

Telia Lietuva, AB

**Interim financial statements and Interim report
for the 6 months' period ended 30 June 2022
(unaudited)**

Beginning of the financial year	1 January 2022
End of reporting period	30 June 2022
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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(All tabular amounts are in EUR '000 unless otherwise stated)

Management report

Second quarter of 2022 (compared with the same period a year ago):

- Revenue increased by 8.9 per cent and amounted to EUR 110.7 million (EUR 101.6 million).
- EBITDA (excl. non-recurring items) went up by 10 per cent to EUR 37.5 million (EUR 34.1 million).
- EBITDA increased by 10.3 per cent and amounted to EUR 37.5 million (EUR 34 million).
- Profit for the period grew by 14.5 per cent to EUR 14.1 million (EUR 12.3 million).

First half of 2022 (compared with the same period a year ago):

- Revenue was up 6.8 per cent and amounted to EUR 214.9 million (EUR 201.3 million).
- EBITDA (excl. non-recurring items) went up by 7.4 per cent to EUR 73.1 million (EUR 68 million).
- EBITDA increased by 6.4 per cent and amounted to EUR 73.2 million (EUR 68.8 million).
- Profit for the period went up by 3.5 per cent to EUR 26.3 million (EUR 25.4 million).
- Free cash flow increased by 11.2 per cent and amounted to EUR 36.3 million (EUR 34.8 million).

Management comment:

Before entering into a new era of 5G network rollout, the Company continued the largest investment project in its history. By the end of June, more than half of Telia Lietuva's mobile network – 925 base stations had already been upgraded with Ericsson equipment, that support all mobile technologies, including 5G. During the six months of 2022 investments into mobile infrastructure amounted to EUR 10.6 million and were one fifth higher than a year ago. According to the latest data of the Communications Regulatory Authority, the average data download speed in Telia Lietuva's 4G mobile network is 143.1 Mbps, the fastest in Lithuania.

Telia Lietuva was the first to offer to business customers fiber-optic Internet of up to 2 Gbps speed. Higher speed Internet initially is available to business customers in Vilnius, Kaunas, Panevėžys, Alytus and Palanga.

We continued to ensure reliable and cheap communication with Ukraine. In April, all communication services to Ukraine were provided with 80 per cent discount, while from May thanks to joint efforts of European operators mobile calls to Ukraine are provided 4 times cheaper than standard rates, while mobile data even below EU pricing. The war in Ukraine also revealed an importance of cyber security. An impact of the war in Ukraine and imposed by EU and U.S.A. sanctions so far is not significant to the financials of the Company.

Roaming service in EU countries was offered to prepaid mobile communication service subscribers and number of converged offer, Telia1, reached almost 76 thousand of households. Over the last twelve months:

- number of mobile service subscriptions grew by 12.3 per cent up to 1,582 thousand,
- number of FTTH Internet customers went up by 3 per cent up to 309 thousand,
- number of IPTV remained flat and amounted to 254 thousand.

Larger customer base and ongoing demand for mobile and broadband Internet as well as IT services contributed to revenue growth. Over the year, comparing 6 months of 2022 with the same period in 2021:

- revenue from billed mobile services grew by 15.7 per cent,
- revenue from IT services surged by 14.6 per cent,
- revenue from broadband Internet services went up by 9.1 per cent.

In May, EUR 58.3 million (or 0.10 euro per share) dividends was paid to the shareholders of the Company. In June, the Board approved change in the governing structure of the Company – Marketing team, led by Vaida Jurkonienė, will be directly reporting to CEO of Telia Lietuva. Following the departure of two members of the Management Team, Elina Dapkevičienė was appointed as Head of Consumer unit and Daina Večkytė stepped in as new Head of Finance. Diana Gold will take lead over Digital & Analytics unit from 1 September.

Telia Lietuva remains committed to promotion of local content. We've supported the National film awards "Sidabrinė gervė 2022" (Silver Crane) and follow-up summer film festival "Sidabrinė gervė naktys" (Silver Crane Nights) in 10 cities. Traveling climate museum is another project supported by the Company. Educational climate museum will visit 18 cities focusing on people living in smaller cities and regions.

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

Financial figures	January-June		Change (%)
	2022	2021	
Revenue	214,901	201,293	6.8
EBITDA excluding non-recurring items	73,067	68,034	7.4
EBITDA margin excluding non-recurring items (%)	34.0	33.8	
EBITDA	73,206	68,787	6.4
EBITDA margin (%)	34.1	34.2	
Operating profit (EBIT) excluding non-recurring items	31,391	29,494	6.4
EBIT margin excluding non-recurring items (%)	14.6	14.7	
Operating profit (EBIT)	31,530	30,247	4.2
EBIT margin (%)	14.7	15.0	
Profit before income tax	30,408	29,290	3.8
Profit before income tax margin (%)	14.1	14.6	
Profit for the period	26,272	25,381	3.5
Profit for the period margin (%)	12.2	12.6	
Earnings per share (EUR)	0.045	0.044	3.5
Number of shares (thousand)	582,613	582,613	-
Share price at the end of period (EUR)	1.935	2.01	(3.7)
Market capitalisation at the end of period	1,127,356	1,171,052	(3.7)
Cash flow from operations	71,550	56,606	26.4
Operating free cash flow	38,647	34,760	11.2
Operating figures	30-06-2022	30-06-2021	Change (%)
Mobile service subscriptions, in total (thousand)	1,582	1,409	12.3
- Post-paid (thousand)	1,265	1,136	11.4
- Pre-paid (thousand)	317	273	16.1
Broadband Internet connections, in total (thousand)	424	417	1.7
- Fiber-optic (FTTH/B) (thousand)	309	300	3.0
- Copper (DSL) (thousand)	115	117	(1.7)
IPTV service customers (thousand)	254	254	-
Fixed telephone lines in service (thousand)	215	246	(12.6)
Number of personnel (head-counts)	2,050	2,124	(3.5)
Number of full-time employees	1,904	1,963	(3.0)
Financial ratios*	30-06-2022	30-06-2021	
Return on capital employed (%)	13.3	14.8	
Return on average assets (%)	9.9	10.8	
Return on shareholders' equity (%)	18.0	17.8	
Operating cash flow to sales (%)	32.5	29.6	
Capex to sales (%)	21.8	14.9	
Net debt to EBITDA ratio	0.82	0.71	
Gearing ratio (%)	39.3	32.9	
Debt to equity ratio (%)	51.1	48.1	
Current ratio (%)	65.3	91.6	
Rate of turnover of assets (%)	69.0	68.5	
Equity to assets ratio (%)	49.2	50.4	
Price to earnings (P/E) ratio	19.5	20.4	

Note. *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

	April-June		Change (%)	January-June		Change (%)
	2022	2021		2022	2021	
Fixed services	48,879	46,833	4.4	95,840	92,362	3.8
Voice telephony services	10,952	10,822	1.2	20,724	20,956	(1.1)
Internet services	17,425	15,969	9.1	34,286	31,426	9.1
Datacom and network capacity services	4,515	4,396	2.7	8,922	8,759	1.9
TV services	9,395	9,701	(3.2)	19,011	19,449	(2.3)
IT services	4,809	4,160	15.6	9,288	8,104	14.6
Other services	1,783	1,785	(0.1)	3,609	3,668	(1.6)
Mobile services	38,081	33,442	13.9	73,211	65,594	11.6
Billed services	34,012	28,812	18.0	65,383	56,515	15.7
Other mobile service	4,069	4,630	(12.1)	7,828	9,079	(13.8)
Equipment	23,729	21,363	11.1	45,850	43,337	5.8
Total	110,689	101,638	8.9	214,901	201,293	6.8

Share of revenue from fixed and mobile communication services amounted to 44.6 and 34.1 per cent, respectively, from the **total revenue** for the first half of 2022. Share of revenue from equipment sales was 21.3 per cent. Revenue from services provided to residential customers (B2C) amounted to 62.2 per cent, to business customers (B2B) and others – 37.8 per cent of the total revenue.

During January-June of 2022 the number of post-paid **mobile** communication service users increased by 29 thousand, while the number of pre-paid service users – by 35 thousand. Over the last twelve months, the total number of active mobile subscriptions went up by 173 thousand whereof 129 thousand were post-paid and 44 thousand – pre-paid service users. Large customer base, higher usage of mobile data and higher ARPU led to double digit growth in revenue from billed mobile services.

During the second quarter of 2022, the novelty – voice and mobile Internet roaming service in EU countries – was offered to prepaid mobile communication service subscribers.

Revocation of Covid-19 caused travelling restrictions led to increase in revenue from incoming mobile roaming services. But from 1 January 2022 following EU regulations reduced mobile interconnect prices resulted in overall decline in revenue from **other mobile services**.

During the first six months of 2022, the number of fixed telephony lines in service eased by 15 thousand while over the last twelve months – by 31 thousand. Revenue from voice transit service for January-June of 2022 was 8.4 per cent higher than a year ago and partially offset a decline of 10.9 per cent in revenue from retail **voice telephony** services.

During the first half of 2022, the number of fixed **broadband Internet access** users over fiber-optic network using FTTH/B technologies increased by 3 thousand, while number of broadband Internet service users over the copper DSL connections eased by 1 thousand. Over the last twelve months, the total number of broadband Internet access users increased by 7 thousand: number of fiber-optic connections went up by 9 thousand, while number of DSL connections went down by 2 thousand. The churn of traditional DSL connections was mitigated by employment of “Super VDSL” (S-VDSL) technology, which depending on the length of the copper line connecting the Company’s exchange and end equipment could provide up to 250 Mbps Internet speed.

