

TELIA LIETUVA, AB

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS' PERIOD ENDED 30 SEPTEMBER 2021
(UNAUDITED)**



| | |
|------------------------------------|---|
| Beginning of the financial year | 1 January 2021 |
| End of reporting period | 30 September 2021 |
| Name of the company | Telia Lietuva, AB (hereinafter – “Telia Lietuva” or “the Company”) |
| Legal form | public company (joint-stock company) |
| Date of registration | 6 February 1992 |
| Code of enterprise | 121215434 |
| LEI code | 5299007A0LO7C2YYI075 |
| Name of Register of Legal Entities | State Enterprise Centre of Registers |
| Registered office | Saltoniškių str. 7A, LT-03501 Vilnius, Lithuania |
| Telephone number | +370 5 262 1511 |
| Fax number | +370 5 212 6665 |
| E-mail address | info@telia.lt |
| Internet address | www.telia.lt |
| Main activities | Integrated telecommunication, IT and TV services to residential and business customers in Lithuania |

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MANAGEMENT REPORT

Third quarter of 2021:

- Total revenue amounted to EUR 106.2 million, an increase by 6 per cent over the revenue of EUR 100.2 million in the third quarter of 2020.
- Adjusted EBITDA, excluding non-recurring items, was EUR 38 million, an increase by 7.1 per cent over EBITDA, excluding non-recurring items, of EUR 35.5 million in the third quarter of 2020.
- EBITDA was EUR 37.7 million, an increase by 7.8 per cent over EBITDA of EUR 35 million a year ago.
- Profit for the period was EUR 16.1 million, up by 6.3 per cent over the profit of EUR 15.1 million a year ago.

Nine months of 2021:

- Total revenue amounted to EUR 307.5 million, an increase by 6.2 per cent over the revenue of EUR 289.5 million for the nine months of 2020.
- Adjusted EBITDA, excluding non-recurring items, was EUR 106 million and grew by 4.1 per cent over EBITDA, excluding non-recurring items, of EUR 101.8 million for January-September of 2020.
- EBITDA was EUR 106.5 million, an increase by 5.5 per cent over EBITDA of EUR 100.9 million a year ago.
- Profit for the period was EUR 41.5 million, up by 6.3 per cent over the profit of EUR 39 million a year ago.
- Free cash flow amounted to EUR 62.8 million and was 1.8 per cent lower than free cash flow of EUR 63.9 million a year ago.

Management comment:

The third quarter of 2021 was the good one in terms of revenue growth and profitability in spite of growing pressure from labour and energy markets. The second COVID-19 pandemic caused quarantine in Lithuania was officially over on 1 July 2021. Employees of the Company were enabled to combine work in the office with remote work from home or other locations. Eased restrictions on cross-border travelling revived the revenue stream from roaming services. Still, customers' demand for cloud and remote work solutions, wider range of equipment suitable for work from home persist.

During the quarter number of mobile communication users continued to grow – increased by 40 thousand, while broadband Internet and pay-TV markets are showing signs of saturation. Quarterly intake of new broadband Internet users was 2 thousand, and number of IPTV subscriber remained unchanged. Nevertheless, over the last twelve months:

- number of mobile service subscriptions grew by 4.7 per cent up to 1,449 thousand,
- number of fiber-optic Internet connections went up by 2.4 per cent up to 302 thousand,
- number of TV service users increased by 1.2 per cent up to 254 thousand.

Revenue growth was ensured by increasing ARPU in our main activities – mobile communication, broadband Internet and TV services; implementation of number of IT projects for business customers as well as better sale of equipment and flagship smart devices. Over the year, comparing the nine months' period of 2021 with the same period a year ago:

- revenue from IT services grew by 26 per cent,
- revenue from TV services increased by 12.6 per cent,
- revenue from broadband Internet services went up by 11.2 per cent,
- revenue from billed mobile services was up by 9.9 per cent.

During the third quarter of 2021, modernisation of the Company's mobile network under strategic partnership with Ericsson has accelerated. More than 250 base stations that support 2G, 3G, 4G and 5G connection are already upgraded with Ericsson equipment and that lays a solid foundation for future 5G deployment. We will be ready to provide commercial 5G services to our customers once the auction of 5G frequencies will take place.

Telia Lietuva has joined the memorandum signed by the main Lithuanian telecommunications operators and state institutions. All parties agreed to cooperate aiming to launch 5G network in Vilnius by 2022, in five largest cities of Lithuania – by 2023 and by 2025 in all towns, international transport routes as well as on the state importance roads, railways and ports. It also sets a goal to ensure Internet speed of 100 Mbps available to at least 95 per cent of Lithuanian households and along all major transport routes.

The Company's customers from the end of 2020 already had a possibility to test non-commercial 5G connection in three largest cities of Lithuania. Currently, the average Internet download speed in Telia Lietuva mobile network is 90.9 Mbps.

The investments into modernisation of the Company's mobile network during January-September of 2021 amounted to EUR 18.8 million which is 2.5 time more than a year ago. The total capital investments including business transformation program were 39.4 per cent higher and amounted to EUR 52 million (EUR 37.3 million for nine months of 2020).

