



Interim Report January-December 2023

Telia Lietuva, AB

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Management Report

CEO comment

During 2023 Telía Lietuva continued to lead in technology deployment, inspire customers as well as launching a significant new initiative in the area of sustainability.

Having the largest 5G network in the country and setting new records when it comes to the speed of data downloads in the mobile network has enabled us to attract over the year 39 thousands of new mobile communication subscribers, as a result of which we have become a leader in mobile data consumption. This has converted into double-digit growth in revenue from billed mobile communication services.

Other total revenue growth engines in 2023 were IT and broadband Internet services supported by higher equipment sales. Revenue from Internet services grew despite a rather moderate (2 thousand) increase in the number of FTTH/B connections which did not fully offset the decline in the number of DSL connections (3 thousand).

During 2023, the number of TV service users increased by 4 thousand which is a positive development following the shake-up of the entire TV industry following the shutting-down of Russian channels in 2022. Given the intense competition in the TV market, TV revenue was slightly lower than in 2022. Revenue from retail voice telephony services went down in line with the continuously contracting number of fixed lines, while higher volumes of voice transit in 2023 partially compensated the loss of revenue from retail voice telephony services.

The Company's operating expenses were under control despite inflationary pressure. Energy costs in 2023 were a fifth lower than a year ago. All that in combination with higher revenue led to double-digit annual growth of earnings. Adjusted EBITDA margin for January-December of 2023 stood at 35.4 per cent (33.3 per cent in 2022).

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

In November, following the decision of the Extraordinary General Meeting of shareholders, Telía Lietuva renounced and returned to the Lithuanian Central Bank the Company's electronic money institution license for restricted activity. The license had been obtained in October 2016 with the purpose of take-over of payment activities of Omnitel after its merger into the Company and the provision of instant payment services. Due to changes in legislation regulating the payments market, the license was no longer required for the provision of Telía Lietuva's existing and future planned payment related services.

We are not only the technology and 5G leader in Lithuania but also provide the best customer experience. For the fourth consecutive year Telía Lietuva's customer care provided at our retail shops was recognized as best in class among Lithuanian and the Baltic States' telecommunications operators according to the secret shopper research by DIVE group.

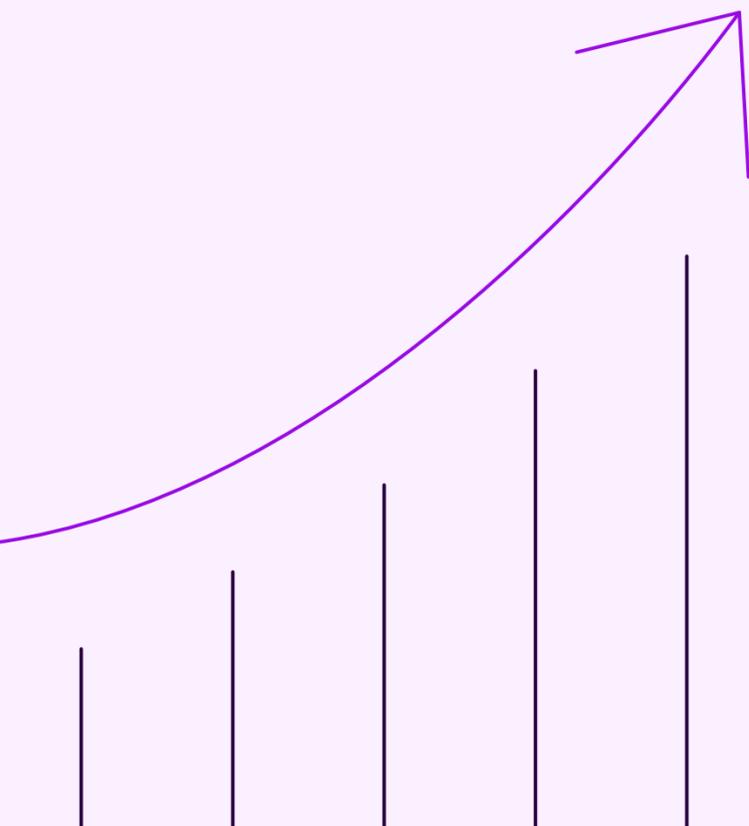
In 2023 we set ourselves the goal of ensuring our technologies become an enabler for higher inclusivity of the currently marginalized communities. As part of our Christmas campaign, we highlighted the role our technologies play in increasing the quality of life and accessibility for the visually impaired. Following the campaign, we recorded and donated 10 children's books for the audio sensory library, added audio descriptions to all the Harry Potter movies on Telía Play platform and financed the continued operation of the ELVIS mobile library which provides audio books for the visually impaired in the whole of Lithuania. Finally, we promoted the BeMyEyes app which enables volunteers to provide online assistance to the blind and visually impaired.

