According to the latest measurements from the Communication Regulatory Authorities, the average mobile data download speed in the Telia Lietuva network remains the highest in the country, reaching 202 Mbps (compared to 160 Mbps a year ago).

By the end of December 2023, the Company had passed 974 thousand households (compared to 965 thousand a year ago), covering 65 percent of the country's households, with its fibre-optic network.

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

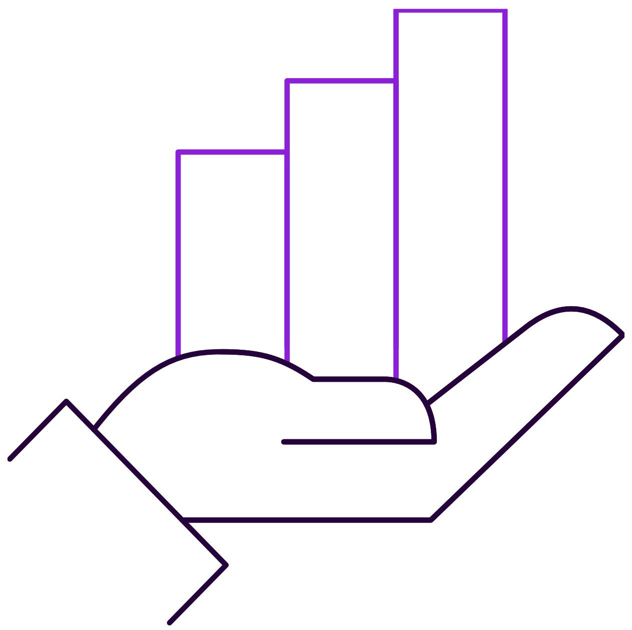
Investment into subsidiaries / associates

As of 31 December 2023, the Company had the following entity as associate of the Company:

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

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

The Company has no branches or representative offices.



Share capital and shareholders

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

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

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

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

During 2023, the Company's share price on Nasdaq Vilnius stock exchange decreased by EUR 0.32 or 16.1 per cent. The shares' turnover, compared to the year 2022, went down by 29 per cent. The Company's market capitalisation as on 31 December 2023 was EUR 970 million (2022: EUR 1,156 million).

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

Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover (units)	Turnover
EUR	1.985	2.05	1.555	1.665	1.787	4,191,044	7,489,941

Share capital and shareholders

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

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

Breakdown of the Company's shareholders (14,710) by the countries of residence as of 20 April 2023, a record day for the last General Meeting of shareholder held on 27 April 2023:

Country	Number of shareholders	Number of shares	Part of the share capital (%)
Sweden	12	513,604,023	88.16
Lithuania	12,218	52,821,365	9.07
Estonia	1,943	9,876,154	1.70
Latvia	259	1,949,673	0.33
Canada	3	1,146,787	0.20
France	10	716,501	0.12
Poland	3	694,582	0.12
U.S.A.	44	624,047	0.11
Germany	52	248,123	0.04
New Zealand	1	241,559	0.04
Austria	1	191,436	0.03
United Kingdom	42	146,560	0.03
Other (22)	122	352,328	0.06
Total	**14,710**	**582,613,138**	**100.00**

Share capital and shareholders

Breakdown of the Company's shareholders registered in Lithuania as of 20 April 2023, a record day for the Annual General Meeting of shareholder held on 27 April 2023:

	Number of shareholders	Number of shares	Part of the share capital (%)
Private individuals	12,137	47,239,925	8.11
Financial institutions	14	3,273,014	0.56
Legal entities	67	2,308,426	0.40
Total	**12,218**	**52,821,365**	**9.07**

Trading in the Company's shares on Nasdaq Vilnius stock exchange since 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

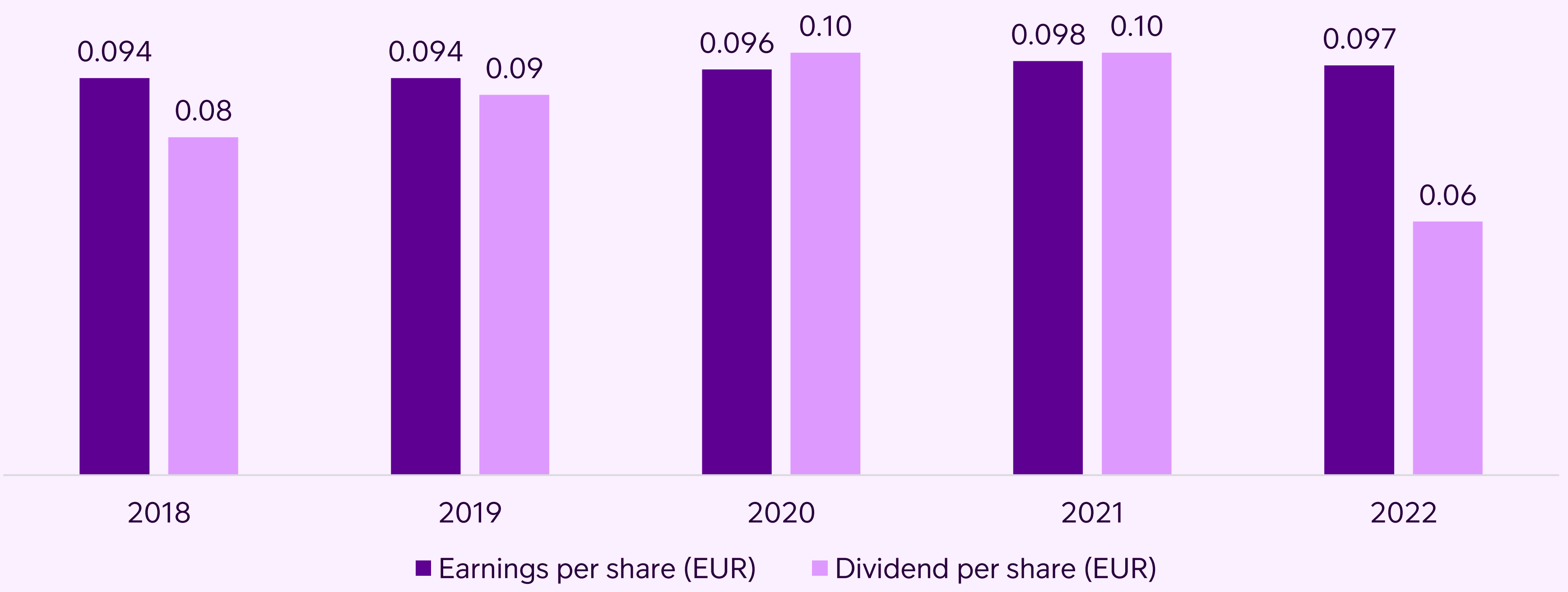
In 2017, the Board of the Company approved dividend policy which provides that the Company must maintain the net debt to EBITDA ratio not higher than 1.5 and to pay out up to 80 per cent of free cash flow as dividend. Each year the Company pays dividends although there was no officially approved dividend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

On 27 April 2023, the Annual General Meeting of Shareholders allocated from the Company's distributable profit of EUR 142.3 million to allocate EUR 35 million for the payment of dividends for the year 2022, i.e. EUR 0.06 dividend per share, and carry forward to the next financial year an amount of EUR 107.4 million as retained earnings (undistributed profit). In May 2023, dividends for the year 2022 were paid to the shareholders of the Company.

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

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

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 2023, retained earnings of the Company amounted to EUR 171 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 January 10, 2023, the Company entered into an agreement regarding a Revolving Credit Facility, which allows the Company to borrow up to EUR 50 million from Telia Company AB for short-term periods (3 or 6 months). From May until the end of October 2023, the borrowing limit was temporarily increased to EUR 65 million.

As of December 31, 2023, the outstanding amount borrowed from Telia Company amounted to EUR 25 million. The Company did not provide any loans to its associates.

Through its largest shareholder, Telia Company AB, 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 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 2023, the Company paid out EUR 30.8 million to Telia Company as a dividend for the year 2022.

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

Related party	Transaction	Value
Telia Company AB, code 556103-4249, 169 94 Solna, Sweden	On 19-01-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. The loan was 2 times prolonged and returned on 19-10-2023.	EUR 10 million
	On 28-02-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. On 31-05-2023 the loan was prolonged and returned on 31-08-2023.	EUR 10 million
	On 28-03-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. On 28-06-2023 the loan was prolonged and returned on 28-09-2023.	EUR 10 million
	On 24-05-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. On 24-08-2023 the loan was prolonged and returned on 24-11-2023.	EUR 35 million
	On 28-09-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. The loan was returned on 28-12-2023	EUR 5 million
	On 19-10-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. The loan was returned on 19-01-2024	EUR 5 million
	On 24-11-2023, Telia Company provided a loan for 3 months to Telia Lietuva at interest rate of 3 months Euribor + 1.2 per cent margin. The loan was returned on 26-02-2024	EUR 20 million

Information about related party transactions

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

	Telecommunication and other services	
Telia Company Group:	**Sales**	**Purchase**
Telia Company AB (Sweden)	3	14,028
Telia Asset Finance AB (Sweden)	-	3,259
Telia Försäkring AB (Sweden)	7,101	27
Telia Sverige AB (Sweden)	421	- 627
Latvijas Mobilais Telefons SIA (Latvia)	590	485
Telia Norge AS (Norway)	489	361
Telia Eesti AS (Estonia)	334	132
Telia Finland Oyj (Finland)	451	74
Telia Global Services Lithuania, UAB	980	1,068
Telia Danmark A/S (Denmark)	220	105
Other	-	94
	10,589	**19,006**

Information about related party transactions is provided in Note 27 of the Company's Financial Statements for the year ended 31 December 2023. Following the Law on Companies of the Republic of Lithuania requirements, information about related party transaction concluded starting from 1 January 2018 is placed on the Company's website www.telia.lt.

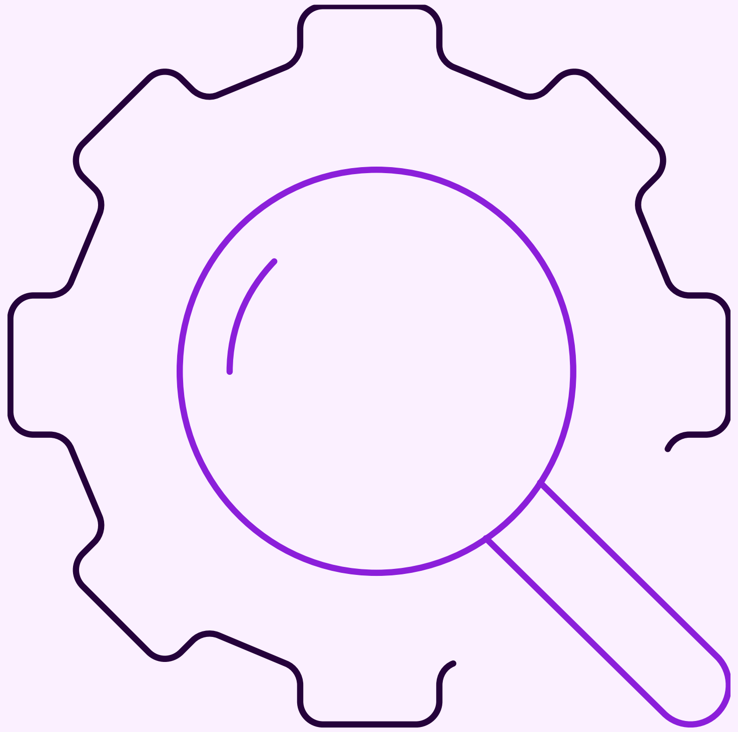
Research and development activities

In 2023, the Company continued to develop and improve existing services, digitalisation of the customer's experience as well as deployment of 5G network.

5G connectivity today is much more than just faster Internet. Its availability has become an indicator of how well-developed countries are and reaching 93-95 per cent 5G coverage has put Lithuania among Europe's elite. For each of us, this opens new spaces to work, opportunities to dive into virtual reality from any corner of the country, or maybe even to see a robot delivering groceries rolling into our backyard. With such a well-developed 5G network, Lithuania is much more attractive to investors and developers of future technologies.

In June 2023, we introduced Voice over Wi-Fi technology - a novelty on the Lithuanian market. The service provides the possibility to make voice calls where the mobile network signal is weak or is not available.

Since October 2023, the content platform Telia Play became accessible without a special STB which was historically necessary for the provision of IPTV service. Holders of smart TV sets that have Android operating systems could download Telia Play LT app and enjoy all functionalities and content of Telia Play.



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 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 Group's 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. The Company manages foreign exchange risk by minimizing the net exposure to open foreign currency positions; therefore, no foreign exchange hedging instruments are used.

Since 2022, the Company's income and operating cash flows have become somewhat dependent on changes in market interest rates. The outstanding EUR 30 million loan provided by SEB Bank, Danske Bank, and Nordea Bank is scheduled for repayment in May 2024, with interest rates 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, is 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, which began to rise in the spring of 2022, resulting in a shortened term and a negative impact on the Company's working capital and cash flow. To mitigate the impact of the rising interest rate, the Company renegotiated the conditions of the SIF program.

The Company's financial assets' exposure to credit risk is related to cash deposits and trade receivables. Credit risk of cash deposits is managed by limiting exposure to financial institutions with credit ratings lower than A (according to Fitch or equivalent ratings by Standard & Poor's or Moody's). As of December 31, 2023, the majority (95 per cent) of the Company's cash and short-term investments were held in A+ rated banks.

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. The objective of the 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.

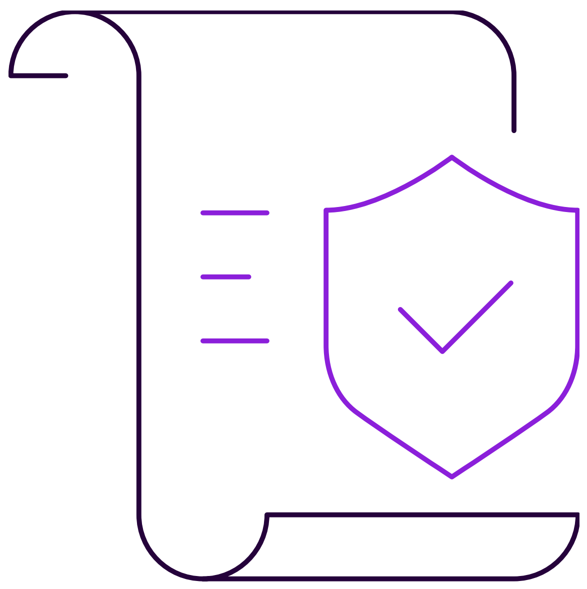
Risk management

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. For residential customers with bad debts after sending additional reminder letters, the debts are either sold or handed over to external bad debt collection agencies for debt recovery.

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 percent of the annual revenue. In 2023, the Company's average liquidity position amounted to 3.2 percent of the annual revenue.

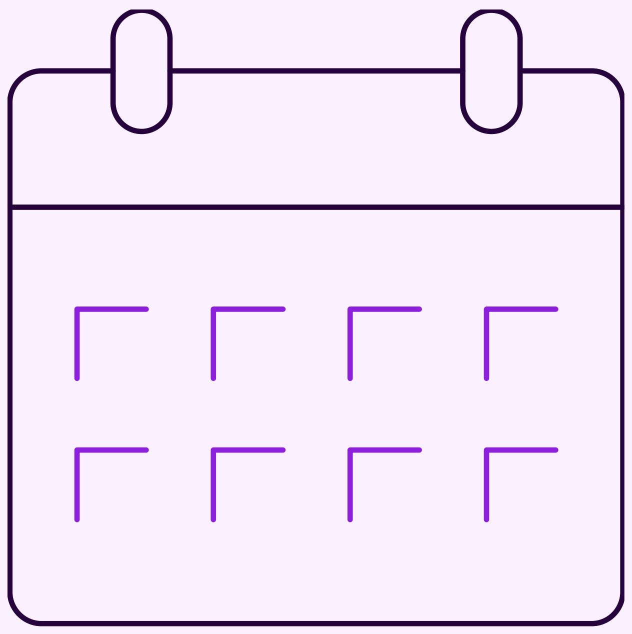
To mitigate liquidity risk, the Company signed an agreement in January 2023 with its largest shareholder, Telia Company AB, regarding a Revolving credit facility. This facility allows the Company to borrow any amount up to a total limit of EUR 50 million for 3 or 6 months, with funds available within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

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. 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 2023.



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. The Company plans to invest EUR 10 million in the construction of the largest data centre in the country. Concurrently, the Company is also continuing renovations and expansions of its existing data centers.



People

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

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

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

The People Policy covers the following areas:

— Addictive substances
— Child labor and forced labor
— Disclosure of conflicting interests
— Freedom of association and collective bargaining
— Integrity
— 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 violations of the Code of Conduct or People Policy must speak up and raise the issue primarily to their line manager, and secondly to the Human Resources unit, to the Ethics and Compliance Office, or through the **Speak-Up Line**.

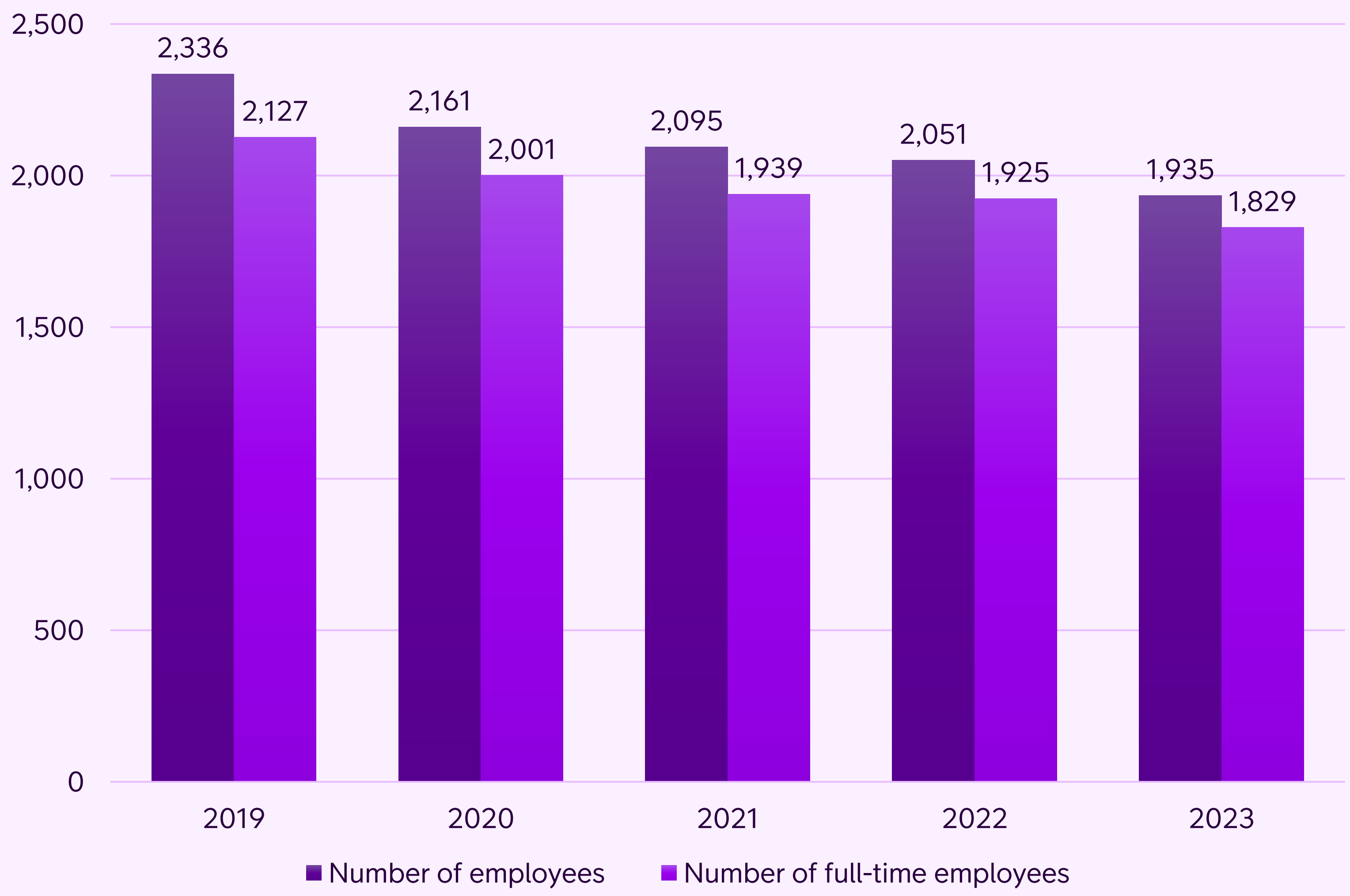
The protection and improvement of the health, safety and well-being of everyone who works for or with the Company, is a guiding principle in all our operations. This definition includes our employees, contractors, suppliers and visitors. Our common approach is built on promoting good health, well-being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

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

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

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

Number of Telia Lietuva employees at the end of period



People

The Remuneration Policy sets out the following principles:

— Competitiveness and positioning

— Job levelling

— Compliance

— Cost effectiveness and administrative efficiency

— Performance orientation

— Equal opportunity

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

— Fixed base pay

— Short-term incentives

— Functional incentives

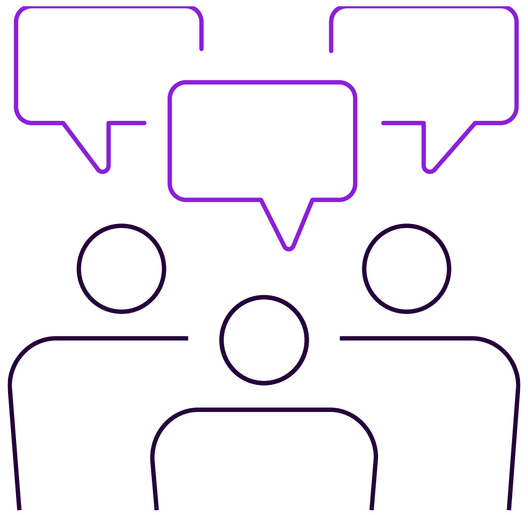
— the Company may introduce long-term incentive plans (such as share-based);

— other financial and non-financial benefits such as additional health insurance, pension plans, etc.

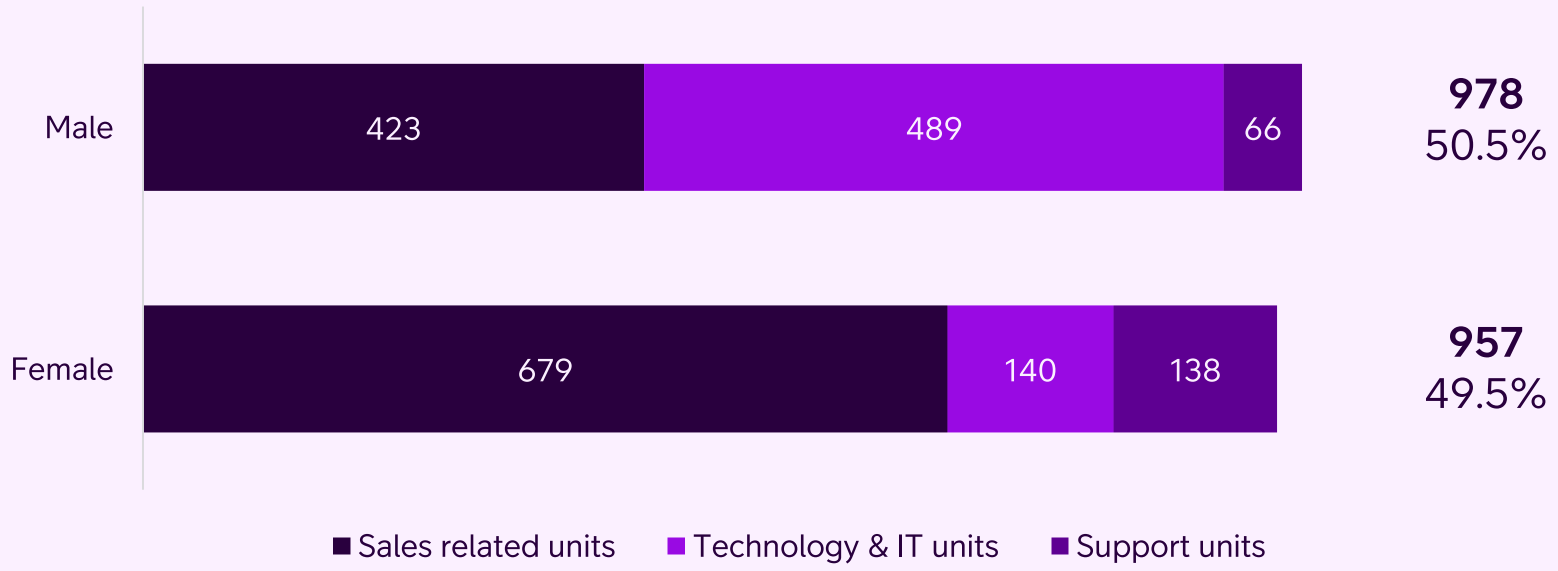
The remuneration of all employees is assessed once a year. In 2023, the remuneration was increased to 80 per cent of the Company employees on average by 9.6 per cent and annual bonuses amounting to roughly one monthly salary on average were paid to all employees of the Company who worked in the Company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

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

The Company provides additional health insurance to all employees and offers to employee pension savings at 3rd tier pension funds. We also have Collective Bargaining Agreement which is valid for all employees. More information about these can be found in Sustainability overview part of this report.



Employees breakdown by gender and units as of 31 December 2023



Information about the Company's employees' average salaries as of 31 December 2023:

Group of employees	Number of employees	Average monthly salary (in EUR)
Managers (excluding CEO)	49	8,268
Middle level managers	170	3,755
Specialists	1,715	2,326
	1,934	**2,602**

People

Remuneration Policy for CEO and members of the Board establishes requirements and guidelines in determining the remuneration of CEO and members of the Board of the Company. The policy provides that the remuneration package of the CEO consists of: (i) the fixed salary, (ii) variable pay which are paid out taking into consideration the financial results of the Company and personal performance results of the CEO; and (iii) other benefits. No deferred payments mechanisms are applied to the remuneration of the CEO unless it is agreed otherwise by mutual agreement of the Company and CEO. The maximum amount of the variable pay to the CEO may amount to 50 percent of the CEO's annual salary. The Company may provide other benefits and programs in accordance with market practice which may change from time to time. The CEO may be entitled to a company car, health and care provisions, etc. Premiums and other costs relating to such benefits may amount to not more than 10 percent of the fixed annual cash salary.

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 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 (tantiems). The payments to the independent Members of the Board are set by taking into account relevant information from comparable companies (market benchmark).

Dan Strömberg, CEO of the Company till 28 February 2023, from August 2020 till August 2023 was Senior Vice President & Head of cluster Lithuania, Estonia and Denmark (LED) at Telia Company as well as member of Telia Company Group Executive Management (GEM). Following Telia Company policies members of GEM are not entitled to variable pay.

Other benefits (income in kind) implied lease of apartment for Dan Strömberg, who expatriated from his home country Sweden to work in Lithuania, transportation and other. Other benefits amounted to 6.1 per cent of Dan Strömberg's and 1.4 per cent of Giedrė Kaminskaitė-Salters' fixed CEO's salary. Following the Law, the employer's contribution to Social Insurance Fund in 2023 amounted to 1.77 per cent of the employee's remuneration.

The Company does not offer any share-related incentive plans to the CEO.

Following the Policy that provides that members of the Board that are employed by Telia Company AB, a largest shareholder of the Company, are not entitled to any remuneration from the Company, only two the then independent members of the Board – Dovilė Grigienė and Mindaugas Glodas – by decision of the Annual General Meeting in 2023 received tantiemes (annual payment) for the year 2022: Dovilė Grigienė (resigned from the Board on 15 December 2022) – EUR 7,500 and Mindaugas Glodas – EUR 17,500.. No other remuneration or pay-outs from the Company to the Board members was allocated. Information about Board members and their attendance of the meetings is provided here.

Telia Lietuva Remuneration Report for the year 2023 is available at the Company's website.