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

KEY FIGURES OF THE GROUP

| Financial figures | January-September | | Change (%) |
|---|-------------------|-------------------|-------------------|
| | 2021 | 2020 | |
| Revenue | 307,504 | 289,480 | 6.2 |
| Adjusted EBITDA excluding non-recurring items | 106,040 | 101,837 | 4.1 |
| Adjusted EBITDA margin excluding non-recurring items (%) | 34.5 | 35.2 | |
| EBITDA | 106,460 | 100,863 | 5.5 |
| EBITDA margin (%) | 34.6 | 34.8 | |
| Operating profit (EBIT) excluding non-recurring items | 48,242 | 48,973 | (1.5) |
| EBIT margin excluding non-recurring items (%) | 15.7 | 16.9 | |
| Operating profit (EBIT) | 48,662 | 47,999 | 1.4 |
| EBIT margin (%) | 15.8 | 16.6 | |
| Profit before income tax | 47,031 | 46,105 | 2.0 |
| Profit before income tax margin (%) | 15.3 | 15.9 | |
| Profit for the period | 41,453 | 39,014 | 6.3 |
| Profit for the period margin (%) | 13.5 | 13.5 | |
| Earnings per share (EUR) | 0.071 | 0.067 | 6.3 |
| Number of shares (thousand) | 582,613 | 582,613 | - |
| Share price at the end of period (EUR) | 2.040 | 1.555 | 31.2 |
| Market capitalisation at the end of period | 1,188,531 | 905,963 | 31.2 |
| Cash flow from operations | 97,601 | 99,676 | (2.1) |
| Operating free cash flow | 62,769 | 63,924 | (1.8) |
| Operating figures | 30-09-2021 | 30-09-2020 | Change (%) |
| Mobile service subscriptions, in total (thousand) | 1,449 | 1,384 | 4.7 |
| - Post-paid (thousand) | 1,164 | 1,098 | 6.0 |
| - Pre-paid (thousand) | 285 | 286 | (0.3) |
| Broadband Internet connections (excl. Wi-Fi), in total (thousand) | 419 | 416 | 0.7 |
| - Fiber-optic (FTTH/B) (thousand) | 302 | 295 | 2.4 |
| - Copper (DSL) (thousand) | 117 | 121 | (3.3) |
| Fixed telephone lines in service (thousand) | 238 | 270 | (11.9) |
| TV service customers (thousand) | 254 | 251 | 1.2 |
| Number of personnel (head-counts) | 2,116 | 2,186 | (3.2) |
| Number of full-time employees | 1,964 | 2,014 | (2.5) |
| Financial ratios* | 30-09-2021 | 30-09-2020 | |
| Return on capital employed (%) | 14.6 | 14.8 | |
| Return on average assets (%) | 10.7 | 10.8 | |
| Return on shareholders' equity (%) | 18.1 | 17.6 | |
| Operating cash flow to sales (%) | 31.3 | 37.9 | |
| Capex to sales (%) | 16.5 | 12.0 | |
| Net debt to EBITDA ratio | 0.64 | 0.64 | |
| Gearing ratio (%) | 28.6 | 27.5 | |
| Debt to equity ratio (%) | 50.1 | 38.0 | |
| Current ratio (%) | 108.8 | 108.2 | |
| Rate of turnover of assets (%) | 68.3 | 67.0 | |
| Equity to assets ratio (%) | 50.8 | 54.7 | |
| Price to earnings (P/E) ratio | 20.4 | 16.2 | |

Notes: *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)

REVENUE

| Breakdown of revenue by services | July-September | | Change (%) | January-September | | Change (%) |
|---------------------------------------|----------------|----------------|--------------|-------------------|----------------|------------|
| | 2021 | 2020 | | 2021 | 2020 | |
| Fixed services | 47,051 | 44,322 | 6.2 | 139,413 | 132,990 | 4.8 |
| Voice telephony services | 10,140 | 11,268 | (10.0) | 31,096 | 34,937 | (11.0) |
| Internet services | 16,272 | 14,478 | 12.4 | 47,698 | 42,891 | 11.2 |
| Datacom and network capacity services | 4,348 | 4,502 | (3.4) | 13,107 | 13,501 | (2.9) |
| TV services | 9,744 | 8,571 | 13.7 | 29,193 | 25,932 | 12.6 |
| IT services | 4,860 | 3,618 | 34.3 | 12,964 | 10,291 | 26.0 |
| Other services | 1,687 | 1,885 | (10.5) | 5,355 | 5,438 | (1.5) |
| Mobile services | 35,522 | 32,140 | 10.5 | 101,116 | 94,911 | 6.5 |
| Billed services | 30,246 | 27,054 | 11.8 | 86,761 | 78,936 | 9.9 |
| Other mobile service | 5,276 | 5,086 | 3.7 | 14,355 | 15,975 | (10.1) |
| Equipment | 23,638 | 23,735 | (0.4) | 66,975 | 61,579 | 8.8 |
| Total | 106,211 | 100,197 | 6.0 | 307,504 | 289,480 | 6.2 |

Mobile communication, broadband Internet, pay TV, IT services and equipment sale are the main drivers behind the revenue growth. Revenue from legacy services – voice telephony and data communication and network capacity services – continue to decline.

Share of revenue from fixed and mobile communication services amounted to 45.3 and 32.9 per cent, respectively, from the total revenue for the nine months of 2021. Share of revenue from equipment sales was 21.8 per cent. Revenue from services provided to residential customers (B2C) amounted to 63.1 per cent and to business customers (B2B) – 36.9 per cent of the total revenue for January-September of 2021.

