



Interim Report January-September 2023

Telia Lietuva, AB

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Management Report



CEO comment

Telia Lietuva has delivered an exceptional quarter in terms of revenue growth and earnings' margins. Total revenue for the third quarter and nine months of 2023 increased by 8.4 and 7.6 per cent, respectively, compared with the same periods a year ago. Earnings were growing by double digits and adjusted EBITDA margin for January-September of 2023 reached 36.6 per cent (34 per cent in 2022).

Surge in revenue was boosted by intake of new mobile subscriptions (40 thousand over the last 12 months) and continuously growing usage of mobile data thanks to our 5G network, already covering almost the entire country.

Since September 2022, when Telia Lietuva launched its 5G network, the number of 5G devices in the Company's network has doubled. Currently every fourth device operating in our network supports 5G connectivity and each such device on average uses around 50 GB per month. This proves that rapid deployment of Telia's 5G network facilitated the creation of new customer habits in Lithuania.

According to the latest Communication Regulation Authorities' report, customers of Telia Lietuva consumed the most of mobile data compared to competitors during the second quarter of 2023.

From September, with release of new iOS 17 operating system, Voice over Wi-Fi service became exclusively available to iPhone holders in Telia Lietuva network. Voice over Wi-Fi service introduced to our customer in June provides the possibility to make voice calls where the mobile network signal is weak or is not available.

It was an honor and at the same time a professional challenge for us to ensure perfect connectivity during the historic NATO summit in Vilnius in July 2023. More than 2.000 workstations were installed with fixed internet and power connections, furthermore fixed and mobile telephony and printing services were provided, and even a satellite connection was prepared, in case of any crisis situations. In addition, specialists of Telia Lietuva were entrusted to provide connectivity to the US President and his team in Lithuania.

The NATO summit project was an additional contribution to the already double-digit growth of revenue from IT services. The number of DDoS attacks on state and private institutions during the NATO summit reiterated the importance of cyber security solutions provided by Telia Lietuva.

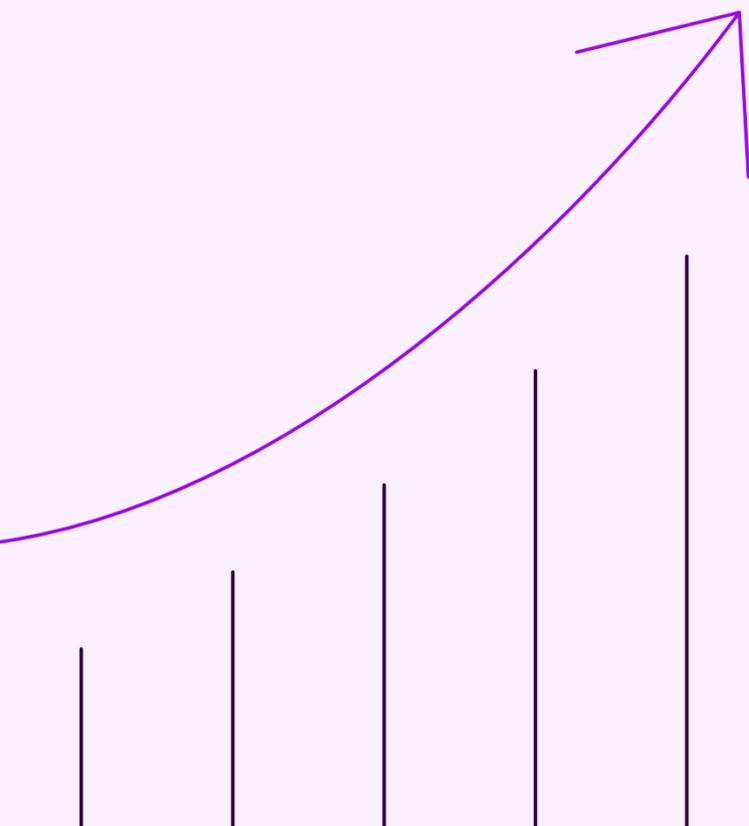
During the third quarter of 2023 the Company secured several large contracts with business customers. For another 5 years we will provide IT systems supervision and security solutions to more than 1,300 computerized workplaces to Lithuanian Insurance and PZU Life Insurance. Telia Lietuva will send up to 3 million SMS every month to the customers of the energy distribution operator ESO in the forthcoming 3 years for EUR 2.35 million value contract.

Till the year end Telia Lietuva will continue to provide calls to and from Ukraine at reduced tariffs and our customers in Ukraine could use mobile data at lower than set by EU price.

As part of Telia Company's Group, we are proud that the Group's targets set with the overall aim of achieving net-zero greenhouse gas (GHG) emissions across its value chain by 2040 have been approved by the Science Based Targets initiative (SBTi). In addition to the overall target, the SBTi also validated Telia's updated near-term and new long-term targets.