The information about remuneration of CEO of Telia Lietuva, AB during 2023 (in EUR):

Name, surname	Fixed salary	Variable pay	Other benefits	Total remuneration	Employer's contribution	Daily allowance
Dan Strömberg (till 28-02-2023)	68,309	-	4,171	72,480	1,283	2,207
Giedrė Kaminskaitė-Salters (from 01-03-2023)	202,388	-	2,800	205,188	3,632	1,539
	270,697	**-**	**6,971**	**277,668**	**4,915**	**3,746**

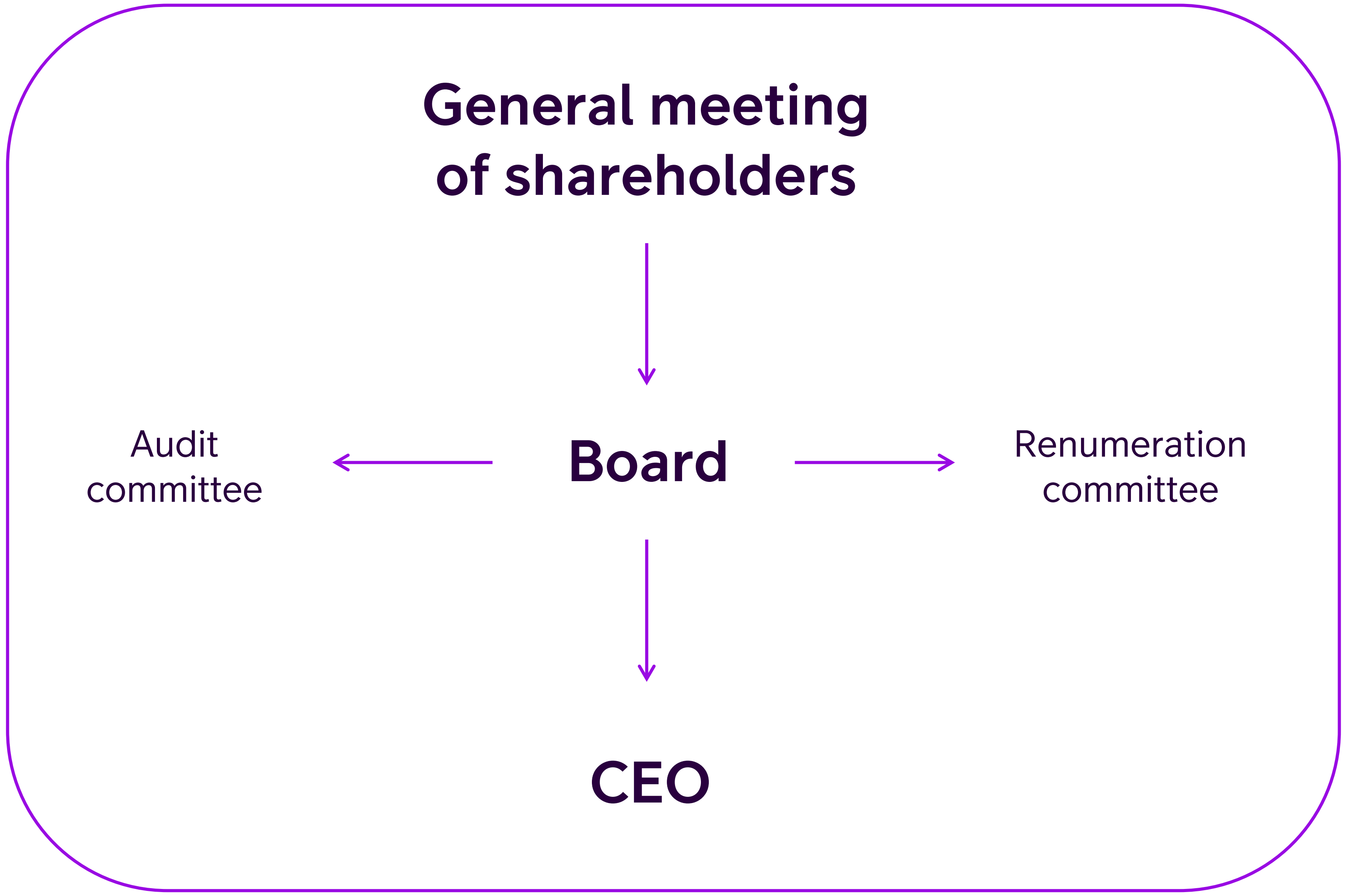
The information on change of remuneration and the Company's performance (in thousands of EUR):

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

Corporate Governance

Corporate governance

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



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

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

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

— is responsible for the strategic direction of the Company;

— considers and approves the strategy of the Company, the annual and interim reports of the Company, the structure of the Company's governance and positions of the employees, the positions to which employees shall be hired through a contest, and nominees to such positions, nominees to the positions directly reporting to the CEO, remuneration and dismissal from the positions, regulations of branches and representative offices of the Company, general principles (procedure) of payment of bonuses to Company's employees;

— sets the information, which shall be held the commercial secret and confidential information of the Company;

— analyses and assesses materials provided by the CEO concerning the strategy implementation, activities and financial status of the Company;

— adopts decisions to become incorporator or participant of other legal entities, acquisition or disposal by the Company of the shares of other companies, acquisition, transfer, lease of any assets or business, assumption of new debt obligations, when the amount of the transactions exceeds EUR 1.6 million (excl. VAT);

— adopts decisions concerning the annual financial statements of the Company and a draft of profit (loss) distribution that are proposed by the CEO and presents these drafts to the General Meeting;

— adopts decisions on transactions with related parties as prescribed by the Law and transactions that has a significant impact on the Company, its finances, assets, liabilities;

— is responsible for convocation of General Meetings in a timely manner.

Corporate governance

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

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

— supervises the day-to-day operation and ensure the implementation of the Company's Business Plan;

— prepares annual financial statements and annual report of the Company;

— prepares a draft decision on the allocation of dividends;

— reports on the current operations of the Company at each meeting of the Board;

— performs the functions delegated to him by the Board and implement decisions adopted by the General Meeting;

— represents or procures the representation of the Company before companies, authorities, organizations, courts, arbitration and in relations with any third party;

— opens or closes accounts with banking institutions and dispose of the funds therein;

— executes the Company's transactions pursuant to the By-laws, decisions of the General Meeting and the Board;

— issues authorizations to other persons to perform his functions within the scope of his authority;

— issues procurations;

— issues internal documents regulating the work of the administration, and other structural units;

— appoints and dismisses employees of the Company, signs, amends and terminates on behalf of the Company employment agreements with employees of the Company (except where, in cases provided in these By-laws, Board approval is required);

— determines employees' salaries and bonuses (except where, in cases provided in these By-laws, Board approval is required); presents the procedure for payment of bonuses to the Board for approval;

— ensures the protection and increases of the Company's assets, normal working conditions, and protection of commercial secrets;

— represents or gives another person a power of attorney to represent the Company in general meetings of shareholders of other companies in which the Company has invested;

— approves, amends and supplements the work regulations of the administration;

— provides reports to the Shareholders and the Board on major events that are relevant to the Company's activities;

— complies with legal requirements when concluding transactions with related parties;

— executes other functions, ascribed to the competence of the head of a Company in the valid legal acts.

The Company essentially follows a recommendatory **Corporate Governance Code** for the Companies Listed on Nasdaq Vilnius stock exchange (hereinafter 'the Governance Code') adopted in August 2006, amended in December 2009 and newly worded from January 2019. The Company does not have a Supervisory Council, but supervision functions set by the Law on Companies of the Republic of Lithuania are performed by the Board, which is a non-executive managing body of the Company and is comprised from 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 performed by the Remuneration Committee. Former CEO of the Company, Dan Strömberg, in March 2023 was elected to the Board and became Chair of the Board.

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 2023, which is a part to this Annual Report.

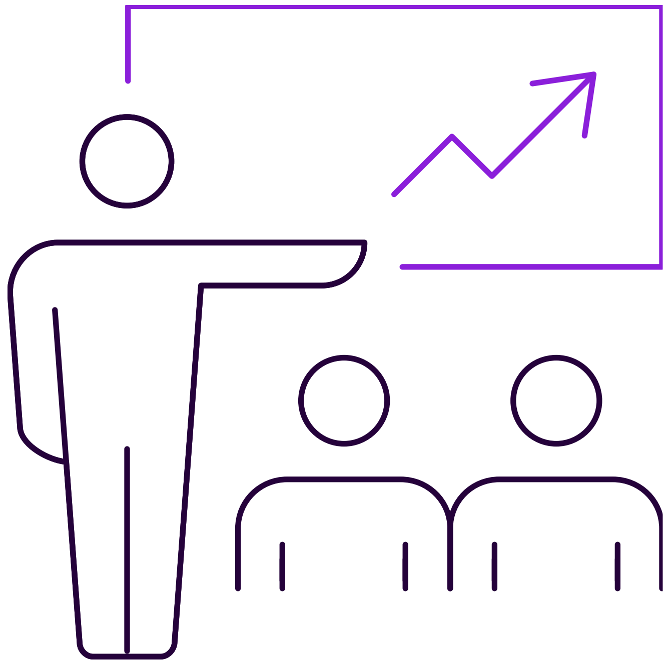
Procedure for amending the Company's By-laws

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 2023, the number of the Company's shares that provide voting rights during the General Meeting of Shareholders amounted to 582,613,138. One ordinary registered share of the Company gives one vote in the General Meeting of Shareholders.

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



Corporate governance

Shareholders' meeting

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

— taking into consideration that two members of the Board has resigned in 2022, for the current term of the Board has elected Dan Strömberg and Leda Iržikevičienė (both proposed by Telia Company AB) to the Board of the Company,

— authorized CEO of the Company to conclude the agreement with UAB Deloitte Lietuva for the audit of the Company's financial statements and the assessment of the annual report for the year 2022, establishing the payment for services as agreed between the parties but in any case, not more than EUR 161 thousand (VAT excluded).

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

— approve of the Company's annual financial statements for the year 2022 and presentation of the Company's annual report for the year 2022,

— allocate the Company's profit for the year 2022,

— approve the Company's Remuneration Report for the year 2022,

— elect UAB Deloitte Lietuva as the Company's auditor for the year 2023 and 2024,

— re-elect the Company's Board members for a new 2-years' term..

The **Extraordinary General Meeting** of shareholders held on 24 October 2023 decided on renouncement and returning of electronic money institution license for restricted activities issued by the Bank of Lithuania.

The Board Activities

Upon the resignation of Dan Strömberg as CEO of the Company on February 28, 2023, Giedrė Kaminskaitė-Salters was appointed by the Board as the new CEO of Telia Lietuva starting from March 1, 2023.

During the fourth quarter of 2022, two members of the Board - Douglas Lubbe (Chair) and Dovilė Grigienė (independent member of the Board) - resigned. On March 16, 2023, two new members of the Board - Dan Strömberg (former CEO of Telia Lietuva) and Leda Iržikevičienė (independent member) - were elected to the Board.

On April 3, 2023, the Board of Telia Lietuva elected Dan Strömberg as Chair of the Board, Claes Nycander as Chair of the Remuneration Committee, and Leda Iržikevičienė as a member of the Audit Committee.

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

The current Board was re-elected for a new two-year term on April 27, 2023. All members of the Board are considered non-executive members, and Leda Iržikevičienė and Mindaugas Glodas are regarded as independent members.

On June 20, 2023, the re-elected Board re-elected Dan Strömberg as Chair of the Board, re-appointed Agneta Wallmark (Chair), Leda Iržikevičienė, and Mindaugas Glodas to the Audit Committee, and re-appointed Claes Nycander (Chair), Hannu-Matti Mäkinen, and Mindaugas Glodas to the Remuneration Committee.

During 2023, 8 ordinary and one extraordinary meetings of the Board were held. The meetings were convened according to the preliminary approved schedule of the Board meetings. The extraordinary meeting was held to elect a new CEO of the Company. All Board meetings had the required quorum prescribed by legal acts.

In 2023, the Board, in addition to the ongoing follow-up of the Company's business plan implementation and supervision of the transformation program, approved:

— financial statements for the 12 months of 2022 and 3, 6 and 9 months of 2023,

— financial statements and the annual report for the year ended 31 December 2022,

— convocation of the Annual and two Extraordinary General Meetings of Shareholders and agenda of the Meetings,

— proposal of profit allocation for the year 2022,

— Remuneration Report for the year 2022,

— payment of annual bonuses for the year 2022,

— internal audit plan for the year 2023,

— audit enterprise for the year 2023-2024,

— resignation of CEO and election of a new CEO of the Company,

— new Chair of the Board and new member of the Audit Committee,

— new Head of Sales & Customer Care,

— changes in organizational structure of the Company,

— temporary increase of the Revolver Credit Facility's limit up to EUR 65 million,

— agreements that value exceeds a threshold of EUR 1.6 million,

— update of the Company's Policies,

— the preliminary budget for related parties' transaction (Common Services purchase from Telia Company Group) for the year 2024,

— business plan, the Company's targets and KPI's for the year 2024.

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

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.

Corporate governance

During 2023, the Remuneration Committee held four ordinary meetings and one extraordinary meeting. The extraordinary meeting of the Remuneration Committee was convened for the election of the new CEO of the Company. 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 2022,
- base salary review for Management team members,
- draft of Remuneration Report for the year 2022,
- short-term incentive KPI's for the year 2023,
- short-term incentives procedure update,
- changes in Management team,
- succession to Management team members' position.

All members of the Committee attended all meetings. The extraordinary meeting in February was chaired by the then Chair, Hannu-Matti Mäkinen, while subsequent meetings were chaired by the newly elected Chair, Claes Nycander, starting in April 2023.

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.

In 2023, the Audit Committee held four meetings, during which the following issues were discussed:

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

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

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

		Meeting attendance			
Name, surname	Position	Board	Audit Committee	Remuneration Committee	Tantiemes for 2022 paid-out in 2023 (EUR)
Dan Strömberg	Chair of the Board, member of the Board from 16 March 2023	7/7			-
Claes Nycander	Member of the Board, Chair of the Remuneration Committee	9/9		5/5	-
Agneta Wallmark	Member of the Board, Chair of the Audit Committee	9/9	4/4		-
Hannu-Matti Mäkinen	Member of the Board, member of the Remuneration Committee	9/9		5/5	-
Leda Iržikevičienė	Independent member of the Board, member of the Audit Committee from 16 March 2023	7/7	4/4		-
Mindaugas Glodas	Independent member of the Board, member of the Audit and Remuneration Committees	9/9	4/4	5/5	17,500
Dovilė Grigienė	Independent member of the Board, member of the Audit Committee till 15 December 2022				7,500

Members of the Board

Dan Strömberg

Chair of the Board, member of the Board since 16 March 2023, re-elected for the two year's term on 27 April 2023 (nominated by Telia Company AB).

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

Involvement in activities of other entities:
- SIA Tet, Dzirnavu iela 105, Rīga, LV-1011, Latvia, code 40003052786, member the Supervisory Council;
- Lietuvos Oro Uostai, AB (Lithuanian Airports), Rodūnios kel. 10A, LT-02189 Vilnius, Lithuania, code 120864074, an independent member of the Board

Dan Strömberg 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, Estonia and Denmark.

Current Board Assignments:
- TT-Netværket P/S, Amager Strandvej 60, 2300 København S, Denmark, code 34230625, Chair of the Board;
- Telia Company Danmark A/S, Holmbladsgade 139, 2300 København S, Denmark, code 18530740, Chair of the Board;
- Telia Mobile Holding AB, 169 94 Solna, Sweden, code 556855-9040, Chair of the Board;
- Telia Nättjänster Norden AB, Mårbackagatan 11, 123 43 Farsta, Sweden, code 556459-3076, Chair of the Board;
- Telia Towers AB, 169 94 Solna, Sweden, code 559196-5164, member of the Board;
- Telia Towers Finland Oy, Pasilan asema-aukio 1, FI-00520 Helsinki, Finland, code 2933075-9, member of the Board;
- Telia Towers Norway AS, Lørenfaret 1 A, 0585 Oslo, Norway, code 921589298, member of the Board;
- Svenska UMTS-Nät AB, Warfvinges Väg 45 4tr, 11251 Stockholm, Sweden, code 556606-7996, Chair of the Board;
- Svenska UMTS-licens AB, 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.

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

Members of the Board

Agneta Wallmark

Member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019, 27 April 2021 and 27 April 2023 (nominated by Telia Company AB), **Chair of the Audit Committee.**

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

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

Current Board assignments:

— Telia Försäkring AB (Telia Insurance), 169 94 Solna, Sweden, code 516401-8490, Chair of the Board;

— Swedish Pension Fund of Telia, 169 94 Solna, Sweden, member of the Board;

— Andra AP-fonden, Östra Hamngatan 26, 404 24 Gothenburg, Sweden, member of the Board;

— Skandia Life Insurance (Mutual), Lindhagensgatan 86, 112 18 Stockholm, Sweden, code 516406-0948, Chair of Nomination Committee for General Council elections.

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

Hannu-Matti Mäkinen

Member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019, 27 April 2021 and 27 April 2023 (nominated by Telia Company AB), **member of the Remuneration Committee**.

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

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

Current Board Assignments:

— Telia Finland Oyj, PL 106, FI-0051 Sonera, Finland, code 1475607-9, member of the Board;

— Tilts Communications A/S, Holmbladsgade 139, 2300 København, Denmark, code 17260642, member of the Board;

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

— Valokuitunen Oy, Hämeentie 15, 00500 Helsinki, Finland, code 3101706-7, member of the Board;

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

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

— Telia Towers Sweden AB (Sweden), 169 94 Solna, Sweden, code 559162-3342, Chair of the Board;

— Telia Towers Norway AS, 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.

Members of the Board

Leda Iržikevičienė

Independent member of the Board since 16 March 2023, re-elected for the two year's term on 27 April 2023 (as independent member of the Board nominated by Telia Company AB), **member of the Audit Committee.**.

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

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

Involvement in activities of other entities :

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

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

Mindaugas Glodas

Independent member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019, 27 April 2021 and 27 April 2023 (as independent member of the Board nominated by Telia Company AB), **member of the Audit and Remuneration Committees.**

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

Employment:

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

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

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

Involvement in activities of other entities:

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

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

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

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

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

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

Governing structure of Telia Lietuva

valid from 1 January 2024

CEO

Consumer

Finance

Enterprise

People & Engagement

Sales & Customer Care

Legal & Corporate Affairs

Technology Infrastructure

Marketing & Communication

Digitalization & Analytics

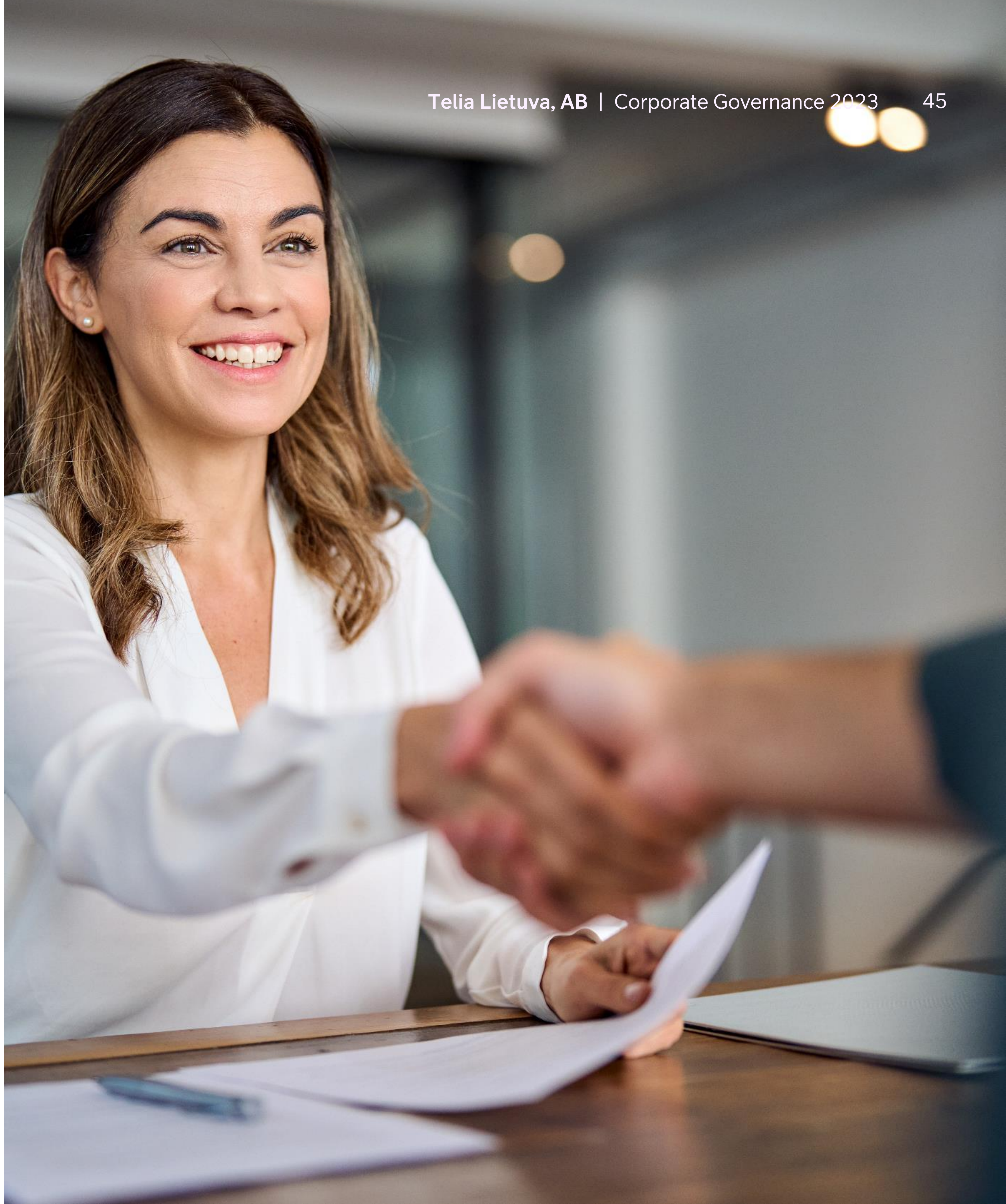
Business Assurance & Transformation

From March 1, 2023, Giedrė Kaminskaitė-Salters was appointed as the new CEO of Telia Lietuva following Dan Strömberg's resignation from the CEO position as of February 28, 2023. Prior to her appointment as CEO, Giedrė Kaminskaitė-Salters served as the Head of Sales & Customer Care at Telia Lietuva.

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

Birutė Eimontaitė, Head of Communication, left the Company on 31 October 2023, and Vaida Jurkonienė, Head of Marketing, in addition took over the responsibility for the Company's communication.

From 1 January 2024, Communication team became an integral part of joint Marketing and Communication 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.

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.

Daniel Karpovič

Head of Enterprise
(B2B) from 6 June 2019.

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

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

Lina Bandzinė

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

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

Diana Gold

Head of Digital & Analytics
from 1 September 2022.

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

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

Daina Večkytė

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.

She is not involved in activities of other entities. Daiva Kasperavičienė has no direct interest in the share capital of Telia Lietuva. She has no shareholdings that exceed 5 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 & Transformation
from 15 December 2017.

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

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

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

Corporate governance

Information about remuneration of key management personnel is provided in Note 27 of the Company's Financial Statements for the year ended 31 December 2023. 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 2022 paid in 2023 to key management personnel amounted to 525.7 euro.

During 2023, there were no loans, guarantees or sponsorship granted to the members of the Board or members of the Management Team by the Company as well as none of subsidiaries or associates paid salaries or other payouts to the members of the Board or members of the Management Team of the Company for being members of their managing bodies.

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. Nevertheless, the Board introduced a soft target to increase the number of females in the management positions. On 31 December 2023 two female out of six were members of the Board, and seven (including the CEO) out of eleven were members of Management Team.

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.

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.

Auditors

Auditors from UAB Deloitte Lietuva, a member of the Deloitte network, audited the consolidated and separate financial statements of the Company and it's the then consolidated subsidiaries for the years ended 31 December 2014, 2015, 2016, 2017, 2018, 2019 and 2020 together with the related consolidated and separate statement of profit or loss and other comprehensive income, consolidated and separate statement of financial position, consolidated and separate statement of changes in equity and consolidated and separate statement of cash flows and a summary of material accounting policies and other explanatory notes for the years then ended. Auditors from UAB Deloitte Lietuva audited stand-alone financial statements of the Company for the years ended 31 December 2021, 2022, and 2023 together with the related statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows and a summary of material accounting policies and other explanatory notes for the years then ended.

On April 27, 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.

Agreement with UAB Deloitte Lietuva sets out that an amount of EUR 204 thousand (VAT exclude) shall be paid for the audit of the annual financial statements and assessment of the annual report for the years 2023.

For the audit of the financial statements for the year 2022, UAB Deloitte Lietuva had requested a payment higher than the one set by the shareholders' decision. On March 16, 2023, the Extraordinary General Meeting authorized the CEO of the Company to conclude the agreement with UAB Deloitte Lietuva for audit services. The payment for services was set not to exceed EUR 161 thousand (VAT excluded) for the audit of the Company's financial statements and assessment of the annual report for the year 2022. For the audit of financial statements for the year 2022 the Company has paid to UAB Deloitte Lietuva EUR 161.1 thousand (VAT excluded).

Deloitte is a globally connected network of member firms in more than 150 countries and territories providing audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. The criteria for selection of Deloitte as the Company's audit enterprise was decision of the Annual General Meeting of Telia Company AB shareholders on 5 April 2023 to elected Deloitte AB (Sweden) as the auditor of Telia Company. The aim is that consolidated subsidiaries of Telia Company be audited by the same highly reputable international audit enterprise, therefore the Company is audited by Lithuanian arm of Deloitte.

Following the Law of the Republic of Lithuania on Audit, UAB Deloitte Lietuva on 3 April 2023 at the meeting of the Audit Committee of the Company officially stated about UAB Deloitte Lietuva independence from the Company for the year 2023. During 2023, UAB Deloitte Lietuva did not provided any other than audit services to the Company and did not receive any other remuneration from the Company except for the audit services provided.

Corporate governance reporting form

for the year ended 31 December 2023

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.

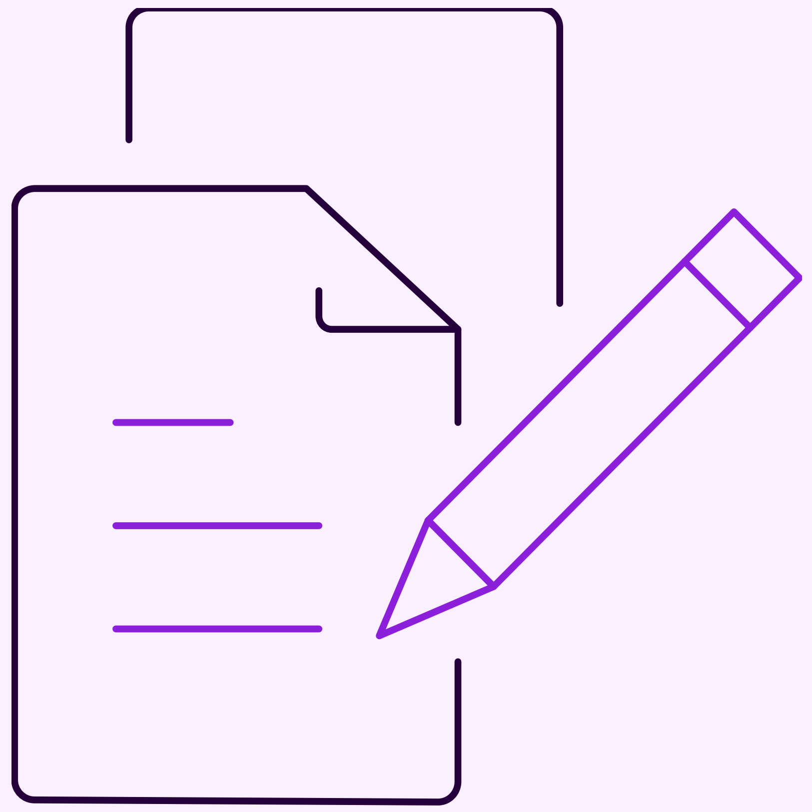
Upon resignation of Dan Strömberg, CEO of the Company, from 28 February 2023, the Board has appointed Giedrė Kaminskaitė-Salters as a new CEO of Telia Lietuva from 1 March 2023.

On 16 March 2023, following resignation of two members of the Board at the end of 2022, two new members of the Board – Dan Strömberg (CEO of Telia Lietuva till 28 February 2023) and Leda Iržikevičienė (independent member) – were elected to the Board.

On 3 April 2023, the Board of Telia Lietuva elected Dan Strömberg as a Chair of the Board, Claes Nycander as a Chair of the Remuneration Committee, and Leda Iržikevičienė as a member of the Audit Committee.

On 27 April 2023, shareholders of the Company re-elected all members of the Board for a new 2-years term of the Board.

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 2023.



Corporate governance reporting form

for the year ended 31 December 2023

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 2023, the Annual General Meeting was convoked on 27 April 2023 at 1 p.m. and two Extraordinary General Meetings were held on 16 March and 24 October 2023. The notices 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 2023

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 Extraordinary General Meeting, held on 16 March 2023, were announced in two languages on 22 February 2023, for the Annual General Meeting, held on 27 April 2023, – on 6 April 2023, and for the Extraordinary General Meeting, held on 24 October 2023, – on 22 September 2023.
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 all General Meetings of Shareholders held in 2023.