During January-June of 2022, the number of smart **television** (IPTV) service users went down by 1 thousand, while over the last twelve months it remained flat. Switching off of Russian TV channels in spring of 2022 and increasing competition from other local operators and OTT (over-the-top) streaming providers are behind the no growth in number of IPTV users and decline in revenue from TV services.

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

Continuous demand for virtual private network (VPN), computerised workplace management and other IT solutions resulted in double-digit growth in revenue from **IT services**.

The Company's competence and excellence is recognised by our key partners. In 2022, Telia Lietuva for the third year in a row was recognized as Partner of the Year by Dell. That means that the Company is the biggest Dell partner in the Baltics. Also, for the second year in a row Dell awarded Telia Lietuva for "Excellence in Social Impact".

In the beginning of 2022, the Company and Lithuanian Railways (LTG) have signed two agreements according to which Telia Lietuva will design and implement data transmission solutions in the LTG network. Both agreements might be worth up to EUR 7 million. It will be one of the largest projects on LTG network modernisation in Lithuania in the last decade. It will cover all levels – starting from replacement of network nodes, implementation of security and network management systems and finishing with cable installation and transfer of the existing services to the upgraded network.

Modernised and more convenient business customers' e-shop contributed to success in **equipment sale**.

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 will be 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 the beginning of 2021, the Company sold an office building in Kaunas and recorded EUR 1,167 thousand gain from sale of property. During the first half of 2022, the gain from sale of property amounted to EUR 542 thousand (EUR 1,337 thousand a year ago).

Market information

According to the Reports of the Communications Regulatory Authority (CRA), the Lithuanian electronic communications market in terms of revenue in the first quarter of 2022 eased by 0.4 per cent compared with the fourth quarter of 2021, while compared with the first quarter of 2021 increased by 5.4 per cent and amounted to EUR 194.3 million.

Telia Lietuva remains the largest telecommunications' service provider in Lithuania with the market share (in term of revenue) of 38.2 per cent for the first quarter of 2022 (38.2 per cent a year ago).

	The market shares in terms of customers (%)		The market shares in terms of revenue (%)	
	Q1 2022	Change (p.p.) (y-o-y)	Q1 2022	Change (p.p.) (y-o-y)
Fixed voice telephony services	80.9	(0.7)	84.0	(1.8)
Mobile voice telephony services	28.7	0.3	25.9	(2.2)
Fixed Internet access	52.7	0.5	62.1	1.5
Mobile Internet access	28.5	0.0	27.9	1.3
Pay-TV services	39.1	1.7	47.5	(0.3)
Data communication services	n/a	n/a	53.3	(1.7)

According to the Report of the CRA, on 31 March 2022, broadband Internet penetration per 100 residents of Lithuania was 56.9 per cent (53.9 per cent a year ago) and pay-TV penetration per 100 households was 46.5 per cent (49.8 per cent). The penetration of active mobile voice communication users per 100 residents was 134.5 per cent (129.4 per cent a year ago) and penetration of fixed voice telephony lines per 100 households – 18.4 per cent (20.9 per cent).

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

Expenses

	April-June		Change (%)	January-June		Change (%)
	2022	2021		2022	2021	
Cost of goods and services	44,388	39,712	11.8	84,714	78,703	7.6
Operating expenses	29,254	28,042	4.3	57,633	55,090	4.6
Employee related	14,468	13,985	3.5	29,065	28,112	3.4
Other	14,786	14,057	5.2	28,568	26,978	5.9
<i>Non-recurring expenses</i>	261	237	10.1	403	584	(31.0)
Operating expenses (excl. non-recurring expenses)	28,993	27,805	4.3	57,230	54,506	5.0
Employee related	14,295	13,856	3.2	28,795	27,649	4.1
Other	14,698	13,949	5.4	28,435	26,857	5.9

Cost of goods and services were up mainly due to higher equipment sale and increased network costs. Increased employees' salaries and more accruals for vacations resulted in higher **employee related expenses** in 2022 in spite of lower number of employees. **Other expenses** went up mainly due to almost doubled expenses for electricity. **Non-recurring** redundancy pay-outs for the six months of 2022 amounted to EUR 270 thousand (EUR 463 thousand a year ago) and other non-recurring expenses amounted to EUR 133 thousand (EUR 121 thousand a year ago).

Number of employees	30-06-2022		Change	30-06-2021		Change
	30-06-2022	31-12-2021		30-06-2022	30-06-2021	
Headcounts	2,050	2,095	(45)	2,050	2,124	(74)
Full-time employees	1,904	1,939	(35)	1,904	1,963	(59)

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

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

Earnings

Revenue grew at a faster pace than expenses and resulted in positive profitability development in spite of higher depreciation and amortisation charges.

	April-June		Change (%)	January-June		Change (%)
	2022	2021		2022	2021	
EBITDA	37,519	34,011	10.3	73,206	68,787	6.4
Margin (%)	33.9	33.5		34.1	34.2	
Depreciation and amortisation	20,926	18,926	10.6	41,676	38,540	8.1
Operating profit (EBIT)	16,593	15,085	10.0	31,530	30,247	4.2
Margin (%)	15.0	14.8		14.7	15.0	
<i>Non-recurring expenses</i>	261	237	10.1	403	584	(31.0)
<i>Gain on sale of property</i>	294	170	73.1	542	1,337	(59.5)
EBITDA excl. non-rec. items	37,485	34,078	10.0	73,067	68,034	7.4
Margin (%)	33.9	33.5		34.0	33.8	
EBIT excl. non-rec. items	16,559	15,152	9.3	31,391	29,494	6.4
Margin (%)	15.0	14.9		14.6	14.7	

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

Non-recurring items for the first half of 2022 were comprised from one-off redundancy pay-outs of EUR 270 thousand (EUR 463 thousand for the first half of 2021), non-recurring other expenses of EUR 133 thousand (EUR 121 thousand) and gain of EUR 542 thousand (EUR 1.3 million) from sale of property.

	April-June		Change (%)	January-June		Change (%)
	2022	2021		2022	2021	
Profit before income tax	16,144	14,578	10.7	30,408	29,290	3.8
Margin (%)	14.6	14.3		14.1	14.6	
Income tax	(2,051)	(2,267)	(9.5)	(4,136)	(3,909)	
Profit for the period	14,093	12,311	14.5	26,272	25,381	3.5
Margin (%)	12.7	12.1		12.2	12.6	

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 first half of 2022 amounted to EUR 1.8 million (in 2021 – EUR 1.6 million).

Financial position and cash flow

As of 30 June 2022, the total **non-current assets** amounted to 78.8 per cent (77.3 per cent as of 30 June 2021), the total **current assets** – to 20.9 per cent (22.6 per cent), whereof cash alone represented 5.8 per cent (7.7 per cent) of total assets. **Shareholders' equity** at the end of June 2022 amounted to 49.2 per cent of the total assets (50.4 per cent at the end of June 2021).

	30-06-2022	30-06-2021	Change (%)
Total assets	606,167	592,754	2.3
Non-current assets	477,771	458,089	4.3
Current assets	126,884	134,012	(5.3)
<i>whereof cash and cash equivalents</i>	34,968	45,427	(23.0)
Assets for sale	1,512	653	131.5
Shareholders' equity	298,065	298,627	(0.2)

On 28 April 2022, the Annual General Meeting of Shareholders allocated from the Company's distributable profit of EUR 144.2 million an amount of EUR 58.3 million for the payment of **dividends** for the year 2021, i.e. EUR 0.10 dividend per share, and carry forward to the financial year 2022 an amount of EUR 85.9 million as retained earnings (undistributed profit). In May 2022, dividends for the year 2021 were paid to the shareholders of the Company.

During the second half of 2021, in order to avoid negative interest rate charged for the Company's residuals at the banks and following the Board's approval the Company started to grant loans to the largest shareholder of the Company, Telia Company AB, for up to three months at a zero interest rate. The lent funds are available to the Company on demand within 2 business days. As of 30 June 2022, the total amount of lending to the Parent company amounted to EUR 15 million.

	30-06-2022	31-12-2021	30-06-2021
Loans from banks	30,000	30,000	60,000
Liabilities under reverse factoring agreements	122,027	123,681	82,591
Liabilities under financial lease agreements	159	573	985
Borrowings	152,186	154,254	143,576
Cash and cash equivalents	34,968	61,769	45,427
Net debt	117,218	92,485	98,149
Net debt to equity (Gearing) ratio (%)	39.3	28.0	32.9

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

In November 2021, the Company repaid a half (EUR 30 million) of a syndicated **banks' loan** of EUR 60 million granted in May 2017. The outstanding amount of EUR 30 million will be repaid in May 2024.

The Company participates in reverse factoring or Supplier Invoice Financing (SIF) program where suppliers' invoices are paid by the banks within 7 days for an agreed fee which is covered by supplier. The Company does not pay any credit fees and does not provide any additional collateral or guarantee to the banks. The Company pays to the banks full invoice amount in up to one-year period (actual term depends on few variables agreed between all three parties). As of 30 June 2022, there were 35 suppliers which participated in SIF program.

