

TELIA LIETUVA, AB

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS' PERIOD ENDED 30 SEPTEMBER 2019
(UNAUDITED)**



Beginning of the financial year	1 January 2019
End of reporting period	30 September 2019
Name of the company	Telia Lietuva, AB (hereinafter – “Telia Lietuva” or “the Company”)
Legal form	public company (joint-stock company)
Date of registration	6 February 1992
Code of enterprise	121215434
LEI code	5299007A0LO7C2YYI075
Name of Register of Legal Entities	State Enterprise Centre of Registers
Registered office	Saltoniškių str. 7A, LT-03501 Vilnius, Lithuania
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Main activities	Integrated telecommunication, IT and TV services to residential and business customers in Lithuania

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MANAGEMENT REPORT

Third quarter of 2019*:

- Total revenue amounted to EUR 100.2 million, an increase by 3.9 per cent over the revenue of EUR 96.4 million in the third quarter of 2018.
- EBITDA, excluding non-recurring items, was EUR 33.4 million, an increase by 1.5 per cent over EBITDA, excluding non-recurring items, of EUR 33.9 million in the third quarter of 2018. Excluding the positive impact from IFRS 16, comparable EBITDA, excluding non-recurring items, fell 7.4 per cent.
- Profit for the period was EUR 13.2 million, down by 17.9 per cent over the profit of EUR 16 million a year ago.

Nine months of 2019*:

- Total revenue amounted to EUR 281.3 million, an increase by 0.6 per cent over the revenue of EUR 279.7 million for the nine months of 2018.
- EBITDA, excluding non-recurring items, was EUR 96.4 million, an increase by 0.8 per cent over EBITDA, excluding non-recurring items, of EUR 95.7 million for January-September of 2018. Excluding the positive impact from IFRS 16, comparable EBITDA, excluding non-recurring items, fell 5 per cent.
- Profit for the period was EUR 37.8 million, down by 8.3 per cent over the profit of EUR 41.2 million a year ago.
- Free cash flow amounted to EUR 43.7 million, an increase by 35.2 per cent over free cash flow of EUR 32.3 million a year ago.

Management comment:

Revenue for the third quarter of 2019 exceeded EUR 100 million and was the highest since the merger of fixed and mobile operations under Telia brand more than two years ago. Nevertheless, we are facing an accelerating decline of fixed voice telephony, tough competition leading to contracting ARPU and total market slowdown, which requires additional efficiency improvement measure to maintain the profitability level.

Unique on the market converged offer "Telia One" that combines fixed and mobile services proved to be a great success. Over the year number of "Telia One" users more than doubled and reached 54 thousand at the end of September 2019.

We observe a growing demand for legal and high-quality TV content. In cooperation with the largest in Lithuania news portal, Delfi, a new local content TV channel, Delfi TV, was launched on our IPTV platform from September 2019. Earlier in May, more than 13 thousand of TVPlay Premium movies and series were offered to our smart TV viewers. Over the year usage of Video-on-Demand service increased by a third, while number of HBO users grew by more than 7 times.

An exclusive content from HBO and TVPlay Premium provided to smart TV service users in combination with "Telia One" offer ensured continuous intake of a new customers. Over the last twelve months:

- number of FTTH Internet customers grew by 6.2 per cent up to 290 thousand,
- number of IPTV users increased by 5.7 per cent up to 240 thousand.

New customers, more premium TV content, growing usage of mobile data and high appetite for modern devices were driving the Company's revenue up. During the nine months of 2019 compared with the same period a year ago:

- revenue from TV services grew by 15.7 per cent,
- revenue from equipment sales went up by 10.6 per cent,
- revenue from IT services increased by 10.5 per cent,
- revenue from mobile services was up by 5.7 per cent.

Continuous investments into both fixed and mobile network bears its fruits: according to the latest measurements of the Communications Regulatory Authority the average speed at Telia 4G network is the highest in Lithuania and reaches 74.2 Mbps. The total investments into network's upgrade during the nine months of 2019 amounted to EUR 29.2 million.

An amount of EUR 8.1 million was allocated for investments into IT systems under business transformation program. In July 2019, migration of residential fixed voice, broadband internet and TV service users to a new Customer Relationship Management (CRM) system based on SAP was completed. The next important step in creating a holistic approach and ensuring the best experience to our customers will be migration of mobile service users to a new integrated CRM system.

In September, we took part in discussion festival "Būtent!" where presented our sustainability agenda topics, organised programming workshops and engineer zone to show how Internet and mobile technologies enhance our everyday life.

*Note: * Introduction of IFRS 16 "Leases" from 1 January 2019 influenced the financial statements for 2019. Comparative information for 2018 has not been restated. See Note 1.*

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

KEY FIGURES OF THE GROUP

Financial figures	January-September		Change (%)
	2019*	2018	
Revenue	281,312	279,707	0.6
EBITDA excluding non-recurring items	96,434	95,675	0.8
EBITDA margin excluding non-recurring items (%)	34.3	34.2	
EBITDA	94,918	94,512	0.4
EBITDA margin (%)	33.7	33.8	
Operating profit (EBIT) excluding non-recurring items	45,140	48,581	(7.1)
EBIT margin excluding non-recurring items (%)	16.0	17.4	
Operating profit (EBIT)	43,624	47,418	(8.0)
EBIT margin (%)	15.5	17.0	
Profit before income tax	41,781	47,353	(11.8)
Profit before income tax margin (%)	14.9	16.9	
Profit for the period	37,762	41,197	(8.3)
Profit for the period margin (%)	13.4	14.7	
Earnings per share (EUR)	0.065	0.071	
Number of shares (thousand)	582,613	582,613	-
Share price at the end of period (EUR)	1.170	1.130	3.5
Market capitalisation at the end of period	681,657	658,353	3.5
Cash flow from operations	109,331	77,033	41.9
Operating free cash flow	43,722	32,348	35.2
Operating figures	30-09-2019	30-09-2018	Change (%)
Mobile service subscriptions, in total (thousand)	1,339	1,398	(4.2)
- Post-paid (thousand)	1,059	1,120	(5.4)
- Pre-paid (thousand)	280	278	0.7
Broadband Internet connections (excl. Wi-Fi), in total (thousand)	415	409	1.5
- Fiber-optic (FTTH/B) (thousand)	290	273	6.2
- Copper (DSL) (thousand)	125	136	(8.1)
Fixed telephone lines in service (thousand)	309	372	(16.9)
IPTV service customers, in total (thousand)	240	227	5.7
Number of personnel (head-counts)	2,386	2,703	(11.7)
Number of full-time employees	2,176	2,452	(11.3)
Financial ratios**	30-09-2019*	30-09-2018	
Return on capital employed (%)	13.1	13.5	
Return on average assets (%)	10.1	10.9	
Return on shareholders' equity (%)	16.3	18.2	
Operating cash flow to sales (%)	36.8	29.6	
Capex to sales (%)	14.5	18.8	
Net debt to EBITDA ratio	1.03	1.16	
Gearing ratio (%)	42.5	48.1	
Debt to equity ratio (%)	48.4	55.0	
Current ratio (%)	108.4	121.2	
Rate of turnover of assets (%)	64.7	67.8	
Equity to assets ratio (%)	52.0	54.8	
Price to earnings (P/E) ratio	13.3	11.9	