The number of households that took advantage of improved converged fixed and mobile services value offer, Telia1, by the end of September 2021 exceeded 82 thousand (more than 70 thousand a year ago). From September 2021 in addition to higher speed and more TV content, Telia1 offers a doubled amount of gigabytes.

During July-September of 2021, the number of post-paid **mobile** communication service subscriptions increased by 28 thousand and pre-paid service – by 12 thousand. In total, intake of new mobile service users during the third quarter of 2021 amounted to 40 thousand, while over the last twelve months it was 65 thousand. Combination of large customers' base and increase in average revenue per user (ARPU) led to continuous growth in revenue from billed mobile services.

During the third quarter of 2021, revenue from roaming charges to the country's visitors has revived and were more than 2 times higher than a year ago due to eased restrictions on cross-border travelling. Together with revenue from mobile network interconnection this led to revenue from **other mobile services** growth of 3.7 per cent for the third quarter of 2021, while for the nine months' period revenue from other mobile services were by tenth lower than for the same period in 2020.

During the third quarter of 2021, the number of fixed telephony lines eased by 8 thousand, while over the last twelve months it went down by 32 thousand. Revenue from voice transit service during January-September of 2021 was almost the same as a year ago (a slight increase by 0.7 per cent) and slowed down decrease in the total revenue form **voice telephony** services caused by declining number of customers.

During the third quarter the number of fixed **broadband Internet** access users over fiber-optic network using FTTH/B technologies increased by 2 thousand, while number of broadband Internet service users over the copper DSL connections remained the same. Churn of DSL connections was mitigated by customers' migration to "Super VDSL" (S-VDSL) technology that provides much higher Internet speed even using copper connection. Over the last twelve months, the number of Internet connections over the fiber-optic network increased by 7 thousand, but the number of copper DSL connections eased by 4 thousand. Over the year, the total net increase in number of broadband Internet users was 3 thousand.

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

During July–September of 2021, the number of smart **television** (IPTV) service users remain flat, while over the year it went up by 3 thousand. Revenue from TV services growth was ensured by higher ARPU due to reviving live sport broadcasts and other quality content.

The persisting demand for virtual private network (VPN), computerised workplace management, cloud and other IT solutions as well as implementation of some large scale projects resulted in continuous double digit growth in revenue from **IT services**.

Higher than in 2020 revenue from **equipment sale** were ensured by wider range of video and audio devices, launch of smart watches and offer of new flagship smart phone.

Revenue from **other services** consists of the non-telecommunication services such as Directory Inquiry service 118 provided to external customers till 1 March 2021, lease of premises, discount refunds and other. In March 2021, the Company terminated provision of commercial information such as companies' contacts, transport timetables, business, leisure and other information by the Directory Inquiry service 118. Only obligatory information about publicly announced subscribers' phone numbers is provided by the phone number 118.

Gain or loss from sale of property, plant and equipment, as well as gain or loss on currency exchange is recorded at net value as **other gain (loss)**. In spring of 2021, the Company sold an office building in Kaunas and recorded EUR 1.2 million gain from sale of property. During 2021, the total gain from sale of property amounted to EUR 1.3 million.

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 2021 increased by 5.5 per cent compared with the second quarter of 2020 and amounted to EUR 189.6 million.

The total market revenue for the first half of 2021 amounted to EUR 374.1 million, an increase by 4.1 per cent over the total market revenue of EUR 359.4 million for the first half of 2020.

Telia Lietuva remains the largest telecommunications' service provider in Lithuania with the market share (in term of revenue) of 38.4 per cent for the second quarter of 2021, an increase by 0.24 percentage point over the market share for the first quarter of 2021.

| | The market shares in terms of customers (%) | | The market shares in terms of revenue (%) | |
|---------------------------------|---|-----------------------|---|-----------------------|
| | Q2 2021 | Change (p.p.) (y-o-y) | Q2 2021 | Change (p.p.) (y-o-y) |
| Fixed voice telephony services | 81.1 | 1.5 | 85.2 | (1.0) |
| Mobile voice telephony services | 28.5 | 0.0 | 28.2 | 0.2 |
| Fixed Internet access | 52.3 | 0.0 | 60.1 | 0.2 |
| Mobile Internet access | 28.1 | (0.5) | 26.2 | 0.2 |
| Pay-TV services | 37.8 | 1.3 | 47.4 | 0.1 |
| Data communication services | n/a | n/a | 54.5 | (2.2) |

According to the Report of the CRA, on 30 June 2021, broadband Internet penetration per 100 residents of Lithuania was 54.6 per cent (51.8 per cent a year ago) and pay-TV penetration per 100 households was 49.5 per cent (51.7 per cent a year ago). The penetration of active mobile voice communication users per 100 residents was 131.3 per cent (129.4 per cent a year ago) and penetration of fixed voice telephony lines per 100 households – 21.2 per cent (24.5 per cent a year ago).

EXPENSES

Cost of goods and services went up mainly due to higher equipment sale in 2021. Increased employees' salaries and higher accruals for vacations pushed **employee related expenses** up compared with the previous year. **Other expenses** in 2021 were higher mainly due to increased marketing expenses and higher electricity price. **Non-recurring** redundancy pay-outs for the nine months of 2021 amounted to EUR 764 thousand (EUR 974 thousand a year ago) and other non-recurring expenses amounted to EUR 154 (none a year ago).