Giedrė Kaminskaitė-Salters
CEO of Telia Lietuva

Telia Lietuva operating model is based on the customer segment. The Company's operations are managed and reported by the following segments: business and residential customers. Business customer 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 customer segment (B2C) implies telecommunication and TV services to private individuals. Other operations include operations of Technology and Support units of the Company. The financial statements of the Company have been prepared according to the International Financial Reporting Standards as adopted by the European Union.



Financial highlights of Q3 2023

Revenue grew by 8.4%

and amounted to EUR 122.8 million
(2022: EUR 113.3 million)

Adjusted EBITDA up by 19.6%

to EUR 46.1 million (2022: EUR 38.6 million)

EBITDA increased by 19.3%

and amounted to EUR 45.4 million
(2022: EUR 38.1 million)

Profit for the period went up by 19.9%

to EUR 18.5 million
(2022: EUR 15.4 million)

Capital investments

amounted to EUR 13.5 million (2022: EUR 23.6 million)

Free cash flow amounted to EUR 21.8 million

(2022: EUR 1.4 million)

Financial highlights of 9 months of 2023

Revenue grew by 7.6%

and amounted to EUR 353.3 million
(2022: EUR 328.2 million)

Adjusted EBITDA up by 15.7%

to EUR 129.1 million (2022: EUR 111.6 million)

EBITDA increased by 14%

and amounted to EUR 126.9 million
(2022: EUR 111.3 million)

Profit for the period went up by 20.7%

to EUR 50.3 million
(2022: EUR 41.7 million)

Capital investments

amounted to EUR 44.1 million (2022: EUR 55.5 million)

Free cash flow went up by 3.8%

and amounted to EUR 41.6 million
(2022: EUR 40.1 million)

Financial figures

(in thousands of EUR unless otherwise stated)

	January - September 2023	January - September 2022	Change (%)	January - September 2021
Revenue	353,255	328,185	7.6	307,504
Adjusted EBITDA excluding non-recurring items	129,149	111,648	15.7	106,040
Adjusted EBITDA margin excluding non-recurring items (%)	36.6	34.0		34.5
EBITDA	126,933	111,307	14.0	106,460
EBITDA margin (%)	35.9	33.9		34.6
Operating profit (EBIT) excluding non-recurring items	65,028	48,924	32.9	48,242
EBIT margin excluding non-recurring items (%)	18.4	14.9		15.7
Operating profit (EBIT)	62,812	48,583	29.3	48,662
EBIT margin (%)	17.8	14.8		15.8
Profit before income tax	57,131	46,888	21.8	47,031
Profit before income tax margin (%)	16.2	14.3		15.3
Profit for the period	50,306	41,678	20.7	41,453
Profit for the period margin (%)	14.2	12.7		13.5
Earnings per share (EUR)	0.086	0.072	20.7	0.071
Number of shares (thousand)	582,613	582,613	-	582,613
Share price at the end of period (EUR)	1.610	1.925	(16.4)	2.040
Market capitalisation at the end of period	938,007	1,121,530	(16.4)	1,188,531
Total assets	615,165	630,385	(2.4)	619,262
Shareholders' equity	343,540	313,471	9.6	314,699
Cash flow from operations	105,294	108,193	(2.7)	97,601
Operating free cash flow	41,593	40,062	3.8	62,769
Capital investments (CAPEX)	44,122	55,491	(20.5)	52,004
Net debt	89,265	115,617	(22.8)	92,485

Operating figures

	30-09-2023	30-09-2022	Change (%)	30-09-2021
Mobile service subscriptions, in total (thousand)	1,642	1,602	2.5	1,449
— Post-paid (thousand)	1,308	1,270	3.0	1,164
— Pre-paid (thousand)	334	332	0.6	285
Broadband Internet connections, in total (thousand)	426	426	--	419
— Fiber-optic (FTTH/B) (thousand)	315	311	1.3	302
— Copper (DSL, VDSL) (thousand)	111	115	(3.5)	117
TV service customers (thousand)	259	255	1.6	254
Fixed telephone lines in service (thousand)	182	207	(12.1)	238
Number of personnel (headcounts)	1,931	2,024	(4.6)	2,116
Number of full-time employees	1,818	1,888	(3.7)	1,964

Financial ratios*

	30-09-2023	30-09-2022	30-09-2021
Return on capital employed (%)	17.8	13.1	14.6
Return on average assets (%)	12.6	9.6	10.7
Return on shareholders' equity (%)	19.4	17.8	18.1
Operating cash flow to sales (%)	29.4	31.0	31.3
Capex (excl. mobile licenses) to sales (%)	14.8	22.1	16.5
Net debt to EBITDA ratio	0.55	0.81	0.64
Gearing ratio (%)	26.0	36.9	28.6
Debt to equity ratio (%)	30.6	46.4	50.1
Current ratio (%)	63.9	64.5	108.8
Rate of turnover of assets (%)	76.4	69.8	68.3
Equity to assets ratio (%)	55.8	49.7	50.8
Price to earnings (P/E) ratio	14.4	19.7	20.4

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

Revenue

(in thousands of EUR)