Notes: * Introduction of IFRS 16 "Leases" from 1 January 2019 influenced the financial statements for 2019. Comparative information for 2018 has not been restated. See Note 1.

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

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

Breakdown of revenue by services	July-September		Change (%)	January-September		Change (%)
	2019	2018		2019	2018	
Fixed services	44,332	45,066	(1.6)	126,901	136,130	(6.8)
Voice telephony services	13,484	15,765	(14.5)	35,718	47,331	(24.5)
Internet services	14,127	14,471	(2.4)	42,380	43,532	(2.6)
Data communication and network capacity services	4,656	4,803	(3.1)	14,038	14,297	(1.8)
TV services	7,827	6,427	21.8	22,502	19,455	15.7
IT services	2,945	2,556	15.2	8,308	7,517	10.5
Other services	1,293	1,044	23.9	3,955	3,998	(1.1)
Mobile services	33,316	31,440	6.0	94,929	89,780	5.7
Billed services	26,713	25,467	4.9	77,910	73,686	5.7
Other mobile service	6,603	5,973	10.5	17,019	16,094	5.7
Equipment	22,547	19,929	13.1	59,482	53,797	10.6
Total	100,195	96,435	3.9	281,312	279,707	(0.6)

REVENUE

The **total consolidated revenue** in July-September of 2019 amounted to EUR 100.2 million and was by 3.9 per cent higher than revenue of EUR 96.4 million for the third quarter of 2018 as revenue from mobile communication, television, IT and equipment sales continued to grow.

The total revenue for the nine months of 2019 increased by 0.6 per cent over the total revenue of EUR 279.7 million a year ago and amounted to EUR 281.3 million. Over the year, total revenue for January-September of 2019 excluding revenue from low margin voice transit services went up by 3.5 per cent.

Share of revenue from fixed and mobile communication services amounted to 45.1 and 33.8 per cent, respectively, from the total revenue for the nine months of 2019. Share of revenue from equipment sales was 21.1 per cent.

Revenue from services provided to residential customers amounted to 59.5 per cent, to business customers – 38.7 per cent and others – 1.8 per cent of the total revenue for the nine months of 2019.

Over the last twelve months, the total number of “Telia One”, a converged offer that gives more value – higher speed, more data and more TV content – to those who have both fixed and mobile services of Telia Lietuva, customers more than doubled and by the end of September 2019 reached 54 thousand (almost 25 thousand a year ago).

In the first quarter of 2019, the Company changed treatment of active **mobile** service user and took off 114 thousand of post-paid mobile service users from the total number of mobile subscriptions. As a result, during January-September of 2019, despite intake of a new customer (47 thousand) the number of post-paid mobile communication service users decreased by 67 thousand, while the number of pre-paid service users increased by 17 thousand. Over the last twelve months, the number of post-paid service users went down by 61 thousand, while the number of pre-paid service users went up by 2 thousand. Over the year, the total number of active mobile subscriptions decreased by 59 thousand.

Nevertheless, the growing usage of mobile data has driven the billed revenue from mobile services up by 4.9 per cent for the third quarter of 2019 and by 5.7 per cent for the nine months of 2019 over the same periods a year ago.

Revenue from **other mobile services** include revenue from the Company’s mobile network interconnections as well as roaming charges to country visitors and other network services. Compared with the previous year, revenue from roaming charges to country visitors alone during the nine months of 2019 increased by 17.8 per cent. After elimination of roaming charges in the EU from 15 June 2017 the Company has observed an increasing data usage by Lithuania’s visitors from more than 110 countries that use Telia Lietuva mobile network for Internet access.

On 15 May 2019, European Electronic Communications Code (EERC) came into force and laid down new regulatory rules for European telecommunications companies. This Code establishes that the maximum price for calls and SMS

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between EU countries may not exceed 19 cents per call minute and 6 cents per SMS (excluding VAT), which means that tariffs for those, who call and text SMS to other EU and EEA countries, decreased by as much as 80 percent.

During January–September of 2019, the number of fixed telephone lines in service eased by 45 thousand and over the last twelve months – by 63 thousand. Over the year, the total retail fixed voice telephony traffic decreased by 15.3 per cent. As a result, revenue from retail **voice telephony** services for the nine months of 2019 went down by 16.6 per cent. During January–September of 2019 revenue from low margin voice transit service went down by 33.2 per cent, over the same revenue a year ago, pushing down the total revenue from fixed voices telephony services by 24.5 per cent.

During the third quarter of 2019, revenue from retail fixed voice telephony services decreased by 15.9 per cent, while revenue from voice transit services went down by 12.6 per cent, compared with the third quarter of 2018. The total revenue from fixed voice telephony services for the third quarter of 2019, compared with the same quarter a year ago, eased by 14.5 per cent.

During the nine months of 2019, the number of fixed **broadband Internet access** users over fiber-optic network using FTTH/B technologies increased by 13 thousand, while number of broadband Internet service users over the copper DSL connections eased by 7 thousand. The total net increase in number of retail broadband Internet (excluding Wi-Fi and wholesales) access users was 6 thousand.