	<u>April-June</u>		<u>Change</u>	<u>January-June</u>		<u>Change</u>
	<u>2022</u>	<u>2021</u>	<u>(%)</u>	<u>2022</u>	<u>2021</u>	<u>(%)</u>
Net cash from operating activities	37,324	24,557	52.0	71,550	56,606	26.4
Operating free cash flow	<u>21,070</u>	<u>12,340</u>	<u>70.7</u>	<u>38,647</u>	<u>34,760</u>	<u>11.2</u>

Operating free cash flow represents cash from operating activities after deduction of cash capital spending.

During the second quarter of 2022, the total **capital investments** amounted to EUR 18.6 million (EUR 18.9 million a year ago).

In 2021, the Company has started a major upgrade of its **radio access network** (RAN) with Ericsson equipment thus phasing out Huawei equipment earlier used in Telia Lietuva mobile network. Till 2024, 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 June 2022, more than a half of all base stations (925) that support 2G, 3G, 4G and 5G connection were already upgraded with Ericsson equipment.

In January 2022, the Company was the first one in Lithuania to activate the currently available 2100 MHz frequencies for 5G network in 20 base stations in Vilnius. The next-generation technology runs in Dynamic Spectrum Sharing mode, which allows the same frequency band to be used in parallel for both 4G and 5G connection.

In 2022, Telia Lietuva has completed the upgrade of its copper network used for the provision of DSL Internet. Over the four years, the Company has updated almost 1,600 network nodes throughout Lithuania. This allowed to increase the broadband DSL Internet speeds more than 10-fold: from a maximum download speed of up to 20 Mbps to 250 Mbps, given specific conditions. The real speed depends on the length and quality of the copper line connecting the Telia Lietuva exchange and the back-end equipment. The total investment into this project amounted to EUR 10.5 million.

Customers of Telia Lietuva fibre-optic Internet currently enjoy Internet speeds of up to 1 Gbps. The Company also plans to upgrade its fibre-optic network in the near future.

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

	<u>January-June</u>		<u>Change</u>
	<u>2022</u>	<u>2021</u>	<u>(%)</u>
Fixed network	8,402	9,380	(10.4)
Mobile network	10,646	8,898	19.6
IT systems and infrastructure	7,649	5,740	33.3
Transformation program	4,995	6,201	(19.4)
Other	217	793	(72.6)
Total capital investments	<u>31,909</u>	<u>31,012</u>	<u>2.9</u>
Capital investments to revenue ratio (%)	<u>14.8</u>	<u>15.4</u>	

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

According to the latest Communication Regulatory Authorities measurement data, the average mobile Internet speed in Telia Lietuva 4G network remains the highest in the country amounting to 143.1 Mbps (93.6 Mbps a year ago). The Company's 4G network is available in all open areas across the entire country.

By the end of June 2022, the Company had 959 thousand households passed (939 thousand a year ago), or 69 per cent of the country's households, by the fiber-optic network.

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-June of 2022:

Currency	Opening price	Highest price	Lowest price	Last price	Average price	Turnover (units)	Turnover
EUR	2.05	2.10	1.79	1.935	1.986	4,276,706	8,492,686

The Company's **market capitalisation** as on 30 June 2022 was EUR 1,127 million, an ease by 3.7 per cent over the market capitalisation of EUR 1,171 million a year ago.

The number of **shareholders** on the shareholders' registration day (21 April 2022) for the Annual General Meeting of Shareholders, which was held on 28 April 2022, was 14,261.

Shareholders, holding more than 5 per cent of the share capital and votes, as on 30 June 2022:

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 28 April 2022, the Annual General Meeting approved the audited annual financial statements of the Company for the year 2021. The Annual report of the Company for the year 2021, 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 144,200 thousand to allocate an amount of EUR 58,261 thousand for the payment of dividends for the year 2021, i.e. EUR 0.10 dividend per share, and carry forward to the next financial year an amount of EUR 85,938 thousand as retained earnings (undistributed profit).

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

Members of the managing bodies

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

Members of the Board as of 30 June 2022:

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. The current two-years' term of the Board terminates on 27 April 2023. 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 28 April 2022, the Annual General Meeting approved the Company's Remuneration Report for the year 2021 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.

Following the Policy, the shareholders decided to allocate for two independent members to the Board – Dovilė and Mindaugas Glodas – the total amount of EUR 33,000, or EUR 16,500 each, as a tantiemes (annual payment) for the year 2021.

Arūnas Lingė, Head of Finance, has left the Company on 29 April 2022, and a new Head of Finance, Daina Večkytė, was appointed by the Board from 4 July 2022. From 30 April 2022 till 3 July 2022, Polina Rys, Head of Business Control, was an interim Head of Finance of Telia Lietuva.

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

Nortautas Luopas, Head of Consumer and Digital & Analytics at Telia Lietuva, has left the Company on 30 June 2022, and the Board has approved a new structure of the Company and appointed the heads of the Consumer, Marketing, and Digitisation & Analytics units from within the Company.

From 1 July 2022, Elina Dapkevičienė is appointed Head of Consumer of Telia Lietuva. Before that she was leading the Company's Home Services Segment team. From 1 July 2022, the Marketing is moved from Consumer unit into separate team and is continuously headed by Vaida Jurkonienė.

Diana Gold will head the Digitisation and Analytics unit from 1 September 2022, having previously been Head of IT at Common Products and Services.

Management Team as of 1 July 2022:

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	-	-
Elina Dapkevičienė	Head of Consumer	-	-
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; Telia Danmark A/S (Denmark), acting Head of Enterprise	-
Andrius Šemeškevičius	Head of Technology	-	8,761 shares or 0.0015% of the total number of shares and votes
Daina Večkytė	Head of Finance (from 4 July 2022)	-	-
Ramūnas Bagdonas	Head of People & Engagement	Association of Personnel Management Professionals (Lithuania), Chair of the Board	-
Daiva Kasperavičienė	Head of Legal and Corporate Affairs	-	-
Vaida Jurkonienė	Head of Marketing	-	-
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)

Statement of comprehensive income

	Note	April-June		January-June	
		2022	2021	2022	2021
Revenue		110,689	101,638	214,901	201,293
Cost of goods and services		(44,388)	(39,712)	(84,714)	(78,703)
Employee-related expenses		(14,468)	(13,985)	(29,065)	(28,112)
Other expenses		(14,786)	(14,057)	(28,568)	(26,978)
Other gain/ (loss) - net		472	127	652	1,287
Depreciation, amortisation and impairment of fixed assets	2	(20,926)	(18,926)	(41,676)	(38,540)
Operating profit		16,593	15,085	31,530	30,247
Finance income		393	395	642	771
Finance costs		(842)	(902)	(1,764)	(1,728)
Finance – net		(449)	(507)	(1,122)	(957)
Profit before income tax		16,144	14,578	30,408	29,290
Income tax	6	(2,051)	(2,267)	(4,136)	(3,909)
Profit for the period		14,093	12,311	26,272	25,381
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		14,093	12,311	26,272	25,381
Profit and comprehensive income attributable to:					
Owners of the Parent		14,093	12,311	26,272	25,381
Minority interests		-	-	-	-
Earnings per share for profit attributable to the equity holders of the Company (expressed in euro per share)	7	0.024	0.021	0.045	0.044

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

Statement of financial position

	Note	30 June 2022	31 December 2021
ASSETS			
Non-current assets			
Property, plant and equipment	2	261,425	267,034
Intangible assets	2	141,512	140,794
Right-of-use-asset	2	47,617	46,124
Cost to obtain a contract		5,160	4,837
Other contract assets		566	696
Trade and other receivables		15,578	16,789
Terminal financing receivables		5,913	6,685
		477,771	482,959
Current assets			
Inventories		13,926	12,711
Contract assets		1,148	1,102
Trade and other receivables		70,745	66,497
Current income tax receivable		12	5,201
Terminal financing receivables		6,085	5,920
Cash and cash equivalents		34,968	61,769
		126,884	153,200
Assets classified as held for sale		1,512	5,310
Total assets		606,167	641,469
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		112,211	144,200
Equity attributable to owners of the Company		298,065	330,054
Non-controlling interest		-	-
Total equity		298,065	330,054
LIABILITIES			
Non-current liabilities			
Borrowings		30,000	30,000
Lease liabilities		45,955	45,720
Deferred tax liabilities		18,907	19,604
Deferred revenue and accrued liabilities		6,634	6,645
Provisions	5	12,386	12,398
		113,882	114,367
Current liabilities			
Trade, other payables and accrued liabilities		55,662	57,416
Current income tax liabilities		-	-
Borrowings		122,186	124,254
Contract liabilities		1,998	2,054
Lease liabilities		14,374	13,324
Provisions	5	-	-
		194,220	197,048
Total liabilities		308,102	311,415
Total equity and liabilities		606,167	641,469

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

Statement of changes in equity

	Share capital	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2021	168,958	16,896	145,653	331,507
Profit for the period	-	-	25,381	25,381
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	25,381	25,381
Dividends paid for 2020	-	-	(58,261)	(58,261)
Balance at 30 June 2021	168,958	16,896	112,773	298,627
Balance at 1 January 2022	168,958	16,896	144,200	330,054
Profit for the period	-	-	26,272	26,272
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	26,272	26,272
Dividends paid for 2021	-	-	(58,261)	(58,261)
Balance at 30 June 2022	168,958	16,896	112,211	298,065