In 2024 we will continue to support our Ukrainian brothers and will ongoingly provide calls to and from Ukraine at reduced tariffs. Our customers in Ukraine – many of whom are volunteering as emergency and humanitarian workers – will be able to use mobile data at a lower price point.

Giedrė Kaminskaitė-Salters
CEO of Telía Lietuva



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



Financial highlights of Q4 2023

Revenue grew by 5.9%

and amounted to EUR 123.3 million (2022: EUR 116.4 million)

Adjusted EBITDA up by 7.8%

to EUR 39.3 million (2022: EUR 36.5 million)

EBITDA increased by 5.6%

and amounted to EUR 38.3 million (2022: EUR 36.3 million)

Profit for the period went down by 9.7%

to EUR 13.3 million (2022: EUR 14.7 million)

Capital investments

amounted to EUR 16.5 million (2022: EUR 25.4 million)

Free cash flow amounted to EUR 16.4 million

(2022: EUR -5.4 million)

Financial highlights of 12 months of 2023

Revenue grew by 7.2%

and amounted to EUR 476.6 million (2022: EUR 444.6 million)

Adjusted EBITDA up by 13.7%

to EUR 168.5 million (2022: EUR 148.1 million)

EBITDA increased by 12%

and amounted to EUR 165.2 million (2022: EUR 147.5 million)

Profit for the period went up by 12.8%

to EUR 63.6 million (2022: EUR 56.4 million)

Capital investments

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

Free cash flow went up by 67.5%

and amounted to EUR 58 million (2022: EUR 34.6 million)

Financial figures

(in thousands of EUR unless otherwise stated)

	January - December 2023	January - December 2022	Change (%)	January - December 2021
Revenue	476,578	444,623	7.2	420,794
Adjusted EBITDA excluding non-recurring items	168,492	148,137	13.7	139,063
Adjusted EBITDA margin excluding non-recurring items (%)	35.4	33.3		33.0
EBITDA	165,182	147,537	12.0	138,599
EBITDA margin (%)	34.7	33.2		32.9
Operating profit (EBIT) excluding non-recurring items	82,946	64,054	29.5	61,394
EBIT margin excluding non-recurring items (%)	17.4	14.4		14.6
Operating profit (EBIT)	79,636	63,454	25.5	60,930
EBIT margin (%)	16.7	14.3		14.5
Profit before income tax	71,863	60,819	18.2	58,845
Profit before income tax margin (%)	15.1	13.7		14.0
Profit for the period	63,594	56,398	12.8	56,808
Profit for the period margin (%)	13.3	12.7		13.5
Earnings per share (EUR)	0.109	0.097	12.8	0.098
Number of shares (thousand)	582,613	582,613	-	582,613
Share price at the end of period (EUR)	1.665	1.985	(16.1)	2.040
Market capitalisation at the end of period	970,051	1,156,487	(16.1)	1,188,531
Total assets	616,121	611,047	0.8	641,469
Shareholders' equity	356,828	328,191	8.7	330,054
Cash flow from operations	138,800	140,805	(1.4)	126,373
Free cash flow	58,020	34,637	67.5	78,764
Capital investments (Capex)	60,584	80,935	(25.1)	93,937
Net debt	71,178	106,449	(33.1)	92,485

Operating figures

	31-12-2023	31-12-2022	Change (%)	31-12-2021
Mobile service subscriptions, in total (thousand)	1,643	1,604	2.4	1,518
— Post-paid (thousand)	1,323	1,278	3.5	1,236
— Pre-paid (thousand)	320	326	(1.8)	282
Broadband Internet connections, in total (thousand)	426	427	(0.2)	421
— Fiber-optic (FTTH/B) (thousand)	315	313	0.6	305
— Copper (DSL, VDSL) (thousand)	111	114	(2.6)	116
TV service customers (thousand)	261	257	1.6	255
Fixed telephone lines in service (thousand)	177	200	(11.5)	230
Number of personnel (headcounts)	1,935	2,051	(5.7)	2,095
Number of full-time employees	1,829	1,925	(5.0)	1,939

Financial ratios*

	31-12-2023	31-12-2022	31-12-2021
Return on capital employed (%)	18.0	14.0	13.4
Return on average assets (%)	12.9	10.2	9.9
Return on shareholders' equity (%)	18.6	17.6	17.6
Operating cash flow to sales (%)	29.1	31.7	30.0
Capex (excl. mobile licenses) to sales (%)	12.7	18.2	22.3
Net debt to EBITDA ratio	0.43	0.72	0.67
Gearing ratio (%)	19.9	32.4	28.0
Debt to equity ratio (%)	25.7	34.6	46.7
Current ratio (%)	69.3	62.0	77.7
Rate of turnover of assets (%)	77.4	71.2	68.1
Equity to assets ratio (%)	57.9	53.7	51.5
Price to earnings (P/E) ratio	15.3	20.4	20.9