Corporate governance reporting form

for the year ended 31 December 2023

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 2023

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 2023

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 new CEO of the Company, who was appointed by the Board from 1 March 2023, has been working in the Company from 2015. She has an attorney's education and has occupied managerial positions in foreign countries.

Corporate governance reporting form

for the year ended 31 December 2023

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 has degrees in Finance and Accounting, and one has Master of Law degree. 4 members of the Board were working in the telecommunications industry; one – in ICT sector and one has banking experience. On 31 December 2023, 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 2023

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. Two members were elected in April 2018 and re-elected in April 2019, April 2021 and April 2023. Two new member of the Board were elected in March 2023 and re-elected in April 2023. 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 resigned from the position of CEO of the Company, but till August 2023 carried on as member of Group Executive Management of Telia Company, as representative of Telia Company was elected to the Board of the Company in March 2023 and in April 2023 was elected as Chair of the Board. From August 2023, Dan Strömberg is on his retirement and is not involved in any daily activities of the Company and Telia Company, a largest shareholder of the Company .
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 2023 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 2023.
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 2023

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 2023. The Board members carried out an assessment of the Board's annual activities.

Corporate governance reporting form

for the year ended 31 December 2023

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 7 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 2023

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. All members of the Audit committee have a financial background. 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 2023

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 2023.
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 2023

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 2023

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 2023.

Corporate governance reporting form

for the year ended 31 December 2023

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 2023

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 2023

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 2022 was EUR 25 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 2023

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 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 2023

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, on the basis of 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 Report, 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 Speak-Up Line valid for the whole Telia Company Group.

Corporate governance reporting form

for the year ended 31 December 2023

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

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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 reports.
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 Report on implementation of the Remuneration Policy for CEO and members of the Board.
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 2023

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 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.

Sustainability

Sustainability overview

Sustainability at Telia Lithuania

As was mentioned at the beginning of this document, sustainability is an indispensable part of **our strategy** (see page 14). By reinventing sustainably, Telia reinvents better connected societies and improves the lives of its customers.

In 2023 we have conducted our first **double materiality assessment,** which confirmed the material impact areas:

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

Of course, the remaining areas of impact are inseparable from responsible business operations. All impact areas are embedded in our strategy.

Sustainable activities are impossible without clear **sustainability governance**:

- The ultimate responsibility for sustainability oversight lies with the CEO, who also decides on the overall sustainability direction and policy commitments. CEO receives updates on sustainability performance every quarter and more often if needed as part of the CEO's monthly updates.
- Board is also involved and takes part in shaping sustainability direction via regular discussions.
- Management level meetings are a platform where sustainability related decisions are taken.
- Sustainability projects manager reports directly to Head of Brand and Communication and has the overall responsibility for proposing strategic content, goals and required actions and following up work that has been integrated across the organization.
- The governance model of local sustainability is part of Telia Company sustainability governance.

Priority impact areas:

- Climate and circularity
- Digital inclusion
- Privacy and security

Other material impact areas:

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

Preparing for CSRD

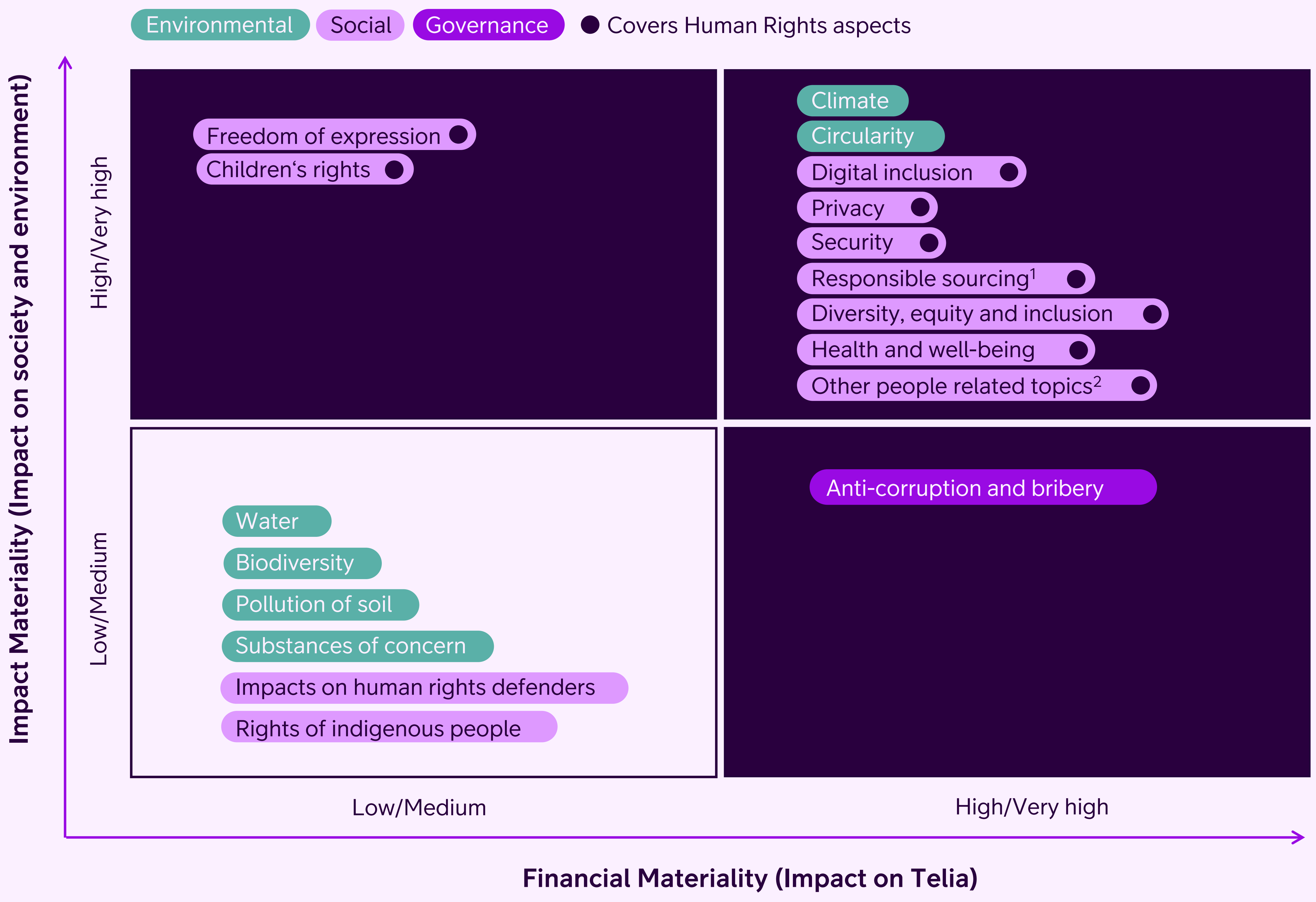
Over the course of the year, Telia worked to prepare for the Corporate Sustainability Reporting Directive (CSRD) and the related European Sustainability Reporting Standards (ESRS) that will enter into force in 2024.

In 2023, Telia conducted its first double materiality assessment (DMA) – see the results to the right. 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 geographical 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 outside world (society and environment) and how the world around it impacts the company financially.

Telia assessed impacts, risks and opportunities from a 1- to 3-year time perspective (2024-2026), which covers the company's upcoming strategy period. For climate, a longer time span was considered up to 2030.

Telia decided to consider topics with a "high" or "very high" impact materiality or financial materiality as material, and these topics will therefore be in focus in the company's CSRD reporting next year. Overall, the 2023 assessment confirmed Telia's current focus and priorities.

Double materiality analysis



[1] Child and forced labor. Health and safety. Working hours. Freedom of association
[2] Freedom of association. Training and skills development. Adequate wages

Overview of 2023 materiality findings

Impact area	Impact Materiality (Impact on society and environment)	Financial Materiality (Impact on Telia)	Main impacts, risks and opportunities	Location in the value chain	Trends in the year	Stakeholder groups
Climate	●●●●	●●●○	**I(-)**: GHG emissions emitted from Telia's value chain, in particular from the supply chain **I(+)**: Network, connectivity and IoT solutions enable customers and society to decarbonize **R**: Failure to meet stakeholder expectations on low-carbon, energy-efficient and circular products and services **R**: Risk that Telia does not prepare for extreme weather events, such as storms, heavy rain, floodings and heatwaves **O**: Opportunity to scale IoT solutions that decarbonize customers and society	— Upstream — Own operations — Downstream	— Upcoming EU regulations on environmental claims and the energy efficiency of certain products — A general increase in expectations from consumers and business customers, including demand for data to prove performance and benefits — Increasing demands for products and services that enable customers to reduce emissions and energy consumption — Increasing expectations from investors on net-zero targets and information about how companies plan to transition into a low-carbon economy — Increasing likelihood of extreme weather events, due to the disconnect between the pace needed for climate action and actual emission reductions (globally and in Telia's markets)	Business customers Consumers Investors Policymakers Suppliers
Circularity	●●●●	●●●○	**I(-)**: Resource depletion of the materials used in product portfolio, network equipment, network construction and maintenance, and packaging **I(+)**: Less resource depletion through device as a service and other closed loop device models **R**: 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 **O**: Opportunity to increase leasing and rental models of Telia's products	— Upstream — Own operations — Downstream	— Upcoming EU regulations on eco-design, environmental claims and circularity of certain products — A general increase in expectations from business customers, including demand for data	Business customers Consumers Investors Policymakers Suppliers
Privacy	●●●●	●●●○	**I(-)**: Cyberattacks, technical and human errors increase consumer data breaches, which could potentially harm the affected stakeholder **I(+)**: Embedded measures to protect Telia's systems and consumer data **R**: 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	— Own operations — Downstream	— Increased risk of cyberattacks due to Russia's invasion of Ukraine — Upcoming EU AI Act shapes expectations on corporate work related to AI ethics	Business customers Consumers Employees Investors Policymakers

● Low ●● Medium ●●● High ●●●● Very high **I(-)** Negative impact **I(+)** Positive impact **R** Risk **O** Opportunity

Impact area	Impact Materiality (Impact on society and environment)	Financial Materiality (Impact on Telia)	Main impacts, risks and opportunities	Location in the value chain	Trends in the year	Stakeholder groups
Security	●●●○	●●●●	**I(-)**: 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) **R**: Risk that cyber events originating from an external threat disrupt Telia's services or lead to data breaches	— Own operations — Downstream	— Increased requirements on security from B2B customers and through upcoming EU regulation, as well as the expected admission of Sweden to NATO — Increased terror threat level in Sweden	Business customers Consumers Employees Investors Policymakers
Digital inclusion	●●●○	●●●○	**I(-)**: Disparity between the service quality in urban and rural areas may result in uneven digital inclusion and a negative perception of digitalization **I(+)**: Access to reliable connectivity for millions of customers and the development of digital inclusion skills to integrate those that are at risk of being digitally excluded **R**: Risk of disparity in service quality and unaffordability of services could lead to customer dissatisfaction **O**: Digital inclusion projects enhancing digital skills ensure higher customer activity online and lower the number of calls to customer care centers	— Own operations — Downstream	— Continued digitalization of society, including vital services, makes high-quality connectivity and relevant digital skills increasingly important — High inflation and the economic downturn raise affordability concerns, which may impact access to services for economically vulnerable groups	Consumers Investors Policymakers
Human rights	Embedded in other impact areas	Embedded in other impact areas	Our services and ways of working impact the rights and well-being of approximately 19,000 employees, millions of customers and thousands of workers in Telia's supply chain. Telia's services also enable the realization of human rights. Violations of human rights in Telia's value chain impact the trust in Telia and Telia's ability to retain and attract employees, customers, and capital. Impacts, risks and opportunities that relate to human rights aspects are covered in the other impact-area-specific rows of this table	— Upstream — Own operations — Downstream	— Increased attention to human rights through upcoming legislation (EU Corporate Sustainability Due Diligence Directive and local versions) — Additional proof points of how digitalization can increase access to societal services, such as health care, and provide safer workplaces when dangerous tasks are automized. In parallel, digitalization is restructuring the labor market with increasing need for up- and re-skilling of individuals — Climate change increasingly impacts human rights negatively	Business customers Employees Investors Policymakers Society Suppliers
Children's rights	●●●●	●○○○	**I(-)**: 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 **I(+)**: Active measures internally and through partnerships to block and fight child sexual abuse material (CSAM) **R**: Failure to apply sufficient technical solutions to block CSAM in own networks	— Own operations — Downstream	— Continuous reports on the vulnerability of children in the online world, including spread of CSAM, cyberbullying, misinformation and hate speech — Development of upcoming legislation will regulate mandatory requirements on removal and blocking of CSAM	Consumers (including children) Investors Policymakers

● Low ●● Medium ●●● High ●●●● Very high **I(-)** Negative impact **I(+)** Positive impact **R** Risk **O** Opportunity

Impact area	Impact Materiality (Impact on society and environment)	Financial Materiality (Impact on Telia)	Main impacts, risks and opportunities	Location in the value chain	Trends in the year	Stakeholder groups
Freedom of expression and government surveillance	●●●●	●●○○	**I(-)**: Blocking of content limits the freedom of expression of users **I(+)**: As a provider of the infrastructure for the internet and free media, Telia enables the right to freedom of expression for customers **R**: Governments mandate limitations to freedom of expression, but this may affect Telia's reputation and consumers' trust in the company	— Downstream	— Unprecedented EU sanctions to limit the spread of disinformation from Russian TV channels and related sites — The EU adopted a regulation to address the dissemination of terrorist content online and proposed a regulation to lay down rules to prevent and combat child sexual abuse (see **Children's rights**)	Consumers (including children) Investors Policymakers
Diversity, equity and inclusion	●●●○	●●●○	**I(+)**: Training on inclusive recruitment practices as well as improvement of human resource processes to enable a more diverse workforce **R**: Lack of diversity could compromise Telia's ability to innovate (new products, services, ways of working, business models) and serve a diverse customer base **R**: Increased turnover due to unequal pay	— Own operations	— Focus on disclosure of pay gap and salary ranges in job posts through the upcoming EU Pay Transparency Act	Employees Investors Policymakers
Health and well-being	●●●○	●●●○	**I(-)**: Unmanageably high employee workload could lead to burnout **I(+)**: Measures such as flexible hours and work from home to facilitate a better work-life balance **R**: Risk of engaging in unfair labor practices, such as excessive working hours **R**: Failure to ensure a safe and healthy working environment could lead to employee accidents and illnesses	— Own operations	— Hybrid work modes raise new topics related to health and well-being	Employees Investors Policymakers
Responsible sourcing	●●●○	●●●○	**I(-)**: Unregulated working hours and overtime for suppliers' workers lead to a lower work-life balance and an increased risk of injuries **I(-)**: Unsafe working conditions affect workers' mental and physical health **I(-)**: Child and forced labor as a result of sourcing products that contain minerals sourced from conflict-affected and high-risk areas **R**: 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 **R**: 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	— Upstream	— Upcoming sustainability due diligence legislation (see **Human rights**) — Continued risk of supply chain disruptions caused by climate change effects, pandemics and geopolitics	Business customers Investors Policymakers Suppliers
Antibribery and corruption	●○○○	●●●●	**I(-)**: In the event that corruption occurs it may divert resources away from legitimate investments or expenses **R**: Insufficient training and prevention could create a risk of bribery or corruption	— Own operations	— Macroeconomic downturn increases bribery and corruption risks — In general, legislation is taking a more stringent approach to anti-bribery and corruption	Business customers Consumers Employees Investors

● Low ●● Medium ●●● High ●●●● Very high **I(-)** Negative impact **I(+)** Positive impact **R** Risk **O** Opportunity

Overview of 2023 materiality process

Some additional topics that affect Telia's industry, such as labour rights, conflict minerals, and AI ethics, are embedded in the company's overarching sustainability impact areas listed above. Certain topics that are on the rise but are not seen as highly material by Telia, such as biodiversity and water, are addressed in the environmental part of this report.

Description of the 2023 double materiality process:

1. The identification of possible material topics for Telia was based on standards (ESRS and SASB), ESG ratings (EcoVadis, MSCI, ISS ESG, Sustainalytics, and FTSE4Good), as well as Telia's previous materiality and industry-specific overview (GSMA metrics for Mobile). By drawing from various sources, a long list of topics was created.
2. An internal guide was created to assess both financial materiality and impact materiality. This guide established the basics for the assessment, including definitions for different impact levels (low, medium, high, and very high) and likelihood. The financial materiality guide was based on Telia's existing Enterprise Risk Management (ERM) Framework, which evaluates risks and the effect on Telia if they materialize, through the financial, strategic, reputational, customer experience and regulatory front. The ERM framework was adapted to also assess opportunities in a similar way to risks, for the purpose of the double materiality process. The impact materiality guide was based on the principles of the United Nations Guiding Principles on Business and Human Rights to assess the impacts that Telia generates on society or the environment. These were assessed by the severity of the impact, which covers scale, scope and irremediability..
3. For each subtopic from the long list, Telia specified potential or actual impact, risk, and opportunity statements to facilitate the assessment of each. The assessment consisted of using the internal guide to determine a scoring for each impact, risk and opportunity statement, which was given by two factors: a) the impact (on Telia or on the environment/society) and b) its likelihood of happening. This was assessed by internal matter experts, using inputs from the list provided in the "Primary sources for determining materiality" (shown on this page) as well as continuous stakeholder engagement
4. Roundtable meetings with the experts were conducted to ensure consistency across all topics.
5. The materiality threshold was established for topics with a 'high' or 'very high' heat map result. This means that topics with a risk or opportunity yielding a 'high' or 'very high' result are deemed material from a financial perspective. Topics that had an impact with a "high" or "very high" result are considered material from an impact perspective. In line with the ESRS requirements on double materiality, a short list of material impact areas was created based on those topics that had high or very high results from either the financial or the impact perspective.
6. After the findings were determined through the creation of the shortlist, validation was carried out through engagement with Telia Company's Board of Directors, local sustainability leads, and extended teams.

Primary sources for determining materiality included:

— Telia's own 2020 materiality deep dive based on desktop research validated through internal and external stakeholder dialogues 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

— 2022 expert analysis on ongoing climate-related trends among key stakeholders and the business impact those trends could have on Telia in the short, medium, and long term, and a deep dive into material transition risks and opportunities for Telia in 2025-2027

— Updated human rights risk mapping and salience analysis with BSR in 2022

— SB Insight's 2023 consumer trend studies, which identify how consumers in Telia's markets think a telco should prioritize

— Topics covered by ESG ratings, including how topics are weighted

— Engagement with collaborative partners to get a deeper understanding of theme-specific impacts and topic boundaries

— Concerns raised by stakeholders in the media and Telia's Speak-Up Line

— Continuous monitoring of policy development and media

— Enterprise Risk Management annual risk assessment

— Supplier audits

Stakeholders are generally selected for engagement either because they represent the opinions of a stakeholder group (as in the case of a union) or because Telia considers them knowledgeable due to their expertise (as in the case of a human rights organization) and/or experience (as in the case of children).

Salient human rights issues

Salient human rights issues – are defined as per the UN Guiding Principles Reporting Framework: "the issue at risk of the most severe negative impact through the company's activities and business relationships."
Identification of the most salient issues focuses on risk to people based on likelihood and severity. The latter is defined by:

— Scale (gravity of human rights impact)

— Scope (number of people who have or could be impacted)

— Remediability (can the impact be put right or not)

Salience is reviewed as part of Telia Company's broader process to determine materiality and further analysis is conducted by the company's Human Rights Core Team, which includes internal experts on various human rights areas. These experts regularly consult with and receive input from external partners and networks that Telia participates in.

Examples include:

— Children's rights organizations such as World Childhood Foundation (on topics related to children's rights, including the spread of child sexual abuse materials)

— The Global Network Initiative (on freedom of expression and privacy)

— Union representatives (on labor rights, including risks of discrimination)

— Internal and external diversity networks (on topics related to diversity and inclusion)

— Audit results through Joint Audit Cooperation (on labor rights in supply chains, including forced and child labor)

— Continuous interactions with other experts as needed, including authorities such as local data protection boards on privacy matters

— The BSR global non-profit organization for sustainability expertise on a broad range of topics.

Access to remedy

Telia may learn about human rights risks or harm through its **Speak-Up Line**, but also through other channels such as customer care, audits conducted by its sourcing department, employee complaints processes, etc.

Telia's Speak-Up Line serves as its operational level grievance mechanism to both internal and external stakeholders.

Our commitment

Telia is committed to several international guidelines and initiatives, influencing our priorities and the formulation of theme-specific programs. The most significant ones include:

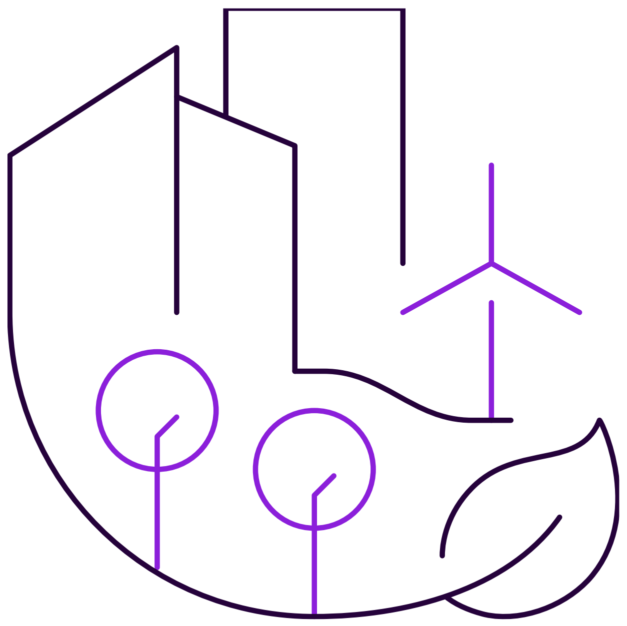
- **The UN Universal Declaration of Human Rights**
- **The core conventions of the International Labour Organization (ILO)**
- **The OECD Guidelines for Multinational Enterprises**
- **The UN Global Compact and the UN Sustainable Development Goals**
- **The UN Guiding Principles on Business and Human Rights**
- **The Children's Rights and Business Principles**

The table opposite provides an overview of Telia's main achievements during the year and how its impact areas are contributing to the UN Sustainable Development Goals (SDGs).

What did Telia Company Group do in 2023 as a whole?

Strategic direction	Area of impact	SDGs		Achievements in 2022 (Telia Company-wide)
		Direct impact	Indirect impact	
Inspiring customers	Climate and circularity	7	9, 11, 12, 13	— Achieved 87% CO_2e emissions reductions in own operations compared to 2018. — Suppliers responsible for 52% of supply chain emissions from purchased goods and services and capital goods have set science-based targets — 72% of waste in own and network operations reused or recycled.
Connecting everyone	Digital inclusion	5, 9	10	— Reached more than 1 363 000 individuals with digital skill-building initiatives targeting seniors, children, SMEs and others (around 32 000 in Lithuania).
Digital transformation	Privacy and security	16		— Achieved top tier positions (either first or second) on privacy in 3 out of 6 markets, according to Telia consumer survey.
Delivering sustainably	Human rights	3-5, 8, 10-12, 16		— Updated Telia's human rights salience analysis.
	Children's rights		4,16	— Ranked No. 1 in the global Tech & Telecom sector and No. 2 among all companies assessed in the Children's Rights Benchmark by Global Child Forum.
	Freedom of expression and privacy surveillance	16		— Took measures to respect users' rights in relation to high-risk requests from governments or local authorities.
	Employee diversity, health and well-being		5, 8, 10	— 41% women in the Extended Leadership Team (~150 top leaders). — 79% of employees state that they are able to successfully balance work and personal life.
	Responsible sourcing	8, 12	16	— Deep dived into labour rights risks related to field service and transport in all markets.
	Anti-bribery and corruption	16		— Completed anti-bribery and corruption risk assessments and program maturity assessments in all markets.

Sustainability ratings and achievements



Sustainability ratings offer valuable insights into the overall performance and maturity of our initiatives, providing essential information to our stakeholders. They also serve as a tool to identify opportunities for improvement. Below are some of the **Telia Company Group's** results for the year

Platinum medal

in EcoVadis,
placing Telia in the

top 1%

Received AAA

By MSCI's ESG rating

Included

in the FTSE4Good Index

Scored A-

in CDP Climate Change

Ranked B-

by ISS ESG rating

Membership in organizations

Investors' Forum	**Investors Forum Association**
baltoji banga	**"Baltoji banga"** (eng. Clear Wave) **Initiative**
PANEVĖŽIO PREKYBOS, PRAMONĖS IR AMATŲ RŪMAI	**Panevėžys Chamber of Commerce, Industry and Crafts**
Swedish Chamber of Commerce in Lithuania	**Swedish Chamber of Commerce in Lithuania**
LAVA	**Sustainable Business Association of Lithuania**
ea pm	**Association of Personnel Management Professionals**
BICG BALTIC INSTITUTE OF CORPORATE GOVERNANCE	**Association "Baltic Institute of Corporate Governance"**
LDAPA LIETUVOS DUOMENŲ APSAUGOS PAREIGŪNŲ ASOCIACIJA	**Association of Data Protection Officers of Lithuania**
	Šiauliai Chamber of Commerce, Industry and Crafts
infobalt LIETUVA	**Association Infobalt**
	Association of Mažeikiai Entrepreneursv
KAUNAS CHAMBER OF COMMERCE, INDUSTRY AND CRAFTS	**Kaunas Chamber of Industry and Employers**
GSMA	**GSM Association**
LIETUVOS DIRBTINIO INTELEKTO ASOCIACIJA	**Artificial Intelligence Association of Lithuania** (joined in 2023)

Taxonomy

Taxonomy reporting

Taxonomy regulation

The aim of the EU Taxonomy, as part of the European Green Deal, is to direct financial flows towards sustainable economic activities by providing a common classification system of what is considered sustainable. In 2023, in addition to continuing the reporting of the same activities under climate change mitigation and adaptation environmental objectives, Telia is also, for the first time, reporting on the eligibility of activities under the remaining environmental objectives.

The EU Taxonomy is still under development. As illustrated below, Telia reports a limited percentage of Taxonomy-eligible and aligned activities since telecommunications networks are not included (see Financial key performance indicators on pages 88-90). The telecommunications industry has highlighted this deficiency to the European Commission, advocating for networks to be covered in future Taxonomy delegated acts with dedicated, fit-for-purpose alignment criteria.

Please note that complete environmental data for Telia is provided in the Environmental chapter of this report, including the company's total carbon and energy footprint, the energy sources used and circularity initiatives.

Assessment of eligibility

Telia has assessed all of its economic activities to determine which ones should be reported under the Taxonomy definitions. The following activities have been deemed eligible for Telia in 2023:

Under the climate change mitigation environmental objective:

8.1 Data processing, hosting and related activities: Telia reports data centers – facilities used for centralized storage, management, or processing of data, along with all the necessary infrastructure and equipment. These data centres serve both external customers and Telia's internal needs. Telia has scoped its reporting to concentrate on data centres meeting a specified energy consumption threshold critical for core network operations in specific markets or across the company's operations. Moving forward, Telia intends to apply the threshold of power demand for installed information technology of at least 500 kW, as introduced by the recently adopted Energy Efficiency Directive. The company does not anticipate significant changes to the list of data centres it reports on as a result of this.

8.2 Data-driven solutions for GHG emissions reductions: Unlike other units of Telia Company, Telia Lietuva does not offer such solutions; therefore, this activity is not reflected in the report.

Under the transition to a circular economy environmental objective:

4.1 Provision of IT/OT data-driven solutions: Unlike other units of Telia Company, Telia Lietuva **does not provide** such solutions, therefore this activity is not reflected in the report.

5.1 Repair, refurbishment, and remanufacturing: Under this activity, the company reports repair services for mobile phones and customer premises equipment provided to individual customers or businesses through its own service workshops or those of its service partners.

5.4 Sale of second-hand goods: Under this activity, Telia reports sales of preowned and refurbished mobile phones, tablets and mobile modems.

5.5 Product-as-a-service and other circular use and result-oriented service models: Under this activity, the company reports the provision of mobile phones and office equipment to business customers through its Device-as-a-Service offering.

TV and media-related activities (8.3 and 13.3 under the climate change adaptation environmental objective) have been deemed insignificant, as only CAPEX and OPEX related to implemented adaptation solutions can be reported. There is uncertainty regarding reporting under the climate change adaptation environmental objective, despite guidance from the European Commission.