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

Statement of cash flow

	January-June	
	2022	2021
Operating activities		
Profit for the period	26,272	25,381
Adjustments for:		
Income tax expenses recognized in profit or loss	4,136	3,909
Depreciation, amortisation and impairment charge	42,691	39,849
Gain on disposal of property, plant and equipment	(771)	(1,291)
Interest income	(642)	(771)
Interest expenses	1,716	1,619
Changes in working capital:		
Inventories / Assets held for sale	(1,261)	(1,950)
Trade and other receivables, decrease/(increase) in contract assets, contact costs	(47)	3,985
Trade, other payables and accrued liabilities, deferred tax liability, increase/(decrease) in contract liabilities, deferred revenue and accrued liabilities	4,189	(9,179)
Cash generated from operations	76,283	61,552
Interest paid	(1,690)	(1,586)
Interest received	102	206
Income taxes paid	(3,145)	(3,566)
Net cash from operating activities	71,550	56,606
Investing activities		
Purchase of property, plant and equipment and intangible assets	(37,837)	(26,078)
Proceeds from disposal of property, plant and equipment and intangible assets	4,934	4,232
Proceeds from / repayments for finance sublease receivables	1,147	(1,126)
Net cash used in investing activities	(31,756)	(22,972)
Financing activities		
Repayment of borrowings	(47,584)	(24,559)
Proceeds from borrowings	45,109	45,407
Increase (decrease) in lease liabilities	(5,859)	(6,735)
Dividends paid to shareholders	(58,261)	(58,261)
Net cash used in financing activities	(66,595)	(44,148)
Increase (decrease) in cash and cash equivalents	(26,801)	(10,514)
Movement in cash and cash equivalents		
At the beginning of the year	61,769	55,941
Increase (decrease) in cash and cash equivalents	(26,801)	(10,514)
At the end of the period	34,968	45,427

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

Notes to the interim financial statements

1 Accounting policies

The interim financial statements for the 6 months' period ending 31 June 2022 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 2021.

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 June 2022 are not audited. Financial statements for the year ended 31 December 2021 are audited by the external auditor Deloitte Lietuva UAB.

2 Property, plant and equipment, intangible assets and right of use assets

	<u>Property, plant and equipment</u>	<u>Intangible assets</u>
Six months ended 30 June 2021		
Opening net book amount as at 31 December 2020	256,923	132,223
Additions	19,446	11,566
Disposals and retirements	(2,460)	(52)
Reclassification	2	(2)
Depreciation and amortisation charge	(25,623)	(8,152)
Closing net book amount as at 30 June 2021	248,288	135,583
Six months ended 30 June 2022		
Opening net book amount as at 31 December 2021	267,034	140,794
Additions	21,328	10,582
Disposals and retirements	(149)	(24)
Reclassification	9	(199)
Depreciation and amortisation charge	(26,797)	(9,641)
Closing net book amount as at 30 June 2022	261,425	141,512
	<u>Right-of-use-asset</u>	
Six months ended 30 June 2021		
Opening net book amount as at 1 January 2021	47,217	
Additions	7,285	
Disposals and retirements	(2,744)	
Reclassification	-	
Depreciation and amortisation charge	(4,765)	
Closing net book amount as at 30 June 2021	46,993	

(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>
Six months ended 30 June 2022	
Opening net book amount as at 1 January 2022	46,124
Additions	9,054
Disposals and retirements	(2,323)
Reclassification	-
Depreciation and amortisation charge	(5,238)
Closing net book amount as at 30 June 2022	47,617

3 Investments in subsidiaries and associates

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

Name	Country of incorporation	Ownership interest in %		Profile
		30-06-2022	31-12-2021	
VšĮ Numerio Perkėlimas	Lithuania	50	50	A non-profit organization established by Lithuanian telecommunications operators administers central database to ensure telephone number portability.

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-June 2021:

	<u>Provision for restructuring</u>	<u>Assets retirement obligation</u>	<u>Total</u>
Opening net book amount at 31 December 2021	-	12,398	12,398
Additions	-	-	-
Used provisions	-	(12)	(12)
Closing net book amount at 30 June 2022	-	12,368	12,368

The restructuring provision comprises of compensation to employees due to the restructuring plan (if any) approved by the Company. No restructuring provisions made in 2022.

(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 2022 is taxable at a rate of 15 per cent in accordance with Lithuanian regulatory legislation on taxation (2021: 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 2022 amounted to EUR 1.8 million (in 2021 – 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 both reporting periods amounted to 582,613 thousand.

	January-June	
	2022	2021
Net profit	26,272	25,381
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613
Earnings per share (euro)	0.045	0.044

8 Dividends per share

A dividend that relates to the period to 31 December 2021 was approved by the Annual General Meeting of Shareholders on 28 April 2022. The total amount of allocated dividend, that was paid off in May 2022 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 Company is controlled by Telia Company AB, which owns 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-June	
	2022	2021
Sales of telecommunication and other services	3,639	4,061
Total sales of telecommunication and other services	3,639	4,061
Purchases of services	9,692	11,235
Purchases of assets	58	496
Total purchases of services and assets:	9,750	11,731

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

	As at 30 June	
	2022	2021
Long-term receivables from related parties	-	140
Receivables from related parties	287	601
Accrued revenue from related parties	696	938
Total receivables and accrued revenue from related parties	983	1,679
Short term investments	15,000	-
Short term investments	15,000	-
Payables to related parties	2,130	832
Accrued expenses to related parties	10	43
Total payables and accrued expenses to related parties	2,140	875

On 26 May 2022, following the decision of the Annual General Meeting of Shareholders, held on 28 April 2022, the Company paid-out to Telia Company an amount of EUR 51,359 thousand as dividends for the year 2021.

Management confirmation of the interim 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 Daina Večkytė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, the not audited Telia Lietuva, AB Interim Financial Statements for the 6 months' period ended 30 June 2022, 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.

Dan Strömberg
CEO

Daina Večkytė
Head of Finance

Vilnius, 19 July 2022

Interim report

Approved by the Board

Reporting period

January-June of 2022

Issuer and its contact details

Name of the Issuer	Telia Lietuva, AB (hereinafter – ‘the Company’)
Legal form	public company (joint-stock company)
Date of registration	6 February 1992
Name of the Register of Legal Entities	State Enterprise Centre of Registers
Company code	1212 15434
LEI code	5299007A0LO7C2YYI075
Registered office	Saltoniškių str. 7A, LT-03501 Vilnius, Lithuania
Telephone number	+370 5 262 1511
Fax number	+370 5 212 6665
E-mail address	info@telia.lt
Internet address	www.telia.lt

Main activities of the Company

From 1 February 2017, **Telia Lietuva, AB** continues the activities of TEO LT, AB, AB Omnitel and AB Baltic Data Center. Following the reorganisation whereby AB Omnitel and AB Baltic Data Center were merged into TEO LT, AB, and TEO LT, AB on 1 February 2017 changed its name to Telia Lietuva, AB, the Company provides telecommunications, IT and TV services from a single source to residents and businesses in Lithuania.

The Company is a part of Telia Company Group, a telecommunication services provider in the Nordic and Baltic countries.

Our **purpose** – we reinvent better connected living. Our shared **values** are dare, care, simplify. We **dare** to innovate, to lead and speak up. We **care** for our customers, for each other and our world. We **simplify** execution, teamwork and our operations.

The Communication Regulatory Authority (CRA) of Lithuania has designated the Company together with its related legal entities as an **operator with significant market power** (SMP) in Lithuania on the following markets of:

- voice call termination on the mobile network;
- calls termination on individual public telephone networks provided at a fixed location;
- wholesale local access provided at a fixed location;
- wholesale central access for mass market products;
- wholesale high quality data transmission services via terminating segment;
- digital terrestrial television broadcasting transmission services provided by the Company in the territory of the Republic of Lithuania.

Following the provisions of the Law on Electronic Communications of the Republic of Lithuania the Company is obliged to provide access to other undertakings, to follow obligation of non-discrimination, obligation of transparency, obligations of price control and cost accounting, obligation of accounting separation. Also, to publish public offer regarding the access.

The Company has a limited activities electronic money institution licence issued by the Bank of Lithuania. The licence grants the right to issue electronic money and provide payment services as set out in Article 5 of the Payments Law of the Republic of Lithuania.

The Company is certificated for compliance with the following ISO standards: IT Management (ISO 20000), Information Security Management (ISO 27001), Quality Management (ISO 9001), Environmental Management (ISO 14001) and Occupational Health & Safety (ISO 45001).

As of 30 June 2022, the Company had the following entity as associate of the Company:

Name of the company	Date of registration, code, name of the Register of Legal Entities	Contact details	The Company's share in the share capital of the company (%)	The Company's share of votes (%)
VšĮ Numerio Perkėlimas	5 September 2014, code 303386211, State Enterprise Center of Registers	Jogailos str. 9, LT- 01116 Vilnius, Lithuania	-	50.00

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

The Company has no branches or representative offices.

Agreements with intermediaries of public trading in securities

Since 1 December 2000, the Company and AB SEB Bankas (code 112021238), Konstitucijos ave. 24, LT-08105 Vilnius, have an agreement on accounting of the Company's securities and services related to the accounting of securities.

Data about securities traded on regulated market

Since 2000 Nasdaq Vilnius stock exchange is a home market for the Company's shares. Since January 2011, the Company's ordinary shares are included into the trading lists of the Berlin Stock Exchange (Berlin Open Market called Freiverkehr), the Frankfurt Stock Exchange (Open Market (Freiverkehr)), the Munich Stock Exchange and the Stuttgart Stock Exchange. The Company's share symbol on German stock exchanges is ZWS.