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

| | July-September | | Change (%) | January-September | | Change (%) |
|--|-----------------|-----------------|------------|-------------------|------------------|------------|
| | 2021 | 2020 | | 2021 | 2020 | |
| Cost of goods and services | (41,238) | (39,467) | 4.5 | (119,941) | (110,625) | 8.4 |
| Operating expenses | (27,404) | (26,073) | 5.1 | (82,494) | (78,377) | 5.3 |
| Employee related | (13,744) | (13,390) | 2.6 | (41,856) | (40,605) | 3.1 |
| Other | (13,660) | (12,683) | 7.7 | (40,638) | (37,772) | 7.6 |
| <i>Non-recurring expenses</i> | 333 | 546 | (39.0) | 917 | 974 | (5.9) |
| Operating expenses (excl. non-recurring expenses) | (27,071) | (25,527) | 6.0 | (81,577) | (77,403) | 5.4 |
| Employee related | (13,444) | (12,844) | 4.7 | (41,093) | (39,631) | 3.7 |
| Other | (13,627) | (12,683) | 7.4 | (40,484) | (37,772) | 7.2 |

In September 2021, the Company handed over fiber-optic access network maintenance function and 19 employees to the third party.

| Number of employees | 30-09-2021 | | Change | 30-09-2020 | | Change |
|---------------------|------------|------------|--------|------------|------------|--------|
| | 30-09-2021 | 31-12-2020 | | 30-09-2021 | 30-09-2020 | |
| Headcounts | 2,116 | 2,161 | (45) | 2,116 | 2,186 | (70) |
| Full-time employees | 1,964 | 2,001 | (37) | 1,964 | 2,014 | (50) |

EARNINGS

Increase in revenue in spite of higher cost of goods and services and operating expenses led to EBITDA growth. Higher capital investments resulted in increase in depreciation and amortisation charges.

| | July-September | | Change (%) | January-September | | Change (%) |
|------------------------------------|----------------|---------------|------------|-------------------|----------------|--------------|
| | 2021 | 2020 | | 2021 | 2020 | |
| EBITDA | 37,673 | 34,954 | 7.8 | 106,460 | 100,863 | 5.5 |
| Margin (%) | 35.5 | 34.9 | | 34.6 | 34.8 | |
| Depreciation and amortisation | (19,258) | (17,240) | 11.7 | (57,798) | (52,864) | 9.3 |
| Operating profit (EBIT) | 18,415 | 17,714 | 4.0 | 48,662 | 47,999 | 1.4 |
| Margin (%) | 17.3 | 17.7 | | 15.8 | 16.6 | |
| <i>Non-recurring expenses</i> | 333 | 546 | (39.0) | 917 | 974 | (5.9) |
| <i>Gain on sale of property</i> | 1,337 | - | | 1,337 | - | |
| EBITDA excl. non-rec. items | 38,006 | 35,500 | 7.1 | 106,040 | 101,837 | 4.1 |
| Margin (%) | 35.8 | 35.4 | | 34.5 | 35.2 | |
| EBIT excl. non-rec. items | 18,748 | 18,260 | 2.7 | 48,242 | 48,973 | (1.5) |
| Margin (%) | 17.7 | 18.2 | | 15.7 | 16.9 | |

Non-recurring items for the nine months of 2021 were comprised from one-off redundancy pay-outs of EUR 764 thousand, non-recurring other expenses of EUR 154 thousand and gain of EUR 1.3 million from sale of office building in Kaunas and other property. In January-September of 2020, there were only non-recurring redundancy expenses of EUR 974 thousand.

Loss from investments for the year 2020 represents result from activities of on 18 June 2020 disposed associated entity UAB Mobilieji Mokėjimai. In March 2020, shareholders of Mobilieji Mokėjimai – three Lithuanian mobile operators: Bitė Lietuva, Tele2 and Telia Lietuva – decided to cease operations of this loss generating associate. As of 31 December 2019, the value of this investment was already impaired to one euro. During 2020, the Company extended loans for the total amount of EUR 289.2 thousand to associate at an annual interest rate of 3.37 per cent. The Company's claim under not repaid loan and accumulated interest was used to cover losses of this entity. An additional shareholders' contribution of EUR 26.7 thousand to cover losses was made before divestment of shares in June 2020.

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

| | July-September | | Change (%) | January-September | | Change (%) |
|---------------------------------|----------------|---------------|---------------|-------------------|---------------|---------------|
| | 2021 | 2020 | | 2021 | 2020 | |
| Profit before income tax | 17,741 | 17,369 | 2.1 | 47,031 | 46,105 | 2.0 |
| Margin (%) | 16.7 | 17.3 | | 15.3 | 15.9 | |
| Income tax | (1,669) | (2,253) | (25.9) | (5,578) | (7,091) | (21.3) |
| Profit for the period | 16,072 | 15,116 | 6.3 | 41,453 | 39,014 | 6.3 |
| Margin (%) | 15.1 | 15.1 | | 13.5 | 13.5 | |

The profit tax rate in Lithuania is 15 per cent. Following the provisions of the Law on Corporate Profit Tax regarding tax relief for investments in new technologies, the profit tax relief the **profit tax relief** for the nine months of 2021 amounted to EUR 2.4 million (in 2020 – EUR 1 million).