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

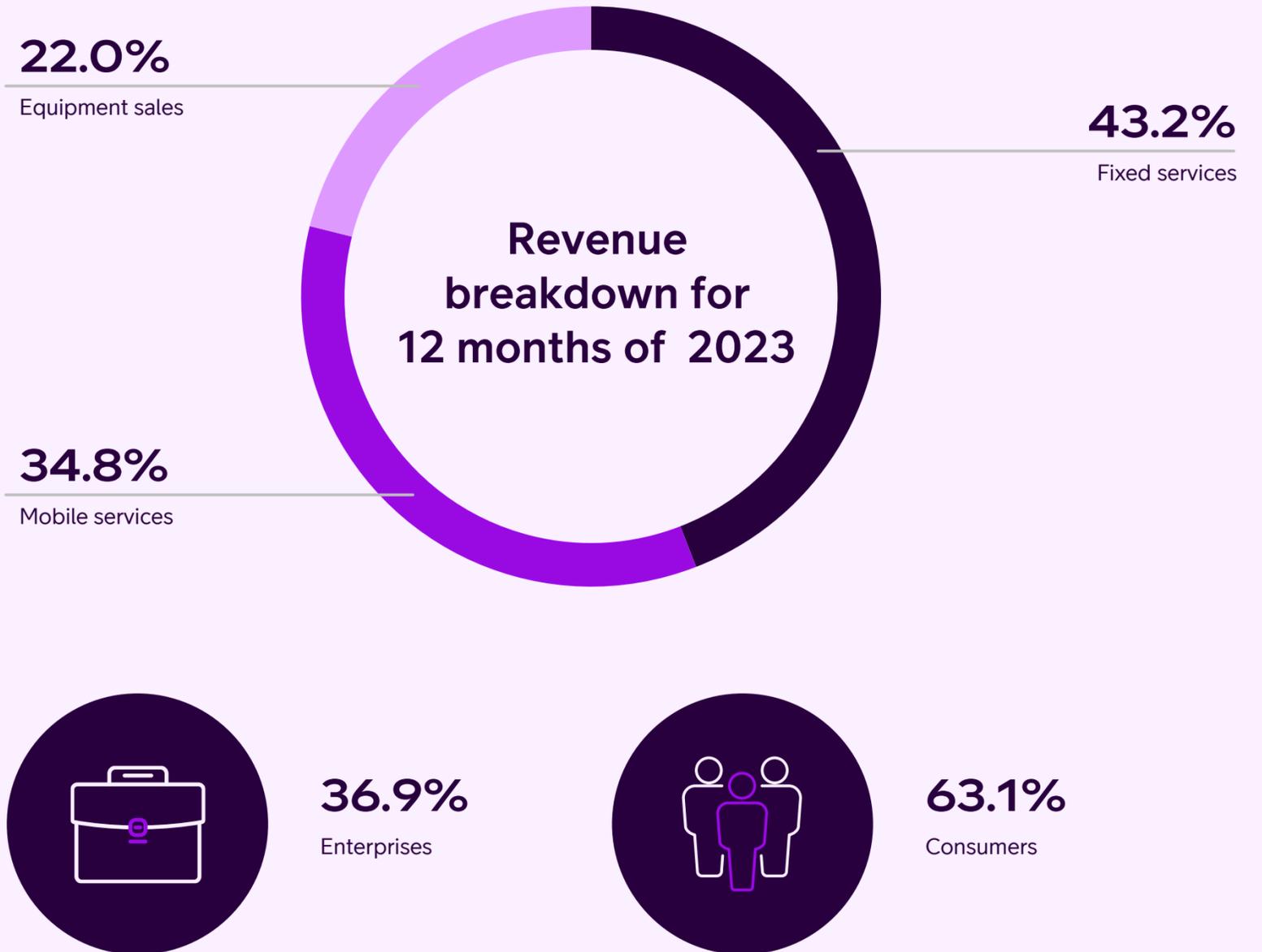
Revenue

(in thousands of EUR)

	October - December 2023	October - December 2022	Change (%)
Fixed services	49,898	49,804	0.2
Voice telephony services	7,861	9,237	(14.9)
Internet services	19,490	18,258	6.7
Datacom and network capacity services	4,547	4,587	(0.9)
TV services	9,421	9,272	1.6
IT services	6,698	6,442	4.0
Other services	1,881	2,008	(6.3)
Mobile services	42,734	38,221	11.8
Billed services	40,492	35,804	13.1
Other mobile service	2,242	2,417	(7.2)
Equipment	30,692	28,413	8.0
Total	123,324	116,438	5.9

(in thousands of EUR)