	July - September 2023	July - September 2022	Change (%)
Fixed services	52,942	47,768	10.8
Voice telephony services	9,467	9,203	2.9
Internet services	19,110	17,758	7.6
Datacom and network capacity services	4,538	4,454	1.9
TV services	9,379	9,272	1.2
IT services	8,734	5,402	61.7
Other services	1,714	1,679	2.1
Mobile services	43,239	40,693	6.3
Billed services	39,862	35,793	11.4
Other mobile service	3,377	4,900	(31.1)
Equipment	26,603	24,823	7.2
Total	122,784	113,284	8.4

(in thousands of EUR)

	January - September 2023	January - September 2022	Change (%)
Fixed services	155,879	143,608	8.5
Voice telephony services	30,732	29,927	2.7
Internet services	56,325	52,044	8.2
Datacom and network capacity services	13,516	13,376	1.0
TV services	28,052	28,283	(0.8)
IT services	21,162	14,690	44.1
Other services	6,092	5,288	15.2
Mobile services	122,951	113,904	7.9
Billed services	114,188	101,176	12.9
Other mobile service	8,763	12,728	(31.2)
Equipment	74,425	70,673	5.3
Total	353,255	328,185	7.6



37.6%
Enterprises



62.4%
Consumers

Expenses

(in thousands of EUR)	July - September 2023	July - September 2022	Change (%)	January - September 2023	January - September 2022	Change (%)
Cost of goods and services	(47,891)	(43,092)	11.1	(136,634)	(127,806)	6.9
Operating expenses	(29,825)	(31,966)	(6.7)	(90,579)	(89,599)	1.1
Employee related	(14,771)	(13,397)	10.3	(45,314)	(42,463)	6.7
Other	(15,054)	(18,569)	(18.9)	(45,265)	(47,136)	(4.0)
Non-recurring expenses	800	244		2,339	647	
Operating expenses (excl. non-recurring expenses)	(29,025)	(31,722)	(8.5)	(88,240)	(88,952)	(0.8)
Employee related	(14,444)	(13,240)	9.1	(44,440)	(42,035)	5.7
Other	(14,581)	(18,482)	(21.1)	(43,800)	(46,917)	(6.6)

Cost of goods and services for the nine months of 2023 compared with the same period a year ago increase mainly due to higher equipment sale. Employee related expenses in 2023 are higher than in 2022 due to annual salaries' increase. Electricity prices went down and as a result expenses for energy as well as for premises rent and maintenance for January-September of 2023 were by 22 and 13 per cent, respectively, lower than a year ago.

During July-September of 2023, the total number of employees (headcount) decreased by 48 – from 1,979 to 1,931. In terms of full-time employees (FTE), the total number of employees decreased by 37 – from 1,855 to 1,818. Over the last 12 months total number of employees went down by 93 and in terms of number of full-time employees – by 70.

Non-recurring items for the third quarter and the nine months of 2023 were comprised of one-off redundancy pay-outs of EUR 327 thousand (2022: EUR 157 thousand) and EUR 874 thousand (2022: EUR 428 thousand), respectively, and non-recurring other expenses of EUR 473 thousand (2022: EUR 87 thousand) and EUR 1,465 thousand (EUR 219 thousand), respectively.

Earnings

(in thousands of EUR)	July - September 2023	July - September 2022	Change (%)	January - September 2023	January - September 2022	Change (%)
EBITDA	45,437	38,102	19.3	126,933	111,307	14.0
Margin (%)	37.0	33.6		35.9	33.9	
Depreciation and amortisation	(21,559)	(21,048)	2.4	(64,121)	(62,724)	2.2
Operating profit (EBIT)	23,878	17,054	40.0	62,812	48,583	29.3
Margin (%)	19.4	15.1		17.8	14.8	
Non-recurring expenses	800	244		2,339	647	
Gain (loss) on sale of property	91	(237)		123	305	
Adjusted EBITDA excluding non-recurring items	46,146	38,583	19.6	129,149	111,648	15.7
Margin (%)	37.6	34.1		36.6	34.0	
EBIT excluding non-recurring items	24,587	17,535	40.2	65,028	48,924	32.9
Margin (%)	20.0	15.5		18.4	14.9	

The profit tax rate in Lithuania is 15 per cent. Following the provisions of the Law on Corporate Profit Tax regarding tax relief for investments in new technologies, the profit tax relief for the year 2023 amounted to EUR 2.5 million (2022: EUR 1.8 million).

(in thousands of EUR)	July - September 2023	July - September 2022	Change (%)	January - September 2023	January - September 2022	Change (%)
Profit before income tax	20,825	16,480	26.4	57,131	46,888	21.8
Margin (%)	17.0	14.5		16.2	14.3	
Income tax	(2,348)	(1,074)	118.6	(6,825)	(5,210)	31.0
Profit for the period	18,477	15,406	19.9	50,306	41,678	20.7
Margin (%)	15.0	13.6		14.2	12.7	

Financial position

As of 30 September 2023, the total non-current assets amounted to 81 per cent (80.3 per cent a year ago), the total current assets – to 19 per cent (19.7 per cent), whereof cash alone represented 2.6 per cent (4.7 per cent) of total assets. At the end of September 2023, shareholders' equity amounted to 55.8 per cent of the total assets (49.7 per cent a year ago).