The company has also assessed several additional economic activities that constitute purchase of Taxonomy-aligned outputs under the climate change mitigation objective, namely:

4.1 Electricity generation using solar photovoltaic technology

4.3 Electricity generation from wind power

4.11 Storage of thermal energy

6.5 Transport by motorbikes, passenger cars and light commercial vehicles

No turnover can be reported for these activities, and the related financial KPIs would constitute OPEX under Taxonomy definitions, which is not material for Telia's business model. Therefore, these economic activities have been excluded from the reporting scope. Telia will continue to monitor future guidance and adjust its reporting in light of emerging best practices.

Assessment of alignment

For activities reported under the transition to a circular economy environmental objective (5.1, 5.4, and 5.5), only an eligibility check is required in 2023. No alignment assessment was performed for these activities. In the financial KPI tables, they are listed as eligible but not aligned. In line with legal requirements, Telia intends to perform the necessary assessments in the next reporting cycle.

8.1 Data processing, hosting, and related activities

There are three technical screening criteria for substantial contribution that need to be fulfilled under 8.1:

- Implementation of the EU Code of Conduct for Data Centre Energy Efficiency, verified by an independent third party and audited at least every three years
- Where a specific Code of Conduct practice is not relevant, explanation is provided, including the use of alternative best practices
- Global warming potential of the refrigerant used in the cooling system does not exceed 675

No data center reported under 8.1 is deemed aligned, as EU Code of Conduct has not been implemented and refrigerants used are above the threshold specified by the criteria.

Taxonomy reporting

Do no significant harm

For activities reported under the transition to a circular economy environmental objective (5.1, 5.4, and 5.5), only an eligibility check is required in 2023. No "do no significant harm" assessment was performed for these activities during the year. In the financial KPI tables, they are listed as eligible but not aligned. In line with legal requirements, Telia intends to perform the necessary assessment in the next reporting cycle.

A “do no significant harm” assessment was carried out to assess compliance for the reported activity 8.1.

Under “climate change adaptation”, the assessment consisted of Telia’s physical climate risk analysis at a company level, which is detailed under Telia’s transition plan and TCFD reporting. For the purposes of activity 8.1, during 2023 the company performed deepened site-specific analyses.

An assessment was carried out to ensure the requirements are met under the "water" objective. Telia is not substantially dependent on water in its operations, and where data centers use water-based cooling, it is re-circulated in a closed system. All Telia facilities, including data centers, are located in areas with connections to municipal water infrastructure. When planning its data centers, the company follows all relevant laws and regulations, including those concerning environmental impact assessments and requirements related to the assessment of impacts on water.

Additional assessment was carried out to ensure the requirements are met under “circular economy”:

— Telia 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 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 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. All electronic waste is separated and reused or recycled (for more information, see the Environmental chapter).

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 (see page 112). Furthermore, these areas are fully reflected in Telia’s risk management process, which is an integrated part of the business planning process and monitoring of business performance. 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.

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

Taxonomy reporting

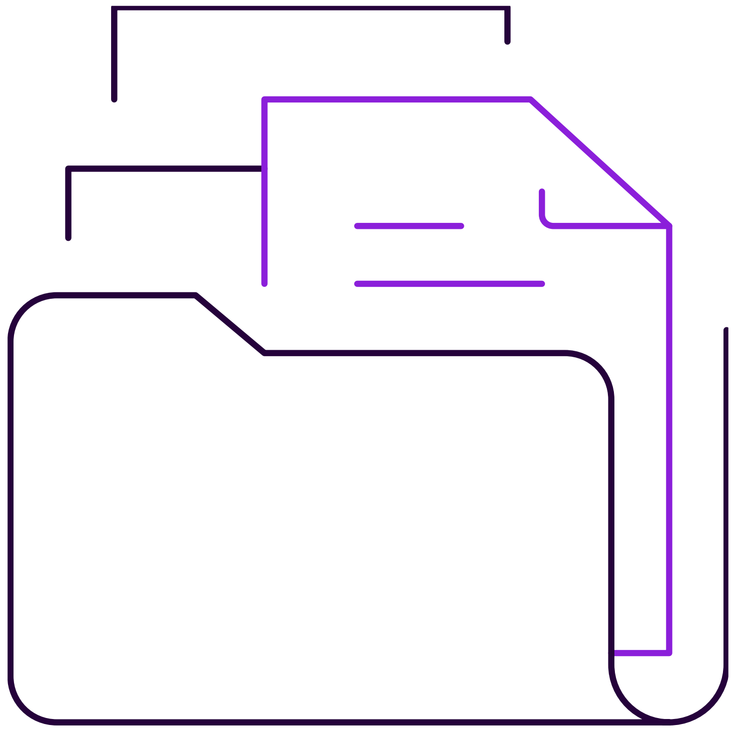
Accounting principles

The Taxonomy KPI definitions of turnover, operating expenditure (OPEX), and capital expenditure (CAPEX) are not fully aligned with similar measures used in Telia's consolidated financial statements. For Taxonomy reporting purposes, some adjustments have therefore been made to Telia's financial measures. Telia's interpretations of the Taxonomy KPI definitions are based on guidance from 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 Taxonomy reporting guidance is clarified, and/or Taxonomy reporting practices are developed. Further efforts will be needed to improve Telia's internal reporting systems and processes to fully align with Taxonomy reporting requirements. In 2023, Telia took additional steps to expand guidance for reporting units and increase data control checks.

The three Taxonomy KPI denominators were defined as follows by Telia in 2023:

- **Turnover** is defined as external revenue under the International Financial Reporting Standards (IFRS), which corresponds to external net sales in Telia's consolidated statements of comprehensive income, e.g., including only continuing operations.
- **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). Telia's CAPEX measure used in the consolidated financial statements excludes additions resulting from business combinations and asset retirement obligations but includes advances and pre-payments
- **OPEX** is defined as direct non-capitalised 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 a third party to whom activities are outsourced, necessary to ensure the continued and effective functioning of such assets. The Taxonomy OPEX measure includes only continuing operations. Direct non-capitalised costs related to research and development correspond to the amount for research and development expenses in Telia's consolidated statements of comprehensive income, excluding amortisation, 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.

Since Telia's reporting structures and systems have not yet been fully adjusted to mirror the 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. These figures are 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 .



Financial key performance indicators

Based on the assessment performed, we report the following Taxonomy eligible and aligned turnover, capital expenditure (CAPEX) and operating expenditure (OPEX):

Turnover

	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
Economic activities (1)	Code(s) (2)	Turnover (3)	Proportion of turnover year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity s (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MEUR	Percent	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	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Turnover of environmental sustainable activities (Taxonomy-aligned (A.1)		0	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
5.1. Repair, refurbishment and remanufacturing	CE	0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
5.4. Sale of second-hand goods	CE	0	0,13%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
5.5. Product-as-a-service and other circular use- and result-oriented service models	CE	15,8	4,25%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
8.1 Data processing, hosting and related activities - Data Centers	CCM	2,9	0,78%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,45%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		19,2	5,16%	0,78%				4,38%									0,45%		
Total (A.1 + A.2) (A)		**19,2**	**5.16%**	**0,78%**				**4,38%**									**0,45%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)		352,3	94,84%																
Total (A + B)		**371,5**	**100,00%**																

Propotion of turnover/Total turnover		
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00%	0,78%
CCA	N/A	N/A
WTR	N/A	N/A
CE	0,00%	4,38%
PPC	N/A	N/A
BIO	N/A	N/A

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

Economic activities (1)	Code(s) (2)	OPEX (3)	Proportion of OPEX year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity s (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of OPEX, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
		MEUR	Percent	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	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
OpEx of environmental sustainable activities (Taxonomy-aligned (A.1)		0	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
5.1. Repair, refurbishment and remanufacturing	CE	0	0,19%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
5.4. Sale of second-hand goods	CE	0	0,32%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
5.5. Product-as-a-service and other circular use- and result-oriented service models	CE	6,8	5,58%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
8.1 Data processing, hosting and related activities - Data Centers	CCM	0	0,02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								6,38%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		7,5	6,11%	0,02%				6,08%									6,38%		
Total (A.1 + A.2) A		**7,5**	**6,11%**	**0%**				**6%**									**6,38%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		
OpEx of Taxonomy-non-eligible activities (B)	115,1	93,89%
Total (A + B)	**122,6**	**100,00%**

Propotion of OpEx/Total OpEx	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00%	0,02%
CCA	N/A	N/A
WTR	N/A	N/A
CE	0,00%	6,08%
PPC	N/A	N/A
BIO	N/A	N/A

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

Economic activities (1)	Code(s) (2)	CAPEX (3)	Proportion of CAPEX year 2023 (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity s (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy aligned proportion of CAPEX, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
		MEUR	Percent	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	YN/	Y/N	Y/N	Y/N	Y/N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
CapEx of environmental sustainable activities (Taxonomy-aligned (A.1)		0	0%	0%													0%		
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities)				**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**	**EL; N/EL**										
5.1. Repair, refurbishment and remanufacturing	CE	0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
5.4. Sale of second-hand goods	CE	0	0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
5.5. Product-as-a-service and other circular use- and result-oriented service models	CE	5,5	9,06%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0		
8.1 Data processing, hosting and related activities - Data Centers	CCM	2,6	4,31%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,69%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		8,1	13,37%	4,31%				9,06%									0,69%		
Total (A.1 + A.2)		**8,1**	**13,37%**	**4,31%**				**9%**									**0,69%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CapEx of Taxonomy-non-eligible activities (B)		52,5	86,63%
Total (A + B)		**60,6**	**100,00%**

Propotion of CapEx/Total CapEx	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0,00%	4,31%
CCA	N/A	N/A
WTR	N/A	N/A
CE	0,00%	9,06%
PPC	N/A	N/A
BIO	N/A	N/A

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
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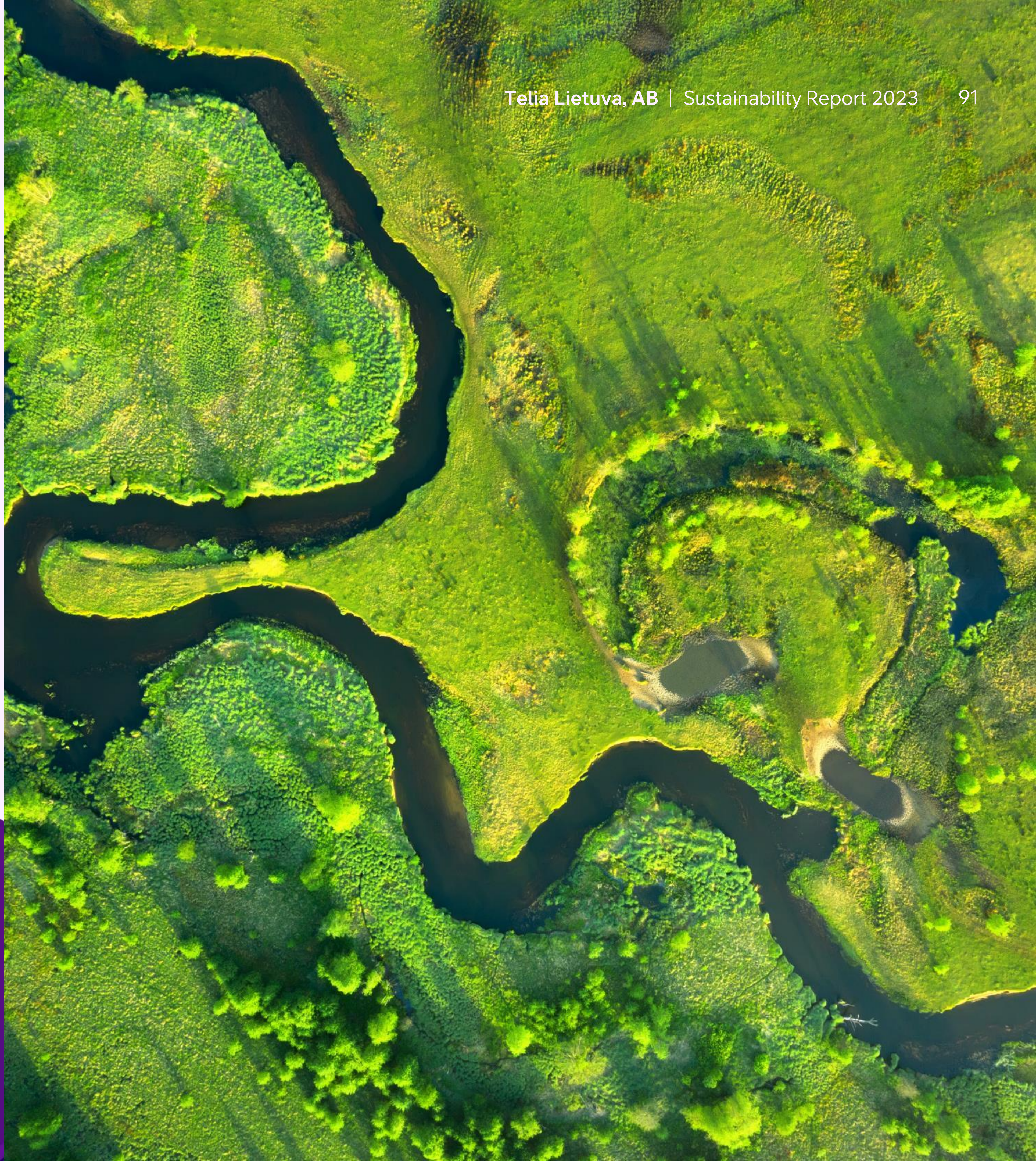
- N/EL - Taxonomy non-eligible activity for the relevant objective

Environment



Environmental protection

According to the UN weather agency, the year 2023 once again broke records, albeit not in positive ways. With the annual average global temperature fast approaching the critical threshold of 1.5°C above pre-industrial levels, last year officially smashed the global temperature record. Similarly, according to the Lithuanian Hydrometeorological Service, the past year 2023 was the third hottest year in Lithuania since 1961.

The warming planet remains one of the most severe risks we may face over the next decade, according to the global risks report.

Telia is committed to addressing the climate crisis and the unsustainable use of natural resources. Therefore, in line with our goals and commitments, in 2023 Telia increased its focus on expanding our electric car fleet, as well as enhancing waste sorting competencies. This was achieved through internal processes, education initiatives, and ongoing collaboration with our contractors.

Telia’s environmental targets

Since 2019, we have pursued ambitious environmental targets, which can be broken down into **three main groups:**

targets related to our own activities

targets involving customers

targets related to the supply chain

We track our KPIs and their implementation on quarterly basis.

Internal environmental regulations

Telia's environmental impact is defined by the following key documents:

- Environmental policy (updated and supplemented in line with Telia’s ambitious environmental goals by 2030)
- Environmental instruction
- **Code of Responsible Business**, which includes separate sections for "Environment" and "Environmental Policy”
- **Guidelines for the Group's vehicles** (focusing on maintaining a sustainable car fleet)
- **ISO 14001 Environmental Management Standard**

We have started conducting environmental assessments of projects, ensuring that our projects or innovations contribute to increasing positive impacts and reducing negative environmental effects.

Significant environmental aspects where we seek positive change:

- Energy usage
- Electronic and electrical equipment waste
- Car fuel use
- Exhaust emissions from internal combustion engines

Key results & future goals

2023

- **47% CO2e** reduction in own operations achieved since 2018[1]
- Energy consumption per subscription equivalent was reduced by **1%** (annual goal **5%)**
- We have exclusively used **renewable electricity** since 2019
- Suppliers responsible for **52%** of emissions from purchased goods and services and capital goods have set **science-based targets** (2022: 35%)
- The entire infrastructure network that we dismantled has been **reused or sold**
- **20 additional solar panels** have been installed at mobile sites, with identified opportunities for further scaling on other buildings
- Added the possibility to **sign a contract online** when ordering FIX equipment (by instalments) from Telia's online shop
- Over **100 charging stations** have been constructed and 115 electric cars have been received
- Heating and cooling systems in our Data Centers have been upgraded to more **efficient systems**
- Increased of sales of **refurbished devices** (mobile phones and tablets)
- Re-used CPE equipment part from all rental and sale equipment was more than **20%**
- **34%** off all Telia Play new sales use OTT solutions
- Reduced office paper usage by **10%**
- More than **16,000** reusable packages were used for transporting CPE equipment to B2C clients

2025

Science-based targets (base year: 2018):

- Halve emissions in own operations[2]
- **Supply-chain, upstream**[3]: Engage with suppliers so that suppliers responsible for 72% of emissions from purchased goods and services and capital goods have set science-based targets.
- **Customer use, downstream**[4]: Reduce emissions related to the use of sold and leased products by **29%**
- Ensure that **84%** of our own and network operations materials are reused or recycled

2030

- **Science-based target**: Reduce CO2e emissions in own operations (scope 1 and 2) by **90%** (base year: 2018)
- Ensure that **100%** of our own and network operations materials are reused or recycled

2040

- **Net Zero by 2040**, aligned with the requirements of the new Science Based Target initiative (SBTi) Net-Zero Standard **(Target validated by SBTi in August 2023)**

[1] Validated by the Science Based Targets initiative
[2] Scopes 1 and 2 (market-based)
[3] Scope 3 categories 1, 2
[4] Scope 3 categories 11, 13.

Identifying and handling risks

Evaluating global trends and risks that can impact both our business and sustainability goals is essential. To this end, we closely monitor the geopolitical situation and its potential impact on aspects such as energy resources, which could have strategic consequences. Additionally, we focus on the environmental situation, particularly concerning climate change.

- In response to the energy situation and our environmental goals, we prioritize signing long-term green electricity contracts with organizations producing **100% renewable energy**.
- Managing power consumption through decommissioning legacy networks and modernizing sites is another strategy to minimize negative effects.
- Unfortunately, the waste market in Lithuania lacks the technology to recycle fiber optic cable, construction waste, certain plastics, and electronic parts. Therefore, this is an area that needs development at the national level. Meanwhile, we will continue to explore alternative ways to mitigate such risks.
- Moreover, we have identified environmental risks associated with heavy rain, snowstorms, higher temperatures, or longer heatwaves and have developed plans to prepare for and respond to such events if they occur.

Telia

Climate focus

Since 2018, we have monitored and calculated our CO_2 footprint.

Telia Lietuva's CO_2 footprint:

	Direct company's emissions (scope 1[1]) - tCO_2e	Indirect company's market-based emissions (scope 2[1]) - tCO_2e	Indirect company's location-based emissions - tCO_2e	Indirect company's emissions (scope 3[1]) - tCO_2e
2020	0	0	12,200	70,000
2021	0	0	5,200	88,000
2022	0	0	13,000	94,000[2]
2023	0	0	10,667	71 000
2030	0	0	0	0

In 2020 we started to compensate the remaining emissions in our operation and business travel through purchase of voluntary carbon offsets.

[1] Scope 1: direct emissions from sources owned or controlled by Telia Lietuva;
Scope 2: indirect emissions from, for example, production of energy which we buy (district heating);
Scope 3: indirect emissions covering the entire value chain.

[2] The increase is attributable to improved measurement coverage, which includes gathering data from more contractors and partners, as well as updated emission factors for Scope 3 emissions. Additionally, the implementation of our client's Customer Premises Equipment (CPE) equipment upgrade project has contributed to the increase.

Where do the CO_2 emissions come from[1]

The vast majority of Telia Lietuva's value chain CO_2 emissions are generated in our supply chain; meanwhile only 3% of all emissions are coming from own operations.

73%
Supply chain
Scope 3:
categories 1+2

— Network construction and maintenance
— Network equipment
— Mobile phones and other hardware
— Other purchased goods and service

4%
Scope 3: other categories

20%
Customer use
Scope 3:
categories 11+13

3%
Telia's operations
Scope 1+2

[1] Shares based on Telia's 2023 emissions calculation

Telia's key supplier clusters, from a GHG emission perspective, are illustrated in the chart. In 2023, in addition to its push for science-based targets, Telia began to develop more detailed strategies for network equipment, mobile phones, and customer premise equipment such as routers and TV set-top boxes. These strategies include circularity initiatives related to both suppliers and Telia's own offerings and practices. Telia also identified its most material products and services to focus on in the coming years from a climate transition perspective. This work will continue in 2024 as Telia further develops its transition plan.

In 2022, Telia and Accenture conducted emission modeling from a 2030 and 2040 perspective. This modeling considered factors such as Telia's current goals, planned actions, and expected effects from external drivers such as policy developments, the pace of energy transition, electrification, and digitalization. The modeling results illustrated the need for an increased reduction pace in Telia's supply chain, as well as the need for a circular shift within the company, the telecom industry, and society.

Various related policy measures, such as the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Deal, as well as efficient carbon pricing mechanisms, are crucial for Telia and other companies to achieve their net-zero goals. Telia therefore pursues targeted policy engagement, both in the local context and in global settings such as COP28.

From renewable energy to smart solutions

We use 100% green electricity:

— Additionally, we focus on electricity savings, and efficient use.

Electrification of our car fleet – now every third car is electric

— Our fleet expanded with **115 electric cars** in 2023. This has a huge impact on our emissions reduction. We plan to continue our own car fleet electrification in 2024 as well.

We have applied free-cooling solutions using outdoor air in Telia's technical premises:

— this allows us to save **up to 45%** of electricity consumed by compressors.

Managing energy while digitalizing society

— Increasing energy efficiency through new network hardware and power-saving features`

— We use a smart mobile base station "hibernation" programme: during the periods of low load, Telia's base stations are switched off, saving **up to 10%** of electricity.

Innovative cooling technology used in Telia's data centres:

— Heating and cooling systems in our Data Centers have been upgraded to 3x more efficient.

We encourage our employees to use car-sharing services, with a significant portion of our cars being electric.

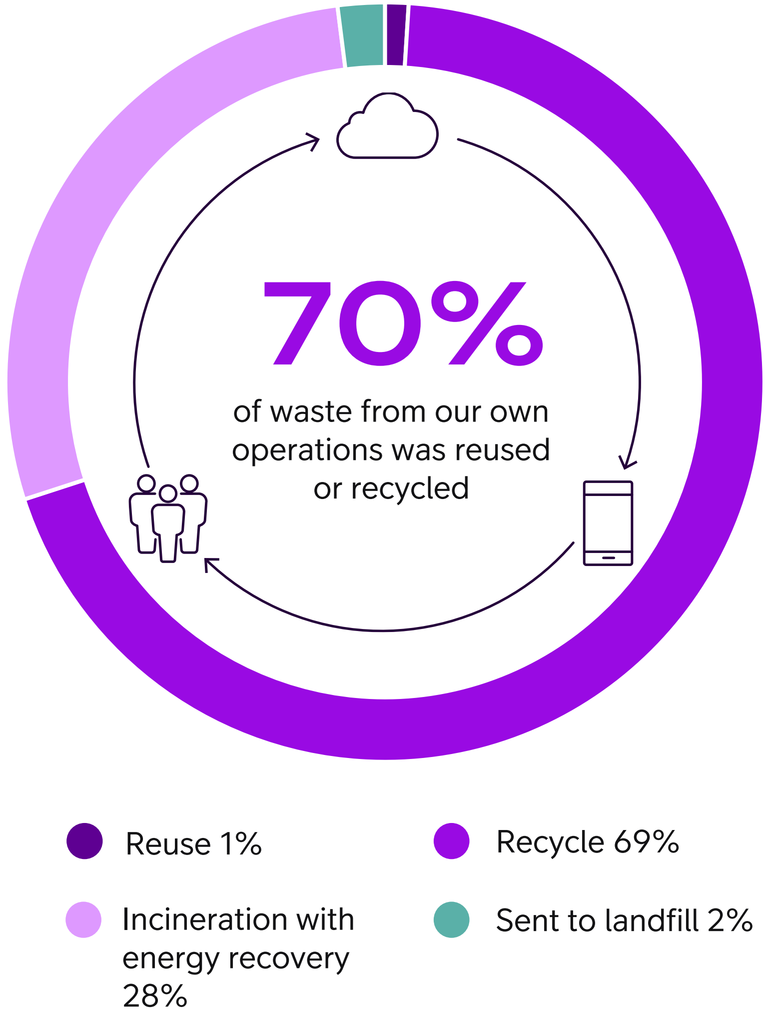
Additionally, we promote the use of bicycles and scooters during the warm season as alternative transportation options.

Circularity

It is important for us to understand the amount of waste generated throughout Telia and its contractors. To achieve this, we monitor, collect, and analyze not only our own data but also the data of our partners. Continuous efforts are made to enhance data collection and quality. Currently, contractors and waste management suppliers provide Telia with estimates on a best-effort basis. However, they are adapting to provide the company with Telia-specific data in the coming years.

Waste generated in Telia's activities:

Year	Amount (in tonnes)
2019	674
2020	630
2021	988[1]
2022	699
2023	712
2030	0



Application of the circular economy model

We are continuously exploring the most effective ways to apply the circular economy model to achieve tangible results and create real value for both our customers and the market. At Telia, we prioritize moving up the waste hierarchy to prevent and reduce waste, while also increasing reuse and recycling efforts. However, it's important to note that incineration with energy recovery is a common practice in Lithuania.

Waste hierarchy

Most favoured option

Prevent

Reduce

Reuse

Recycle

Incineration

Landfill

Least favoured option

[1] Since 2021, we have started to obtain detailed information from our contractors about the waste they generate in conducting works related to Telia. This data collection from our contractors has resulted in elevated waste levels in 2021 compared to 2020.

Refurbished & re-used equipment

Telia was the first in Lithuania to introduce refurbished handsets. These are used devices, which Telia's experts thoroughly inspect, upgrade and prepare for re-use. Refurbished handsets are a more sustainable and wallet-friendly alternative to new phones. Choosing such a device allows for saving approximately 55 kg of CO2 that would be emitted in the production of a handset.

Refurbished & re-used equipment sold or leased :

- Telia offers **refurbished phones and tablets** (as of 2022) with extended 24 months warranty both to residents and businesses.
- **CPE equipment**
- **MBB routers**
- Work equipment used by employees is also reused

In 2023 by **reusing and recycling** our own and our customers' mobile phones, laptops, household electronics, we were able to avoid at least **127t CO2** emissions into the environment.

Eco Rating

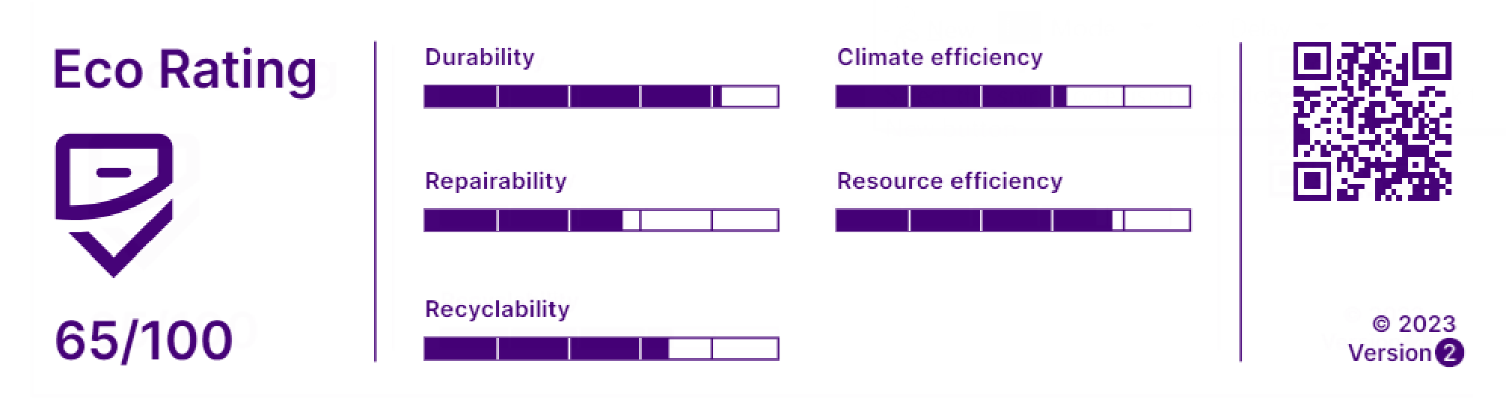
In 2021, Telia together with Deutsche Telekom, Orange, Telefónica (with O2, Vivo and Movistar brands) and Vodafone launched a pan-industry Eco Rating labeling scheme. This scheme introduced a harmonized scoring system to assess the environmental impact of smartphones and feature phones. At its inception, the scheme had 16 participating suppliers. By the end of 2023, the number of participating suppliers had increased to more than 20, representing the majority of the European smartphone market by sales volume. It's important to note that all participating suppliers support Eco Rating on a voluntary basis and not as a mandatory requirement.

One of main goals of the initiative, is to raise awareness and transparency by creating a consistent way for consumers to identify and compare the most sustainable mobile phones. Additionally, the scheme aims to encourage and incentivize suppliers to reduce the environmental impact of their devices.

The Eco Rating of a specific handset is determined based on a common methodology that evaluates up to 19 different criteria, as provided by manufacturers. An objectively determined rating, with a maximum of 100 points, indicates the environmental friendliness of the device throughout its lifecycle.