Over the last twelve months, the total number of retail broadband Internet (excluding Wi-Fi and wholesales) access users increased by 6 thousand. The number of Internet connections over the fiber-optic network increased by 17 thousand and reached 290 thousand at the end of September 2019, while the number of copper DSL connections eased by 11 thousand to 125 thousand. By the end of the third quarter of 2019, the number of Internet connections over the fiber-optic access network amounted to almost 70 per cent of all 415 thousand retail broadband Internet (excluding Wi-Fi and wholesales) connections.

In January 2018, the Company introduced “Super VDSL” (S-VDSL) technology, which depending on the length of the copper line connecting the Company’s exchange and end equipment provides up to 250 Mbps Internet speed. By the end of September 2019, almost 20 thousand of Internet connections over the copper line were already migrated from traditional DSL to S-VDSL technology and more than 47 thousand could be potentially migrated.

In 2019, the Company started to upgrade customer-premises equipment (CPE). The priority was given to customers, whose equipment was replaced the longest time ago. The plan was to replace equipment used by both DSL and fiber-optic Internet customers. New modem ensures Wi-Fi connectivity on 2.4 GHz and 5 GHz frequency bands, thus Wi-Fi at home will be even faster and more stable, with less interference from surrounding Wi-Fi networks.

Compared with the same periods in 2018, revenue from **data communication** services alone during the third quarter and the nine months of 2019 decreased by 3.2 and 4 per cent, respectively. Revenue from **network capacity** services alone for July–September of 2019 went down by 2.8 but for nine months of 2019 was up by 1.3 per cent.

During January–September of 2019, the number of smart **television** (IPTV) service users increased by 10 thousand, while over the year it grew by 13 thousand and by the end of September 2019 amounted to 240 thousand.

In September 2018, the Company terminated the provision of digital terrestrial television (DVB-T). Majority of DVB-T users migrated to IPTV over the cable or IPTV over LTE service. IPTV over LTE 4G network as a substitute to outdated DVB-T service in remote or rural areas where cable network is not accessible was launched in June 2018.

From May 2019, smart TV service besides HBO programming features TVPlay Premium production – more than 13 thousand movie and series in Lithuanian and other languages for a monthly fee of EUR 6.90. Telia smart TV subscribers at the same time as the rest of the world were able to enjoy the acclaimed HBO premier of this year – last episodes of Game of Thrones, miniseries Chernobyl and Catherine the Great.

In September 2019, TV channel created by the largest Lithuanian news portal, Delfi TV, and providing exclusively local content was launched on the Company’s IPTV platform. Earlier Delfi TV was broadcasted only over the Internet.

Revenue from **IT services** is generated from the data center, information system management and web-hosting services provided to local and multinational enterprises.

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

In September 2019, the Company signed an agreement with Kaunas Municipality for installation and maintenance of not less than 234 video surveillance cameras in 31 location in Kaunas city for a total amount of EUR 700 thousand. Kaunas joined the list of other 11 Lithuanian cities where Telia Lietuva has implemented or is implementing video surveillance systems.

Gain or loss from sale of property, plant and equipment, as well as gain or loss on currency exchange is recorded at net value as **other gain (loss)**. During the nine months of 2018, the non-recurring gain from sales of property amounted to EUR 424 thousand.

MARKET INFORMATION

According to the Reports of the Communications Regulatory Authority (CRA), the Lithuanian electronic communications market in terms of revenue in the second quarter of 2019 increased by 1.3 per cent compared with the first quarter of 2019 or by 0.5 per cent compared with the second quarter of 2018 and amounted to EUR 175 million.

The total market revenue for the first half of 2019 amounted to EUR 348 million, an increase by 1.6 per cent over the total market revenue of EUR 343 million for the first half of 2018.

Telia Lietuva remains the largest telecommunications' service provider in Lithuania with the market share (in term of revenue) of 38.5 per cent for the second quarter of 2019, an increase by 0.14 percentage point over the market share for the first quarter of 2019.

	The market shares in terms of customers (%)		The market shares in terms of revenue (%)	
	Q2 2019	Change (p.p.) (y-o-y)	Q2 2019	Change (p.p.) (y-o-y)
Fixed voice telephony services	82.0	(2.7)	87.6	(3.1)
Mobile voice telephony services	27.6	(2.0)	27.0	(0.5)
Fixed Internet access	52.1	0.2	59.8	(1.1)
Mobile Internet access	28.1	(0.9)	27.9	(1.5)
Pay-TV services	35.3	0.4	42.4	1.7
Data communication services	n/a	n/a	64.0	(2.2)

According to the Report of the CRA, on 30 June 2019, broadband Internet penetration per 100 residents of Lithuania was 49.2 per cent (45.4 per cent a year ago) and pay-TV penetration per 100 households was 50.1 per cent (52 per cent a year ago). The penetration of active mobile voice communication users per 100 residents was 130.8 per cent (133.8 per cent a year ago) and penetration of fixed voice telephony lines per 100 households – 28.1 per cent (33.2 per cent a year ago).

OPERATING EXPENSES

During July-September of 2019, **cost of goods and services** increased by 8.6 per cent over the cost of goods and services for the same period a year ago, due to higher equipment sale volumes and higher content costs. Nevertheless, cost of goods and services for the nine months of 2019 were 2.1 per cent lower than the same cost for January-September of 2018 mainly due to lower transit traffic volumes.

Operating expenses (excluding cost of goods and services, and non-recurring items) for the third quarter of 2019 were 4 per cent higher than operating expenses in July-September of 2018, and operating expenses for the nine months of 2019 were 4.7 per cent higher than a year ago due to higher both employee-related and other expenses in 2019.

Employee-related expenses (excluding one-time redundancy pay-outs) during July-September of 2019 increased by 13.9 per cent over employee-related expenses (excluding one-time redundancy pay-outs) for the third quarter of 2018. Employee-related expenses (excluding one-time redundancy pay-outs) for the nine months of 2019 were 3.9 per cent higher than a year ago. During July-September of 2019, the Company had non-recurring redundancy charge

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that amounted to EUR 0.2 million (EUR 0.9 million a year ago). For the nine months of 2019 non-recurring redundancy charge amounted to EUR 1.5 million (EUR 1.6 million in 2018).