The following securities of the Company are included into the Main List of Nasdaq Vilnius stock exchange, which is the home market for Telia Lietuva shares (code: TEL1L), as of 30 June 2022:

Type of shares	Number of shares	Nominal value (in EUR)	Total nominal value (in EUR)	Issue Code
Ordinary registered shares	582,613,138	0.29	168,957,810.02	LT0000123911

Stake in VšĮ Numerio Perkėlimas is jointly owned together with UAB Bitė Lietuva and UAB Tele2, and is not for public trade.

Information about related party transactions

Following the International Financial Reporting Standards as adopted by the EU, the parties related to the Company are the Company's associate, companies that belong to Telia Company Group and top management of the Company. Transactions with related parties are carried out based on the arm's length principle.

In the second half of 2021, in order to avoid negative interest rate charged for the Company's residuals at the banks the Company following the Audit Committee and the Board approvals started to grant loans to the largest shareholder of the Company, Telia Company AB, holding 88.15 per cent of the Company's share

capital, for up to 3 months at a zero interest rate. The lent funds are available to the Company on demand within 2 business days. As of 30 June 2022, the total amount of short-term loans provided to the Parent company amounted to EUR 15 million. As of 30 June 2022, there were no loans extended by the Company to its associate.

Information about new related party transactions entered by the Company during 2022:

Related party	Transaction	Value
Telia Company AB , code 556103-4249, 169 94 Solna, Sweden	07-01-2022 the Company provided loan for 1 month at 0% interest rate. The loan was several times prolonged and returned on 09-05-2022	EUR 5 million
	07-01-2022 the Company provided loan for 3 months at 0% interest rate. The loan was several times prolonged till 08-08-2022.	EUR 5 million
	20-01-2022 the Company provided loan for 1 month at 0% interest rate. The loan was prolonged and returned on 23-05-2022.	EUR 5 million
	20-01-2022 the Company provided loan for 3 month at 0% interest rate. The loan was prolonged and returned on 20-05-2022	EUR 5 million
	25-01-2022 the Company prolonged for 3 months loan granted on 21-10-2021 at 0% interest rate. The loan on 25-04-2022 was prolonged for 3 months till 25-07-2022.	EUR 10 million
	22-02-2022 the Company provided loan for 3 months at 0% interest rate. The loan was returned on 23-05-2022.	EUR 5 million
	23-02-2022 the Company prolonged for 3 months loan granted on 23-08-2021 at 0% interest rate. The loan was returned 23-05-2022.	EUR 15 million
	25-04-2022 the Company provided loan for 1 month at 0% interest rate. The loan was returned on 25-05-2022.	EUR 8 million
	13-07-2022 the Company provided loan for 2 months at 0% interest rate.	EUR 10 million

The Company through its largest shareholder, Telia Company AB, is related to Telia Company Group that provides telecommunication services in Nordic and Baltic countries. The main buyers and providers of telecommunications and other services to the Company based on earlier signed agreements are Telia Company AB (Sweden), Telia Eesti AS (Estonia), LMT (Latvia), Telia Finland Oyj (Finland), Telia Finance AB (Sweden) and Telia Global Services Lithuania, UAB (Lithuania). In May 2022, the Company paid-out to Telia Company an amount of EUR 51.4 million as dividend for the year 2021. As of 30 June 2022, the Company had no outstanding loans granted by Telia Company.

Information on volumes of the Company's transactions with related parties during January-June 2022 (in EUR thousand):

Telia Company AB and its subsidiaries:	Sales of telecommunication and other services	Purchase of telecommunication and other services
Telia Company AB (Sweden)	-	6,522
Telia Asset Finance AB (Sweden)	-	3,113
Telia Försäkring AB (Sweden)	2,523	24
Telia Sverige AB (Sweden)	157	(370)
Latvijas Mobilais Telefons SIA (Latvia)	196	133
SIA Telia Latvija (Latvia)	5	48
Telia Eesti AS (Estonia)	46	32
Telia Finland Oyj (Finland)	143	52
Telia Global Services Lithuania, UAB	540	400
Other	29	(204)
	3,639	9,750

Information about related party transactions is provided in Note 9 of Interim Financial Statements for the six months' period ended 30 June 2022. Following the Law on Companies of the Republic of Lithuania, the Company provides information about related parties transactions on the Company's website www.telia.lt.

Risk management

The Company's Risk management policy describes the risk as uncertainty, that might significantly influence the Company's goals and level of achievement of expected results. The Company distinguishes the following risk: risk of business discontinuation, security risk, reputational risk, financial risk, regulatory risk, ethics and sustainability risk as well as operational risk.

The Company's risk management is based on requirements of ISO 31000 standard and COSO (Committee of Sponsoring Organizations of the Treadway Commission) Enterprise Risk Management (ERM) system. The Company has a business-oriented risk management process, by which potential threats to business are indicated and plans for prevention of business discontinuity and crisis situation management are set. Risk management is fully integrated into business planning and control processes.

The risk management includes internal and external environment of the Company, distinguishing, but not limiting to, the following main risk management areas of internal environment: finance management, information management, information technologies, resources management, revenue assurance, services and customer care, personnel, processes management, strategy and network management, as well as external environment: ecology, economic conditions, competition, political, socio-cultural, technology, legal and regulatory, suppliers and customers.

By combining related areas, the Company has a set of rules and best practices for risk management in such areas as resource risk management, network risk management, revenue assurance risk management, services and customer care risk management, information risk management, business relations, reputation and market risk management, legal risk management and corruption risk management.

The Company's activities expose it to the following financial risks: market risk (including foreign exchange risk, and cash flow and fair value interest rate risk), credit risk, liquidity risk. The Group's Financial Management Policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects of the financial performance of the Company.

The Company's exposure to **foreign exchange** risk is not substantial as Telia Lietuva operates in euro zone and majority of services are provided to residents and businesses in Lithuania as well as majority of services and goods are purchased from local or euro zone suppliers. Certain foreign exchange risk exposure arises from the Company's international activities with foreign telecommunication operators and suppliers from outside the euro zone and is primarily related to settlements in US Dollars. The Company's trade payables and trade receivables in foreign currency are short-term and insignificant in comparison with settlements in euro. The Company manages foreign exchange risk by minimising the net exposure to open foreign currency position, therefore no foreign exchange hedging instruments is used.

The Company's income and operating cash flows are partially dependent of changes in market **interest rates**. The outstanding EUR 30 million loan provided by SEB Bank, Danske Bank and Nordea Bank will be repaid in May 2024. The interest rates of this syndicated loan are set semi-annually and are based on a 6 months EURIBOR interest rate. The Company does not use any interest rate hedging tools.

The Company's financial assets' exposure to **credit risk** is related to cash deposits and trade receivables. Credit risk of cash deposits is managed by limiting the cash exposure to financial institutions with lower than A (according to Fitch or equivalent by Standard & Poor's or Moody's) long-term credit ratings. As of 30 June 2022, majority (95 per cent) of the Company's cash and short term investments were held in A+ and A-2 rated banks.

The Company has a Participation Agreement with Skandinaviska Enskilda Banken (SEB) for customer receivables. Under agreement SEB acquired the rights to the cash flows for certain pools of Telia Lietuva's

receivables from the sales of handsets to residential customers. The objective of the agreement is to improve the Company's working capital by achieving derecognition of the receivables by transferring the risk related to the receivables to SEB with the use of the so called "pass-through" rules in IFRS 9 Financial instruments.

To manage credit risk of trade receivables the Company checks the creditworthiness of all customers (business and residential) before signing any new contracts, except for low value contracts, e.g. additional TV packaged or other value added services (VAS). Customers' invoices payment control consists of a few various reminders starting with a notification before due date and then additional reminders after due date are sent. Services are limited after 20 days past due and contract is terminated and penalties issued after 50 days past due. Residential customers' bad debts after sending additional reminding letters are sold or handed over to external bad debt collection agencies for debt recovery.

Liquidity risk relates to the availability of sufficient funds for the Company debt service, capital expenditure, working capital requirement and dividend pay-out. Prudent liquidity risk management implies maintaining sufficient level of cash and cash equivalents. The goal of the Company's liquidity risk management is to ensure that minimum liquidity position (calculated as cash and cash equivalents plus undrawn committed credit facilities) should at any time exceed the level of 2 per cent of the annual revenue. During 2022, the Company's liquidity position on average amounted to 14.6 per cent of the annual revenue.

The Company is a part of reverse factoring or Supplier Invoice Financing (SIF) program where suppliers' invoices are paid by third party banks within 7 days for an agreed fee which is covered by supplier. The Company does not pay any credit fees and does not provide any additional collateral or guarantee to the banks. The Company pays banks full invoice amount in up to one-year period (actual term depends on few variables agreed between all three parties). As of 30 June 2022, there were 35 suppliers which participated in SIF program.

At the end of June 2022, the total amount of borrowings amounted to EUR 152.2 million (EUR 143.6 million a year ago), whereof EUR 30 million was a loan from the banks, EUR 122 million – obligations under vendor financing arrangements and EUR 0.2 million – obligation under financial lease agreements.

As of 30 June 2022, the net debt amounted to EUR 117.2 million (EUR 98.1 million a year ago) and net debt to equity (Gearing) ratio was 39.3 per cent (32.9 per cent at the end of June 2021). The Company's net debt to EBITDA ratio was 0.82 (0.71 a year ago).

The Company's financial risk management is carried out by employees of Finance unit of the Company under Telia Company Group policies in close co-operation with Telia Company Group Treasury. More information about the Company's financial risk management is provided in Note 3 of the Company's Financial Statements for the year ended 31 December 2021.