Updated methodology and new label starting January 1^{st}, 2023.

By end of 2023 more than **500** devices were rated.



Other circularity examples

We collect and sort old customer equipment:

- Customers can always bring their old devices to Telia Lietuva's stores. In 2023, we refurbished more than 34,000 pieces of other equipment, including routers and set-top boxes
- We offer mobile phone cases made from easily degradable materials in our product assortment, providing sustainable alternatives to plastic.
- At Telia HQ, we have implemented a food waste collection program, with 61% of Telia employees participating.

We are giving up paper:

- More than 16,000 reusable packages were utilized for B2C client CPE equipment transportation, marking a growth of over 2 times compared to 2022)
- We continue to reduce the amount of paper used in the office, cutting down the use of paper packages by 19% (compared to 2022).
- Paper invoices were reduced by 9,273 as the customers who were receiving them simultaneously can get their bill information via other methods

Water and biodiversity

Own Operations

Water is not considered a material environmental aspect for Telia's own operations based on the company's double materiality assessment and related materiality threshold. Some data center facilities have water-based cooling, but water is recirculated in closed systems. In addition to the closed-loop water cooling, there are a few cooling sites where water is sprayed on the outdoor chiller elements (and vaporized) during peak temperatures, thereby increasing the cooling capacity without increasing energy consumption. Since the solution is in operation for only a few hours each year, the impact on total water consumption is minor (<10%). Water consumed in offices and in other locations is used for sanitary purposes and kitchen/canteen activities only. All Telia facilities, including data centers, are located in built areas with connections to municipal water infrastructure.

Telia impacts biodiversity but based on the double materiality assessment and related materiality threshold, this is not regarded as a material environment aspect for its own operations. Telia provides significant network infrastructures in the countries where it operates, but the inherent risk is reduced due to local environmental legislation when doing construction and maintenance of those sites and the fact that the infrastructure is mostly built in environments that are already built and occupied by human activities. Mitigation activities include avoiding building on non-built land and limiting the land area affected. In sensitive nature areas precautionary measures are taken, often also established by law. Biodiversity risks are also mitigated by Telia's zero waste goal, meaning that, from 2030 onwards, the company aims to send no waste to incinerators or landfills.

Value Chain

Water and biodiversity aspects are important in parts of Telia's supply chain – for example, in certain electronics manufacturing processes and in mineral extraction activities. Suppliers are required to identify and manage all significant environmental aspects associated with their operations, apply the precautionary principle and impose the same requirements on their subcontractors. These requirements also apply for water and biodiversity, when relevant. Moreover, Telia's circularity agenda is another way of limiting negative impacts on ecosystems in the supply chain by, for example, applying circular business models to prolong the lifetime of hardware and thereby limiting the extraction of new minerals.

Eco Rating, which promotes the durability, repairability and recyclability of the materials used in smartphones, is another example of initiatives that aim to limit negative impacts on the environment, including both water and biodiversity. Moreover, Telia's broader climate change program indirectly limits negative biodiversity risks caused by climate change, as well as pollution from transport, as an example.

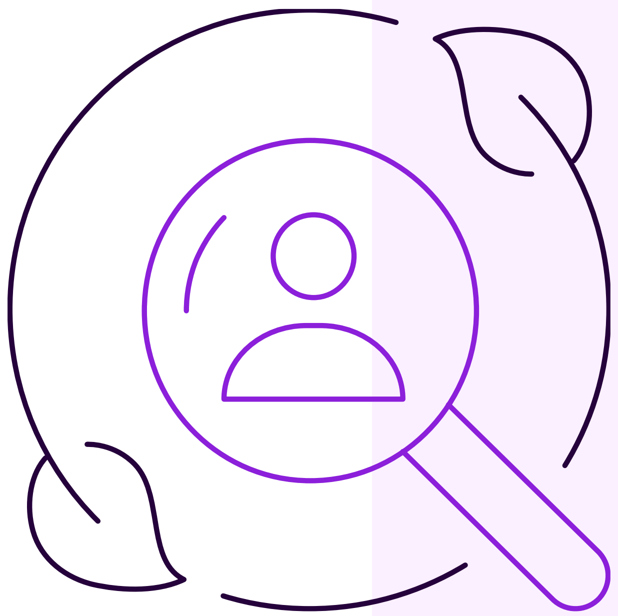
Biodiversity is on Telia's watch list of where the aim is to better understand these impacts in the coming years. In 2023, the industry association GSMA created a joint working group in which Telia is part of for this purpose.

Our employees: environmental ambassadors

We are a large organization of more than 2,000 people. Our employees are the greatest ambassadors of our efforts; therefore, we are constantly engaging with them on topics such as the environment, sustainability, and responsible behaviour, providing them with useful information, and involving them in various activities and initiatives.

How do we do this?

— People who have just joined the Telia team are immediately introduced to our **business strategy**, activities and the achieved results.
— All newcomers are introduced to our sustainability area during the **newcomers‘ day**.
— All employees are acquainted with the company’s **internal policies and instructions** relating to sustainable operations, and the environment.
— We hold e-trainings for employees on environmental protection and eco-design. **Environmental trainings** are mandatory.
— We have an information section on the environment and sustainability on the **company's intranet**, listing contact details of the responsible employees so that everyone knows whom to refer to in case of questions, suggestions or ideas.



In 2023 a **new mandatory nano-learnings on waste streams** (comprising five modules) were introduced for all employees. Each of the five topics focus on different waste streams and provides key practical tips for proper waste sorting. By the end of 2023, **47% of employees** had completed this mandatory course.

Additional trainings and events:

— In April employees of Telia's showrooms met with our partner in electronic waste handling UAB "Atliekų tvarkymo centras" to learn more about **electronic waste** and legal regulation of waste accounting.

— In November, all Telia employees were invited to an educational event titled "Dispelling Waste Sorting Myths." During the visit of specialists from "Žaliasis taškas" to the Telia office, the key rules of proper waste sorting were reiterated. Telia employees also had the opportunity to enhance their sorting skills in practice and receive answers to their questions. Following the event, employees tested their knowledge in the quiz "Let's Sort Correctly," and the three best answers received symbolic prizes.

Joint efforts for a greener tomorrow: suppliers

We also involve suppliers in environmental protection

We have estimated that as many as 90% of emissions in our value chain are originating from our supply chain. Therefore, we have closely cooperated with our suppliers in pursuit of our targets.

When working with its partners and suppliers, Telia relies on the three key aspects:

— Impact which we can make directly: we work with partners and companies in other sectors to reduce carbon emissions from both manufacturing and other activities.

— Science-Based Targets (SBTI): we call on our suppliers to set science-based or equivalent environmental targets and to take all measures to reduce their absolute greenhouse gas emissions by at least 50% by 2030.

— Inclusion and Support: We collaborate with our suppliers, sharing information and best practices to encourage the development of environmental plans aimed at achieving climate-neutral performance throughout the value chain by 2030, including our subcontractors.

Highlights & focus areas 2023:

At the end of 2023, suppliers responsible Suppliers responsible for **52%** of supply chain emissions from purchased goods and services and capital goods **have set science-based targets**

In March 2023, our real estate team had a discussion with construction waste handler **“UAB Ekobazė**”. The situation of construction waste in Lithuania was discussed to find new ideas and possible solutions to improve our construction waste recycling or reuse rates.

We also started to consult with designers in search of **circular solutions** for the installation of new showrooms.

Practices used to achieve a breakthrough:

— All suppliers working with Telia sign the **Suppliers’ Code of Conduct** which sets out specific environmental requirements, such as the materials that suppliers must avoid or refuse altogether in the products supplied to us.

— Suppliers’ Code of Conduct has **more detailed environmental requirements** including general environmental requirements; climate change mitigation; circularity and waste management; specific environmental requirements.

— Some new suppliers complete **an Environmental Questionnaire**, which also contains questions related to CO2 emissions, assessing the current environmental impact of their suppliers' CO2, as well as a list of measures to be taken to reduce this impact. This questionnaire is used as one of the criteria for the selection of suppliers.

— We ask our suppliers to follow Telia's requirements responsibly and periodically hold the related **inspections** to consult and advise organizations on what they can do to improve.

— We have created a special **Environmental and Occupational Safety and Health Memorandum** that we share with all of our contractors.

— We ask contractors to provide **information on waste amounts** and their treatment methods in conducting the works ordered by Telia.

— When holing **public procurement procedures, we lay down clear environmental requirements** to be met by service providers and the products they offer.

Digital inclusion

Digital inclusion

Today, connectivity is an undeniable part of everyday life. The Internet has revolutionized the way people interact, exercise their freedom of expression and information, and uphold fundamental rights. Digitalization is currently transforming societies, presenting both opportunities and risks. Therefore, we are committed to providing the best connectivity services to help society fully enjoy their cultural, civil, and political rights

At the end of 2023, Telia Lietuva provided:

95-97% of the territory with 4G coverage *

93-95% of the territory with 5G coverage*

EUR 7.8 million in mobile network investments in 2023

In 2023, we installed **852 km** of fibre-optic internet cable. Its total length in Lithuania has reached **36,862 km**.

Telia Lietuva's mobile internet is the fastest in Lithuania** with **202.1 Mbps** (compared to 159.9 Mbps a year ago)

Our goals

Today, access to a reliable connection and possession of digital skills are essential to each of us, regardless of age, education, place of residence, activity or other circumstances.

Telia's Digital Inclusion strategy is built on two key pillars:
1) Providing reliable access to connectivity
2) Building digital skills.

In line with this strategy, we launched a group-wide digital skills program in 2021, based on analyses of local needs. Our initial goal was to reach one million individuals through these digital skills initiatives by 2025. Remarkably, we achieved this milestone three years earlier than expected. As a result, our new goal, set in early 2023, is to add another million and reach **2 million people** across all of Telia's markets by 2025 through various digital inclusion initiatives.

In 2023, Telia Lietuva reached** over **32,000** individuals through various digital inclusion initiatives, bringing the cumulative total since 2022 to 53,000 individuals

Digital Inclusion Benchmark.
The World Benchmarking Alliance has undertaken the task of developing transformative benchmarks to assess companies' performance on the UN Sustainable Development Goals. In 2023, 200 keystone digital companies were benchmarked across four measurement areas: access, skills, use, and innovation.

Telia was ranked **12th** out of 200 global companies, and **4th** among companies in **Europe in Digital Inclusion Benchmark**.

Priority groups of Telia's digital inclusion project:

- Children and young people
- Elderly residents
- Most vulnerable groups of the society, such as migrants

Our goals

	2023 progress	2025
Telia Company	1.36 million people	2 million people
Telia Lietuva	53,000 people	75,000 people

* Data of Communications Regulatory Authority

** Reach refers to the number of individuals that Telia has reached via its digital inclusion initiatives. Individuals covered are those who risk being disadvantaged, digitally excluded, or placed in a vulnerable situation. Both physical and digital channels are used. Formats and channels are shaped by target group needs and the potential they offer to reach specific groups of individuals. Reach by digital inclusion initiatives includes direct reach (number of participants in face-to-face training programs, seminars, workshops, or other digital skills-building events) and indirect reach (number of unique viewers of specific websites with digital skills-building guide materials, number of downloads of educational apps, number of receivers of printed digital skill guide materials, number of participants in webinars, etc.).

Telia

Accessibility

Telia aims to ensure accessibility for everyone by enabling those with disabilities to seamlessly utilize its services. Telia has updated its global design system to align 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 ensure compliance with the EAA..

Accessibility in our shops and offices

In 2023, Telia Lithuania collaborated with accessibility experts to conduct a comprehensive accessibility audit in both its physical and online stores, with a specific focus on visual disability.

To mark White Cane Awareness Day and raise awareness about visual impairment, Telia personnel took turns walking around their retail stores with blindfolds on or leading a blindfolded colleague. As part of the initiative, a training session on physical and visual impairment was conducted by two guests, each representing one of the disabilities. The session **drew over 100 attendees**. Furthermore, **more than 300 employees** participated in a mandatory online course, equipping them with the skills to approach and assist people with disabilities. This course is **compulsory** for all frontline employees

Forming digital immunity

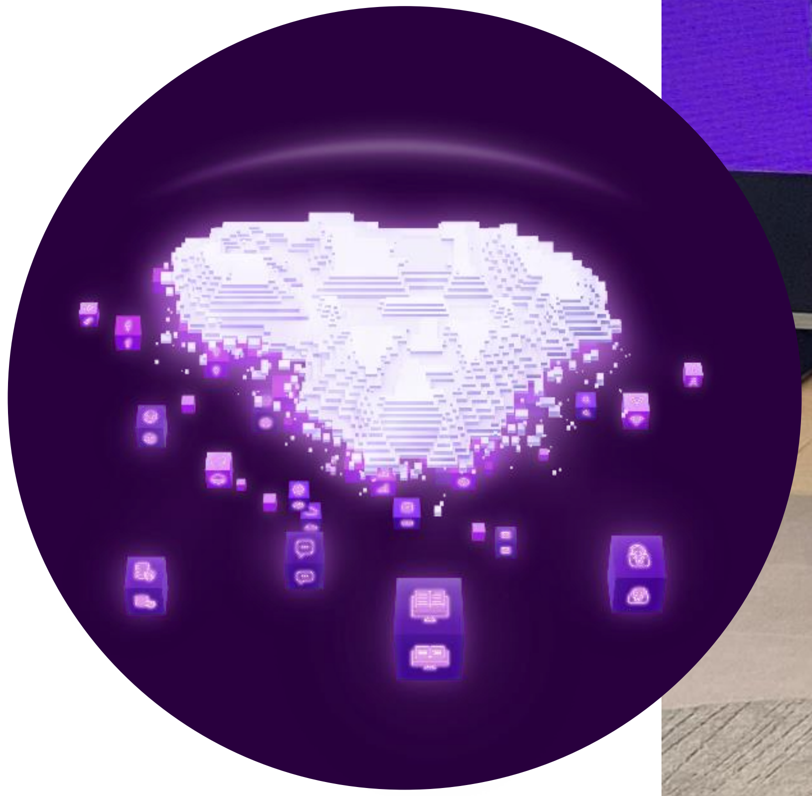
Centre of Digital Progress

In 2023, Telia introduced a new information and expertise platform known as the 'Telia Centre of Digital Progress.' This platform aims to cultivate Lithuania's Digital Immunity, enhancing the ability to identify digital threats and fostering innovative digital skills for future technology use.

We aim to enhance Lithuania's digital immunity to increase the resilience of individuals and businesses against digital threats and thereby enable society to use technologies. This is why high-level experts have convened at Telia's Center for Digital Progress. They aim to identify digital challenges in Lithuania, provide advice on how to transform them into opportunities, analyze which digital prospects are underutilized by society, and caution against threats and dangers arising from improper or careless use of technologies.

Telia's Center for Digital Progress encompasses the following categories: **digital inclusion, data protection and privacy, children's safety on the Internet, cybersecurity, and artificial intelligence**.

In 2023, we produced 30 articles, informing society and businesses about fraud methods, Internet risks, cybersecurity regulations, the capabilities of artificial intelligence, and the latest technological trends.



Digital education of the society

Initiative 'Augu internete' ('Growing Online')

The 'Augu internete' initiative is an important initiative created by 'Telia' and is led by its employees. These employees dedicate time to meeting children and youth in schools, both live and online. During last decade, this initiative has been in place, the topic of safer internet has not lost its relevance. This is especially true as children nowadays get access to the internet at an increasingly younger age.

In 2023, Telia Company successfully finalized a project in collaboration with experts from Malmö University and Jönköping University, developing a methodology to measure the impact of Telia's digital inclusion initiatives. As part of this initiative, an impact assessment for 'Augu internete' was conducted in late 2023. The findings revealed that direct interactions with school children on this topic are not only relevant but also growing in importance. This is particularly significant as similar information is not included in school curricula, and parents may not yet have sufficient information themselves. Given that children are gaining access to smart devices and the internet at increasingly younger ages, the program has demonstrated positive impacts for both participating children and their parents, as well as teachers.

Results that were achieved by 'Augu internete' in 2023:

Safe internet lessons organised in **22 Lithuanian schools**

More than **1,100 children** attended the lessons

Cyber Security Game Spoofy

Children's digital literacy is a crucial aspect of our sustainability journey, and our goal is to educate and foster creative, responsible, and safe young internet users. In 2022, in collaboration with our partners CGI, we introduced a free cybersecurity game in Lithuanian for children called 'Spoofy.' While designed for 5-10 year-olds, the game also proves to be highly beneficial for their parents, guardians, or teachers.

While playing the game children learn:

— the importance of privacy and passwords;

— responsible behaviour in social networks;

— how to recognise and deal with dangers on the Internet.

In 2023, the 'Spoofy' game was released with a **Ukrainian language voiceover**, extending its accessibility to the Ukrainian refugee population in Lithuania and other countries, including Estonia.

Other activities

Children's Corner

For many years, we have dedicated ourselves to developing a secure environment on Telia TV specifically designed for children. Parents have full control over the settings of Children's Corner, ensuring a tailored and carefully selected content experience for their children. The platform includes a built-in content filtering option and configurable time limits, providing parents with peace of mind.

Smartwatch

Parents decide for themselves when and how to introduce their children to technology. However, when children start going to a kindergarten or school, it is important for parents to know where their children are and to have a possibility to contact them. This is where a smartwatch for children, equipped with a GPS signal, comes in handy.

More than **2,000** parents purchased smartwatch for their children in 2023.

Silver Line

In collaboration with the 'Sidabrinė linija' (Silver Line) project, we actively contribute to reducing social and digital exclusion among older people. 'Sidabrinė linija' is a free helpline that focuses on fostering friendship, communication, and emotional support for the elderly, and it is available throughout Lithuania. Our partnership with this project dates back to 2019. Telia's role involves promoting and spreading awareness about the activities of 'Sidabrinė linija,' with a particular emphasis on encouraging lonely seniors in remote areas to make use of this valuable service. Since the beginning of our cooperation, Telia's engineers have been distributing 'Silver Line' leaflets, inviting seniors to take advantage of the opportunities provided

Webinars for business customers

Small and medium enterprises make up the majority of businesses both in Lithuania and Europe. SMEs offer innovative solutions to challenges like climate change, resource efficiency and social cohesion and help spread this innovation throughout Europe's regions. However, many of these companies or family-owned businesses lack digital skills and knowledge of how to make the most of digital tools. Telia in 2023 continued its series of webinars aimed to help businesses, including SMEs, to get acquainted with digital tools, challenges such as cyber security threats, and to be better equipped in their own digitalisation journey.

Over the year Telia Lietuva has offered

11 webinars specifically focused on SME and

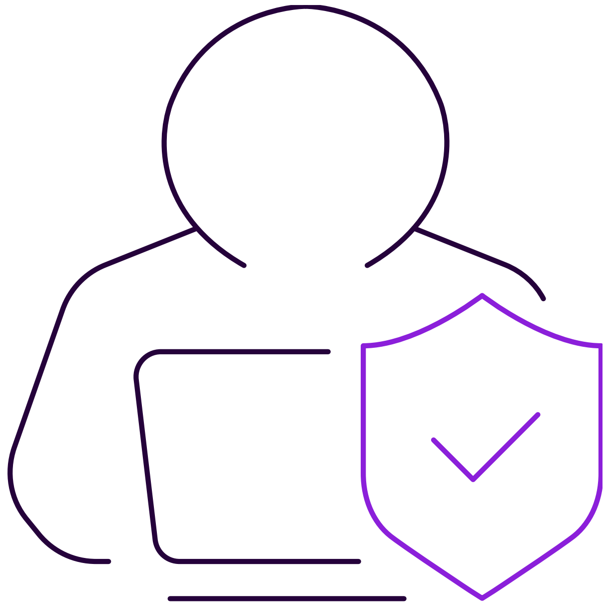
9 IT webinars for B2B customers.

Education material for parents and care takers

Children's first interactions with the online world and smart devices typically begin early in their childhood. The individuals best positioned to teach them about safe online behaviour are their immediate family members or caretakers. Recognizing the need to help them navigate the increasingly complex and evolving online world, we have prepared short, instructional materials covering topics such as:

— **Screen time**
— **Parental control set ups**
— **Social networks**
— **Family agreement and other**

These materials are easily accessible on our website and via QR codes in Telia Lithuania's retail stores. We are dedicated to offering concrete advice on how to empower and protect children online.



Responsible business

Responsible business in Telia

For us, responsible business means effective risk management, minimizing the adverse effects of our activities, as well as ethical and responsible behavior towards our employees, the market and society at large. These commitments apply throughout Telia's value chain.

We have clear priorities for sustainable activities, including in the areas of privacy and security, human rights, transparency and anti-corruption, freedom of expression, employee safety, diversity and inclusion, as well as responsible sourcing. We have been focusing on these particular areas, pursuing measurable change.

Principles of responsible business

Each of Telia's employee follows the "**Code of Conduct**". It serves as a "compass of ethics" guiding understanding on clear business standards and expectations, while also indicating that transparency in business is our shared responsibility. This document covers many areas of work practice: gifts and business hospitality, relations with public officials, protection of personal data, responsible procurement procedures, and many other relevant areas.

In addition to our internal commitments, we are also members of the Sustainable Business Association of Lithuania (LAVA). This membership further obliges us to respect and adhere to the principles of responsible and ethical business.

Other documents that define and give meaning to the responsible activities of our company include:

— **Anti-Bribery and Corruption Policy** updated in 2023;

— **Freedom of Expression and Surveillance Policy** updated in 2023;

— **Privacy Notice**;

— **Occupational Safety and Health Rules**;

— **Supplier Code of Conduct**;

— **Environment Policy** updated in 2023.

Human rights

Telia adheres to the majority of international guidelines on human rights, labour rights, anti-corruption, and environmental responsibility, including:

— **Universal Declaration of Human Rights of the UN**

— **International Labour Organization's (ILO) Fundamental Conventions**

— **OECD Guidelines for Multinational Enterprises**

— **UN Global Compact**

— **UN Guiding Principles on Business and Human Rights**

— **UN Convention on the Rights of the Child**

Moreover, as part of Telia Company Group, we have followed the universal Telia Company **Group Policy on Human Rights**. This policy encompasses our commitments to respect and support human rights, defining the key principles that we have pledged to implement in our operations.

Human rights are universal, indivisible and interdependent. Therefore, human rights risks are difficult to rank and compare. Still, it is important for Telia to identify the specific human rights that are most salient in its markets and value chain. In 2023, Telia incorporated this work, including updates, into its double materiality assessment, presented on page 80.

Read more about our policies and their implementation on our **Public** Policy page.

Children's rights

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, online abuse, and inappropriate content.

In 2022, Telia carried out a holistic children's rights impact assessment of its business, based on UNICEF's (Mo-CRIA) self-assessment framework (available on Telia's website). Overall, the assessment revealed that children's rights had been integrated into Telia's business and operations to a high degree. During 2023, the company continued to close the gaps that had been identified. Examples include incorporating children's rights more clearly in Telia's Code of Conduct, which was re-launched during the year. Children's rights aspects were also added to the compulsory Code of Conduct training and Telia's whistleblowing Speak-Up Line.

Telia utilizes a tool developed in partnership with BSR, based on the UN Guiding Principles on Business and Human Rights, to assess actual and potential impacts on children's rights during its product development process. During 2023, there were no relevant service launches, and the tool was not used. The tool was used previously to assess smart watches for children, addressing concerns such as privacy and safety. The tool remains available for any relevant launches.

We have a separate training program available for our employees, which focuses on children's rights in our daily work.

Responsible sourcing

Requirements for suppliers

We choose suppliers and partners whose approach to sustainable and responsible business are in line with our approach and values. To this end, we follow Telia's **Supplier Code of Conduct**. This document clearly defines the provisions and operating principles to be followed by our partners and suppliers. The Supplier Code of Conduct covers a wide range of areas, including human rights in the broad sense, employees' rights, anti-corruption provisions, fair competition, environmental aspects and others.

A dedicated **due diligence process** is in place to evaluate our suppliers' sustainability performance. The Responsible Sourcing function is responsible for conducting supplier sustainability risk assessments, including due diligence and audits.

As part of its supplier management process, Telia maintains a continuous dialogue with suppliers to increase their awareness and understanding of its expectations. Any non-conformities are handled through corrective action plans and follow-up activities to evaluate their effectiveness.

Other Telia procedures and **policies**, such as the Anti-Bribery and Corruption Policy, lay down the selection of suppliers and the obligatory nature of the Supplier Code of Conduct for all Telia's suppliers.

Transparency and anti-corruption

In the transparency survey, conducted every two years among the 40 largest companies in the country (last conducted by the Lithuanian branch of Transparency International* in 2021), Telia received **the maximum score of 100 out of 100 possible points**. This score indicates that we openly communicate with our customers, partners, and suppliers, sharing the principles that guide our activities.

We advocate for transparent and honest practices and do not tolerate any form of bribery or corruption. It is important for us that the principles of free and fair trade are observed, and that competition follows open conditions that promote ethical business.

We always comply with Lithuanian laws and regulations. In addition, we follow our internal documents, including our Anti-Corruption Policy and Anti-Corruption Rules. We consistently engage in discussions about these topics with our employees and conduct various training sessions to ensure their understanding and compliance.

We also expect transparency from our partners and suppliers. Open and honest cooperation can create a socially responsible chain of operations. To this end, we utilize an advanced platform for due diligence, which not only helps us assess but also enables us to maintain transparent relations with our business partners.

In support of transparency, an open and feedback-based internal organizational culture is crucial. By fostering such a culture, we create a work environment where employees can openly ask questions, share ideas, engage in discussions, and collaborate with their supervisors and other teams. Moreover, for many years, Telia has maintained a social dialogue and partnership with the representatives of employees, including trade unions.

On top of this, Telia has the **Speak-up Line** in place, which allows its employees, customers, business partners and suppliers to report (anonymously or in person) any problems, transgressions or other issues which may arise. 2023, two reports were received, which were investigated by the responsible Ethics and Compliance officer and Human Resources specialists. All the reports were smoothly dealt with.

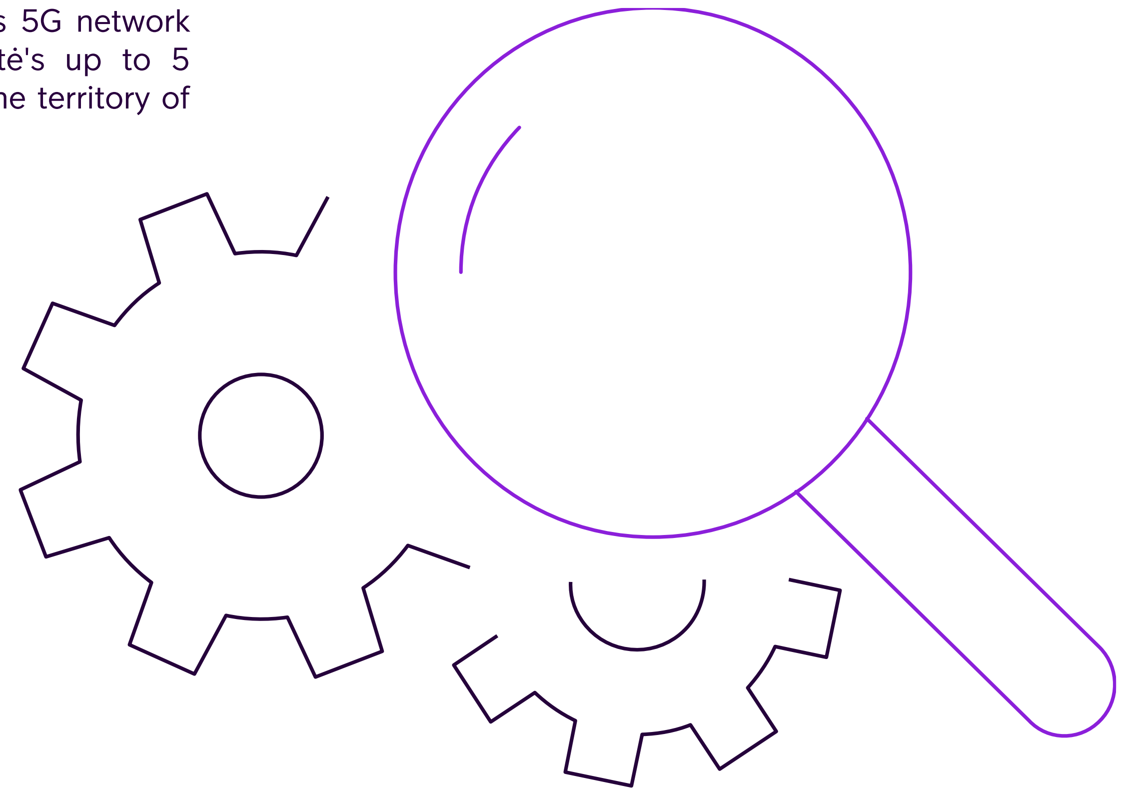
In 2019, Telia introduced a maturity assessment methodology to enable a holistic and credible evaluation and follow-up of key risks. Since then, the methodology has been used to assess the maturity of the Anti-bribery and corruption (ABC) Program throughout Telia Company and in all markets. Results for 2023 indicate good maturity, with improvements noticed in internal control and third-party management. Throughout the year, ABC risk assessments were performed in all markets. With an overall score of 3.9/5, the maturity level of Telia Lithuania's ABC Program exceeded the target set for 2023. This result reflects the continuous maintenance and development of Telia Lithuania's anti-corruption efforts.