On 4 April 2019, the Company announced that to increase the efficiency and create a leaner structure of the Company the number of Telia Lietuva full-time employees during 2019 will be reduced by 285, while Telia Global Services Lithuania, a subsidiary of Telia Company operating in Vilnius, will expand with new job offerings and will reach 500 employees by the end of 2019. On 1 January 2019, the Company had already transferred 26 employees of its Human Resource unit (People HUB) to Telia Global Services Lithuania (TGSL) and 15 employees of Procurement unit were transferred to TGSL on 1 July 2019. In September 2019, 36 employees from Technology unit were outsourced to the third party.

During the third quarter of 2019, the total **number of employees** (headcount) decreased by 101 (mainly in Technology unit), and over the last twelve months, the total number of Telia Lietuva Group employees decreased by 317 – from 2,703 to 2,386. In terms of full-time employees (FTE), the total number of Telia Lietuva Group employees during July-September of 2019 contracted by 87, while over the last twelve months the total number of FTE decreased by 276 from 2,452 to 2,176.

Other expenses for the third quarter of 2019 were 4.5 per cent lower than other expenses a year ago, while other expenses for the nine months of 2019 were 5.6 per cent higher than expenses in 2018 due to higher marketing expenses, increased electricity tariffs and IT costs.

EARNINGS

EBITDA excluding non-recurring items for the third quarter of 2019 amounted to EUR 33.4 million, a decline by 1.5 per cent over EBITDA excluding non-recurring items for the same period in 2018 when it amounted to EUR 33.9 million. EBITDA excluding non-recurring items margin for the third quarter of 2019 was 33.3 per cent, while a year ago it was 35.2 per cent. Comparable EBITDA, excluding non-recurring items and positive impact from IFRS 16, over the year fell 7.4 per cent.

EBITDA excluding non-recurring items for the nine months of 2019 amounted to EUR 96.4 million and was by 0.8 per cent higher than EBITDA excluding non-recurring items for the same period in 2018 when it amounted to EUR 95.7 million. EBITDA excluding non-recurring items margin for the nine months of 2019 stood at 34.3 per cent, while a year ago it amounted to 34.2 per cent. Comparable EBITDA, excluding non-recurring items and positive impact from IFRS 16, over the last 12 months fell 5 per cent.

EBITDA including non-recurring items in July-September of 2019 was EUR 33.2 million and was by 0.5 per cent higher than a year ago, when EBITDA including non-recurring items amounted to EUR 33 million. EBITDA including non-recurring items margin in July-September of 2019 was 33.1 per cent (34.3 per cent a year ago).

EBITDA including non-recurring items for the nine months of 2019 was EUR 94.9 million, an increase by 0.4 per cent over EBITDA including non-recurring items of EUR 94.5 million for the same period in 2018. EBITDA including non-recurring items margin in January-September of 2019 amounted to 33.7 per cent (33.8 per cent a year ago).

Depreciation, amortisation and impairment charges for the third quarter of 2019 increased by 10 per cent over the depreciation, amortisation and impairment charges a year ago, and in July-September of 2019 amounted to 17.3 per cent of the total revenue (16.4 per cent a year ago). An increase in mainly due to introduction of IFRS 16 “Leases” from 1 January 2019.

Depreciation, amortisation and impairment charges for the nine months of 2019 over the depreciation, amortisation and impairment charges a year ago went up by 8.9 per cent, and for the nine months of 2019 amounted to 18.2 per cent of the total revenue (16.8 per cent a year ago).

Because of increased depreciation and amortisation charges **operating profit (EBIT) excluding non-recurring items** for the third quarter of 2019 was 11.6 per cent lower than operating profit (EBIT) excluding non-recurring items for the same period in 2018, and the margin amounted to 16 per cent (18.8 per cent in 2018).

Operating profit (EBIT) excluding non-recurring items for the nine months of 2019 was 7.1 per cent lower than operating profit (EBIT) excluding non-recurring items for the same period in 2018, and the operating profit excluding non-recurring items margin was 16 per cent (17.4 per cent a year ago).

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Operating profit (EBIT) including non-recurring items for July-September of 2019 decreased by 8.3 per cent over operating profit (EBIT) including non-recurring items for the third quarter of 2018. Operating profit including non-recurring items margin stood at 15.8 per cent (17.9 per cent in 2018).

Operating profit (EBIT) including non-recurring items for the nine months of 2019 decreased by 8 per cent over operating profit (EBIT) including non-recurring items for the nine months of 2018. Operating profit including non-recurring items margin was 15.5 per cent (17 per cent a year ago).

Loss from investments represent result from activities of associated entity, UAB Mobilieji Mokėjimai, established by three Lithuanian mobile operators – Bitė, Tele2 and Telia – for provision of instant payment service. Payments using MoQ application are accepted in more than 1,500 places including shops at the largest shopping malls, cafes and majority of on-line shops in Lithuania. In July 2019, the number of MoQ users exceed more than 100 thousand.

Net result from finance and investment activities in January-September of 2019 was negative and amounted to EUR 1.8 million (a year ago it was also negative and amounted to EUR 65 thousand).

Profit before income tax for the third quarter of 2019 was down by 12.7 per cent and amounted to EUR 15 million (profit before income tax for the same period a year ago was EUR 17.2 million), and profit before income tax for the nine months of 2019 went down by 11.8 per cent and amounted to EUR 41.8 million (profit before income tax for the same period in 2018 was EUR 47.4 million).

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 nine months of 2019 amounted to EUR 1.4 million (in 2018 – EUR 1.6 million). **Income tax expenses** for the nine months of 2019 were 34.7 per cent lower than income tax expenses a year ago.

Profit for the period in July-September of 2019 amounted to EUR 13.2 million, a decrease by 17.9 per cent over profit of EUR 16 million for the same period in 2018. The profit margin stood at 13.1 per cent while profit margin a year ago was 16.6 per cent.

Profit for the nine months' period of 2019 amounted to EUR 37.8 million, a decline by 8.3 per cent over profit of EUR 41.2 million a year ago. The profit margin was 13.4 per cent while profit margin a year ago reached 14.7 per cent.