(in thousands of EUR)	30-09-2023	30-09-2022	Change (%)
Total assets	615,165	630,385	(2.4)
Non-current assets	498,309	505,936	(1.5)
Current assets	114,974	122,937	(6.5)
whereof cash and cash equivalents	16,008	29,692	(46.1)
Assets for sale	1,882	1,512	24.5
Shareholders' equity	343,540	313,471	9.6

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 carry forward to the next financial year an amount of EUR 107 million as retained earnings (undistributed profit). In May 2023, dividends for the year 2022 were paid to the shareholders of the Company.

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

(in thousands of EUR)	30-09-2023	31-12-2022	30-09-2022
Loans from banks	30,000	30,000	30,000
Loans from Telia Company AB	50,000	-	-
Liabilities under reverse factoring agreements	25,273	83,548	115,282
Liabilities under financial lease agreements	-	-	27
Borrowings	105,273	113,548	145,309
Cash and cash equivalents	16,008	7,099	29,692
Net debt	89,265	106,449	115,617
Net debt to equity (Gearing) ratio (%)	26.0	32.4	36.9

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

Capital investments and cash flow

During Q3 of 2023, the total capital investments excluding mobile licenses amounted to EUR 13.5 million (EUR 23.6 million a year ago).

(in thousands of EUR)	January - September 2023	January - September 2022	Change (%)
Fixed network	15,240	16,803	(9.3)
Mobile network	10,922	19,325	(43.5)
IT systems and infrastructure	7,690	11,794	(34.8)
Transformation program	9,889	7,207	37.2
Other	381	362	5.2
Total capital investments	44,122	55,491	(20.5)
Capital investments to revenue ratio (%)	14.8	22.1	

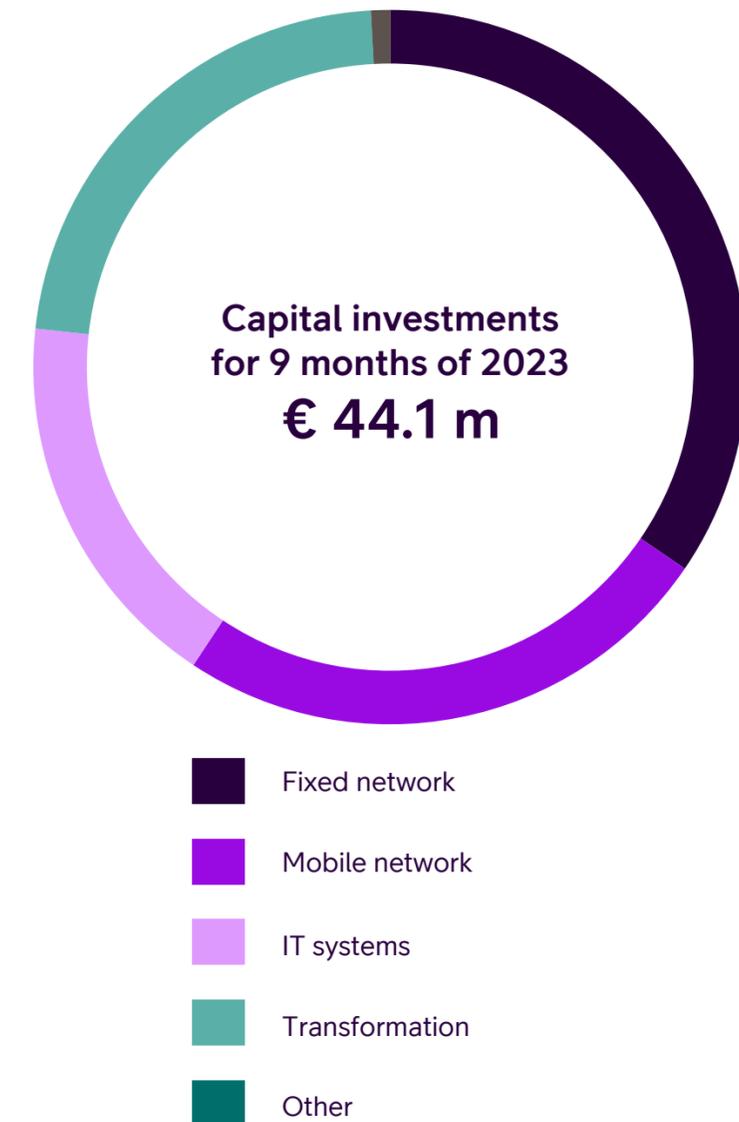
Major upgrade of the Company’s radio access network (RAN) that started in 2021 is completed. Almost 1,650 of the Company’s base stations were upgraded with Ericsson equipment that supports 5G connection. Now Telia Lietuva 5G network covers 99 per cent of the country’s population. Further 5G roll-out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

According to the latest Communication Regulatory Authorities measurement data, the average mobile data download speed in Telia Lietuva network remains the highest in the country amounting to 224 Mbps (146 Mbps a year ago).