In addition, we cooperate with the Special Investigation Service (STT). In 2023, we were invited to participate in the Academy of Transparency by STT as a speaker in the event "Gifts during the Christmas season," where we shared Telia's experience and the rules we apply to receiving and accepting gifts.

Additionally, we are members and one of the founding members of the transparent business initiative "Baltoji banga" (English: the Clear Wave).

In 2023, the State Consumer Rights Protection Authority (SCRPA) examined seven consumer complaints, suggesting that Telia's advertisements may be misleading, and issued four recommendations to Telia.

In January 2023, competitors Bitė and Tele2 filed complaints with SCRPA, asserting that Telia's marketing campaign, '5x larger 5G network,' is misleading. The operators claimed that there were no objective measurements issued by the regulator, and Telia cannot compare the coverage of 5G networks between operators based on information provided publicly to consumers by each operator. At that time, Telia's 5G network covered 75 percent of the territory of Lithuania. In April 2023, SCRPA gave Telia a recommendation to reconsider its marketing statements. Shortly after, in June 2023, the regulator published 5G network coverage calculations. These calculations revealed that, based on data collected until May 3rd, 2023, Telia's 5G network coverage reached up to 85 percent, Bitė's up to 5 percent, and Tele2's up to 10 percent of the territory of Lithuania.



Privacy and security

Privacy

The protection of personal data is the foundation of modern responsible business. It is closely tied to trust, responsibility, quality operations, and the overall reputation of the company.

In our activities, we adhere to the top privacy principles, ensuring compliance with the General Data Protection Regulation (GDPR), as well as transparent management of data when introducing new products and services.

The company consistently monitors consumer perceptions of its privacy efforts compared to its competitors through an external survey conducted by Telia. By the end of the year, three out of six markets were ranked either first or second. In Lithuania „Telia“ was ranked as No. 1.

How do we do this?

We integrate data protection aspects into every stage of our operations, including the development of products, processes, and IT systems, as well as the maintenance of services throughout their life cycle.

We evaluate and analyse data protection considerations from the very beginning of projects, or even during their planning phase.

We conduct privacy assessments and, if necessary, a **Data Protection Impact Assessment**, before initiating data processing, especially when such processing may pose a significant risk to the rights and freedoms of individuals.

Privacy achievements in 2023:

1. Reviewed and updated company **policies and instructions**:
   - Privacy and Data Protection Policy
   - Instruction on Employee Personal Data Processing
   - Instruction on Records of Processing

2. Held targeted **trainings** :

   20+

   IT specialists trained in privacy data mapping and governance

   260+

   customer care specialists trained in personal data breach handling process

3. For the third consecutive year, Telia participated in the national cybersecurity exercise training – **Cyber shield 2023** (Lithuanian: „Kibernetinis skydas 2023“) organized by the National Cyber Security Centre.

During the year 2023, data subjects filed 13 complaints with the State Data Protection Inspectorate (VDAI) questioning Telia’s personal data processing practices. Out of the 13 complaints, 5 were filed by one person. So far, the authority found one complaint partially founded and gave a recommendation to include more information in the privacy notice to increase transparency, which Telia promptly implemented.

Telia made 3 personal data breach notifications to the State Data Protection Inspectorate as required by Article 33 of GDPR. In all cases, the authority concluded that Telia took all appropriate actions.

In 2023, the website telia.lt was inspected by the State Data Protection Inspectorate as part of a planned cookie compliance monitoring action. Some gaps were identified and swiftly fixed by Telia. To further enhance cookie compliance, Telia adopted more advanced cookie management tools and updated cookie banners on all its primary websites – telia.lt, ezys.lt, and play.telia.lt. The new cookie banner follows best practice by giving website visitors the option to initially choose to accept only necessary cookies as easily as all cookies. This cookie banner was also used as a prime example in a training session held by the State Data Protection Inspectorate for data protection officers in November 2023

Privacy and security

Security

In the evolving threat landscape security is playing an increasingly important role. As a leading IT and technology company, Telia puts significant effort into securing service continuity and protecting its systems from cyber-attacks. Moreover, we possess extensive expertise in the field, and we share this knowledge with our customers and the wider society through various platforms such as the Center of Digital Progress, conferences, and expert-level meetings.

Telia's ISO 27001 certification plays an important role in the continuous strengthening of the company's practices and in its ability to meet its customers' demands.

Work to ensure business continuity

Telia ensures that continuity and recovery plans are in place to build resilience and counteract unexpected disruptions. Telia's **Business Continuity Management** (BCM) framework is applied to critical services, functions, processes and resources. It identifies important dependencies and risks and ensures an effective response to disruptive events. It also drives implementation of continuity measures and solutions.

To maintain employee awareness about security matters, a continuous nano learning course is mandatory for all employees. By year-end, **63%** of employees had completed the trainings.

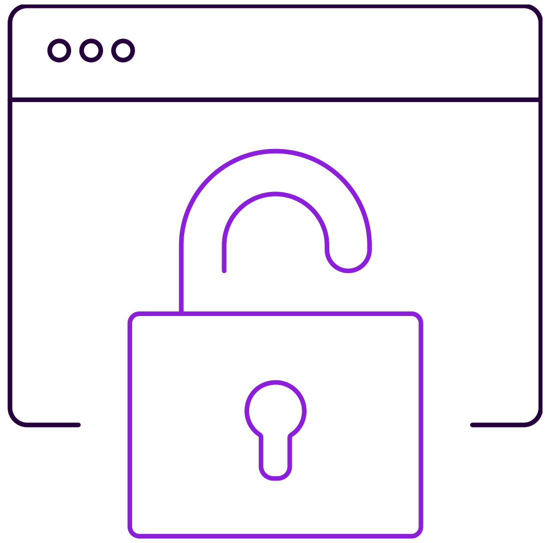
Security achievements in 2023:

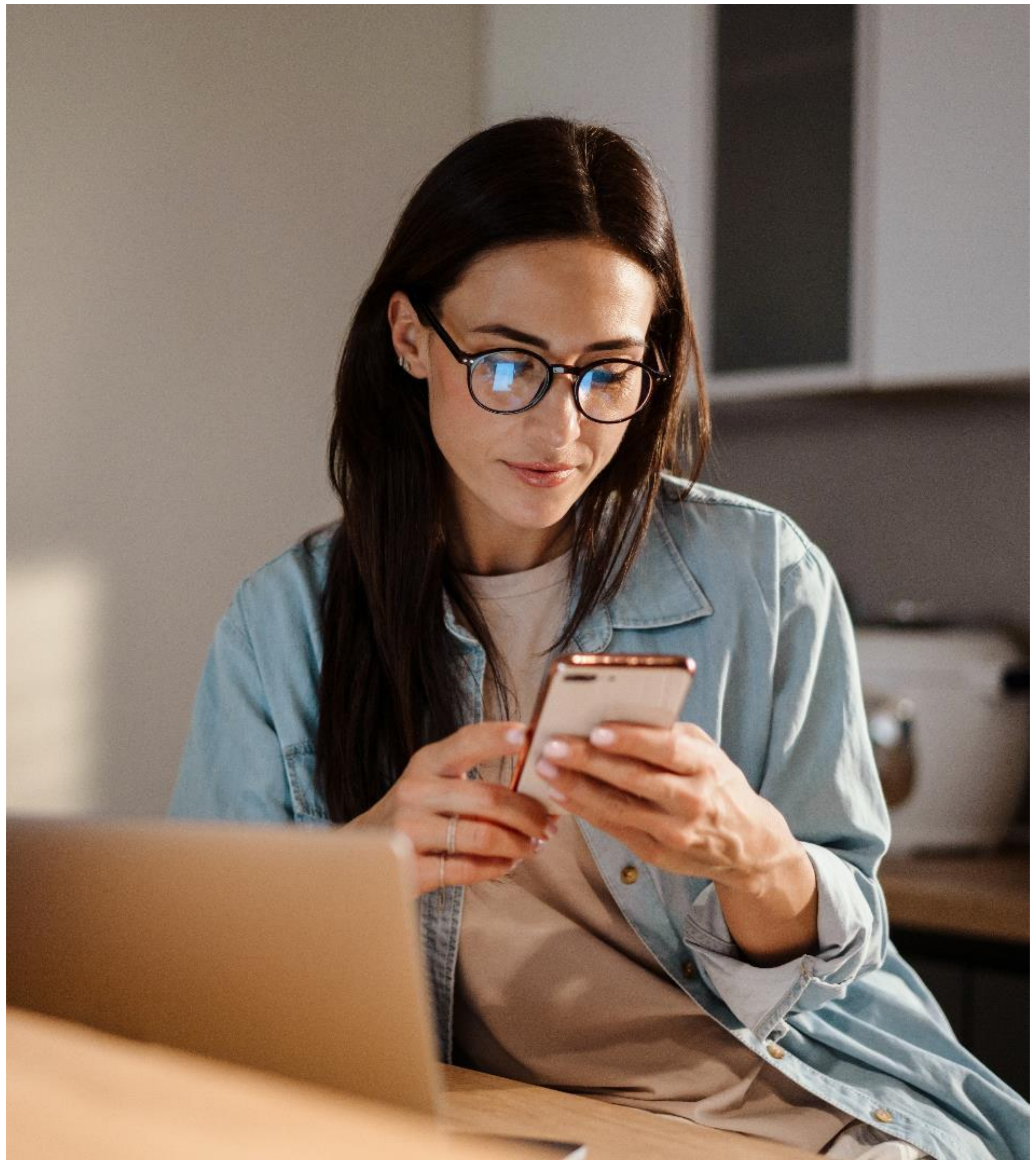
— Thanks to its strong security capabilities and credentials, Telia Lithuania was chosen as the sole provider of IT and connectivity services for the NATO summit that took place in Vilnius during the year.

— Our business segment conducted an analysis of the existing service packages. During the process 17 essential services were identified, that are security-related and address the main cyber security needs faced by our customers.

— Preparation for NIS2 directive compliance was initiated. Work will continue during 2024.

— Telia Lithuania participated in cybersecurity training organized by National Cybersecurity Center and phishing simulation exercise Phishex 2023.





Freedom of expression and government surveillance

We respect the freedom of expression of every person, as well as their consumer privacy rights, considering and complying with legislative requirements. **We follow the Policy of Freedom of Expression in our activities, the main objectives of which are:**

— to reduce the risk to human rights;

— To ensure that customers are confident that, upon receiving applications or requests from state institutions for the supervision and monitoring of communications, Telia will respect and defend their freedom of expression to the greatest extent possible.

In order to protect certain human rights, we will always carefully consider whether defending some human rights may not violate other human rights and freedoms, utilizing all means and procedures to this end to ensure that relevant information is provided to controlling entities only in presence of the appropriate legal basis, such as a court order. In 2023, we received 91 request from state authorities to block websites or individual actions on the internet.

We believe that the transparency of actions carried out by institutions aimed at monitoring or restricting people's freedom of expression, is important in protecting consumer rights. The availability of such information ensures that groups whose rights may be at risk, including civil society groups, stay well-informed. To this end, we publish **Law Enforcement Disclosure Reports** indicating the total number of requests we have received.

Diversity, equity and inclusion

Every day we create and foster an environment in which all Telia's employees can feel comfortable and confident, remaining true to themselves. We believe that such an environment allows us to unleash our best qualities, skills and abilities, fulfilling ourselves and inspiring others.

In Telia's double materiality analysis, two human rights areas within its own workforce have been identified as important to develop:

— **Diversity, equity and inclusion** – to secure the right to equal fairness and non-discrimination
— **Health and well-being** – to secure the right to Health.

One of the important documents we follow is Telia's **Equal Opportunities Policy**. It promotes a culture of diversity and equal opportunities, encompassing the best working conditions for all, fair pay, and the prevention of discrimination and harassment. This policy is integrated into our Human Resource Policy and Remuneration Policy (both of which are publicly available) and is also set out in the Code of Conduct and other company documents.

We have an established position of Diversity and Inclusion Coordinator within the company, whose main responsibilities include:

— Raise awareness of diversity and inclusion through training;

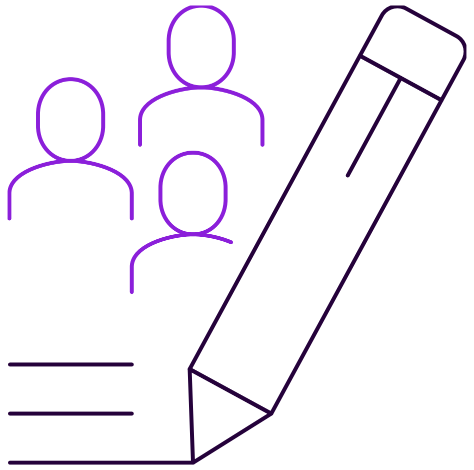
— Create an environment which is favorable to diversity and inclusion in all internal processes, for instance, employee selection, remuneration review.

— Increase the involvement of different groups through partnerships, internal and external initiatives.

To ensure the principles of fairness and non-discrimination, we conduct an annual evaluation of our employees' work results, considering their overall contribution to the company's activities. This assessment reflects both achieved results and the way they were accomplished, establishing clear links not only to remuneration increases but also to opportunities for professional development and promotion..

Compensation decisions are exclusively based on recommendations outlined in our Equal Opportunities policy and guidelines. Discrimination based on factors such as race, gender, age, religion, or membership in a specific ethnic group is strictly prohibited under any circumstances.

We are committed to diversity and equal opportunities for all employees. To this end, we changed recruitment processes and internal procedures at the company, introducing special programmes and initiatives which help increase employee diversity and long-term engagement.



Telia's priorities for equal opportunities include:

100%
equal opportunities for all;

50/50
gender balance in all positions;

0%
no pay gap between genders, discrimination or harassment.

Year	Goal	Progress 2023
2025	50/50 gender balance in Top Management Team*	64% women, 36% men (2022: 67% / 33%)
2024	All managers trained in unconscious bias and inclusive recruitment practices	87% of managers trained (2022: 65%)
Annual	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

*Top Management Team represents the Company's CEO and direct reports.

Diversity, equity and inclusion: trainings

In 2023, we conducted an employee survey to gain insight into awareness on the topic of disabilities.

Specific trainings in 2023:

- **87%** of managers have been trained on unconscious bias and inclusive recruitment practices
- **65%** of our front-line employees took disability etiquette training (a new training launched in 2023)
- **10%** of employees received training about accessibility apps
- **All staff** recruitment specialists have been trained in inclusive recruitment practices that help to ensure unbiased advertising, impartial recruitment and employment of diverse talent.

Telia also promoted inclusion of people with disabilities by enhancing awareness through other additional trainings and webinars, prepared with external experts:

- “Get to know dyslexia” with Lithuanian Center of Dyslexia (81 views)
- Session addressing ageism and self-ageism
- Closer look at disabilities. Do's and Don'ts: how to communicate with people with visual impairment and physical disability (140 views)

The results of our **annual employee engagement survey** show that our efforts have been paying off:

92%

of Telia employees, who participated in the survey, agree that they are treated with respect and dignity;

88%

of Telia employees, who participated in the survey, are proud of Telia’s contribution to a sustainable society.

- We review in-store markings and pricing to increase fonts and improve readability for the visually impaired.
- Large Telia stores are already fully accessible to people with disabilities.
- We tested the pages and mobile apps of telia.lt and "Telia play" to find out the accessibility gaps of the website and the necessary improvements.

Recognition

Telia Lietuva received recognition from:

- Lithuanian Union of the Blind and Visually Impaired
- Minister of Social Security and Labour of the Republic of Lithuania for advocating for the disability community

Other projects promoting diversity

In June, we celebrated **Tolerance and Diversity Month** by bringing a rainbow piano to the office. Colleagues not only had the opportunity to play the piano themselves but also enjoyed a special performance by guest pianist Darius Mažintas. Furthermore, in July, we collectively participated in the **Vilnius Pride 2023** march alongside Telia colleagues to advocate for equal rights.

For the third consecutive year, in collaboration with our diversity partner SOPA (Social Employment Agency), we successfully implemented the **DUOday** initiative. This event involved inviting people with disabilities to explore **13 different job positions**, ranging from a shop consultant to a data migration manager for mobile services. A total of 18 Telia employees volunteered as mentors, providing valuable guidance to the participants and offering insights into the diverse roles at Telia. Various job positions were available in cities including Vilnius, Kaunas, Panevėžys, Šiauliai, and Marijampole.

We partnered with SOPA and created **training sessions for people with disabilities** from outside our organization. During this training, 12 external participants learned Excel, presentation-making skills, safe usage of the internet, and various other relevant computer skills.

As part of the **Telia Goes Red for Dyslexia** initiative, we participated in the global campaign **Go Red for Dyslexia**. The campaign aims to shift the prevailing narrative about dyslexia and literacy, highlighting the potential of individuals with learning disabilities. In addition to using our platform to spread the message through our channels, we also invited our colleagues to dress in red to increase the awareness of our employees as well.

We continue our long-term friendship with the **Women Go Tech** initiative. This mentoring program, the first and only of its kind for women in Lithuania, encourages them to explore careers in technology. As is our tradition, Telia's mentors actively contribute to the project. Simultaneously, we actively participate in the development of the program and organize special events for Women Go Tech participants

Focus on accessibility

In our 2023 Christmas campaign, aligning with our promise that "Only your life is bigger," we specifically centered our focus on people with visual impairment.

For years, Telia has been in search of a theme, an avenue through which it could not only stand out as a brand but also effectively address significant societal issues. Technology is particularly important to people with visual impairments; many express that a phone is as indispensable to them as hands are. Therefore, this theme and direction were selected for the 2023 Christmas campaign.

Activities which we implemented:

- We invited new volunteers to participate in the "Be My Eyes" initiative, resulting in a **threefold increase in volunteer applications** after the campaign.
- Recorded **10** children's books for an audio sensory library
- Ensured accessibility by recording **audio descriptions for all Harry Potter movies**, now available in the Telia Play movie library. (Audio description is a technology that supplements content with short and precise audio comments about the displayed image, allowing individuals to follow the movie without seeing it).
- We recorded **audio description for Christmas trees** in 5 main Lithuanian cities (Vilnius, Kaunas, Klaipėda, Panevėžys and Šiauliai).
- Supported the **ELVIS bus**, a mobile audio book library that travels around towns and remote villages of Lithuania, catering to older individuals who face difficulties in reading. A team of specialists presents audio books, provides instruction on using the player for listening to publications, and brings back the joy of reading.

Attention to employees: well-being

Health and safety

The safety and well-being of our employees are our responsibility. To this end, we adhere to the international Health and Safety Standard ISO 45001, occupational health and safety procedures, and other internal mechanisms.

In 2023 we recorded:

— 1 occupational injury (accident at work)

— 7 accidents arising out of or in connection with work

— 4 non-list time incidents

As in every year, in 2023, we continued the disease prevention programme. We arranged periodic medical check-ups in Telia offices, and **more than 1113** of our employees completed them. The company also financed the vaccination of its employees against influenza and tick-borne encephalitis.

In July, together with our partners, we organized employee wellness days. During these days, all employees and their family members had the opportunity to take advantage of exclusive discounts for various health check-up programs. In total, **189** employees across all Telia Lithuania locations seized this opportunity for additional preventive health check-ups...

In 2023, **222** employees were vaccinated against tick-borne encephalitis and **408** against influenza.

Safety trainings

Knowledge and skills on how to deal with dangerous situations can be critical and help to avoid disasters. For this reason, we periodically hold various theoretical and practical trainings related to the occupational safety of our employees.

In 2023, we revamped our internal training programme, including:

— Health and safety training for engineers

— Training programme for workers who handle loads;

— Training programme for employees working with heights;

— Occupational health, safety and fire safety training.

To enhance the safety and health skills of our workforce, we also organized training sessions for evacuation managers in showrooms.

Work with suppliers

We conducted four occupational health and safety audits at contractors' workplaces. The observations were communicated to the respective individuals responsible for the contractors, and feedback was received regarding the improvement actions implemented.

Attention to employees: personal and professional development

Professional and personal development

Continuous improvement and growth, self-realization, and the expansion of personal and professional horizons are among Telia's priority areas. As a constantly learning and forward-looking organization, Telia dedicates significant efforts to ensure that each of our employees has the best possible opportunities for personal and professional development, tailored to their individual needs. Consequently, we assist each employee in creating a personalized professional development plan aligned with their personal goals, expectations, and needs. And, of course, we provide the necessary assistance in its implementation.

Mentoring programme

On the path of personal and professional growth, it is always beneficial to have an experienced partner. That is why we are constantly adding new mentors with different experiences to the **Telia mentor community**. This is a long-term professional partnership in which the mentor shares their experience, and the mentee uses it to improve and develop their competencies.

We currently have **38 active mentors,** and **24 new mentoring partnerships** were established during 2023.

Training and self-development at work

For those who prefer to learn at their own pace and in a convenient location, we offer access to the largest e-learning platform, LinkedIn Learning. It provides a wealth of content on business, technology, creativity, and other topics.

We utilized *Pluralsight* and *Cloud Guru* e-learning platforms to develop IT skills. Additionally, in this realm, the Telia Cloud Academy played a significant role in advancing knowledge of cloud technologies.

On top of this, high-potential employees get full or partial funding for studies at universities (**8 employees** in 2023)

Other live trainings which took place in 2023:

Training programme	No of Participants
Clifton Strengths team sessions	40
Personal resilience and effective priority management in a VUCA world	18
MS Excel basics	65
MS PowerPoint tips & tricks	45
Project management basics	20
Essentials of Agile	29

Creating an everyday learning culture

Every year, we host a series of events called "Growth Week," which includes webinars, workshops, career fairs, and panel discussions. Throughout the week, we offer as many as 15 different remote seminars and live training sessions specifically focusing on training and internal career development. Anyone from Telia can participate in these events.

In 2023, during **"Growth Week"** between 150 and 300 colleagues participated in each session, totalling approximately **2,305** participants across all sessions.

Topics:

— ADKAR: Your Compass to Navigate Change at Work (191 participant).
— Ageism and Personal Development (~186 participants).
— Power of Networking (~300 participants).
— Work-life balance on the career path – mission possible. (~198 participants).
— Personal branding on LinkedIn (~150 participants).
— Coaching and professional growth (~127 participants).
— Panel discussion – career stories (~181 participants).
— Career fair: internal growth opportunities (~307 participants).
— From dreams to reality – effective development plan (~135 participants).
— Internal career opportunities – tips and insights on how to apply successfully (~132 participants).
— Mentorship workshop.
— Financial wellbeing with "Swedbank" (~163 participants).
— Recommendations for using ChatGPT (~231 participants)

Attention to employees: leadership development

Leadership development

We place particular emphasis on the leadership development of our managers, investing in programs tailored to various levels, including:

Future Telia Leaders is a comprehensive training initiative for future managers, designed to develop basic leadership skills and provide the technical knowledge needed to work in a technology organization. This program includes several freely chosen forms of learning (e-learning, mentoring, shadowing) and provides effective management knowledge and competences to future managers.

Vitamin Series is a program that provides basic management tools and covers seven topics: strategy, data and analytics, finance for non-finance managers, powerful presentation, labor law, team management, and recruiting. (Each topic had 20 participants).

Spark is our core leadership development program based on Telia's leadership expectations: envision, engage, enable, execute. This program includes colleagues who have recently become managers (31 participant in 2023).

Ignite is a program for experienced managers (13 participants in 2023) focusing on further growth in addressing complex questions and challenges. These trainings help strengthen strategic skills and prepare participants for future positions.

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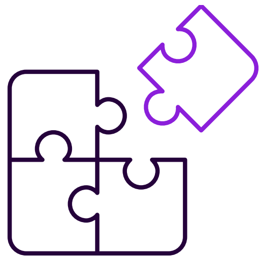
Attention to employees: emotional well-being

Telia is committed to providing a safe working environment for all its employees. This commitment goes beyond health insurance and includes reimbursement for psychotherapy sessions. Furthermore, it involves educating employees through various training sessions on well-being topics.

Another step taken to further listen to the emotional well-being of employees is the **Well-being Ambassadors** programme, initiated in 2022. Through this program, we aim to train select colleagues to provide emotional first aid and foster the development of well-being initiatives within the organization.

Well-being Ambassadors are equipped with basic psychological counselling knowledge, training in conducting conversations and providing assistance. In more complex situations, they are also trained on how to appropriately refer individuals to specialists.



In 2023, **18 colleagues** sought personal counselling after facing emotional difficulties.

The activities of Well-being Ambassadors extend beyond one-on-one conversations with colleagues. Additionally, they contribute to developing wellness topics in team and departmental meetings (**10 sessions in 2023**). Moreover, they prepare wellness newsletters to share tips and relevant information related to emotional well-being.

During 2023 we had webinars during which various topics were covered:

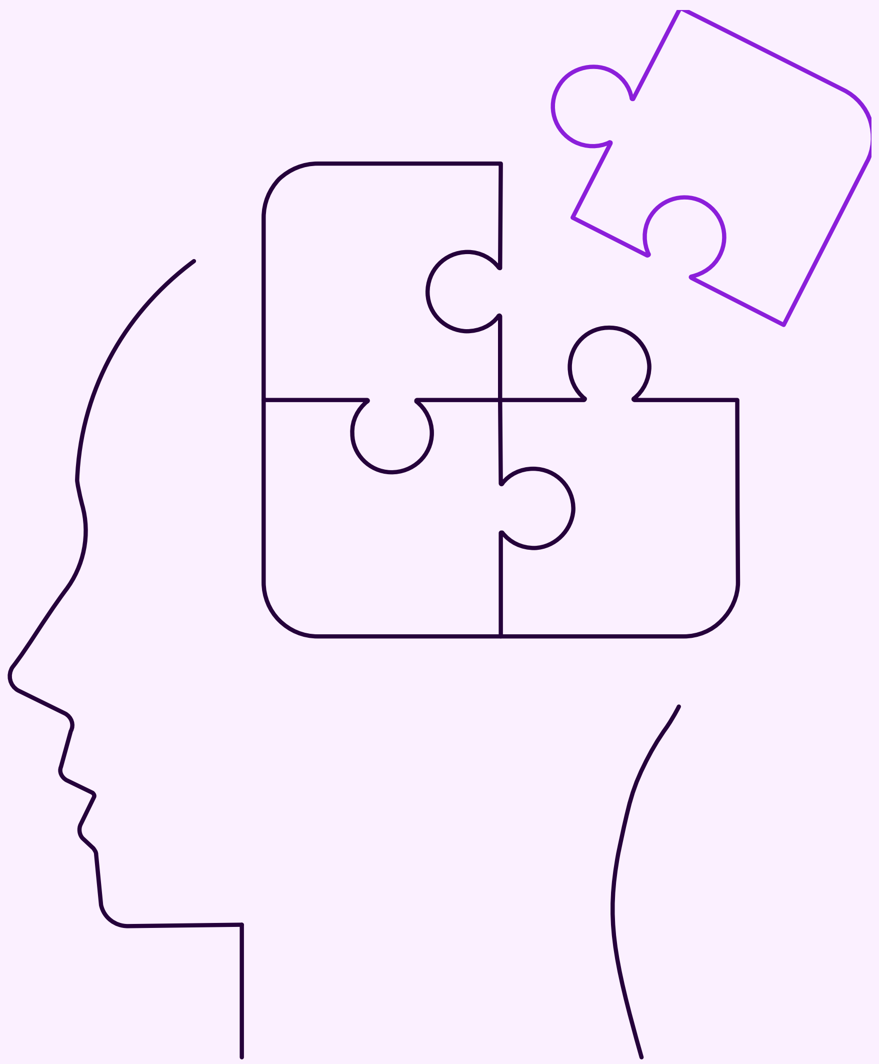
"Mindfulness and stress management"

285 attendees

"Mental Health First Aid and other wellbeing method"

~70 people managers

To ensure the well-being of employees, we collaborate with the Center for Overcoming Crisis (Lith. "Krizių įveikimo centras"). In the event of a crisis, the center provides individual one-to-one consultations, continuous consultations, or urgent assistance from a mobile crisis management team at the scene of the incident. In 2023, we had four emergency cases where we organized the center's emergency assistance.