FINANCIAL POSITION AND CASH FLOW

Due to introduction of IFRS 16 "Leases" from 1 January 2019 the audited Statement of Financial Position as of 31 December 2018 was restated and starting from 1 January 2019 new items on the balance sheet such as "Right-of-use-asset", "Finance lease receivables" and "Lease liabilities" were created. As a result, the restated total assets as of 1 January 2019 were by EUR 31.3 million higher than audited total assets as of 31 December 2018.

During the nine months of 2019, restated **total assets** increased by 0.5 per cent. Total **non-current assets** increased by 2.7 per cent and amounted to 77.6 per cent of total assets. Total **current assets** decreased by 6.4 per cent mainly due to decrease in cash and amounted to 22.1 per cent of total assets, whereof cash alone represented 3 per cent of total assets.

During January-September of 2019, **shareholders' equity** decreased by 2.8 per cent due to dividend payment, and at the end of September 2019 amounted to 52 per cent of total assets.

On 26 April 2019, the Annual General Meeting of Shareholders allocated an amount of EUR 46.6 million for payment of **dividends** for the year 2018 from the Company's distributable profit of EUR 131.6 million, i. e. EUR 0.08 dividend per share, and carried forward to the next financial year an amount of EUR 85 million as retained earnings (undistributed profit). In May 2019, dividends for the year 2018 were paid to the shareholders of the Company.

During the nine-months of 2019, the Company repaid EUR 22.5 million from the EUR 150 million long-term bank loan. In May 2019, the Company used the option to extend the term of 5-years' syndicated bank loan of EUR 60 million granted in 2017 for an extra two years, i.e. till May 2024. The full amount of the loan shall be repaid on maturity.

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Also, in May 2019, the Company signed a new Revolver Loan Agreement with the largest shareholder of the Company, Telia Company AB, that provides a short-term credit facility for up to EUR 20 million. The Agreement is for two years.

At the end of September 2019, the total amount of **borrowings** amounted to EUR 150.5 million (EUR 168.5 million a year ago), whereof EUR 105 million were loans from banks, EUR 5 million was a short-term internal loan from Telia Company, EUR 37.9 million – obligations under vendor financing arrangements and EUR 2.6 million – obligation under financial lease agreements.

As of 30 September 2019, the net debt amounted to EUR 132.3 million (EUR 147.3 million a year ago) and net debt to equity (Gearing) ratio was 42.5 per cent (48.1 per cent at the end of September 2018).

Net **cash flow from operating activities** for the nine months of 2019 was 41.9 per cent higher than cash flow for same period in 2018. **Operating free cash flow** (operating cash flow excluding capital investments) in January-September of 2019 was 35.2 per cent higher than a year ago and amounted to EUR 43.7 million.

During January-September of 2019, the total **capital investments** amounted to EUR 42.5 million and were 8.8 per cent lower than capital investments of EUR 46.6 million a year ago. Most of capital investments (EUR 19.5 million or 46 per cent) went to upgrade of the core fixed network and development of fiber-optic access network. An amount of EUR 9.7 million was invested into development of mobile network, EUR 8.1 million – into development of IT systems under ongoing business transformation program (migration of customers, finance and business management systems into SAP) and EUR 5.3 million were other investments including investments into a new head-office.

During the nine months of 2019, the Company installed and launched 489 new LTE 4G base stations in existing and 36 new locations and now has a network of 3,301 4G base stations in 1,396 locations across Lithuania. According to the latest data of the Communications Regulatory Authority (CRA), 4G mobile telecommunications service of the Company is available in 99 per cent of populated areas in Lithuania and the current average 4G speed in the Telia Lietuva network amounts to 74.2 Mbps.

By the end of September 2019, the Company had 924 thousand households passed (906 thousand a year ago), or 64 per cent of the country's households, by the fiber-optic network.

Cash and cash equivalents during the nine months of 2019 contracted by EUR 10.5 million.

SHARE CAPITAL AND SHAREHOLDERS

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

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

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

Information about **trading in Telia Lietuva shares** on Nasdaq Vilnius stock exchange in January-September of 2019:

Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover (units)	Turnover
EUR	1.110	1.225	1.095	1.170	1.154	3,772,182	4,352,556

The Company's **market capitalisation** as on 30 September 2019 was EUR 681.7 million, an increase by 3.5 per cent over the market capitalisation of EUR 658.4 million a year ago.

The number of **shareholders** on the shareholders' registration day (18 April 2019) for the Annual General Meeting of Shareholders, which was held on 26 April 2019, was 10,968.

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

Shareholders, holding more than 5 per cent of the share capital and votes, as on 30 September 2019:

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

OTHER MATERIAL INFORMATION

On 26 April 2019, the Annual General Meeting decided to approve the audited annual consolidated and separate financial statements of the Company for the year 2018. The consolidated annual report of the Company for the year 2018, prepared by the Company, assessed by the auditors and approved by the Board, was presented to the shareholders. The shareholders decided to allocate from the Company's distributable profit of EUR 131,617 thousand an amount of EUR 46,609 thousand for the payment of dividends for the year 2018, i.e. EUR 0.08 dividend per share, and carry forward to the next financial year an amount of EUR 85,008 thousand as retained earnings (undistributed profit).

As from 1 April 2019 the Company has moved to a new headquarters at Saltoniškių str. 7A in Vilnius, the General Meeting decided to change the registered office of the Company to Saltoniškių str. 7A, LT- 03501 Vilnius, Lithuania.

To streamline Telia Lietuva Group structure, the General Meeting approved the preparation of reorganisation terms, under which Telia Customer Service LT, AB would be merged into Telia Lietuva, AB. The Contact Centers of Telia Customer Service LT, a subsidiary of the Company, from 1 February 2017 are taking care of solely Telia Lietuva' customers and are not providing services to external customers except Directory Inquiry service 118. In April 2019, Telia Customer Service LT, UAB changed its legal form from closed joint-stock company into joint-stock company. After change of legal form, the company operates as Telia Customer Service LT, AB. Telia Lietuva owns a 100 per cent stake in Telia Customer Service LT, AB.