FINANCIAL POSITION AND CASH FLOW

As of 30 September 2021, the total **non-current assets** amounted to 73.9 per cent (78.4 per cent a year ago), the total **current assets** – to 25.6 per cent (21.4 per cent), whereof cash alone represented 10.9 per cent (5.8 per cent) of total assets. **Shareholders' equity** at the end of September 2021 amounted to 50.8 per cent of the total assets (54.7 per cent at the end of September 2020).

| | 30-09-2021 | 30-09-2020 | Change (%) |
|--|----------------|----------------|--------------|
| Total assets | 619,262 | 574,724 | 7.7 |
| Non-current assets | 457,924 | 450,842 | 1.6 |
| Current assets | 158,326 | 122,780 | 29.0 |
| <i>whereof cash and short term investments</i> | <i>67,689</i> | <i>33,104</i> | <i>104.5</i> |
| Assets for sale | 3,012 | 1,102 | 173.3 |
| Shareholders' equity | 314,699 | 314,655 | - |

On 27 April 2021, the Annual General Meeting of Shareholders allocated from the Company's distributable profit of EUR 145.7 million an amount of EUR 58.3 million for the payment of **dividends** for the year 2020, i.e. EUR 0.10 dividend per share, and carried forward to the financial year 2021 an amount of EUR 87.4 million as retained earnings (undistributed profit). In May 2021, dividends for the year 2020 were paid to the shareholders of the Company.

In order to avoid negative interest rate charged for residuals at the banks, the Company during the third quarter of 2021 has lent to the largest shareholder of the Company, Telia Company AB, a total amount of EUR 50 million for up to three months at a zero interest rate. The lent funds would be available to the Company on demand within 2 business days.

On 4 January 2021, the Company repaid the last instalment (EUR 7.5 million) and completed repayment of EUR 150 million **loan** that was borrowed in January 2016 to finance acquisition of Omnitel shares. In November 2021, the Company plans to repay a half (EUR 30 million) of a syndicated bank loan of EUR 60 million granted in May 2017 and the second half – in May 2024.

| | 30-09-2021 | 31-12-2020 | 30-09-2020 |
|--|----------------|----------------|----------------|
| Loans from banks | 60,000 | 67,500 | 75,000 |
| Liabilities under reverse factoring agreements | 96,945 | 54,243 | 42,947 |
| Liabilities under financial lease agreements | 779 | 1,400 | 1,622 |
| Borrowings | 157,724 | 123,143 | 119,569 |
| Cash and cash equivalents | 67,689 | 55,941 | 33,104 |
| Net debt | 90,035 | 67,202 | 86,465 |
| Net debt to equity (Gearing) ratio (%) | 28.6 | 20.3 | 27.5 |

During the third quarter of 2021, the total **capital investments** amounted to EUR 21 million and were 53.3 per cent higher than capital expenditure during the same period a year ago.

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

| | January-September | | Change (%) |
|--|-------------------|---------------|---------------|
| | 2021 | 2020 | |
| Fixed network | 14,408 | 18,536 | (22.2) |
| Mobile network | 18,799 | 7,548 | 149.1 |
| IT systems and infrastructure | 8,669 | 5,954 | 45.6 |
| Transformation program | 9,036 | 3,882 | 132.8 |
| Other | 1,092 | 1,389 | (21.4) |
| Total capital investments | 52,004 | 37,309 | 39.4 |
| Capital investments to revenue ratio (%) | 16.9 | 12.9 | |

In 2021, the Company has started a major upgrade of its **radio access network (RAN)** with Ericsson equipment thus phasing out equipment from Huawei earlier used in Telia Lietuva mobile network. Over the next three years, the Company plans to upgrade around 2,000 sites in Lithuania. This will further improve the quality of 4G networks and ensure a fast upgrade to 5G, which will eventually be available throughout the country. As of 30 September 2021, 264 base stations that support 2G, 3G, 4G and 5G connection are already upgraded with Ericsson equipment.

According to the latest Communication Regulatory Authorities measurement data, the average Internet download speed in Telia Lietuva mobile network remains the highest in the country amounting to 90.9 Mbps.

By the end of September 2021, the Company had 945 thousand households passed (935 thousand a year ago), or 70.3 per cent of the country's households, by the fiber-optic network.

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

Accelerating mobile network upgrade and business transformation programs had an impact on free cash flow.

| | July-September | | Change (%) | January-September | | Change (%) |
|------------------------------------|----------------|--------|---------------|-------------------|--------|---------------|
| | 2021 | 2020 | | 2021 | 2020 | |
| Net cash from operating activities | 40,995 | 31,841 | 28.8 | 97,601 | 99,676 | (2.1) |
| Operating free cash flow | 28,009 | 18,628 | 50.4 | 62,769 | 63,924 | (1.8) |

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

SHARE CAPITAL AND SHAREHOLDERS

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

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

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

Information on **trading in Telia Lietuva shares** on Nasdaq Vilnius stock exchange in January-September of 2021:

| Currency | Opening price | Highest price | Lowest price | Last price | Average price | Turnover (units) | Turnover |
|----------|---------------|---------------|--------------|------------|---------------|------------------|------------|
| EUR | 1.83 | 2.15 | 1.83 | 2.04 | 2.05 | 6,651,570 | 13,641,711 |

The Company's **market capitalisation** as on 30 September 2021 was EUR 1,189 million, an increase by 31.2 per cent over the market capitalisation of EUR 906 million a year ago.

(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 2021:

| 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 number of **shareholders** on the shareholders' registration day (20 April 2021) for the Annual General Meeting of Shareholders, which was held on 27 April 2021, was 12,624.