Security and integrity are of highest priority to Telia Company Group including Telia Lietuva. As a part of that we constantly evaluate and assess all partners and suppliers. We always oversee the construction and operation of our networks and we are constantly focused on security and that applies to all suppliers. In 2020, Telia Lietuva has entered into a strategic partnership with Ericsson (Sweden) to modernize its mobile network for rollout of 5G technology and phasing out currently in the Company's radio access network used Huawei equipment starting from 2021. As of 30 June 2022, 925 base stations were upgraded with Ericsson equipment.

In 2022, the Company is facing the specific impact from raising energy prices, high inflation in the country, rising interest rates as well as instability of international supply chains.

Plans and forecasts

We are on a mission to create a better Telia and reinvent better connected living through our digital connectivity, our digital experiences, and our digital infrastructure.

Everything we do should reflect our **purpose** – reinventing better connected living. This means better connected customers empowered to live fuller lives, better connected businesses working smarter, better

connected teams all working towards one goal, and a better connected society in which people and the planet prosper together.

We are building a *Better Telia* – our goal is to make Telia better for customers, better for our employees, better for our owners and better for the societies in the Nordics and the Baltics. Led by our purpose to ‘Reinvent better connected living’ we aim to grow our business and deliver sustainable value creation to our shareholders through four key **strategic** pillars:

- inspiring our customers with brands and experiences that go beyond connectivity,
- connect everyone through the most trusted, reliable and efficient modern network,
- transforming to digital to be simpler, faster, data driven and with lower cost,
- delivering sustainably through an accountable and empowered organization.

In Lithuania *better Telia* means:

- leadership in customer experience – seamless journeys across platforms, personalised experience, premium brand, convergence, best B2B partner, partner of choice for SOHO/SME;
- leadership in network – quality in network and services, 5G and IoT all over, modern and legacy light;
- excellence in digitalisation – modern IT, simple processes, real-time analytics, automated solutions;
- strengthened leadership – sustainable performance, strong learning culture, customer obsession and innovation, sustainable and responsible business.

Challenging and constantly changing business environment requires constant change. The main business focus areas of the Company for the forthcoming two years are the maximisation of value through convergence and empowering digital. The main tasks in inspiring customers are to use Telia1 platform to increase customers’ loyalty, to cross-sell using more services to more customers approach and benefiting from converge customer base, to retain TV market share and to widen portfolio for B2B customers. In connecting everyone – to secure market perception of premium services by deploying 5G, run fixed and mobile Internet as supplementing each other and leverage on upgraded technologies by improving user’s experience and managing the customers’ churn via renewal of customer’s end equipment and contracts. Also, to adapt price premium perception to the market reality by commercial and marketing activities for all customers’ segments and to retain quality leader position to build relevance. In empowering digital to continue business transformation, simplifying and digitalising sales and customer support processes, closing down legacy in order to provide personalised and data-driven digital solutions.

During 2022, the Company plans gradually to switch off 3G mobile network. The frequencies used for 3G mobile communication are assigned to more advanced 4G technology. Every-second call in mobile network of the Company is already made using VoLTE (Voice over LTE) technology.

In November 2020, the Company has entered into a strategic partnership with Ericsson to modernize the mobile network and roll-out of 5G. Ericsson is the Company’s sole partner to deliver radio access network technology (RAN) in Lithuania. Upgrade of around 2,000 base stations all over the country will improve the quality of current 4G network and ensure a fast upgrade to 5G. Telia Lietuva will start providing commercial 5G mobile communication services in Lithuania after the 5G frequencies’ auctions, which is expected to be over during the second half of 2022.

To satisfy increased demand for cloud computing services, the Company had purchased a 2-hectare land plot near Vilnius, where it will build a new data center. The Company plans to invest EUR 10 million into construction of the largest data centre in the country. In 2022, the Company will continue renovations and expansion of the existing data centers.

Research and development activities

In 2022, the Company continues to develop and improve existing services, digitalisation of the customer’s experience as well as make preparation for 5G introduction.

Since December 2018, the Company has been testing non-commercial 5G frequencies granted by the Lithuanian Communications Regulatory Authority (CRA) in Lithuania. Starting from November 2020, private and business customers were able to try 5G connectivity free of charge in Vilnius, Kaunas, Raseiniai and Klaipėda. In January 2022, the Company was the first one in Lithuania to activate the currently available 2100 MHz frequencies for 5G network in 20 base stations in Vilnius. The next-generation technology runs in

Dynamic Spectrum Sharing mode, which allows the same frequency band to be used in parallel for both 4G and 5G connection.

Corporate governance

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

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

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

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

- is responsible for the strategic direction of the Company;
- considers and approves the strategy of the Company, the annual and interim reports of the Company, the structure of the Company's governance and positions of the employees, the positions to which employees shall be hired through a contest, and nominees to such positions, nominees to the positions directly reporting to the CEO, remuneration and dismissal from the positions, regulations of branches and representative offices of the Company, general principles (procedure) of payment of bonuses to Company's employees;
- sets the information, which shall be held the commercial (industrial) secret and confidential information of the Company;
- analyses and assesses materials provided by the CEO concerning the strategy implementation, activities and financial status of the Company;
- adopts decisions to become incorporator or participant of other legal entities, acquisition or disposal by the Company of the shares of other companies, acquisition, transfer, lease of any assets or business, assumption of new debt obligations, when the amount of the transactions exceeds EUR 1.6 million (excl. VAT);
- adopts decisions concerning the annual financial statements of the Company and a draft of profit (loss) distribution that are proposed by the CEO and presents these drafts to the General Meeting;
- adopts decisions on transactions with related parties as prescribed by the Law and transactions that has a significant impact on the Company, its finances, assets, liabilities;
- is responsible for convocation of General Meetings in a timely manner.

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

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

- supervises the day-to-day operation and ensure the implementation of the Company's Business Plan;
- prepares annual financial statements and annual report of the Company;
- prepares a draft decision on the allocation of dividends;
- reports on the current operations of the Company at each meeting of the Board;
- performs the functions delegated to him by the Board and implement decisions adopted by the General Meeting;
- represents or procures the representation of the Company before companies, authorities, organizations, courts, arbitration and in relations with any third party;
- opens or closes accounts with banking institutions and dispose of the funds therein;
- executes the Company's transactions pursuant to the By-laws, decisions of the General Meeting and the Board;
- issues authorizations to other persons to perform his functions within the scope of his authority;
- issues procurations;
- issues internal documents regulating the work of the administration, and other structural units;
- appoints and dismisses employees of the Company, signs, amends and terminates on behalf of the Company employment agreements with employees of the Company (except where, in cases provided in these By-laws, Board approval is required);
- determines employees' salaries and bonuses (except where, in cases provided in these By-laws, Board approval is required); presents the procedure for payment of bonuses to the Board for approval;
- ensures the protection and increases of the Company's assets, normal working conditions, and protection of commercial secrets;
- represents or gives another person a power of attorney to represent the Company in general meetings of shareholders of other companies in which the Company has invested;
- approves, amends and supplements the work regulations of the administration;
- provides reports to the Shareholders and the Board on major events that are relevant to the Company's activities;
- complies with legal requirements when concluding transactions with related parties;
- executes other functions, ascribed to the competence of the head of a Company in the valid legal acts.

The Company essentially follows a recommendatory **Corporate Governance Code** for the Companies Listed on Nasdaq Vilnius stock exchange (hereinafter 'the Governance Code') adopted in August 2006, amended in December 2009 and newly worded from January 2019. The Company does not have a Supervisory Council, but supervision functions set by the Law on Companies of the Republic of Lithuania are performed by the Board, which is a non-executive managing body of the Company and is comprised from four representatives of the largest shareholder, Telia Company, and two independent members of the Board. The Company does not have a Nomination Committee as its functions are performed by the Remuneration Committee.

The Company prepared the disclosure of compliance with the principles and recommendation set by the Governance Code in Telia Lietuva, AB Corporate governance reporting form for the year ended 31 December 2021, which is available at the Company webpage as the Annex to Financial Statements, Annual Report and Independent Auditor's Report for the year ended 31 December 2021 at www.telia.lt.

Shareholders' rights

None of the shareholders of the Company have any special controlling rights. Rights of all shareholders are equal. As of 30 June 2022, the number of the Company's shares that provide voting rights during the General Meeting of Shareholders amounted to 582,613,138. One ordinary registered share of the Company gives one vote in the General Meeting of Shareholders.

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

Shareholders' meeting

The Annual General Meeting of shareholders, that was held on 28 April 2022, decided:

- to approve the Company's audited annual financial statements for the year 2021,
- to allocate the Company's profit for the year 2021,
- to approve the Company's Remuneration Report for the year 2021.

Treasury stocks

The Company has no treasury stocks. The Company has never acquired any shares from the management of the Company.

Dividends

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

On 26 May 2022, the Company paid out to the shareholders an amount of EUR 58.3 million of dividends or EUR 0.10 per share for the year 2021. In accordance with the relevant legislation, dividends were paid to the shareholders who were on the Shareholders' List of the Company on the dividend record day, 12 May 2022, i.e. the tenth business day after the Annual General Meeting of Shareholders. Dividends to all shareholders were paid in cash.

The Board's activities

During January-June of 2022, four ordinary meetings of the **Board** were held. Meetings were convened according to the preliminary approved schedule of the Board meetings. During all Board meetings there was quorum prescribed by legal acts. All meetings were chaired by the Chair of the Board, Douglas Lubbe.