By April 2019, the Company has moved its head-office in Vilnius from Lvovo str. 25 to Saltoniškių str. 7. More than 1,000 employees of the Company settled in a six-story and more than 15 thousand sq. m building in a block of modern offices. Before that the Company's employees in Vilnius were spread out in six different locations. The new head-office is developed following the international BREEAM certificate requirement with the aim to minimise building's impact on environment. Telia Lietuva new office uses 40 per cent less energy, 55 per cent less water and emits 46 per cent less CO2 compared to typical office buildings. Besides, at least 10 per cent of the required energy is generated by solar panels installed on the roof. In addition, rainwater collected into special tanks is used in the sanitary units of the building. The Company invested EUR 5 million into improvement of employee's well-being.

On 4 April 2019, the Company announced that to increase the efficiency and create a leaner structure of the Company the number of Telia Lietuva employees during 2019 will be reduced by 285, while Telia Global Services Lithuania, a subsidiary of Telia Company operating in Vilnius, will expand with new job offerings and will reach 500 employees by the end of this year. These changes will contribute to the ongoing business digitalisation programme and the outsourcing of some functions.

On 1 July 2019, 15 employees of the Company working at Procurement unit were transferred to Telia Global Services Lithuania, UAB, a shared service center of Telia Company Group in Vilnius.

MEMBERS OF THE MANAGING BODIES

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

As the two-year's term of the Board terminated on 27 April 2019, the Annual General Meeting, held on 26 April 2019, re-elect all member of the Board for a new two-year's term of the Board.

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

The shareholders also decided to allocate for two independent members of the Board – Tomas Balžekas and Mindaugas Glodas – the total amount of EUR 31,280, or EUR 15,640 each, as a tantiemes (annual payment) for the year 2018.

On 5 June 2019, the Board has re-elected Emil Nilsson as a Chair of the Board and appointed members of the Audit and Remuneration Committees. Both independent members of the Board – Tomas Balžekas and Mindaugas Glodas, and member of the Board, Agneta Wallmark, were appointed to the Audit Committee for the two-years' term but in any case, not longer than their membership in the Board. Agneta Wallmark was elected as the Chair of the Audit Committee. Members of the Board – Emil Nilsson and Claes Nycander, and independent member of the Board, Mindaugas Glodas, were appointed to the Remuneration Committee for the two-years' term but in any case, not longer than their membership in the Board. Emil Nilsson was elected as the Chair of the Remuneration Committee.

Members of the Board as of 30 September 2019:

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

All members of the Board are regarded as non-executive members of the Board, and Tomas Balžekas and Mindaugas Glodas are regarded as independent members of the Board. Information about participation of the members of the Company's Board in activities of other entities is provided at the Company's webpage www.telia.lt.

Following the implementation of the new organizational structure of the Company as of 1 January 2019, whereby a new Direct and Digital Channels unit was formed, and Marketing and Communications functions were split, Birutė Eimontaitė was appointed as a Head of Communication from 1 January 2019 and Giedrė Kaminskaitė-Salters became a Head of Direct and Digital Channels from 8 January 2019. Previously Birutė Eimontaitė led a team of Integrated communication while Giedrė Kaminskaitė-Salters was a Head of Legal and Corporate Affairs unit.

A new unit of Direct and Digital Channels from 1 January 2019 unites specialists of direct customer care, digital channels and sales support from the Business to Consumers (B2C) and Business to Business (B2B) units as well as specialists of service implementation from the Technology unit. This helps to create a holistic approach to customer experience and facilitate digitisation.

On 24 January 2019, the Board appointed Daiva Kasperavičienė, Senior Counsel and Head of Privacy Office, as a new Head of Legal and Corporate Affairs unit of the Company.

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

On 8 March 2019, the Board appointed Arūnas Lingė as a new Head of Finance from 25 March 2019 to substitute Laimonas Devyžis, who after four-years of leading the Finance unit decided to leave the Company. His decision was communicated in December 2018.

On 21 March 2019, the Company announced that Mindaugas Ubartas, Head of Business to Business (B2B) and acting Head of Business to Consumer (B2C), decided to leave the Company from 12 April 2019. In June 2019, the Board appointed Daniel Karpovič, Head of Segment and Product Management, as a new Head of Business to Business (B2B) from 6 June 2019, and Nortautas Luopas as a new Head of Business to Consumers (B2C) from August 2019.

Management Team as of 30 September 2019:

Name, surname	Position in the Company	Involvement into activities of other entities	Ownership of the Company's shares
Dan Strömberg	CEO	Tet SIA (Latvia), Deputy Chair of the Supervisory Council; Association Investors' Forum (Lithuania), member of the Board	-
Daniel Karpovič	Head of B2B	-	-
Nortautas Luopas	Head of B2C	-	-
Giedrė Kaminskaitė-Salters	Head of Direct and Digital Channels	LMT SIA (Latvia), member of the Supervisory Council & Audit Committee; UAB Litexpo (Lithuania), Chair of the Board; UAB Mobilieji Mokėjimai (Lithuania), member of the Board; Association Lyderė (Lithuania), member of the Board	-
Andrius Šemeškevičius	Head of Technology	-	8,761 shares or 0.0015% of the total number of shares and votes
Arūnas Lingė	Head of Finance	-	-
Ramūnas Bagdonas	Head of People & Engagement	Association of Personnel Management Professionals (Lithuania), member of the Board; State Enterprise Lithuanian Airports (Lithuania), member of the Board	-
Daiva Kasperavičienė	Head of Legal and Corporate Affairs	-	-
Birutė Eimontaitė	Head of Communication	-	-
Vytautas Bučinskas	Head of Business Assurance & Transformation	Member of the Cyber Security Council (Lithuania); Association INFOBALT (Lithuania), Deputy Chairman of Cybersecurity Group	-