OTHER MATERIAL INFORMATION

On 27 April 2021, the Annual General Meeting decided to approve the audited annual consolidated and separate financial statements of the Company for the year 2020. The consolidated annual report of the Company for the year 2020, 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 145,652 thousand to allocate an amount of EUR 58,261 thousand for the payment of dividends for the year 2020, i.e. EUR 0.10 dividend per share, and carry forward to the next financial year an amount of EUR 87,391 thousand as retained earnings (undistributed profit).

The shareholders also elect UAB Deloitte Lietuva as the Company's audit enterprise to perform the audit of the annual consolidated and separate financial statements of the Company for the year 2021 and 2022, and to make the assessment of the consolidated annual report of the Company for the year 2021 and 2022.

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.

The two-year's term of the Board terminated on 26 April 2021, therefore Annual General Meeting held on 27 April 2021 decided to re-elect five members of the Board – Douglas Lubbe, Agneta Wallmark, Claes Nycander, Hannu-Matti Mäkinen and Mindaugas Glodas (an independent) – for a new two-year's term of the Board, and to elect a new independent member of the Board, Dovilė Grigienė, to replace Tomas Balžekas.

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

On 27 May 2021, the Board has re-elected Douglas Lubbe as a Chair of the Board and has appointed members of the Audit and Remuneration Committees.

Agneta Wallmark and Mindaugas Glodas, an independent member of the Board, were reappointed and new independent member of the Board, Dovilė Grigienė, was 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 re-elected as the Chair of the Audit Committee.

Douglas Lubbe, Claes Nycander and independent member of the Board, Mindaugas Glodas, were re-appointed to the Remuneration Committee for the two-years' term but in any case, not longer than their membership in the Board. Claes Nycander was re-elected as the Chair of the Remuneration Committee.

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

Members of the Board as at 30 September 2021:

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

All members of the Board are regarded as non-executive members of the Board, and Dovilė Grigienė 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.

On 27 April 2021, the Annual General Meeting approved the Company's Remuneration Report for the year 2020 following the Remuneration Policy for CEO and members of the Board of Telia Lietuva, AB that was approved by the shareholders in 2020. The Policy and the Report are provided at the Company's webpage www.telia.lt.

Management Team as at 30 September 2021:

| Name, surname | Position in the Company | Involvement into activities of other entities | Ownership of the Company's shares |
|----------------------|--|--|--|
| Dan Strömberg | CEO | Telia Company AB (Sweden), Senior Vice President & Head of cluster Lithuania, Estonia and Denmark (LED); Telia Eesti AS (Estonia), Chair of the Supervisory Council; Association Investors' Forum (Lithuania), member of the Board | - |
| Daniel Karpovič | Head of Enterprise | - | - |
| Nortautas Luopas | Head of Consumer, Head of Digitalization and Analytics | AB Utenos Trikotažas (Lithuania), an independent member of the Board | - |

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

| | | | |
|----------------------------|---|--|---|
| Giedrė Kaminskaitė-Salters | Head of Sales and Customer Care | Vilnius University Institute of International Relations and Political Science (Lithuania), member of the Board of Trustees; Vilnius Gediminas Technical University (VILNIUS TECH) (Lithuania), member of the Council; Telia Danmark A/S (Denmark), acting Head of Enterprise (from 5 October 2021) | - |
| Andrius Šemeškevičius | Head of Technology Infrastructure | SIA Telia Latvija (Latvia), Chair of the Supervisory Council | 8,761 shares or 0.0015% of the total number of shares and votes |
| Arūnas Lingė | Head of Finance | - | - |
| Ramūnas Bagdonas | Head of People & Engagement | Association of Personnel Management Professionals (Lithuania), Chair 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 Chair of Cybersecurity Group | - |