Attention to employees: knowledge sharing

Students and internships

In 2023, we admitted **33 interns** for compulsory and voluntary internships.

We provided exclusive scholarships and experience opportunities:

— Šiauliai State University of Applied Sciences. One off scholarship for the best IT and engineering students after one year of studying.

— Vilnius University Šiauliai Academy. One off scholarship for the best IT students after one year of studying (received by 16 students)

— Klaipėda Business School. Special programme by Telia prepared to target future engineers.

— ISM partnership. Work & Study program.

— Turing college – Hiring partner for data analytics students.

In 2023, Telia's talent hunting teams and IT managers attended **13 career events and projects** of various scale seeking to attract new talent.

We have partnered up with:

— Tech Fair, 2x - spring & autumn, Vilnius

— MIDI, Vilnius

— KTU Wanted fair, Kaunas

— Career & Studies Litexpo, Vilnius

— Vilnius University fair, Vilnius

— Women Go Tech (mentorship program)

— Job opportunities fair, Šiauliai

Our experts shared their knowledge in lectures:

— Big data conference Europe, Vilnius

— Career day for Vilnius Antakalnis Gymnasium students

— Career day for Vilnius Lyceum students

— Turing college – AI & Analytics insider day @Telia

— Turing College Hiring stand-up (online event)

— KTU workshop

Attention to employees: additional values

Collective bargaining agreement

Telia has had a collective bargaining agreement for over two decades. The latest collective bargaining agreement was signed in January 2020, and has been in effect for all company employees since February. The agreement provided for the following key benefits for employees:

— Rights and opportunities of choice for employees

— Support for professional development

— Appraisal and evaluation of employees

— Flexibility and balance between work and personal life

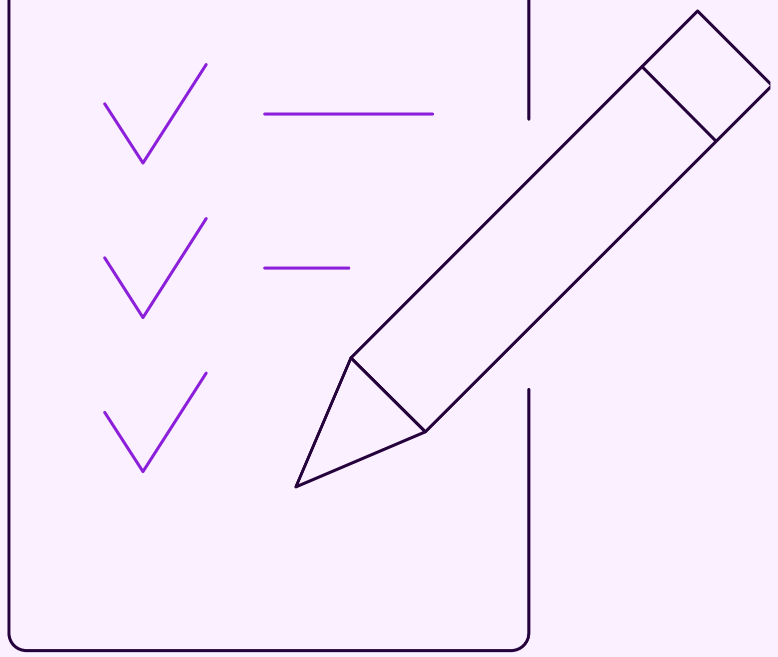
— Promotion of employee well-being

This collective bargaining agreement has been registered in the **Register of Collective Bargaining Agreements** and is freely accessible.

Additional values and guarantees

Telia aims to contribute to the well-being of its employees and their families through both non-financial and financial means. **Additionally, we provide the following additional social guarantees**

- additional leave of up to 5 business days, depending on the length of service at Telia;
- employees are allowed to be absent from work for 2 working days per calendar year without a certificate of incapacity for work when feeling unwell or due to an illness, with their salary paid for these days;
- the employer pays 70% of the employee's average salary for the first 2 calendar days of temporary incapacity for work due to an illness that falls within the employee's work schedule;
- employees are entitled 3 days of paid leave for their wedding;
- in case of death of the father, mother, spouse, child (adopted child), brother or sister of an employee, the employee is given 3 calendar days of paid leave;
- in case of death of a grandmother, grandfather, the father, mother, brother or sister of an employee's spouse, the employee gets one calendar day of unpaid leave;
- employees are granted paid study leave;
- social needs fund to support employees and their wellbeing (more information in next page).



Attention to employees: additional values

Saving for retirement

Since the beginning of 2015, Telia has been contributing to the accumulation of pensions for its employees in the 3rd pillar pension funds. All employees of Telia Lietuva who have been working for the company for one year or more can participate in the program "Kaupk su Telia" (English: Save with Telia). If employees also contribute to saving for their pension at their own expense, Telia transfers an additional contribution to their pension fund corresponding to the employee's contributed share of salary.

For those who decide to make an additional contribution to their pension accumulation from their official salary, Telia transfers an additional contribution from the company's funds to the employees' pension fund.

In 2023, **737*** employees of the company participated in the programme **"Kaupk su Telia"**

* Number includes employees who have accumulated with Telia for at least one month during 2023.

Social Needs Fund

The Social Needs Fund is established as part of Collective bargaining agreement. It aims to contribute to the implementation of the social needs and ideas of employees.

In 2023, **EUR 64,251** was disbursed from the **Social Needs Fund** to meet the needs of Telia's employees.

Funds from the Social Needs Fund have been granted for the following:

— to pay bonuses for 20, 30 and 40 years of uninterrupted service at Telia;

— to support initiatives for employees‘ children;

— to support sports and cultural events;

— to pay allowance in case of death of an employee‘s relatives or an employee himself/ herself;

— to pay allowance for a difficult financial situation of an employee or his/her family or significant material losses suffered by them.

Combining work and family life

It is important for us that Telia employees have a good work-life balance. To this end, we have offered our colleagues benefits in this area which are truly unique in the market.

We organize full-day camps for the children of Telia employees during school holidays. In the summer of 2023, we organized camps in our big offices in Vilnius, Kaunas and Šiauliai. A total of 7 different camp programmes took place. A total of **192** children participated.

Colleagues on parental leave are invited to company events, and their children also receive Christmas gifts. We also encourage employees on parental to improve their skills. To this end, they can use the LinkedIn training platform during their parental leave period as well.

During 2023 there were **106*** employees on parental leave.

*Number includes all employees who were on parental leave at least one day during 2023

Attention to employees: additional health insurance

Additional health insurance

All employees of our company are covered under accident insurance from the first day of their employment. The insurance is valid not only during working hours, but at all times, both in Lithuania and abroad. Therefore, our colleagues can feel safe even while on holiday.

In 2023, we updated our health insurance plans, increasing the limits for outpatient and inpatient treatment. The option to cover maternity care services, conduct a COVID-19 test when necessary, before a day surgery operation, and other tests remains available.

In 2023, **1,872** employees used their additional health insurance

Moreover, it is possible to purchase additional health insurance on favourable terms for loved ones, spouses and life partners (with whom employees do not have to be necessarily in a kinship or marriage relationship), and children up to 26 years of age.

We also take care of our employees on parental leave, providing them with additional health insurance until their baby turns one.

Attention to employees: workation

We operate in a highly competitive labour market, and because of this, we place significant emphasis on motivating, developing, and expressing gratitude to our existing employees. To attract new specialists, we invest in and develop various educational programs, offer a competitive value package, and maintain constant communication with our employees, market experts, students, the business community, etc.

Remote work

We had

1,216

Telia employees working remotely in 2023

Working for a total of

59,804

days remotely

In 2021, we were the first in Lithuania to legalize workations. Now our employees can work in any European Union (EU) state for up to one month per year. This is highly beneficial as it allows employees to better combine work with family life and the need to rest. In 2023, a total of 73 employees took advantage of the opportunity to work abroad, spanning 21 EU countries.

Moreover, we allow our teams the flexibility to adjust their working hours. Employees can choose to start and end their workday earlier or later, meaning they can start working at any time from 7 a.m. to 11 a.m. and finish their workday correspondingly a few hours earlier or later. This option is particularly attractive to colleagues returning from parental leave, as they often wish to work part-time for at least some time.

Remote work has already become a common practice that Telia started 7 years ago (in 2015). We have a clearly defined Remote Work Procedure, secure logins to the network when working outside the office, equipment necessary for remote work, and the habit of working remotely with high efficiency.

We have also introduced the **remote work contract** which allows employees work only from home and receive monetary compensation to buy a table, chair and lamp.

Of course, not all employees, especially those who have just joined Telia, have the necessary equipment for remote work at home. So, just like before, we arrange such equipment, including laptops, desktop screens, quality headphones, and other equipment, and deliver it directly to the homes of our colleagues.

Attention to employees: other activities

Other activities for employees

Telia fosters a culture of active life of employees. To this end, we invite employees to join different communities. We call this **Culture HUB**.

The Culture HUB brings together different communities of colleagues (HUBs), uniting them based on their interests or aspirations to try something new. It operates like a separate, independent organization, hosting many small groups engaged in specific activities. The names of these organizations indicate their respective responsibilities: Sports HUB, Music HUB, Gamers HUB, and others.

In 2023, the Culture HUB organized the following events:

— Parents meeting - parents and grandparents of Telia employees were invited to visit Telia headquarters and get to know their children's workplace (60 participants).

— A musical battle of wits.

— Culture HUB goes Kaunas battle of wits.

— Cake day - employees donated 1100 EUR to the organization "Pirmas blynas„.

— Family day - about 300 young guests visited the office, who had the opportunity not only to have fun, but also see where their family members, Telia employees, spend time during workdays.

— Musical afternoon (Pride month).

— Summer fest Culture HUB event.

Recognition

The **People of Telia awards** is an annual event designed to acknowledge those who have contributed to the success of the company and strive daily to discover new ways to improve —for their colleagues, customers, themselves, and the environment.

We invite colleagues to nominate other colleagues, teams and/or projects for past year's achievements that reflect our values. The commission, made up of different departments and organizations, selects 8 colleagues, 8 teams and 4 projects that have made the most efforts for Telia's success. We received a record number of nominations for the achievements of 2023 - 19% more nominated colleagues, teams and projects than the year before. We received a total of 337 nominations.

Pebble Move

This initiative was created to encourage the gathering of sports communities and promote Telia's name in various sports competitions. The company provides financial support for sports, health, and group activities.

In 2023, Telia financed the sports activities of 8 teams in Vilnius, Kaunas, Panevėžys and Šiauliai.

Support

Sponsorships and donations

To ensure that sponsorships and donations are conducted in an ethical and compliant manner, they are governed by Telia's Group Instruction: Sponsorships and Donations.

The general principle is to sponsor or partner with organizations to support long-term activities linked to digitalization and key sustainability focus areas for Telia.

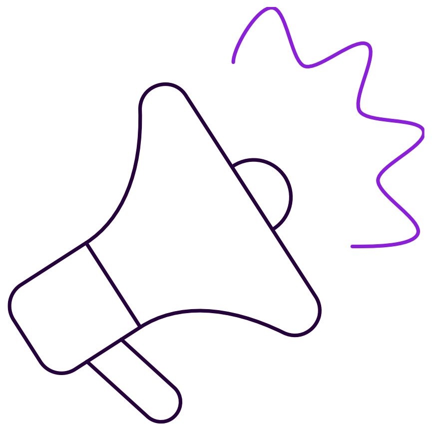
Support for Ukraine

During 2023 Telia Lietuva continued to provide support to Ukraine and refugees coming to Lithuania:

— International news and info channels are provided for free on Telia TV for our customers.

— Reduced rate calls to/from Ukraine for Telia Lietuva customers to ensure connection with the loved ones.

— Pre-paid SIM cards provided for refugees in Lithuania free of charge. In 2023, we have handed out **more than 6,000** SIM cards. By the end of 2023, a total of 40,000 cards were distributed.



Other sponsorships

In 2023, we gave a 100% discount for short numbers of the following campaigns:

— Support for the project "Išsipildymo akcija" (English: Fulfilment Campaign)

— Charity fund „Maisto bankas“ (English: Food Bank)

— Charity and support fund „Maistas Ukrainai“ (English: Food for Ukraine)

— Lithuanian Red Cross Society

— Lions Clubs Association

— Ukrainian Embassy in Lithuania

— Lithuanian Riflemen's Union

— VO „Gelbėkit vaikus" (English: Save the Children)

— VšĮ „Media LAB"

— UAB All Media Lithuania

— VšĮ „Mėlyna ir geltona“

— VšĮ „Stiprūs Kartu“

— VŠĮ Visuomeninių iniciatyvų paramos fondue (English: Public initiatives support fund)

In 2023, we provided financial support to the following:

— VšĮ „Talentai technologijoms“

— VšĮ „Mėlyna ir geltona“

— INFOBALT Association

— VšĮ "Maži bet stiprūs"

— Lithuanian National Museum of Art

— Šiauliai Public College

— Vilnius University Šiauliai Academy

— Panevėžys county Gabrielės Petkevičaitės-Bitės public library

— Lithuanian Audiosensory Library

— LGL Association

— VšĮ „Autorių fondas“

— M. Čiuželis Support and charity fund“

In 2023, we provided support with equipment to:

— Vilnius City museum

— VšĮ „Art Central“

— Nemenčinė Day Employment Center for the Disabled

In 2023, Telia Lietuva distributed more than **EUR 87,000** for support

Telia

Payphones project

In summer 2023 Telia initiated a creative ideas contest "Phonebooths are back" – an open call to communities and non-profit organizations. We invited them to apply with ideas how to re-use and resurrect old payphone booths (15 pcs).

During the summer, the company received a total of **more than 130 ideas**.

A special commission, consisting of travel journalist Orijus Gasanovas, cultural historian Sonata Šulcė, scientist, nurturer of architecture and cultural heritage, creator of Lego models Rokas Mikšiūnas as well as a representative from Telia selected **top 15** to be implemented.

Implemented projects:

A payphone booth in the centre of Vilnius features perhaps the tiniest dance floor in Lithuania, while in Antakalnis district - Tech Park - another payphone booth has become a comfortable workplace.

Residents and visitors of Naujoji Vilnia are welcome to explore the mini-gallery in the payphone booth showcasing artists' exhibitions.

A payphone located near the Lithuanian National Opera and Ballet Theatre invites everyone to "call" someone whom they missed the chance to speak to in time. The audio recordings of all the authentic stories became the basis for the opera's libretto.

The community centre KINAS Panemunė in Kaunas, on the outskirts of the Panemunė Pinewoods, has also implemented an original idea and set up a cosy cinema for two in the payphone booth.

Meanwhile, at the Vilnius Adam Mickiewicz Public Library, the payphone booth has become a special space for telephone conversations.

The payphone booth can even be found in the forests of Labanoras Regional Park, where it has been transformed into a bus stop.

The Riešė Gymnasium repurposed the payphone booth for an outdoor library, and the Panevėžys Jūratė Nursery School used it to create a calming space for children with autism spectrum disorders. Another educational institution adapted a payphone booth for outdoor educational games.

Confirmation of responsible persons

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Giedrė Kaminskaitė-Salters, CEO of Telia Lietuva, AB, and Daina Večkytė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, the Annual Report of Telia Lietuva, AB, for the year 2023 includes a fair review of the development and performance of the business and the position of the Company in relation to the description of the main risks and contingencies faced thereby.

Giedrė Kaminskaitė-Salters CEO	Daina Večkytė Head of Finance

Financial Statements

Statement of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2023	2022
Revenue	5	**476,578**	**444,623**
Cost of goods and services	6	(186,404)	(174,991)
Employee related expenses		(64,369)	(58,385)
Other operating expenses	7	(61,338)	(64,804)
Other gain / (loss) – net	8	715	1,094
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale	13	(85,546)	(84,083)
Operating profit		**79,636**	**63,454**
Finance income		1,216	1,263
Finance costs		(8,989)	(3,898)
Finance and investment activities – net	9	(7,773)	(2,635)
Profit before income tax		**71,863**	**60,819**
Income tax	10	(8,269)	(4,421)
Profit for the year		**63,594**	**56,398**
Other comprehensive income:			
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**63,594**	**56,398**
Profit and comprehensive income attributable to:			
Owners of the Parent		63,594	56,398
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in EUR per share)	**11**	**0.109**	**0.097**

Statement of financial position

	Notes	As at 31 December 2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	13	253,738	269,653
Goodwill	14	26,769	26,769
Intangible assets	14	141,742	142,650
Right-of-use assets	15	45,134	44,995
Costs to obtain contract	28	5,477	5,498
Contract asset	29	718	537
Trade and other receivables	18	18,855	17,440
Finance lease receivables	18	5,982	4,027
		498,415	**511,569**
Current assets			
Inventories	16	12,617	14,461
Contract asset	29	1,012	1,266
Trade and other receivables	18	75,900	69,929
Current income tax assets		249	-
Finance lease receivables	18	5,852	6,129
Cash and cash equivalents	19	20,604	7,099
		116,234	**98,884**
Assets classified as held for sale		1,472	594
Total assets		**616,121**	**611,047**

	Notes	As at 31 December 2023	2022
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Issued capital	20	168,958	168,958
Legal reserve	21	16,896	16,896
Retained earnings		170,974	142,337
Equity attributable to owners of the Company		356,828	328,191
Non-controlling interests		-	-
Total equity		**356,828**	**328,191**
LIABILITIES			
Non-current liabilities			
Borrowings	23	-	30,000
Lease liabilities	23	42,495	42,121
Deferred tax liabilities	24	16,965	17,874
Deferred revenue and accrued liabilities	22	19,036	20,261
Contract liability	29	-	-
Provisions	25	13,039	13,179
		91,535	**123,435**
Current liabilities			
Trade, other payables and accrued liabilities	22	58,576	59,600
Current income tax liabilities		-	261
Borrowings	23	91,782	83,548
Contract liability	29	2,895	2,389
Lease liabilities	23	14,505	13,623
Provisions	25	-	-
		167,758	**159,421**
Total liabilities		**259,293**	**282,856**
Total equity and liabilities		**616,121**	**611,047**

Statement of changes in equity

	Notes	Share capital	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2022		**168,958**	**16,896**	**144,200**	**330,054**
Profit for the year		-	-	56,398	56,398
Other comprehensive income for the year, net of income tax		-	-	-	-
Total comprehensive income for the year		**-**	**-**	**56,398**	**56,398**
Dividends paid for 2021	12	-	-	(58,261)	(58,261)
Balance at 31 December 2022		**168,958**	**16,896**	**142,337**	**328,191**
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**

Statement of cash flows

	Notes	Year ended 31 December 2023	2022
Operating activities			
Profit for the year		63,594	56,398
Adjustments for:			
Income tax expenses recognized in profit or loss	10	8,269	4,421
Depreciation, amortisation and impairment charge	7, 13	87,538	85,847
Other gain / (loss) – net	8	(1,212)	(1,267)
Interest income	9	(1,216)	(1,263)
Interest expenses	9	8,933	3,824
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):			
Decrease/(increase) inventories / Assets held for sale		1,093	(1,935)
Decrease/(increase) trade and other receivables		(7,716)	(194)
Decrease/(increase) in contract assets	29	73	(5)
Decrease/(increase) in contract costs	28	21	(661)
Increase/(decrease) trade, other payables and accrued liabilities, deferred tax liability		20,419	3,611
Increase/(decrease) in contract liabilities	29	506	335
Increase/(decrease) in deferred revenue and accrued liabilities		(1,225)	(577)
Increase/(decrease) in provisions	25	(72)	(28)
Cash generated from operations		**179,005**	**148,506**
Interest paid		(8,422)	(3,512)
Interest received		281	238
Income taxes paid		(9,690)	(4,427)
Net cash generated by operating activities		**161,174**	**140,805**

	Notes	Year ended 31 December 2023	2022
Investing activities			
Purchase of property, plant and equipment and intangible assets		(83,099)	(111,982)
Proceeds from disposal of property, plant and equipment and intangible assets		2,319	5,814
Proceeds from / repayments for finance sublease receivables		(743)	3,475
Net cash used in investing activities		**(81,523)**	**(102,693)**
Financing activities			
Repayment of borrowings	23	(189,967)	(150,500)
Proceeds from borrowings	23	168,201	128,994
Increase (decrease) in lease liabilities		(9,423)	(13,015)
Dividends paid to shareholders	12	(34,957)	(58,261)
Net cash received in financing activities		**(66,146)**	**(92,782)**
Increase (decrease) in cash and cash equivalents		**13,505**	**(54,670)**
Movement in cash and cash equivalents			
At the beginning of the financial year		**7,099**	**61,769**
Increase (decrease) in cash and cash equivalents		13,505	(54,670)
At the end of the financial year	19	**20,604**	**7,099**

Notes to the financial statements

1 General information

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

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

The shareholders' structure of the Company was as follows:

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

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

The 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.

Till November 2023, the Company has 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 2023 amounted to 1,829 (2022: 1,925).

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

Associate	Country of incorporation	Ownership interest in % 31 December 2023	Ownership interest in % 31 December 2022	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 2023 and 2022, the Company had no investments in subsidiaries.

The financial statements for the year ended 2023 are prepared on 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 EU. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS 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.

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

Standard	Title
IFRS 17	New standard IFRS 17 “Insurance Contracts” including the June 2020 and December 2021 Amendments to IFRS 17
Amendments to IAS 1	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules*

* exception specified in amendments to IAS 12 (that an entity does not recognise and does not disclose information about deferred tax assets and liabilities related to the OECD pillar two income taxes) is applicable immediately upon issuance of the amendments and retrospectively in accordance with IAS 8. The remaining disclosure requirements are required for annual reporting periods beginning on or after 1 January 2023.

New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at date of authorisation of financial statements:

Standard	Title	EU adoption status
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements (IASB effective date: 1 January 2024)	Not yet adopted by EU
Amendments to IAS 21	Lack of Exchangeability (IASB effective date: 1 January 2025)	Not yet adopted by EU
IFRS 14	Regulatory Deferral Accounts (IASB effective date: 1 January 2016)	the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred by IASB indefinitely but earlier application permitted)	Endorsement process postponed indefinitely until the research project on the equity method has been concluded

The Company do 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.

Hedge accounting for a portfolio of financial assets and liabilities whose principles have not been adopted by the EU remains unregulated. According to the Company's estimates, the application of hedge accounting to a portfolio of financial assets or liabilities pursuant to IAS 39: “Financial Instruments: Recognition and Measurement” would not significantly impact the financial statements, if applied as at the balance sheet date.

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.

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.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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 debt instrument 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 debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument 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 debt instrument 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 debt instruments 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 debt instruments 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 investments is initially recognised at cost, and 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 associated 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.

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.

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 tax

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to item recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised 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. 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.

Notes to the financial statements

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 2023 is taxable at a rate of 15% (2022: 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.

According to Lithuanian legislation, tax losses accumulated as at 31 December 2023 are carried forward indefinitely except for tax loss arising from the transfer of securities.

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.

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.

Subscription fees are recognized as revenue over the subscription period. Sales relating to pre-paid phone cards, primarily mobile, are deferred and recognized as revenue based on the actual usage of the services cards.

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. If the customer has the right to return the equipment, the amount of revenue recognized is adjusted for expected returns, estimated based on historical data.

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.

Principal versus agent

Sometimes a third party is engaged in delivering goods or services to the Company, e.g. the Company offers several value-added services (VAS) to the customers in bundled offers.

In arrangements where the Company acts as a principle, revenue is recognised on a gross basis. When the Company acts as an agent and arranges goods or services to be provided by another party, revenues are recognised as the net amount of consideration that the Company retains after paying that other party. When invoicing end-customers for third-party content services, amounts collected on behalf of the principle are excluded from revenues.

2.22 Interest income

Interest income is recognised on a time-proportion basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Interest income on held-to-maturity investments, loans granted are classified as "Other income", interest income on cash and cash equivalents are classified into "Finance income".

Notes to the financial statements

2.23 Dividend income

Dividend income from investments is recognised when the right to receive payment has been established.

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 Pension Fund

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% (2022: 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 Company's segment reporting 2023:

	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**

The Company's segment reporting 2022:

	January – December 2022			
	B2B	B2C	Other	Total
Revenue from external customers	**157,327**	**282,362**	**4,934**	**444,623**
Cost of goods and services, employee related expenses, other operating expenses	(80,111)	(111,031)	(107,038)	(298,180)
Operational result	**77,216**	**171,331**	**(102,104)**	**146,443**
Other income				-
Other gain/ (loss) – net				1,094
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale				(84,083)
Operating profit				**63,454**

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

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.

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:

	2023	2022
Financial assets		
Accounts receivables with deferred payments	35,314	39,220
Financial liabilities		
Loans with variable interest rate	30,000	30,000
Provisions (ARO)	13,039	13,179
Pensions accruals	459	468
Accounts payables with deferred payment	20,390	21,565

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.

	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%	35,673	34,955	359
Financial liabilities				
Loans with variable interest rate	5,12%	30,900	30,069	900 / 69
ARO	4,90%	13,572	13,056	533 / 17
Pensions accruals	2,88%	485	436	26 / (23)
Accounts payables with deferred payment	2,21%	5,798	5,340	235 / (222)
	3,41%	16,114	13,685	1,287 / (1,142)

Credit risk

The financial assets exposed to credit risk represent cash deposits and trade 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' bad debts after sending additional reminding letters are sold or handed over to external bad debt collection agencies for debt recovery.

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

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.

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.

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 2023 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.

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 2023 and 2022, 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 finance lease and vendor financing liabilities plus outstanding EUR 30 million external loans with Lithuanian and foreign banks at the end of 2023. For more detailed borrowings related information see Note 23.

The Company is not subject to any externally imposed capital requirements.

Notes to the financial statements

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:

	As at 31 December	
	2023	2022
Trade and other receivable		
Gross amounts of recognized financial assets	100,296	90,585
Gross amounts of recognized financial liabilities set off in the statement of financial position	3,506	4,355
Net amounts of financial assets presented in the statement of financial position	**103,802**	**94,940**
Related amounts not set off in the statement of financial position	-	-
Net amount	**103,802**	**94,940**

Financial liabilities

The following financial liabilities are subject to offsetting, according to criteria described in Note 2.9:

	As at 31 December	
	2023	2022
Trade payables		
Gross amounts of recognized financial liabilities	127,738	154,679
Gross amounts of recognized financial assets set off in the statement of financial position	3,506	4,355
Net amounts of financial liabilities presented in the statement of financial position	**131,244**	**159,035**
Related amounts not set off in the statement of financial position	-	-
Net amount	**131,244**	**159,035**

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 2023 and 2022. 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 after 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.

Notes to the financial statements

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.

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.

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.

Notes to the financial statements

5 Revenue

	Year ended 31 December 2023	2022
Mobile services	165,685	152,125
Equipment sales revenue	105,117	99,086
Internet services	75,815	70,302
Voice telephony services	38,593	39,164
TV services	37,473	37,555
IT services	27,860	21,132
Data communication and network capacity services	18,063	17,963
Other services	7,972	7,296
Total	**476,578**	**444,623**

6 Cost of goods and services

	Year ended 31 December 2023	2022
Costs of goods and services purchased	132,958	119,762
Network's interconnection	39,575	39,673
Network capacity costs	13,871	15,556
Total	**186,404**	**174,991**

7 Other operating expenses

	Year ended 31 December 2023	2022
Energy, premises and transport costs	17,910	21,877
Marketing expenses	17,049	16,572
Consultations and other services from group	11,277	11,682
Maintenance and other services	7,296	7,099
Impairment of accounts receivable	1,241	1,579
Other expenses	6,565	5,995
Total	**61,338**	**64,804**

Agreement with UAB Deloitte Lietuva sets out that an amount of EUR 204 thousand (VAT exclude) shall be paid for the audit of the annual financial statements and assessment of the annual report for the years 2023.

8 Other gain (loss)

	Year ended 31 December 2023	2022
Gain on sales of property, plant and equipment	1,314	1,456
Loss on sales of property, plant and equipment	(102)	(189)
Other gain (loss)	(497)	(173)
Total	**715**	**1,094**

9 Financial and investment activities

	Year ended 31 December 2023	2022
Interest income from instalments amortisation	578	714
Interest income on finance leases	338	302
Interest income on cash and cash equivalents	281	238
Other finance income	19	9
Finance income	**1,216**	**1,263**
Interest expenses on leases	(3,057)	(2,574)
Interest expenses on borrowings	(5,876)	(1,250)
Foreign exchange gain (loss) on financing activities	(4)	(14)
Other finance costs	(52)	(60)
Finance costs	**(8,989)**	**(3,898)**
Financial and investment activities – net	**(7,773)**	**(2,635)**

Notes to the financial statements

10 Income tax

	Year ended 31 December	
	2023	2022
Current tax expenses	9,178	6,151
Deferred tax change (Note 24)	(909)	(1,730)
Total	**8,269**	**4,421**

As at 1 January 2009, amendments to Law on Corporate Profit Tax came into effect which provides tax relief for investments in new technologies. As a result, the Company's calculated profit tax relief amounts for 2023 to EUR 3.4 million (2022: EUR 6.1 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:

	Year ended 31 December	
	2023	2022
Profit before income tax	**71,863**	**60,819**
Tax calculated at a tax rate of 15% (2021: 15%)	10,779	9,123
Income not subject to tax (-) and expenses not deductible for tax purposes (+)	468	1,100
Tax relief	(3,411)	(6,101)
Other	433	299
Income tax expense recognized in profit or loss and other comprehensive income statement	**8,269**	**4,421**
Effective tax rate	**11.51%**	**7.27%**

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.