During its meetings the Board, besides the ongoing follow up of the Company's business plan implementation and supervision of transformation program, approved:

- financial statements for the 12 months of 2021 and 3 months of 2022,
- financial statements and the annual report for the year ended 31 December 2021,
- convocation of the Annual General Meetings of Shareholders and agenda of the Meeting,
- proposal of profit allocation for the year 2021,
- Remuneration Report for the year 2021,
- payment of annual bonuses for the year 2021,
- KPIs for variable pay for the year 2022,
- internal audit plan for the year 2022,
- the Company's participation in 700 MHz and 3.5 GHz spectrum auctions,
- changes in organisational structure of the Company,
- changes in Management Team,
- principles for electricity price hedging,
- agreements that value exceeds a threshold of EUR 1.6 million,
- update of the Company's Policies.

The Board on a regular base considered reports of the Audit and Remuneration Committees as well as reports of the Company's management.

During the first half of 2022 two meetings of the **Remuneration Committee** were held. The following issues were considered during these meetings: evaluation of the Company's Management team members' performance and approval of variable pay amounts for Management team for the year 2021; base salary review for Management team members; evaluation of the CEO performance and approval of CEO's variable pay amount for the year 2021, draft of Remuneration Report for the year 2021; variable pay KPI's for the year 2022; changes in the Management team, pension plan update and succession planning. All members of the

Committee attended all meetings of the Committee. Both meetings were chaired by Chair of the Committee, Claes Nycander.

During January-June of 2022, two meetings of the **Audit Committee** were held, during which the report by external auditors regarding the financial statements for the year 2021 as well internal audit and risk management reports were considered. The Committee approved the draft of audited financial statements and the Annual Report for the year 2021, the draft of Profit allocation statements for the year 2021 (dividends and tantiemes), internal audit plan for the year 2022, and submitted them to the Board for the final approval. The Committee also consider report of GREC (Governance, Risk, Ethics and Compliance) meeting and update on funding and liquidity. All members of the Committee attended all meetings of the Committee. Both meetings were chaired by Chair of the Committee, Agneta Wallmark.

Information on the Board members' attendance of the meetings in 2022 (number of attended/to be attended meetings):

Name, surname	Position	Meeting attendance		Tantiemes for 2021 paid-out in 2022 (EUR)	
		Board	Audit Committee		Remuneration Committee
Douglas Lubbe	Chair of the Board, member of the Remuneration Committee	4/4		2/2	-
Claes Nycander	Member of the Board, Chair of the Remuneration Committee	4/4		2/2	-
Agneta Wallmark	Member of the Board, Chair of the Audit Committee	4/4	2/2		-
Hannu-Matti Mäkinen	Member of the Board	4/4			-
Dovilė Grigienė	Member of the Board, member of the Audit Committee	4/4	2/2		16,500
Mindaugas Glodas	Member of the Board, member of the Audit and Remuneration Committees	4/4	2/2	2/2	16,500

On 28 April 2022, the shareholders resolved to allocate for two independent members to the Board – Dovilė Grigienė and Mindaugas Glodas – the total amount of EUR 33,000, or EUR 16,500 each, as a tantiemes (annual payment) for the year 2021.

Members of the Board

Douglas Lubbe (born in 1972) – Chair of the Board, member of the Board since 23 November 2020, re-elected for the two-year terms on 27 April 2021 (nominated by Telia Company AB), member of the Remuneration Committee. Education: University of Southern Queensland (Australia) Master of Business Administration; South African Institute of Chartered Accountants, Certificate of Membership; University of South Africa, Bachelor of Accounting Science; Potchefstroom University for Christian Higher Education (South Africa), Bachelor of Commerce. Employment – Telia Sverige AB, 169 94 Solna, Sweden, code 556430-0142, Chief Financial Officer. Current Board assignments:

- TeliaSonera Mobile Networks AB, 169 94 Solna, Sweden, code 556025-7932, member of the Board;
- Sonera Holding BV, Rodezand 34 K, 3011AN Rotterdam, Netherlands, code 33271992, member of the Board;

- TeliaSonera UTA Holdings BV, Rodezand 34 K, 3011AN Rotterdam, Netherlands, code 24311137, member of the Board;
- We Care and Repair Nordic AB, Rörstrandsgatan 39, SE-113 41 Stockholm, Sweden, code 556989-3679, member of the Board;
- Cygate AB, 169 94 Solna, Sweden, code 556549-8952, member of the Board;
- Telia Sverige AB, 169 94 Solna, Sweden, code 556430-0142, member of the Board.

Douglas Lubbe has no direct interest in the share capital of Telia Lietuva.

Agneta Wallmark (born in 1960) – member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019 and 27 April 2021 (nominated by Telia Company AB), Chair of the Audit Committee. Education: Stockholm School of Economics (Sweden), B. Sc. Econ with special focus on Accounting and Finance and Stockholm University (Sweden), LL M with special focus on Tax and Economics. Employment – Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Vice President, Head of Group Treasury. Current Board assignments:

- Telia Försäkring AB (Telia Insurance), 169 94 Solna, Sweden, code 516401-8490, Chair of the Board;
- Swedish Pension Fund of Telia, 169 94 Solna, Sweden, member of the Board;
- Andra AP-fonden, Östra Hamngatan 26, 404 24 Gothenburg, Sweden, member of the Board;
- Skandia Life Insurance (Mutual), Lindhagensgatan 86, 112 18 Stockholm, Sweden, code 516406-0948, Chair of Nomination Committee for Council elections.

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

Claes Nycander (born in 1963) – member of the Board since 29 April 2014, re-elected for the two-year terms on 29 April 2015, 27 April 2017, 26 April 2019 and 27 April 2021 (nominated by Telia Company AB), Chair of the Remuneration Committee. Education: Uppsala University (Sweden), Master of Business and Administration; Stanford University Palo Alto (U.S.A.), Master of Science in Electrical Engineering; Institute of Technology at University of Linköping (Sweden), Master of Science in Electrical Engineering, and University of Linköping (Sweden), Bachelor of Science in Mathematics. Employment – Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Vice President & Head of Chief Operating Officer Office & LED (Lithuania, Estonia, Denmark) Management at Common Products and Services (CPS). Current Board Assignments:

- TT-Netværket P/S, Amager Strandvej 60, 2300 København S, Denmark, code 34230625, Chair of the Board;
- Telia Company Danmark A/S, Holmbladsgade 139, 2300 København S, Denmark, code 18530740, Chair of the Board;
- Telia Mobile Holding AB, 169 94 Solna, Sweden, code 556855-9040, Chair of the Board;
- Telia Nätjänster Norden AB, Mårbackagatan 11, 123 43 Farsta, Sweden, code 556459-3076, Chair of the Board;
- Telia Towers AB, 169 94 Solna, Sweden, code 559196-5164, member of the Board;
- Telia Towers Finland Oy, Pasilan asema-aukio 1, FI-00520 Helsinki, Finland, code 2933075-9, member of the Board;
- Telia Towers Norway AS, Lørenfareet 1 A, 0585 Oslo, Norway, code 921589298, member of the Board;
- Systecon AB, Rehnsgatan 20, 113 57 Stockholm, Sweden, code 556536-6605, member of the Board;
- Systecon Group AB, Rehnsgatan 20, 113 57 Stockholm, Sweden, code 556710-8492, member of the Board;
- Systecon Software AB, Rehnsgatan 20, 113 57 Stockholm, Sweden, code 556714-5403, member of the Board;
- Svenska UMTS-Nät AB, Warfvinges Väg 45 4tr, 11251 Stockholm, Sweden, code 556606-7996, member of the Board;
- Svenska UMTS-licens AB, Warfvinges Väg 45, 112 51 Stockholm, Sweden, code 556606-7772, member of the Board;
- Telia Eesti AS, Mustamäe tee 3, 15033 Tallinn, Estonia, code 10234957, member of the Supervisory Council;
- Latvijas Mobilais Telefons (LMT) SIA, Ropažu iela 6, Rīga, LV-1039 Latvia, code 50003050931, member of the Supervisory Council.

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

Hannu-Matti Mäkinen (born in 1970) – member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019 and 27 April 2021 (nominated by Telia Company AB). Education: University of Arizona (U.S.A), College of Law, LL.M (Master of Laws) in International Trade Law, and University of Lapland (Finland), School of Law, LL. B (Bachelor of Laws) and LL.M (Master of Laws) in Finnish and EU-Law. Employment – Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Chief Legal Counsel, Telia Asset Management. Current Board Assignments:

- Telia Finland Oyj, PL 106, FI-0051 Sonera, Finland, code 1475607-9, member of the Board;
- Tilts Communications A/S, Holmbladsgade 139, 2300 København, Denmark, code 17260642, member of the Board;
- Tet SIA, Dzirnavu iela 105, Rīga, LV-1011 Latvia, code 40003052786, member of the Supervisory Council;
- Valokuitunen Oy, Hämeentie 15, 00500 Helsinki, Finland, code 3101706-7, member of the Board;
- Telia Towers AB, 169 94 Solna, Sweden, code 559196-5164, member of the Board;
- Telia Towers Finland Oy, Pasilan asema-aukio 1, FI-00520 Helsinki, Finland, code 2933075-9 member of the Board;
- Telia Towers Norway AS, Lørenfaret 1 A, 0585 Oslo, Norway, code 921589298, member of the Board.

Hannu-Matti Mäkinen has no direct interest in the share capital of Telia Lietuva.