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | July-September | | January-September | |
|--|------|----------------|----------------|-------------------|----------------|
| | | 2021 | 2020 | 2021 | 2020 |
| Revenue | | 106,211 | 100,197 | 307,504 | 289,480 |
| Cost of goods and services | | (41,238) | (39,467) | (119,941) | (110,625) |
| Employee related expenses | | (13,744) | (13,390) | (41,856) | (40,605) |
| Other operating expenses | | (13,660) | (12,683) | (40,638) | (37,772) |
| Other gain/ (loss) – net | | 104 | 297 | 1,391 | 385 |
| Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale | 2 | (19,258) | (17,240) | (57,798) | (52,864) |
| Operating profit | | 18,415 | 17,714 | 48,662 | 47,999 |
| Gain/loss from investment activities | | - | - | - | (319) |
| Finance income | | 300 | 647 | 1,071 | 1,772 |
| Finance costs | | (974) | (992) | (2,702) | (3,347) |
| Finance and investment activities – net | | (674) | (345) | (1,631) | (1,894) |
| Profit before income tax | | 17,741 | 17,369 | 47,031 | 46,105 |
| Income tax | 6 | (1,669) | (2,253) | (5,578) | (7,091) |
| Profit for the period | | 16,072 | 15,116 | 41,453 | 39,014 |
| Other comprehensive income: | | | | | |
| Other comprehensive income for the period | | - | - | - | - |
| Total comprehensive income for the period | | 16,072 | 15,116 | 41,453 | 39,014 |
| Profit and comprehensive income attributable to: | | | | | |
| Owners of the Parent | | 16,072 | 15,116 | 41,453 | 39,014 |
| Non-controlling interests | | - | - | - | - |
| Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in EUR per share) | 7 | 0.028 | 0.026 | 0.071 | 0.067 |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 30 September 2021 | 31 December 2020 |
|---|------|-------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2 | 247,289 | 256,923 |
| Intangible assets | 2 | 138,210 | 132,223 |
| Right-of-use assets | 2 | 45,575 | 47,217 |
| Costs to obtain contract | | 4,793 | 4,806 |
| Contract assets | | 447 | 445 |
| Trade and other receivables | | 5,131 | 6,875 |
| Terminal financing receivables | | 16,479 | 15,008 |
| | | 457,924 | 463,497 |
| Current assets | | | |
| Inventories | | 11,927 | 10,427 |
| Contract assets | | 933 | 1,196 |
| Trade and other receivables | | 63,543 | 68,126 |
| Current income tax assets | | 1,242 | 114 |
| Terminal financing receivables | | 12,992 | 8,065 |
| Cash and cash equivalents | | 67,689 | 55,941 |
| | | 158,326 | 143,869 |
| Assets classified as held for sale | | 3,012 | 1,082 |
| Total assets | | 619,262 | 608,448 |
| EQUITY | | | |
| Capital and reserves attributable to equity holders of the Company | | | |
| Issued capital | 4 | 168,958 | 168,958 |
| Legal reserve | | 16,896 | 16,896 |
| Retained earnings | | 128,845 | 145,653 |
| Total equity | | 314,699 | 331,507 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | | 60,027 | 60,574 |
| Lease liabilities | | 45,596 | 47,295 |
| Deferred tax liabilities | | 20,759 | 18,880 |
| Deferred revenue and accrued liabilities | | 7,400 | 7,815 |
| Provisions | 5 | 11,802 | 11,833 |
| | | 145,584 | 146,397 |
| Current liabilities | | | |
| Trade, other payables and accrued liabilities | | 47,297 | 55,158 |
| Current income tax liabilities | | - | - |
| Borrowings | | 97,697 | 62,569 |
| Contract liabilities | | 1,842 | 1,610 |
| Current lease liabilities | | 12,143 | 11,207 |
| Provisions | 5 | - | - |
| | | 158,979 | 130,544 |
| Total liabilities | | 304,563 | 276,941 |
| Total equity and liabilities | | 619,262 | 608,448 |

(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 2020 | 168,958 | 16,896 | 142,222 | 328,076 |
| Net profit | - | - | 39,014 | 39,014 |
| Total comprehensive income for the period | - | - | 39,014 | 39,014 |
| Dividends paid for 2019 | - | - | (52,435) | (52,435) |
| Balance at 30 September 2020 | 168,958 | 16,896 | 128,801 | 314,655 |
| Balance at 1 January 2021 | 168,958 | 16,896 | 145,653 | 331,507 |
| Net profit | - | - | 41,453 | 41,453 |
| Total comprehensive income for the period | - | - | 41,453 | 41,453 |
| Dividends paid for 2020 | - | - | (58,261) | (58,261) |
| Balance at 30 September 2021 | 168,958 | 16,896 | 128,845 | 314,699 |

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

CONSOLIDATED STATEMENT OF CASH FLOW

| | January-September | |
|--|-------------------|-----------------|
| | 2021 | 2020 |
| Operating activities | | |
| Profit for the period | 41,453 | 39,014 |
| Income tax expenses recognised in profit or loss | 5,578 | 7,091 |
| Depreciation, amortisation and impairment charge | 59,443 | 54,759 |
| Other gains / (loss) – net | - | - |
| Write off of property, plant and equipment and intangible assets | (1,393) | 288 |
| Impairment of investments in subsidiaries | - | 319 |
| Interest income | (1,071) | (1,638) |
| Interest expenses | 2,462 | 3,053 |
| Other non-cash transactions | - | - |
| Changes in working capital: | | |
| Inventories / Assets held for sale | (1,273) | (1,104) |
| Trade and other receivables, decrease / (increase) in contract assets, contract costs | 3,621 | 10,195 |
| Trade, other payables and accrued liabilities, deferred tax liability, increase / (decrease) in contract liabilities, deferred income and provisions | (4,002) | (5,179) |
| Cash generated from operations | 104,818 | 106,798 |
| Interest paid | (2,337) | (2,820) |
| Interest received | 259 | 209 |
| Income taxes paid | (5,139) | (4,511) |
| Net cash generated by operating activities | 97,601 | 99,676 |
| Investing activities | | |
| Purchase of property, plant and equipment (PPE) and intangible assets, right-of-use assets (RoU) | (38,787) | (35,703) |
| Proceeds from disposal of PPE and intangible assets, RoU | 3,955 | 270 |
| Interest and finance lease income | - | - |
| Proceeds from finance sublease receivables | (2,841) | 1,417 |
| Acquisition/divestment of subsidiaries | - | (319) |
| Net cash used in investing activities | (37,673) | (34,335) |
| Financing activities | | |
| Repayment of borrowings | (44,487) | (67,049) |
| Proceeds from borrowings | 64,154 | 43,792 |
| Increase (decrease) in lease liabilities | (9,586) | (6,702) |
| Dividends paid to shareholders | (58,261) | (52,435) |
| Net cash used in financing activities | (48,180) | (82,394) |
| Increase (decrease) in cash and cash equivalents | 11,748 | (17,053) |
| Movement in cash and cash equivalents | | |
| At the beginning of the year | 55,941 | 50,157 |
| Increase (decrease) in cash and cash equivalents | 11,748 | (17,053) |
| At the end of the period | 67,689 | 33,104 |

(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 2021 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 2020.