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	July-September		January-September	
		2019*	2018	2019*	2018
Revenue		100,195	96,435	281,312	279,707
Cost of goods and services		(42,504)	(39,124)	(109,423)	(111,752)
Employee-related expenses		(12,464)	(11,645)	(39,878)	(38,509)
Other expenses		(12,035)	(12,600)	(37,279)	(35,294)
Other gain/ (loss) - net		12	(22)	186	360
Depreciation, amortisation and impairment of fixed assets	2	(17,373)	(15,788)	(51,294)	(47,094)
Operating profit		15,831	17,256	43,624	47,418
Gain/loss from investments in subsidiaries		(329)	-	(1,029)	-
Finance income		797	507	2,169	1,660
Finance costs		(1,274)	(562)	(2,983)	(1,725)
Finance and investment activities – net		(806)	(55)	(1,843)	(65)
Profit before income tax		15,025	17,201	41,781	47,353
Income tax	6	(1,874)	(1,184)	(4,019)	(6,156)
Profit for the period		13,151	16,017	37,762	41,197
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		13,151	16,017	37,762	41,197
Profit and comprehensive income attributable to:					
Owners of the Parent		13,151	16,017	37,762	41,197
Minority interests		-	-	-	-
Earnings per share for profit attributable to the equity holders of the Company (expressed in euro per share)	7	0.023	0.027	0.065	0.071

Note: * Introduction of IFRS 16 "Leases" from 1 January 2019 influenced the financial statements for 2019. Comparative information for 2018 has not been restated. See Note 1.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 September 2019	1 January 2019 (restated)*	31 December 2018
ASSETS				
Non-current assets				
Property, plant and equipment	2	268,278	276,537	276,537
Intangible assets	2	133,098	131,511	131,511
Right-of-use-asset	2	48,612	28,999	-
Cost to obtain a contract (non-current)		4,651	5,175	5,175
Other contract assets (non-current)		556	530	530
Trade and other receivables		6,294	8,704	8,704
Finance lease receivables		2,993	793	-
		464,482	452,249	422,457
Current assets				
Inventories		10,646	8,182	8,182
Other current contract assets		1,421	1,352	1,352
Trade and other receivables		99,341	101,566	101,566
Finance lease receivables		2,690	1,523	-
Cash and cash equivalents		18,189	28,725	28,725
		132,287	141,348	139,825
Assets held for sale		1,598	1,823	1,823
Total assets		598,367	595,420	564,105
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	4	168,958	168,958	168,958
Legal reserve		16,896	16,896	16,896
Retained earnings		125,258	134,105	133,922
Total equity		311,112	319,959	319,776
LIABILITIES				
Non-current liabilities				
Borrowings		76,698	99,753	99,753
Non-current lease liabilities		47,383	22,950	-
Deferred tax liabilities		21,068	21,081	21,049
Deferred revenue and accrued liabilities		9,178	8,104	8,104
Provisions	5	10,923	10,934	10,934
		165,250	162,822	139,840
Current liabilities				
Trade, other payables and accrued liabilities		41,346	43,988	43,988
Current income tax liabilities		339	2,024	2,024
Borrowings		73,770	58,365	58,365
Other current contract liabilities		131	75	75
Current lease liabilities		6,419	8,150	-
Provisions	5	-	37	37
		122,005	112,639	104,489
Total liabilities		287,255	275,461	244,329
Total equity and liabilities		598,367	595,420	564,105

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2018	168,958	16,896	120,005	305,859
Net profit	-	-	41,197	41,197
Total comprehensive income for the period	-	-	41,197	41,197
Dividends paid for 2017			(40,783)	(40,783)
Balance at 30 September 2018	168,958	16,896	120,419	306,273
Balance at 1 January 2019*	168,958	16,896	134,105	319,959
Net profit	-	-	37,762	37,762
Total comprehensive income for the period	-	-	37,762	37,762
Dividends paid for 2018			(46,609)	(46,609)
Balance at 30 September 2019	168,958	16,896	125,258	311,112

Note. * Due to IFRS 16 "Leases" effective for periods beginning on or after 1 January 2019, Financial Position for 1 January 2019 is restated in line with IFRS 16. As a result, retained earnings as of 1 January 2019 increased by EUR 183 thousand over retained earnings as of 31 December 2018.

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

CONSOLIDATED STATEMENT OF CASH FLOW

	January-September	
	2019*	2018
Operating activities		
Profit for the period	37,762	41,197
Income tax	4,019	6,156
Depreciation, amortisation and impairment of fixed assets	51,294	47,094
Other gains and losses	(186)	(360)
Interest income	(1,475)	(137)
Interest expenses	2,475	1,279
Other non-cash transactions	-	-
Changes in working capital:		
Inventories	(2,239)	2,089
Trade and other receivables	2,141	8,005
Trade, other payables and accrued liabilities	22,397	(22,279)
Cash generated from operations	116,185	83,044
Interest paid	(2,538)	(904)
Interest received	1,475	137
Tax paid	(5,791)	(5,244)
Net cash from operating activities	109,331	77,033
Investing activities		
Purchase of property, plant and equipment (PPE) and intangible assets, right-of-use assets (RoU)	(73,849)	(45,028)
Proceeds from disposal of PPE and intangible assets, RoU	8,240	-
Acquisition/divestment of subsidiaries	-	343
Net cash used in investing activities	(65,608)	(44,685)
Financing activities		
Repayment of borrowings	(45,904)	(23,723)
Borrowings	38,254	30,238
Dividends paid to shareholders of the Company	(46,609)	(40,783)
Net cash used in financing activities	(54,259)	(34,268)
Increase (decrease) in cash and cash equivalents	(10,536)	(1,920)
Movement in cash and cash equivalents		
At the beginning of the year	28,725	23,166
Increase (decrease) in cash and cash equivalents	(10,536)	(1,920)
At the end of the period	18,189	21,246

Note: * Introduction of IFRS 16 "Leases" from 1 January 2019 influenced the financial statements for 2019. Comparative information for 2018 has not been restated. See Note 1.

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

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The consolidated interim financial statements for the nine months' period ending 30 September 2019 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 2018.

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

Financial statements for the period ended 30 September 2019 are not audited. Financial statements for the year ended 31 December 2018 are audited by the external auditor UAB Deloitte Lietuva.