By the end of September 2023, the Company had 971 thousand households passed (958 thousand a year ago), or 65 per cent of the country’s households, by the fiber-optic network.

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

Net cash flow from operating activities for the nine months of 2023 was EUR 105.3 million (2022: EUR 108.2 million) but due to lower capital investments in 2023 operating free cash flow (operating cash flow excluding capital investments) for January-September of 2023 amounted to EUR 41.6 million (EUR 40.1 million a year ago).



Share capital and shareholders

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

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

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

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

Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover (units)	Turnover
EUR	1.985	2.05	1.595	1.61	1.862	2,894,546	5,388,780

Shareholders, holding more than 5 per cent of the share capital and votes, as on 30 September 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	-

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

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



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.

Shareholders' meetings

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

- taking into consideration that two members of the Board has resigned in 2022, has elected Dan Strömberg and Leda Iržikevičienė (both proposed by Telio 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 to be held on 24 October 2023 shall decide on renouncement and returning of electronic money institution license for restricted activities issued by the Bank of Lithuania.

The Board

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 Telio Lietuva from 1 March 2023. Until then Giedrė Kaminskaitė-Salters was Head of Sales & Customer Care of Telio Lietuva.

On 3 April 2023, the Board of Telio Lietuva elected:

- Dan Strömberg as a Chair of the Board,
- Claes Nycander as a Chair of the Remuneration Committee,
- Leda Iržikevičienė as a member of the Audit Committee.

On 20 June 2023, the Board:

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

Management team

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

Birutė Eimontaitė, Head of Communication at Telio Lietuva, will leave the Company on 31 October 2023.

Members of the Board



Dan Strömberg
Chair of the Board



Claes Nycander
Member of the Board,
Chair of the Remuneration
Committee`



Agneta Wallmark
Member of the Board,
Chair of the Audit
Committee



Hannu-Matti Mäkinen
Member of the Board,
Member of the
Remuneration
Committee



Leda Iržikevičienė
Independent member of
the Board, Member of
the Audit Committee



Mindaugas Glodas
Independent member of
the Board, Member of
the Audit and
Remuneration
Committees

Management Team



**Giedrė
Kaminskaitė-
Salters**
CEO



**Elina
Dapkevičienė**
Head of Consumer
(B2C)



**Daniel
Karpovič**
Head of Enterprise
(B2B)



**Lina
Bandzinė**
Head of Sales &
Customer Care



**Andrius
Šemeškevičius**
Head of Technology



**Diana
Gold**
Head of Digital &
Analytics



**Daina
Večkytė**
Head of Finance



**Ramūnas
Bagdonas**
Head of People and
Engagement



**Daiva
Kasperavičienė**
Head of Legal and
Corporate Affairs



**Vaida
Jurkonienė**
Head of Marketing



**Birutė
Eimontaitė**
Head of Communication
till 31 October 2023



**Vytautas
Bučinskas**
Head of Business
Assurance &
Transformation

Financial Statements

Statement of profit or loss and other comprehensive income

	Notes	July – September		January – September	
		2023	2022	2023	2022
Revenue		122,784	113,284	353,255	328,185
Cost of goods and services		(47,891)	(43,092)	(136,634)	(127,806)
Employee related expenses		(14,771)	(13,397)	(45,314)	(42,463)
Other operating expenses		(15,054)	(18,569)	(45,265)	(47,136)
Other income		-	-	-	-
Other gain / (loss) – net		369	(124)	891	527
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale	6	(21,559)	(21,048)	(64,121)	(62,724)
Operating profit		23,878	17,054	62,812	48,583
Gain/loss from investment activities		-	-	-	-
Finance income		205	177	655	820
Finance costs		(3,258)	(751)	(6,336)	(2,515)
Finance and investment activities – net		(3,053)	(574)	(5,681)	(1,695)
Profit before income tax		20,825	16,480	57,131	46,888
Income tax	3	(2,348)	(1,074)	(6,825)	(5,210)
Profit for the year		18,477	15,406	50,306	41,678
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		18,477	15,406	50,306	41,678
Profit and comprehensive income attributable to:					
Owners of the Parent		18,477	15,406	50,306	41,678
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in EUR per share)	4	0.032	0.026	0.086	0.072

Statement of financial position

		As at 30 September	As at 31 December
	Notes	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	257,278	269,653
Goodwill	7	26,769	26,769
Intangible assets	7	141,010	142,650
Right-of-use assets	8	43,977	44,995
Costs to obtain contract		5,420	5,498
Contract asset		598	537
Trade and other receivables		16,548	17,440
Finance lease receivables		6,709	4,027
		498,309	511,569
Current assets			
Inventories		15,450	14,461
Contract asset		975	1,266
Trade and other receivables		76,876	69,929
Current income tax assets		-	-
Finance lease receivables		5,665	6,129
Cash and cash equivalents		16,008	7,099
		114,974	98,884
Assets classified as held for sale		1,882	594
Total assets		615,165	611,047