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 2021 are not audited. Financial statements for the year ended 31 December 2020 are audited by the external auditor UAB Deloitte Lietuva.

2 Property, plant and equipment and intangible assets

| | Property, plant and equipment | Intangible assets |
|--|--|------------------------------|
| Nine months ended 30 September 2020 | | |
| Opening net book amount as at 31 December 2019 | 263,794 | 132,161 |
| Additions | 26,561 | 10,250 |
| Disposals and retirements | (547) | (3) |
| Reclassification | (270) | 273 |
| Depreciation and amortisation charge | (33,903) | (11,814) |
| Closing net book amount as at 30 September 2020 | 255,635 | 130,867 |
| Nine months ended 30 September 2021 | | |
| Opening net book amount as at 31 December 2020 | 256,923 | 132,223 |
| Additions | 33,518 | 18,486 |
| Disposals and retirements | (2,509) | (53) |
| Reclassification | (2,344) | (45) |
| Depreciation and amortisation charge | (38,299) | (12,401) |
| Closing net book amount as at 30 September 2021 | 247,289 | 138,210 |
| | <u>Right-of-use-asset</u> | |
| Nine months ended 30 September 2020 | | |
| Opening net book amount as at 1 January 2020 | 47,900 | |
| Additions | 5,243 | |
| Disposals and retirements | - | |
| Reclassification | - | |
| Depreciation and amortisation charge | (7,147) | |
| Closing net book amount as at 30 September 2020 | 45,996 | |

(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 2021 | |
| Opening net book amount as at 1 January 2021 | 47,217 |
| Additions | 8,201 |
| Disposals and retirements | (2,745) |
| Reclassification | - |
| Depreciation and amortisation charge | (7,098) |
| Closing net book amount as at 30 September 2021 | 45,575 |

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 2021 | 31 December 2020 | |
| VšĮ Numerio Perkėlimas | Lithuania | 50% | 50% | A non-profit organization established by Lithuanian telecommunications operators administers central database to ensure telephone number portability. |

Till 18 June 2020, the Company had a 33.3 per cent stake in UAB Mobilieji Mokėjimai, which until 18 May 2020 was providing mobile payment services.

On 1 July 2020, the Company's fully owned subsidiary, Telia Customer Service LT, AB, was merged into the Company. The subsidiary was providing Directory Inquiry Service 118 and customer care services to customers of the Company.

4 Share capital

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

5 Provisions

Provisions movement during January–September 2021:

| | <u>Provision for restructuring</u> | <u>Assets retirement obligation</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|--------------|
| Opening net book amount at 31 December 2020 | - | 11,833 | 11,833 |
| Additions | - | - | - |
| Used provisions | - | (31) | (31) |
| Closing net book amount at 30 September 2021 | - | 11,802 | 11,802 |

The restructuring provision comprises of compensation to employees due to the restructuring plan (if any) approved by the Company. No restructuring provisions made in 2021.

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

5 Provisions (continued)

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 2021 is taxable at a rate of 15 per cent in accordance with Lithuanian regulatory legislation on taxation (2020: 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 2021 amounted to EUR 2.4 million (in 2020 – EUR 1 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 | |
|---|-------------------|---------------|
| | 2021 | 2020 |
| Net profit | 41,453 | 39,014 |
| Weighted average number of ordinary shares in issue (thousands) | 582,613 | 582,613 |
| Earnings per share (euro) | 0.071 | 0.067 |

8 Dividends per share

A dividend that relates to the period to 31 December 2020 was approved by the Annual General Meeting of Shareholders on 27 April 2021. The total amount of allocated dividend, that was paid off in May 2021 was EUR 58,261 thousand or EUR 0.10 per ordinary share.

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

9 Related party transactions

The Group is controlled by Telia Company AB, which as at 30 September 2021 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 | |
|--|--------------------------|---------------|
| | 2021 | 2020 |
| Sales of telecommunication and other services | 5,389 | 6,289 |
| Total sales of telecommunication and other services | 5,389 | 6,289 |
| Purchases of services | 16,630 | 16,992 |
| Purchases of assets | 496 | - |
| Total purchases of services and assets: | 17,126 | 16,992 |

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

| | As at 30 September | |
|---|---------------------------|--------------|
| | 2021 | 2020 |
| Long-term receivables from related parties | 140 | 168 |
| Receivables from related parties | 245 | 1,511 |
| Accrued revenue from related parties | 841 | 1,162 |
| Total receivables and accrued revenue from related parties | 1,226 | 2,841 |
| Short term investments | 50,000 | - |
| Short term investments | 50,000 | - |
| Short-term borrowings from related parties | - | - |
| Payables to related parties | 2,168 | 2,553 |
| Accrued expenses to related parties | 6 | 98 |
| Total borrowings, payables and accrued expenses to related parties | 2,174 | 2,651 |

As of 30 September 2021, the Company had placed with Telia Company as a short term investment EUR 50 million. On 25 May 2021, following the decision of the General Meeting of Shareholders, held on 27 April 2021, the Company paid-out to Telia Company an amount of EUR 51,359 thousand as dividends for the year 2020.

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 2021, 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, 20 October 2021