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

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

2 Property, plant and equipment and intangible assets

	Property, plant and equipment	Intangible assets
Nine months ended 30 September 2018		
Opening net book amount as at 31 December 2017	290,435	122,401
Additions	26,996	22,528
Disposals and retirements	(182)	-
Reclassification	8	(18)
Depreciation and amortisation charge	(37,892)	(9,205)
Closing net book amount as at 30 September 2018	279,365	135,706
Nine months ended 30 September 2019		
Opening net book amount as at 31 December 2018	276,537	131,511
Additions	34,452	8,039
Disposals and retirements	(2,577)	-
Reclassification	(5,807)	5,807
Depreciation and amortisation charge	(34,326)	(12,258)
Closing net book amount as at 30 September 2019	268,278	133,098

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

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

	<u>Right-of-use-asset</u>
Nine months ended 30 September 2019*	
Opening net book amount as at 1 January 2019*	28,999
Additions	30,431
Disposals and retirements	(6,293)
Reclassification	186
Depreciation and amortisation charge	<u>(4,711)</u>
Closing net book amount as at 30 September 2019	<u>48,612</u>

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

3 Investments in subsidiaries and associates

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

Name	Country of incorporation	Ownership interest in %		Profile
		30 September 2019	31 December 2018	
Telia Customer Service LT, AB	Lithuania	100%	100%	The subsidiary provides Directory Inquiry Service 118 and customer care services to customers of the Company.
VšĮ Numerio Perkėlimas	Lithuania	50%	50%	A non-profit organization established by Lithuanian telecommunications operators administers central database to ensure telephone number portability.
UAB Mobilieji Mokėjimai	Lithuania	33.3%	33.3%	An associated company is equally owned by three Lithuanian telecommunications operators and is engaged in development of instant payment platform.

4 Share capital

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

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

5 Provisions

Provisions movement during January–September 2019:

	Provision for restructuring	Assets retirement obligation	Total
Opening net book amount at 31 December 2018	37	10,934	10,971
Additions	1,516	-	1,516
Used provisions	(1,553)	(11)	(1,564)
Closing net book amount at 30 September 2019	-	10,923	10,923

The restructuring provision comprises of compensation to employees due to the restructuring plan approved by the Company.

The Company leases land for the construction of mobile stations. Upon expiry of the lease term the mobile stations should be disassembled, and land restored so that it could be returned to the land owner in a condition it was before the lease. Similarly, the Company has telecommunication equipment installed in the premises or on the buildings leased from third parties. This equipment will have to be disassembled when the lease agreement expires. To cover these estimated future costs, assets retirement obligation has been recognised. The Company expects that assets retirement obligation will be realised later than after one year. Therefore, the whole amount of assets retirement obligation has been classified as non-current provision for other liabilities and charges.

6 Income tax

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

Profit for 2019 is taxable at a rate of 15 per cent in accordance with Lithuanian regulatory legislation on taxation (2018: 15 per cent).

According to the Law on Corporate Profit Tax which provides tax relief for investments in new technologies, the Company's calculated profit tax relief in 2019 amounted to EUR 1.4 million (in 2018 – EUR 1.6 million).

7 Earnings per share

Basic earnings per share are calculated by dividing the net profit (loss) for the period by the weighted average number of ordinary shares in issue during the period. The Group has no dilutive potential ordinary shares and therefore diluted earnings per share are the same as basic earnings per share. The weighted average number of shares for the both reporting periods amounted to 582,613 thousand.

	January–September	
	2019	2018
Net profit	37,762	41,197
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613
Earnings per share (euro)	0.065	0.071

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

8 Dividends per share

A dividend that relates to the period to 31 December 2018 was approved by the Annual General Meeting of Shareholders on 26 April 2019. The total amount of allocated dividend, that was paid off in May 2019 was EUR 46,609 thousand or EUR 0.08 per ordinary share.

9 Related party transactions

The Group is controlled by Telia Company AB, which as of 30 September 2019 owned 88.15 per cent (88.15 per cent a year ago) of the Company's shares. The following transactions were carried out with related parties:

Sales and purchases from Telia Company AB and its subsidiaries:

	January–September	
	2019	2018
Sales of telecommunication and other services	5,043	4,407
Total sales of telecommunication and other services	5,043	4,407
Purchases of services	15,023	10,007
Purchases of assets	157	537
Total purchases of services and assets:	15,180	10,544

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

	As at 30 September	
	2019	2018
Long-term receivables from related parties	195	223
Receivables from related parties	846	2,479
Accrued revenue from related parties	936	806
Total receivables and accrued revenue from related parties	1,977	3,508
Short-term borrowings from related parties	5,000	20,000
Payables to related parties	1,707	2,947
Accrued expenses to related parties	725	119
Total borrowings, payables and accrued expenses to related parties	7,432	23,066

As of 30 September 2019, the amount of EUR 15.6 thousand of tantiemes assigned for the year 2010, was not paid to one member of the Board.

On 1 June 2018, Telia Company AB for an amount of EUR 151 thousand acquired from the Company a 100% stake in the Company's subsidiary, Telia Global Services Lithuania, UAB, which was chosen as the base for the establishment of Telia Company Group shared service centre. Prior that 196 employees of the Company providing services to Telia Company Group were transferred to Telia Global Services Lithuania, UAB.

On 1 January 2019, following the agreement as of 21 December 2018 the Company transferred the part of its economic activities – People HUB (26 employees of Human Resource unit and related assets and liabilities) – to Telia Global Services Lithuania, UAB, a subsidiary of Telia Company AB. On 1 July 2019, 15 employees of the Company working at Procurement unit were also transferred to Telia Global Services Lithuania, UAB.

On 23 May 2019, following the decision of the Annual General Meeting of Shareholders, held on 26 April 2019, the Company paid-out to Telia Company an amount of EUR 41,088 thousand as dividends for the year 2018.

As of 30 September 2019, the Company had an outstanding short-term loan of EUR 5 million (EUR 20 million a year ago) provided by Telia Company AB.

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

MANAGEMENT CONFIRMATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Dan Strömberg, CEO of Telia Lietuva, AB, and Arūnas Lingė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, the not audited Telia Lietuva, AB Interim Consolidated Financial Statements for the nine months' period ended 30 September 2019, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit and cash flows of Telia Lietuva, AB and the Group of undertakings.

Dan Strömberg
CEO

Arūnas Lingė
Head of Finance

Vilnius, 16 October 2019