		As at 30 September	As at 31 December
	Notes	2023	2022
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Issued capital	9	168,958	168,958
Legal reserve	10	16,896	16,896
Retained earnings		157,686	142,337
Equity attributable to owners of the Company		343,540	328,191
Non-controlling interests		-	-
Total equity		343,540	328,191
LIABILITIES			
Non-current liabilities			
Borrowings		-	30,000
Lease liabilities		42,014	42,121
Deferred tax liabilities		17,027	17,874
Deferred revenue and accrued liabilities		19,658	20,261
Contract liability		-	-
Provisions	11	13,117	13,179
		91,816	123,435
Current liabilities			
Trade, other payables and accrued liabilities		54,483	59,600
Current income tax liabilities		2,814	261
Borrowings		105,273	83,548
Contract liability		2,663	2,389
Lease liabilities		14,576	13,623
Provisions	11	-	-
		179,809	159,421
Total liabilities		271,625	282,856
Total equity and liabilities		615,165	611,047

Statement of changes in equity

	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	-	-	41,678	41,678
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	-	-	41,678	41,678
Dividends paid for 2021	-	-	(58,261)	(58,261)
Balance at 30 September 2022	168,958	16,896	127,617	313,471
Balance at 1 January 2023	168,958	16,896	142,337	328,191
Profit for the year	-	-	50,306	50,306
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	-	-	50,306	50,306
Dividends paid for 2022	-	-	(34,957)	(34,957)
Balance at 30 September 2023	168,958	16,896	157,686	343,540

Statement of cash flows

	Notes	January – September	
		2023	2022
Operating activities			
Profit for the year		50,306	41,678
Adjustments for:			
Income tax expenses recognized in profit or loss	3	6,825	5,210
Depreciation, amortisation and impairment charge	6	66,212	64,441
Other gain / (loss) – net		(1,030)	(718)
Interest income		(655)	(820)
Interest expenses		6,290	2,467
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):			
Inventories / Assets held for sale		(1,626)	(3,958)
Trade and other receivables		(6,393)	908
Decrease/(increase) in contract assets		230	1
Decrease/(increase) in contract costs		78	(433)
Trade, other payables and accrued liabilities, deferred tax liability		(3,852)	5,236
Increase/(decrease) in contract liabilities		274	168
Increase/(decrease) in deferred revenue and accrued liabilities		(603)	7
Increase/(decrease) in provisions	11	(62)	(13)
Cash generated from operations		115,994	114,174
Interest paid		(5,792)	(2,363)
Interest received		211	168
Income taxes paid		(5,119)	(3,786)
Net cash generated by operating activities		105,294	108,193

	Notes	January – September	
		2023	2022
Investing activities			
Purchase of property, plant and equipment and intangible assets		(65,056)	(73,086)
Proceeds from disposal of property, plant and equipment and intangible assets		1,355	4,955
Proceeds from / repayments for finance sublease receivables		4,260	2,359
Net cash used in investing activities		(59,441)	(65,772)
Financing activities			
Repayment of borrowings		(128,123)	(84,649)
Proceeds from borrowings		138,171	77,848
Increase (decrease) in lease liabilities		(12,035)	(9,436)
Dividends paid to shareholders		(34,957)	(58,261)
Net cash received in financing activities		(36,944)	(74,498)
Increase (decrease) in cash and cash equivalents		8,909	(32,077)
Movement in cash and cash equivalents			
At the beginning of the financial year		7,099	61,769
Increase (decrease) in cash and cash equivalents		8,909	(32,077)
At the end of the financial year		16,008	29,692

Notes to the financial statements

1 Basic of preparation

The interim financial statements for the nine months' period ended 30 September 2023 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2022.

The presentation currency is euro. The financial statements are presented in thousands of euro, unless indicated otherwise.

The financial statements are prepared under the historical cost convention.

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

2 Investments in subsidiaries and associates

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

Associate	Country of incorporation	Ownership interest in %		Profile
		30 September 2023	31 December 2022	
VšĮ Numerio Perkėlimas	Lithuania	50%	50%	A non-profit organization established by Lithuanian telecommunications operators administers central database to ensure telephone number portability

As at 30 September 2023 and 31 December 2022, the Company had no investments in subsidiaries.

Notes to the financial statements

3 Income tax

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

Profit for 2023 is taxable at a rate of 15 per cent in accordance with Lithuanian regulatory legislation on taxation (2022: 15 per cent).