	Year ended 31 December	
	2023	2022
Net profit	**63,594**	**56,398**
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613
Basic earnings per share (EUR)	**0.109**	**0.097**

12 Dividends per share

The dividends per share declared in respect of 2022 and 2021 and paid in 2023 and 2022 were EUR 0.06 and EUR 0.10 respectively.

13 Property, plant and equipment

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

	Year ended 31 December	
	2023	2022
Depreciation of property, plant and equipment (Note 13)	48,005	52,382
Impairment of property, plant and equipment (Note 13)	310	475
Amortisation of intangible assets (Note 14)	26,691	20,955
Impairment of intangible assets (Note 14)	-	-
Amortisation of right-of-use-asset (Note 15)	10,540	10,271
Total	**85,546**	**84,083**
Impairment of assets classified as held for sale	-	-
Total	**85,546**	**84,083**

Notes to the financial statements

	Land and buildings	Ducts and telecommu-nication equipment	Other tangible fixed assets	Construction in progress	Total
Year ended 31 December 2022					
Opening net book amount	**8,976**	**217,180**	**14,556**	**26,322**	**267,034**
Additions	-	588	-	54,467	55,055
Reclassifications	692	(80)	69	169	850
Disposals and write-offs	(79)	(333)	(17)	-	(429)
Transfers from construction in progress	1,531	52,320	3,516	(57,367)	-
Depreciation charge	(1,272)	(43,929)	(7,181)	-	(52,382)
Impairment charge	(72)	(403)	-	-	(475)
Closing net book amount	**9,776**	**225,343**	**10,943**	**23,591**	**269,653**
At 31 December 2022					
Cost	31,705	797,436	52,867	23,591	905,599
Accumulated depreciation	(21,888)	(570,670)	(41,923)	-	(634,481)
Impairment charge	(41)	(1,423)	(1)	-	(1,465)
Net book amount	**9,776**	**225,343**	**10,943**	**23,591**	**269,653**
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**

During 2023, the Company reviewed the write-off principles of fully depreciated assets based on economic benefits criteria as disclosed in the accounting policy. Based on a new criteria the Company has written-off fully depreciated assets for EUR 32,497 thousands of acquisition cost (during 2022: EUR 32,016 thousand).

During 2023, the Company has done the reclassification from tangible assets to assets held for sale in amount of EUR 1,556 thousand (during 2022: EUR 191 thousand).

During 2023, the Company had no reclassifications from assets held for sale to tangible assets (during 2022: EUR 880 thousand).

Also, the Company reviewed the accounted projects and had no reclassifications from tangible assets to intangible assets (during 2022: EUR 7 thousand).

The Company still uses depreciated property, plant and equipment with acquisition cost as at 31 December 2023 amounting to EUR 293,156 thousand (2022: EUR 314,357 thousand), comprising buildings with acquisition cost as at 31 December 2023 amounting to EUR 7,078 thousand (2022: EUR 7,516 thousand), plant and machinery with acquisition cost of EUR 261,779 thousand (2022: EUR 281,418 thousand) and other fixtures, fitting, tools and equipment with acquisition cost of EUR 24,299 thousand (2022: EUR 25,424 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:

	2023	2022
Cost	73,657	65,840
Accumulated depreciation at 1 January	(48,549)	(43,317)
Depreciation charge for the year	(6,891)	(6,793)
Disposals and write-offs accumulated depreciation	1,716	1,526
Net book amount	**19,933**	**17,256**

Notes to the financial statements

14 Intangible assets

	Licenses and software	Goodwill	Other intangible assets*	Construction in progress**	Total
Year ended 31 December 2022					
Opening net book amount	**57,492**	**26,769**	**31,242**	**25,291**	**140,794**
Additions	24,242	-	-	25,588	49,830
Reclassifications	24,415	-	-	(24,574)	(159)
Disposals and write-offs	(91)	-	-	-	(91)
Amortisation charge	(17,518)	-	(3,437)	-	(20,955)
Closing net book amount	**88,540**	**26,769**	**27,805**	**26,305**	**169,419**
At 31 December 2022					
Cost	167,454	29,408	57,711	26,305	280,878
Accumulated amortisation	(78,914)	-	(26,322)	-	(105,236)
Impairment charge	-	(2,639)	(3,584)	-	(6,223)
Net book amount	**88,540**	**26,769**	**27,805**	**26,305**	**169,419**
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	15,479	-	-	(15,562)	(83)
Disposals and write-offs	(4)	-	-	-	(4)
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 depreciation	(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**

* Other intangible assets at 31 December 2023 consist of the client base and trademark (acquired while merging AB Omnitel) for an amount of EUR 24,369 thousand (31 December 2022: EUR 27,807 thousand), the remaining amortisation period is 7 years.

** Construction in progress comprise intangible assets developed for internal use and provision of services, are expected to be completed within 2024.

During 2023, the Company reviewed the write-off principles of fully amortised assets based on economic benefits criteria as disclosed in the accounting policy. Based on a new criteria the Company has written-off fully amortised assets for EUR 11,401 thousands of acquisition cost (during 2022: EUR 17,735 thousand).

During 2023, the Company reviewed the accounted projects and had no reclassifications from tangible assets to intangible assets (during 2022: EUR 166 thousand).

At the end of 2023, the carrying value of client base was EUR 24.4 million and goodwill – EUR 26.8 million. Management measured their recoverable amounts using discounted cash flow method. Management determined budgeted profit after 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: 2.1% (2022: 2.2%), discount rate: 4.42% (2022: 4.1%); for goodwill: growth rate perpetuity: 1% (2022: 1%), discount rate: 4.42% (2022: 4.1%). 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 2023 amounting to EUR 20,048 thousand (2022: EUR 26,057 thousand).

Notes to the financial statements

15 Right-of-use-assets

	Land and premises	Dark fibre	Equipment rent	Other	Total
Year ended 31 December 2022					
Opening net book amount	**35,765**	**9,662**	**-**	**697**	**46,124**
Additions	4,343	-	3,440	533	8,316
Lease modifications	4,584	(305)	-	(13)	4,266
Disposals and write-offs	-	-	(3,440)	-	(3,440)
Amortisation charge	(8,674)	(1,223)	-	(374)	(10,271)
Closing net book amount	**36,018**	**8,134**	**-**	**843**	**44,995**
At 31 December 2022					
Cost	65,592	12,933	-	1,960	80,485
Accumulated amortisation	(29,574)	(4,799)	-	(1,117)	(35,490)
Net book amount	**36,018**	**8,134**	**-**	**843**	**44,995**
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 depreciation	(38,467)	(5,892)	-	(1,672)	(46,031)
Net book amount	**33,993**	**8,413**	**-**	**2,728**	**45,134**

16 Inventories

	As at 31 December	
	2023	**2022**
Goods for resale	14,035	15,017
Supplies and consumables	40	151
	14,075	**15,168**
Less: allowance for obsolete inventory	(1,458)	(707)
Total	**12,617**	**14,461**

17 Financial instruments by category

The accounting policies for the financial instruments have been applied to the line item below:

	As at 31 December	
	2023	**2022**
Assets as per statement of financial position		
Financial assets measured at amortized cost		
Trade and other receivables	103,802	94,940
Cash and cash equivalents	20,604	7,099
Total	**124,406**	**102,039**

All financial liabilities of the Company amounting to EUR 131,244 thousand (2022: EUR 159,421 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, other assets

	As at 31 December	
	2023	**2022**
Trade receivables from business customers and residents	90,946	85,198
Trade receivables from other operators	2,260	1,813
Total trade receivables	**93,206**	**87,011**
Less: provision for impairment of receivables	(5,400)	(5,324)
Trade receivables – net	**87,806**	**81,687**
Receivables from companies collecting payments for telecommunication services	566	668
Prepaid expenses and other receivables	3,755	2,588
Finance lease receivables	11,834	10,156
Receivables from related parties (Note 27)	2,628	2,426
	106,589	**97,525**
Less: non-current portion	(24,837)	(21,467)
Current portion	**81,752**	**76,058**

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 2023, the Company's trade receivable of EUR 93,206 thousand (2022: EUR 87,011 thousand) were not impaired and provided for. The amount of the Company's provision was EUR 5,400 thousand as at 31 December 2023 (2022: EUR 5,324 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 ageing of these receivables is as follows:

	As at 31 December	
	2023	**2022**
Trade receivable total	**93,206**	**87,011**
Of which not overdue	72,506	66,821
Overdue up to 3 months	16,688	15,520
4 to 6 months	847	446
Over 6 months	3,165	4,224

There were no age of past due but not impaired accounts receivable.

Notes to the financial statements

The age of fully and partially impairment accounts receivables is as follows:

	As at 31 December	
	2023	2022
Trade receivable total	**93,206**	**87,011**
Of which not overdue	72,506	66,821
Overdue up to 3 months	16,688	15,520
4 to 6 months	847	446
Over 6 months	3,165	4,224

The carrying amounts of the trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2023	2022
Currency		
EUR	104,380	94,777
Other currency	2,209	2,748
Total	**106,589**	**97,525**

Movements of impairment for trade receivables are as follows:

	As at 31 December	
	2023	2022
At the beginning of year	**5,324**	**4,296**
Receivables written off during the year as uncollectible	(1,014)	(13)
Provision for receivables impairment / Unused amount reversed (-)	1,090	1,041
At the end of year	**5,400**	**5,324**

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

	As at 31 December	
	2023	2022
Cash in hand and at bank	20,604	7,099
Short-term investments	-	-
Total	**20,604**	**7,099**

The carrying amounts of the cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2023	2022
Currency		
EUR	20,560	7,039
USD	44	60
Total	**20,604**	**7,099**

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):

	As at 31 December	
	2023	2022
A+	19,662	6,456
A-2 (short term)	-	-
Baa1 (Moody’s)	774	479
Other	168	164
Total	**20,604**	**7,099**

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 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.

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 year 2023 and 2022 legal reserve – EUR 16.9 million.

22 Trade, other payables and accrued liabilities

	As at 31 December	
	2023	**2022**
Trade payables	21,327	28,147
Taxes, salaries and social security payable	16,582	12,129
Accrued liabilities	5,547	8,023
Amounts payable to related parties (Note 27)	3,175	3,963
Trade payables to operators	3,497	1,965
Accruals to operators	2,747	41
Other payables and deferred revenue	24,737	25,593
	77,612	**79,861**
Less non-current portion	(19,036)	(20,261)
Current portion	**58,576**	**59,600**

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 for EUR 23 million acquired 2x10 MHz radio frequency block 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:

	As at 31 December	
	2023	**2022**
Currency		
EUR	76,316	75,861
Other currency	1,296	4,000
Total	**77,612**	**79,861**

Notes to the financial statements

23 Borrowings

	As at 31 December	
	2023	2022
Current		
Borrowings	55,000	-
Reverse factoring	36,782	83,548
Lease liabilities	14,505	13,623
Finance lease liabilities	-	-
	106,287	**97,171**
Non-current (due between 2 and 5 years)		
Borrowings	-	30,000
Lease liabilities	42,495	42,121
Finance lease liabilities	-	-
	42,495	**72,121**
Total borrowings and lease liabilities	**148,782**	**169,292**

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.

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. 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). There were 30 suppliers which participated in SIF program during 2023 (32 in 2022) and used over EUR 47 million (used over EUR 40 million in 2022) cash flow.

The Company's minimum lease payments under finance leases and their present values are as follows:

	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 2022	16,132	35,585	14,903	66,620
Less future finance charges	(2,509)	(5,792)	(2,575)	(10,876)
Present value of minimum lease payments at 31 December 2022	**13,623**	**29,793**	**12,328**	**55,744**
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**

24 Deferred income 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.

Notes to the financial statements

The net movement on the deferred tax liabilities and deferred tax assets is as follows:

	As at 31 December	
	2023	2022
Deferred tax liabilities		
At the beginning of year	**17,874**	**19,604**
Charged/ (credited) to profit or loss (Note 10)	(909)	(1,730)
At the end of year	**16,965**	**17,874**

The analysis of deferred tax assets and deferred tax liabilities is as the follows:

	As at 31 December	
	2023	2022
Deferred tax liabilities		
Deferred tax asset to be recovered / liability settled after more than 12 months	17,123	17,684
Deferred tax asset to be recovered / liability settled within 12 months	(158)	190
At the end of year	**16,965**	**17,874**

According to Lithuanian tax legislation, investments in subsidiaries of the Company qualify for participation exemption, therefore deferred income tax liabilities have not been established on the unremitted earnings of subsidiaries.

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	Investment relief[1]	Difference in useful lives[2]	IFRS 16	Other	Total
At 31 December 2022	**1,225**	**16,758**	**9,097**	**1,857**	**28,937**
Charged / (credited) to profit or loss	(158)	(1,135)	730	(95)	(658)
At 31 December 2023	**1,067**	**15,623**	**9,827**	**1,762**	**28,279**

Deferred tax assets	Tax losses	Assets retirement obligation	IFRS 16	Other	Total
At 31 December 2022	**-**	**(1,977)**	**(8,653)**	**(433)**	**(11,063)**
Charged / (credited) to profit or loss	-	21	(197)	(75)	(251)
At 31 December 2023	**-**	**(1,956)**	**(8,850)**	**(508)**	**(11,314)**

[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:

	As at 31 December	
	2023	2022
Deferred tax asset	(11,314)	(11,063)
Offset with deferred tax liabilities	11,314	11,063
Deferred tax asset as per statement of financial position	**-**	**-**
Deferred tax liabilities	28,279	28,937
Offset with deferred tax asset	(11,314)	(11,063)
Deferred tax liabilities as per statement of financial position	**16,965**	**17,874**

Notes to the financial statements

25 Provisions

The Company provisions movement during January-December 2023:

	Assets retirement obligation
Closing net book amount at 31 December 2021	**12,398**
Additions	588
Used provisions	(28)
Discounting	221
Closing net book amount at 31 December 2022	**13,179**
Additions	681
Used provisions	(72)
Unwinding of discounting	379
Adjustment for change in discount rate, timing	(1,128)
Closing net book amount at 31 December 2023	**13,039**

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.

26 Contingent liabilities and contingent assets

Guarantees
As at 31 December 2023, 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 1,022 thousand (2022: EUR 1,656 thousand).

As at 31 December 2023, tender, agreement performance and advance payment guarantees represented the following expected maturities:

Expected maturity EUR in thousand	Jan-Mar 2024	Apr-Jun 2024	Jul-Sep 2024	Oct-Dec 2024	2025	2026	2027	2028 and later	Total
Guarantees	168	-	9	24	305	131	22	363	1,022

Minimum lease payments receivable
The future minimum lease payments to be received under non-cancellable operating leases are as follows:

	As at 31 December	
	2023	**2022**
Not later than 1 year	8,607	9,396
Later than 1 year but not later than 5 years	30,490	27,195
Total	**39,097**	**36,591**

Minimum lease payments recognized in the statement of profit or loss and other comprehensive income during 2023 were EUR 7,722 thousand (2022: EUR 8,807 thousand).

The future minimum lease payments to be received:
— not later than 1 year consist of EUR 905 thousand Telia Asset Finance (TAF) contracts <EUR 5,000 and EUR 7,702 thousand other equipment (2022: EUR 2,399 thousand and EUR 6,997 thousand);
— later than 1 year but not later than 5 years consist of EUR 510 thousand Telia Asset Finance (TAF) contracts <EUR 5,000 and EUR 29,980 thousand other equipment (2022: EUR 1,412 thousand and EUR 25,783 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:

	As at 31 December	
	2023	**2022**
Property, plant and equipment	8,796	6,912
Intangible assets	605	1,258
Total	**9,401**	**8,170**

Operating lease commitments – where the Company is the lessee (AP)

The Company lease passenger cars, IT equipment and premises under operating lease agreements.

The operating lease expenditure charged to the statement of profit or loss are as follows:

	As at 31 December	
	2023	**2022**
Minimum lease payments	14,121	13,861
Total	**14,121**	**13,861**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2023	**2022**
Not later than 1 year	1,000	970
Later than 1 year but not later than 5 years	2,039	2,693
Later than 5 years	164	178
Total	**3,203**	**3,841**

The Company's operating lease agreements primarily concern office and server space, leased buildings, land, vehicles and IT equipment, infrastructure. Certain contracts include renewal options for various periods of time. Subleasing consists mainly of office and server premises.

Network Infrastructure Registration

New law on Special land use conditions entered into force on January 1, 2020.

The Law provides for the procedures and requirements to establish and register protection zones of various infrastructure objects (including electronic communications networks) as well as compensation for restrictions imposed on land owners due to protection zones. Existing networks must be registered by 2025 (transition period of 3 years is suggested):

— until 2023 provides possibility to register the cable network without the consent of the landowner;

— from 2023 registration requires the consent of the landowner.

From 2025 economic activity may be carried out if the network is established and registered in the Real Estate Register.

The Company has evaluated the impact of the new legislation and concluded that there is no obligation to account for a provision as at 31 December 2023 and 2022. The Company expects the cost associated with implementation of this legislation for infrastructure currently in use will be accounted for as cost of sales.

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:

	Year ended 31 December	
	2023	**2022**
Sales of telecommunication and other services to:		
Telia Company AB and its subsidiaries	10,589	9,966
Subsidiaries of the Company	-	-
Total sales of telecommunication and other services	**10,589**	**9,966**

Notes to the financial statements

	Year ended 31 December	
	2023	**2022**
Purchases of assets and services:		
Purchases of assets from:		
Telia Company AB and its subsidiaries	1,157	392
	1,157	392
Purchases of services from:		
Telia Company AB and its subsidiaries	19,006	20,459
Subsidiaries of the Company	-	-
	19,006	20,459
Total purchases of assets and services	**20,163**	**20,851**

Year-end balances arising from sales / purchases of assets / services:

Receivables and accrued revenue from related parties:

	As at 31 December	
	2023	**2022**
Receivables from related parties:		
Long term receivables:		
Telia Company AB and its subsidiaries	-	-
	-	-
Short-term receivables:		
Telia Company AB and its subsidiaries	2,414	2,036
	2,414	2,036
Accrued revenue from related parties:		
Telia Company AB and its subsidiaries	214	390
	214	390
Total receivables and accrued revenue	**2,628**	**2,426**

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 2023 and 2022.

Payables and accrued expenses to related parties:

	As at 31 December	
	2023	**2022**
Borrowings:		
Telia Company AB and its subsidiaries	25,000	-
Short term borrowings	**25,000**	**-**
Payables to related parties:		
Telia Company AB and its subsidiaries	3,668	3,957
	3,668	3,957
Accrued expenses to related parties:		
Telia Company AB and its subsidiaries	170	6
	170	6
Total payables and accrued expenses	**3,838**	**3,963**

On 10 January 2023, the Company had signed an agreement regarding revolving credit facility with Telia Company AB that provides the Company with the possibility to borrow any amount up to total limit of EUR 50 million for 3 or 6 months within 2 business days. In May 2023, the borrowing limit was temporary (till the end of October) increased up to EUR 65 million. As at 31 December 2023, the Company had EUR 25 million outstanding internal loans provided by Telia Company AB (2022: none).

All transactions with related parties are carried out based on an arm's length principle.

In 2023, dividends paid out to Telia Company AB amounted to EUR 30,516 thousand (2022: EUR 51,359 thousand). No dividends were received by the Company from subsidiary in 2023 (2022: no dividends were received).

Notes to the financial statements

Remuneration of the Company's key management

	As at 31 December	
	2023	2022
Remuneration of key management personnel	6,347	6,034
Social security contributions on remuneration	115	110
Total remuneration	**6,462**	**6,144**

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 2023 was 50 (as at 31 December 2022: 52).

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 2022 during 2023 amounted to EUR 25 thousand. All remuneration of the Company's key management falls under short term employee benefits.

28 Costs to obtain a contract

Contract cost assets balance roll forward:

	As at 31 December	
	2023	2022
Contract cost assets at the beginning of the year	**5,498**	**4,837**
Increase of contract assets due to new contracts within the year	7,250	7,430
Amortization expense of costs to obtain contracts	(7,271)	(6,769)
Contract cost assets as at 31 December	**5,477**	**5,498**

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

29 Contract assets and liabilities

Contract assets balance roll forward:

	As at 31 December	
	2023	2022
Current contract assets at 1 January	**1,266**	**1,102**
Increase in the balance due to new contract modification	1,496	1,876
Decrease in balance due to normal unwind or contract modification	(1,750)	(1,712)
Current contract assets as at 31 December	**1,012**	**1,266**
Non-current contract assets at 1 January	**537**	**696**
Increase in the balance due to new contracts	196	3
Decrease in balance due to normal unwind or contract modification	(15)	(162)
Non-current contract assets as at 31 December	**718**	**537**
Total contract assets as at 31 December	**1,730**	**1,803**
Current contract liabilities at 1 January	**2,389**	**2,054**
Increase in contract liability during the year	2,950	2,519
Derecognition of contract liability	(2,444)	(2,184)
Current contract liabilities as at 31 December	**2,895**	**2,389**
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	**2,895**	**2,389**

Notes to the financial statements

30 Events after the reporting period and going concern

During January-February 2024 the Company had repaid the outstanding EUR 25 million loan provided by Telia Company AB.

From 15 January 2024 the Company had entered into Cash pool agreement with Telia Company AB, Telia Global Services Lithuania, UAB and AB SEB bankas.

CONFIRMATION OF RESPONSIBLE PERSONS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Giedrė Kaminskaitė-Salters, CEO of Telia Lietuva, AB, and Daina Večkytė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, the Annual Report of Telia Lietuva, AB, for the year 2023 includes a fair review of the development and performance of the business and the position of the Company in relation to the description of the main risks and contingencies faced thereby.

Giedrė Kaminskaitė-Salters CEO	Daina Večkytė Head of Finance

Other

General information about report

This report presents the activities of Telia Lietuva (Telia in brief) in 2023. The Annual and Sustainability Report is drafted once a year and published. In this report, we provide financial as well as non-financial information on responsible business to our stakeholders: customers, shareholders, investors, employees, suppliers, business and social partners, and the general public.

The financial statements of the Company have been prepared according to the International Financial Reporting Standards as adopted by the European Union.

The report has been prepared according to Telia's Sustainability Reporting Framework, which, to facilitate comparability, is based on frameworks such as the Global Reporting Initiative, the Integrated Reporting Framework, the Global Compact Communication on Progress, the EU Non-Financial Reporting Directive, the UN Guiding Principles Reporting Framework and the Task Force on Climate-related Financial Disclosures (TCFD). Please note, this sustainability report shall not be considered prepared strictly in accordance with any of the above listed regional or international frameworks. The report also takes into account the recommendations provided by the Bank of Lithuania on the information to be provided by responsible businesses.

The annual report shall not be printed, preparing it in electronic format only, which is available in Lithuanian and English publicly on the website www.telia.lt and on the website of the Nasdaq Vilnius Stock Exchange where it can be accessed by all stakeholders. Information on the release of the report is also provided in the stock exchange announcements to investors.

Stakeholders' comments, feedback and questions are always welcome. Please send them by e-mail to darius.dziaugys@telia.lt and on Sustainability part to Aurelija.Zekiene@telia.lt.

Independent Auditor's Report

To the Shareholders of Telia Lietuva, AB:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Telia Lietuva, AB (the Company), which comprise the statements of financial position of the Company as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, of the financial position of the Company as at 31 December 2023, and their financial performance and cash flows for the year then ended in accordance with the IFRS accounting standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the requirements of the Law on Audit of Financial Statements of the Republic of Lithuania that are relevant to audit in the Republic of Lithuania, and we have fulfilled our other ethical responsibilities in accordance with the Law on Audit of Financial Statements of the Republic of Lithuania and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Revenue recognition

Refer to pages 147, 153 of the financial statements

The Company's net sales amounted to EUR 476,578 thousand for the year then ended 2023.

The net sales encompass several revenue streams such as traffic charges, including interconnect and roaming, subscription fees, installation fees, other services and sale of equipment. Furthermore, all these services and products give rise to multiple customer offerings (bundle services) which are subject to price allocation among the services and related products, incentives and discounts.

The Company uses multiple billing systems and other interrelated data applications to maintain the accurate and complete accounting records. IT systems differ across a range of products and lines of business. The Company is implementing SAP as the new core platform, as well as legacy systems run in parallel to ensure uninterrupted operations. IT environment is thus a critical part in the revenue processes.

Complex products and services and a combination of those requires significant management judgment about the timing and value of revenue to be recognized and impose the risk of accuracy of revenue related accounting records, as well as recognizing revenue in the correct accounting period. Due to this, we considered this to be a key audit matter.

Audit Procedures

Our audit procedures in this area included, among others:

- assessing the application on the Company's accounting policies with the respect to IFRS 15 to services and products delivered and the accounting implication of the new business models to verify that the Company's accounting policies were appropriate for these models and were followed;
- evaluating the design and implementation as well as testing for operating effectiveness key internal controls, including relevant IT systems, used for billing and monitoring of revenue recognition;
- assessing based on sample of customer bills for accuracy for new products and tariffs introduced in the year;
- under multiple-element contractual arrangements (bundled product offers), on a sample evaluating the deliverables to determine whether they represent separate element and testing the value allocated to the undelivered elements based on their respective fair values;
- evaluating on a sample basis revenues allocated to undelivered elements (deferred and recognized over the estimated term of provision of these elements);
- reconciling revenue accruals to actual data traffic available after month closing;
- evaluating the adequacy of disclosures related to the various revenue streams;
- assessing and testing general IT controls for relevant IT systems in the areas of access security (especially privileged access management), system change control, as well as management of data center and network operations.

Other Information

The other information comprises the information included in the Company's annual report, including Corporate Governance statement, Remuneration Report (see section "People") and Corporate Social Responsibility Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as specified below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

In addition, our responsibility is to consider whether information included in the Company's annual report, including Corporate Governance statement and Remuneration Report, for the financial year for which the financial statements are prepared is consistent with the financial statements and whether the Company's annual report, including Corporate Governance statement and Remuneration Report, has been prepared in compliance with applicable legal requirements. Based on the work carried out in the course of audit of financial statements, in our opinion, in all material respects:

- The information given in the Company's annual report, including Corporate Governance statement and Remuneration Report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Company's annual report, including Corporate Governance statement and Remuneration Report, has been prepared in accordance with the requirements of the Law on Financial Reporting by Undertakings of the Republic of Lithuania.

We also need to check that the Corporate Social Responsibility Report has been provided. If we identify that Corporate Social Responsibility Report has not been provided, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the IFRS accounting standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the decision made by Shareholders on 27 April 2023 we have been chosen to carry out the audit of the Company's financial statements. Our appointment to carry out the audit of the Company's financial statements in accordance with the decision made by Shareholders has been for year 2023 and the period of total uninterrupted engagement is ten years.

We confirm that our opinion in the section 'Opinion' is consistent with the additional report which we have submitted to the Company and Audit Committee.

We confirm that in light of our knowledge and belief, services provided to the Company are consistent with the requirements of the law and regulations and do not comprise non-audit services referred to in Article 5(1) of the Regulation (EU) No 537/2014 of the European Parliament and of the Council.

In the course of audit, we have not provided any other services except for audit of financial statements.

Report on the compliance of format of the financial statements with the requirements for European Single Electronic Reporting Format

The Company's management has applied European Single Electronic Format for the Company's financial statements in order to implement the requirement of Article No. 3 of the Commission Delegated Regulation (EU) 2019/815 that amends European Parliament and Commission Directive 2004/109 / EC with regulatory technical standards establishing a single format for electronic reporting (hereinafter "the ESEF Regulation"). These requirements specify the Company's obligation to prepare its financial statements in a XHTML format. We confirm that the European single electronic reporting format of the financial statements for the year ended 31 December 2023 complies with the ESEF Regulation in this respect.

The engagement partner on the audit resulting in this independent auditor's report is Simonas Rimašauskas.

Deloitte Lietuva UAB
Audit Company License No 001275

Simonas Rimašauskas
Lithuanian Certified Auditor
License No 000466

Vilnius, Republic of Lithuania
4 April 2024

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