Dovilė Grigienė (born in 1977) – member of the Board since 27 April 2021 (as independent member of the Board nominated by Telia Company AB), member of the Audit Committee. Education: Concordia University Wisconsin, U.S.A., Master of Business Administration in Finance and Management Information Systems, and Concordia International University Estonia, Estonia, Bachelor's degree in International Business. Involvement in activities of other entities:

- Association 'Lyderė', Jogailos g. 9, LT-01116 Vilnius, Lithuania, code 304439065, founder;
- Young President Organization Lithuanian Chapter, Konstitucijos pr. 20A, LT-09321 Vilnius, Lithuania, code 304756507, founder;
- Vilnius University Institute of International Relations and Political Science, Vokiečių g. 10-403, Vilnius, Lithuania, code 125745184, member of the Board of Trustees;
- UAB Urbo Slėnis, Stasio Lozoraičio g. 15A, Garliava, Lithuania, code 300149417, shareholder (22.5 per cent).

Dovilė Grigienė has no direct interest in the share capital of Telia Lietuva.

Mindaugas Glodas (born in 1972) – member of the Board since 25 April 2018, re-elected for the two-year terms on 26 April 2019 and 27 April 2021 (as independent member of the Board nominated by Telia Company AB), member of the Audit and Remuneration Committees. Education: University of Antwerp, Centre for Business Administration UFSIA (Belgium), Master of Business Administration (MBA), and Vilniaus University, Faculty of Economics (Lithuania), Bachelor of Business Administration (BBA). Employment:

- NRD Companies AS, Løkketangen 20 B, 1337 Sandvika, Norway, code 921985290, General Manager;
- Norway Registers Development AS, Løkketangen 20 B, 1337 Sandvika, Norway, code 985221405, General Manager;
- Norway Registers Development AS Lithuanian branch, Gynėjų g. 14, LT-01109 Vilnius, Lithuania, code 304897486, General Manager;
- NRD Systems, UAB, Gynėjų g. 14, LT-01109 Vilnius, Lithuania, code 111647812, General Manager.

Involvement in activities of other entities:

- Association Žinių Ekonomikos Forumas, Saulėtekio al. 15, LT-10221, Vilnius, Lithuania, code 225709520, member of the Council;
- Lithuanian National Committee for UNICEF, Aušros Vartų g. 3, LT- 01304 Vilnius, Lithuania, code 191588169, Chair of the Board;
- Association INFOBALT, A. Goštauto g. 8-313, LT-01108 Vilnius, Lithuania, code 122361495, Chair of the Board and President;
- MB Vox Proxima, Perkūno g. 32, Gilužių k., LT-14195 Vilniaus r., Lithuania, code 303481474, member of partnership (50 per cent);
- UAB Privacy Partners Group, Smolensko g. 6, LT-03201 Vilnius, Lithuania, code 302415083, shareholder (39 per cent).

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

Members of the Management Team

Dan Strömberg (born in 1958) – CEO of the Company from 4 July 2018. Education: IHM/Stockholm University (Sweden), Finance and IHM Business School (Sweden), Marketing. Involvement in activities of other entities:

- Telia Company AB, 169 94 Solna, Sweden, code 556103-4249, Senior Vice President & Head of cluster Lithuania, Estonia and Denmark (LED);
- Telia Eesti AS, Mustamäe tee 3, 15033 Tallinn, Estonia, code 10234957, Chair of the Supervisory Council;
- Association Investors' Forum, Totorių str. 5-21, LT-01121 Vilnius, Lithuania, code 224996640, member of the Board.

Dan Strömberg has no direct interest in the share capital of Telia Lietuva.

Elina Dapkevičienė (born in 1983) – Head of Consumer from 1 July 2022. Education – Stockholm School of Economics in Riga (Latvia), Bachelor degree in Economics and Business Administration. She is not involved in activities of other entities. Elina Dapkevičienė has no direct interest in the share capital of Telia Lietuva, AB and has no shareholdings that exceed 5 percent of the share capital of any company.

Daniel Karpovič (born in 1982) – Head of Enterprise (B2B) from 6 June 2019. Education: Catholic University of Lublin in Poland, Master of Psychology and studies in Marketing. He is not involved in activities of other entities. Daniel Karpovič has no direct interest in the share capital of Telia Lietuva and has no shareholdings that exceed 5 per cent of the share capital of any company.

Giedrė Kaminskaitė-Salters (born in 1978) – Head of Sales and Customer Care from 8 January 2019. Education: Maastricht University (The Netherlands), Doctor of Law; BPP Law School, London (United Kingdom), law conversion studies, juris doctor equivalent; Oxford University (United Kingdom), MPhil in International Relations; London School of Economics (United Kingdom), Bachelor of Science in International Relations. Involvement in activities of other entities:

- Vilnius University Institute of International Relations and Political Science, Vokiečių g. 10-403, Vilnius, Lithuania, code 125745184, member of the Board of Trustees;
- Telia Danmark A/S, Holmbladsgade 139, 2300 København S, Denmark, code 20367997, acting Head of Enterprise.

Giedrė Kaminskaitė-Salters has no direct interest in the share capital of Telia Lietuva and has no shareholdings that exceed 5 per cent of the share capital of any company.

Andrius Šemeškevičius (born in 1976) – Head of Technology from 18 August 2014. Education – Vilnius Gediminas Technical University (Lithuania), Bachelor's degree in Engineering Informatics and Master's degree in Engineering Informatics. He is not involved in activities of other entities. Andrius Šemeškevičius has 8,761 shares of Telia Lietuva that accounts to 0.0015 per cent of the total number of the Company's shares and votes. He has no shareholdings that exceed 5 per cent of the share capital of any company.

Daina Večkytė (born in 1971) – Head of Finance from 4 July 2022. Education: Vytautas Magnus University (Lithuania), Bachelor of Business Administration and MBA, Finance and Banking. She is not involved in activities of other entities. Daina Večkytė has no direct interest in the share capital of Telia Lietuva, and has no shareholdings that exceed 5 per cent of the share capital of any company.

Ramūnas Bagdonas (born in 1974) – Head of People and Engagement from 1 June 2014. Education: Vytautas Magnus University (Lithuania), Master of Business Administration; Baltic Management Institute (BMI) (Lithuania), Executive Master of Business Administration. Involvement in activities of other entities:

- Association of Personnel Management Professionals, Galvydžio g. 5, LT-08236 Vilnius, Lithuania, code 300563101, Chair of the Board.

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

Daiva Kasperavičienė (born in 1968) – Head of Legal and Corporate Affairs from 25 January 2019. Education – Vilnius University (Lithuania), Law Master's degree. She is not involved in activities of other entities. Daiva Kasperavičienė has no direct interest in the share capital of Telia Lietuva. She has no shareholdings that exceed 5 percent of the share capital of any company.

Vaida Jurkonienė (born in 1971) – Head of Marketing from 1 July 2022. Education: Kaunas Technology University (Lithuania), Bachelor of Business Administration (following Norwegian Business School BI program) and Master in Economics studies. She is not involved in activities of other entities. Vaida Jurkonienė has no direct interest in the share capital of Telia Lietuva, and has no shareholdings that exceed 5 per cent of the share capital of any company.

Birutė Eimontaitė (born in 1983) – Head of Communication from 1 January 2019. Education: Vilnius University (Lithuania), Bachelor's degree in Communication and Information, and Vilnius University, Institute of International Relations and Political Science (Lithuania), Master's degree in Political Science. She is not involved in activities of other entities. Birutė Eimontaitė has no direct interest in the share capital of Telia Lietuva. She has no shareholdings that exceed 5 per cent of the share capital of any company.

Vytautas Bučinskas (born in 1974) – Head of Business Assurance and Transformation from 15 December 2017. Education: Baltic Management Institute (BMI) (Lithuania), Executive Master of Business Administration; Kaunas Technology University (Lithuania), Bachelor of Management of Production and Master of Marketing. Involvement in activities of other entities:

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

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

During January–June of 2022, there were no loans, guarantees or sponsorship granted to the members of the Board or members of the Management team by the Company.

Personnel

Number of Telia Lietuva employees:

	30-06-2022	30-06-2021	Change (%)
Number of personnel (headcounts)	2,050	2,124	(3.5)
Number of full-time employees	1,904	1,963	(3.0)

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

At the beginning of 2022, a Collective Bargaining Agreement between the Company, as the employer, and united representation of Trade Unions, signed on 10 January 2020, was prolonged for another two years. Following the requirements of a new Labour Code in order to be valid for all employees of the Company (not only for members of Trade Union), 77 per cent of employees participated in voting and by 98 per cent majority approved the validity of a new Collective Bargaining Agreement to all employees of the Company from 1 February 2020.

More detailed information about the Collective Bargaining Agreement as well as People and Remuneration Policies and other benefits is provided in the Company's Annual Report for the year ended 31 December 2021.

In 2022, Telia Lietuva was awarded as The Most Desired Employer of the Year by Lithuanian business daily "Verslo žinios" and as The Most Attractive Employer of the Year according to CVmarket.lt.

Confirmation of responsible persons

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Dan Strömberg, CEO of Telia Lietuva, AB, and Daina Večkytė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, Telia Lietuva, AB Interim Report for the 6 months period ended 30 June 2022 includes a fair review of the development and performance of the business and the position of the Company in relation to the description of the main risks and contingencies faced thereby.

Dan Strömberg
CEO

Daina Večkytė
Head of Finance