	July – September		January – September	
	2023	2022	2023	2022
Current tax expenses	2,914	1,595	7,672	6,428
Deferred tax change	(566)	(521)	(847)	(1,218)
Total	2,348	1,074	6,825	5,210

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 2.7 million (2022: EUR 1.8 million). Investments in new technologies are capitalised as property, plant and equipment, and their depreciation is deductible for tax purposes, therefore, the tax relief does not create any deferred tax liability.

The tax authorities may at any time inspect the books and records within 3 years from the end of the year when tax declaration was submitted and may impose additional tax assessments with penalty interest and penalties.

The Company's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

4 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.

	July – September		January – September	
	2023	2022	2023	2022
Net profit	18,477	15,406	50,306	41,678
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613	582,613	582,613
Basic earnings per share (EUR)	0.032	0.026	0.086	0.072

5 Dividends per share

A dividend that relates to the period to 31 December 2022 was approved by the Annual General Meeting of Shareholders on 27 April 2023. The total amount of allocated dividend, that was paid off in May 2023, is EUR 34,957 thousand or EUR 0.06 per ordinary share.

6 Property, plant and equipment

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

	January – September	
	2023	2022
Depreciation of property, plant and equipment (Note 6)	36,243	39,570
Impairment of property, plant and equipment (Note 6)	19	336
Amortisation of intangible assets (Note 7)	19,994	15,058
Impairment of intangible assets (Note 7)	-	-
Amortisation of right-of-use-asset (Note 8)	7,865	7,760
Total	64,121	62,724
Impairment of assets classified as held for sale	-	-
Total	64,121	62,724

Notes to the financial statements

6 Property, plant and equipment (continued)

	Land and buildings	Ducts and telecommunication equipment	Other tangible fixed assets	Construction in progress	Total
Nine months ended 30 September 2022					
Opening net book amount	8,976	217,180	14,556	26,322	267,034
Additions	-	-	-	38,535	38,535
Reclassifications	(187)	(80)	70	214	17
Disposals and write-offs	64	(271)	(16)	-	(223)
Transfers from construction in progress	1,228	36,208	3,485	(40,921)	-
Depreciation charge	(952)	(32,840)	(5,777)	-	(39,569)
Impairment charge	(72)	(264)	-	-	(336)
Closing net book amount	9,057	219,933	12,318	24,150	265,458
At 30 September 2022					
Cost	31,234	797,688	53,851	24,150	906,923
Accumulated depreciation	(22,136)	(576,105)	(41,532)	-	(639,773)
Impairment charge	(41)	(1,650)	(1)	-	(1,692)
Net book amount	9,057	219,933	12,318	24,150	265,458
Nine months ended 30 September 2023					
Opening net book amount	9,776	225,343	10,943	23,591	269,653
Additions	-	-	-	25,817	25,817
Reclassifications	(1,579)	16	-	(46)	(1,609)
Disposals and write-offs	(1)	(359)	39	-	(321)
Transfers from construction in progress	1,027	27,978	1,973	(30,978)	-
Depreciation charge	(958)	(31,536)	(3,749)	-	(36,243)
Impairment charge	-	(19)	-	-	(19)
Closing net book amount	8,265	221,423	9,206	18,384	257,278
At 30 September 2023					
Cost	27,381	787,140	49,583	18,384	882,488
Accumulated depreciation	(19,075)	(564,814)	(40,376)	-	(624,265)
Impairment charge	(41)	(903)	(1)	-	(945)
Net book amount	8,265	221,423	9,206	18,384	257,278

7 Intangible assets

	Licenses and software	Goodwill	Other intangible assets	Construction in progress	Total
Nine months ended 30 September 2022					
Opening net book amount	57,492	26,769	31,242	25,291	140,794
Additions	24,243	-	-	16,957	41,200
Reclassifications	7	-	-	(211)	(204)
Disposals and write-offs	(25)	-	-	-	(25)
Transfers to other accounts	21,537	-	-	(21,537)	-
Amortisation charge	(12,481)	-	(2,577)	-	(15,058)
Closing net book amount	90,773	26,769	28,665	20,500	166,707
At 30 September 2022					
Cost	165,001	29,408	57,711	20,500	272,620
Accumulated amortisation	(74,228)	-	(25,462)	-	(99,690)
Impairment charge	-	(2,639)	(3,584)	-	(6,223)
Net book amount	90,773	26,769	28,665	20,500	166,707
Nine months ended 30 September 2023					
Opening net book amount	88,540	26,769	27,805	26,305	169,419
Additions	-	-	-	18,302	18,302
Reclassifications	-	-	-	56	56
Disposals and write-offs	(3)	-	(1)	-	(4)
Transfers to other accounts	12,753	-	-	(12,753)	-
Amortisation charge	(17,416)	-	(2,578)	-	(19,994)
Closing net book amount	83,874	26,769	25,226	31,910	167,779
At 30 September 2023					
Cost	174,823	29,408	53,124	31,910	289,265
Accumulated depreciation	(90,949)	-	(27,898)	-	(118,847)
Impairment charge	-	(2,639)	-	-	(2,639)
Net book amount	83,874	26,769	25,226	31,910	167,779

Notes to the financial statements

8 Right-of-use-assets

	Land and premises	Dark fibre	Equipment rent	Other	Total
Nine months ended 30 September 2022					
Opening net book amount	35,765	9,662	-	697	46,124
Additions	3,957	-	2,855	310	7,122
Lease modifications	4,285	98	-	(9)	4,374
Disposals and write-offs	-	-	(2,855)	-	(2,855)
Amortisation charge	(6,592)	(939)	-	(230)	(7,761)
Closing net book amount	37,415	8,821	-	768	47,004
At 30 September 2022					
Cost	64,907	13,336	-	1,742	79,985
Accumulated amortisation	(27,492)	(4,515)	-	(974)	(32,981)
Net book amount	37,415	8,821	-	768	47,004
Nine months ended 30 September 2023					
Opening net book amount	36,018	8,134	-	843	44,995
Additions	1,893	1	6,034	455	8,383
Lease modifications	3,213	414	-	871	4,498
Disposals and write-offs	-	-	(6,034)	-	(6,034)
Amortisation charge	(6,685)	(818)	-	(362)	(7,865)
Closing net book amount	34,439	7,731	-	1,807	43,977
At 30 September 2023					
Cost	70,698	13,348	-	3,287	87,333
Accumulated depreciation	(36,259)	(5,617)	-	(1,480)	(43,356)
Net book amount	34,439	7,731	-	1,807	43,977

9 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.

10 Legal reserve

A legal reserve is a compulsory reserve under Lithuanian legislation. Annual transfer of 5% of net profit, calculated in accordance with Lithuanian regulatory legislation on accounting, is compulsory until the reserve including share premium reaches 10% of the share capital. The legal reserve can be used to cover the accumulated losses. The amount of the legal reserve surplus which exceeds the size of legal reserve required by the legislation can be added to retaining earnings for the profit distributing purpose.

As at 30 September 2023 and as at 31 December 2022 legal reserve – EUR 16.9 million.

11 Provisions

	Provision for restructuring	Assets retirement obligation	Total
Closing net book amount at 31 December 2021	-	12,398	12,398
Used provisions	-	(13)	(13)
Closing net book amount at 30 September 2022	-	12,385	12,385
Closing net book amount at 31 December 2022	-	13,179	13,179
Used provisions	-	(62)	(62)
Closing net book amount at 30 September 2023	-	13,117	13,117

The Company leases land for the construction of mobile stations. Upon expiry of the lease term the mobile stations should be disassembled and land restored so that it could be returned to the land owner in a condition it was before the lease. Similarly, the Company has telecommunication equipment installed in the premises or on the buildings leased from third parties. This equipment will have to be disassembled when the lease agreement expires.

To cover these estimated future costs, assets retirement obligation has been recognized. The Company expects that assets retirement obligation will be realized later than after one year. Therefore, the whole amount of assets retirement obligation has been classified as non-current provision for other liabilities and charges.

Notes to the financial statements

12 Related party transactions

The Company is controlled by Telia Company AB, registered in Sweden, and owning 88.15% of the Company's shares and votes. The largest shareholder of Telia Company AB is the State of Sweden.

The following transactions were carried out with related parties:

	January – September	
	2023	2022
Sales and purchases from Telia Company AB and its subsidiaries:		
Sales of telecommunication and other services	6,665	6,392
Purchases of assets and services:		
Purchases of services	13,556	14,350
Purchases of assets	1,106	90
Total purchases of assets and services	14,662	14,440

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

	January – September	
	2023	2022
Long-term receivables from related parties	-	-
Receivables from related parties	189	293
Accrued revenue from related parties	440	610
Total receivables and accrued revenue from related parties	629	903
Short term investments	-	10,000
Total short term investments	-	10,000

In order to avoid negative interest rate charged for the Company's residuals at the banks and following the Board's approval the Company started to grant loans to the largest shareholder of the Company, Telia Company AB, for up to 3 months at a zero interest rate. The lent funds are available to the Company on demand within 2 business days. As at 30 September 2022, the total amount of lending to the Parent company amounted to EUR 10 million.

	January – September	
	2023	2022
Borrowings	50,000	-
Short term borrowings	50,000	-
Payables to related parties	2,171	2,054
Accrued expenses to related parties	19	10
Total borrowings, payables and accrued expenses to related parties	2,190	2,064

To ensure sufficient liquidity, in January 2023, the Company had signed an agreement regarding revolving credit facility with Telia Company AB that provides the Company with the possibility to borrow any amount up to total limit of EUR 65 million for 3 or 6 months within 2 business days.

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

Confirmation of responsible persons

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Giedrė Kaminskaitė-Salters, CEO of Telia Lietuva, AB, and Daina Večkytė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, the not audited Interim Financial Statements for the 9 months' period ended 30 September 2023, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit and cash flows of Telia Lietuva, AB.

Giedrė Kaminskaitė-Salters
CEO

Daina Večkytė
Head of Finance

Vilnius, 18 October 2023



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
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