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



Expenses

(in thousands of EUR)	October - December 2023	October - December 2022	Change (%)	January - December 2023	January - December 2022	Change (%)
Cost of goods and services	(49,769)	(47,185)	5.5	(186,404)	(174,991)	6.5
Operating expenses	(35,128)	(33,590)	4.6	(125,707)	(123,189)	2.0
Employee related	(19,055)	(15,922)	19.7	(64,369)	(58,385)	10.2
Other	(16,073)	(17,668)	(9.0)	(61,338)	(64,804)	(5.3)
Non-recurring expenses	783	770	1.7	3,122	1,417	120.4
Operating expenses (excl. non-recurring expenses)	(34,345)	(32,820)	4.6	(122,585)	(121,772)	0.7
Employee related	(18,811)	(15,836)	18.8	(63,251)	(57,872)	9.3
Other	(15,534)	(16,984)	(8.5)	(59,334)	(63,900)	(7.1)

During 2023 cost of goods and services increase mainly due to higher equipment sale. Employee related expenses were higher than in 2022 due to salaries' increase. Electricity prices went down and as a result expenses for energy for January-December of 2023 were by fifth lower than a year ago and resulted in decrease of other operating expenses.

During October-December of 2023, the total number of employees (headcount) increased by 4 – from 1,931 to 1,935. In terms of full-time employees (FTE), the total number of employees increased by 11 – from 1,818 to 1,829. Over the last 12 months total number of employees went down by 116 and in terms of number of full-time employees – by 96.

Non-recurring items for the fourth quarter and the twelve months of 2023 were comprised of one-off redundancy pay-outs of EUR 244 thousand (2022: EUR 86 thousand) and EUR 1,118 thousand (2022: EUR 513 thousand), respectively, and non-recurring other expenses of EUR 539 thousand (2022: EUR 684 thousand) and EUR 2,004 thousand (EUR 904 thousand), respectively.

Earnings

(in thousands of EUR)	October - December 2023	October - December 2022	Change (%)	January - December 2023	January - December 2022	Change (%)
EBITDA	38,251	36,229	5.6	165,182	147,537	12.0
Margin (%)	31.0	31.1		34.7	33.2	
Depreciation and amortisation	(21,426)	(21,359)	0.3	(85,546)	(84,083)	1.7
Operating profit (EBIT)	16,825	14,870	13.1	79,636	63,454	25.5
Margin (%)	13.6	12.8		16.7	14.3	
Non-recurring expenses	(783)	(770)	1.7	(3,122)	(1,417)	120.4
Gain (loss) on sale of property	(311)	511	(160.8)	(188)	817	(123.0)
Adjusted EBITDA excluding non-recurring items	39,345	36,488	7.8	168,492	148,137	13.7
Margin (%)	31.9	31.3		35.4	33.3	
EBIT excluding non-recurring items	17,919	15,129	18.4	82,946	64,054	29.5
Margin (%)	14.5	13.0		17.4	14.4	

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

(in thousands of EUR)	October - December 2023	October - December 2022	Change (%)	January - December 2023	January - December 2022	Change (%)
Profit before income tax	14,732	13,931	5.7	71,863	60,819	18.2
Margin (%)	11.9	12.0		15.1	13.7	
Income tax	(1,444)	789	283.0	(8,269)	(4,421)	87.0
Profit for the period	13,288	14,720	(9.7)	63,594	56,398	12.8
Margin (%)	10.8	12.6		13.3	12.7	

Financial position and cash flow

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

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

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

(in thousands of EUR)	January - December 2023	January - December 2022	Change (%)
Net cash generated by operating activities	138,800	140,805	(1.4)
Purchase of PPE and intangible assets (Cash Capex)	(83,099)	(111,982)	(25.8)
Proceeds from disposal of PPE and intangible assets	2,319	5,814	(60.1)
Free cash flow	58,020	34,637	67.5
Increase (decrease) in lease liabilities	(9,423)	(13,015)	(27.6)
Operational free cash flow	48,597	21,622	124.8

Free cash flow (operating cash flow excluding capital investments) for January-December of 2023 increased due to lower spending for capital investments in 2023.

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

(in thousands of EUR)	31-12-2023	31-12-2022	31-12-2021
Loans from banks	30,000	30,000	30,000
Loans from Telia Company AB	25,000	-	-
Liabilities under reverse factoring agreements	36,782	83,548	123,681
Liabilities under financial lease agreements	-	-	573
Borrowings	91,782	113,548	154,254
Cash and cash equivalents	20,604	7,099	61,769
Net debt	71,178	106,449	92,485
Net debt to equity (Gearing) ratio (%)	19.9	32.4	28.0

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

Capital investments

During the fourth quarter of 2023, the total capital investments excluding mobile licenses amounted to EUR 16.5 million (EUR 25.4 million a year ago).

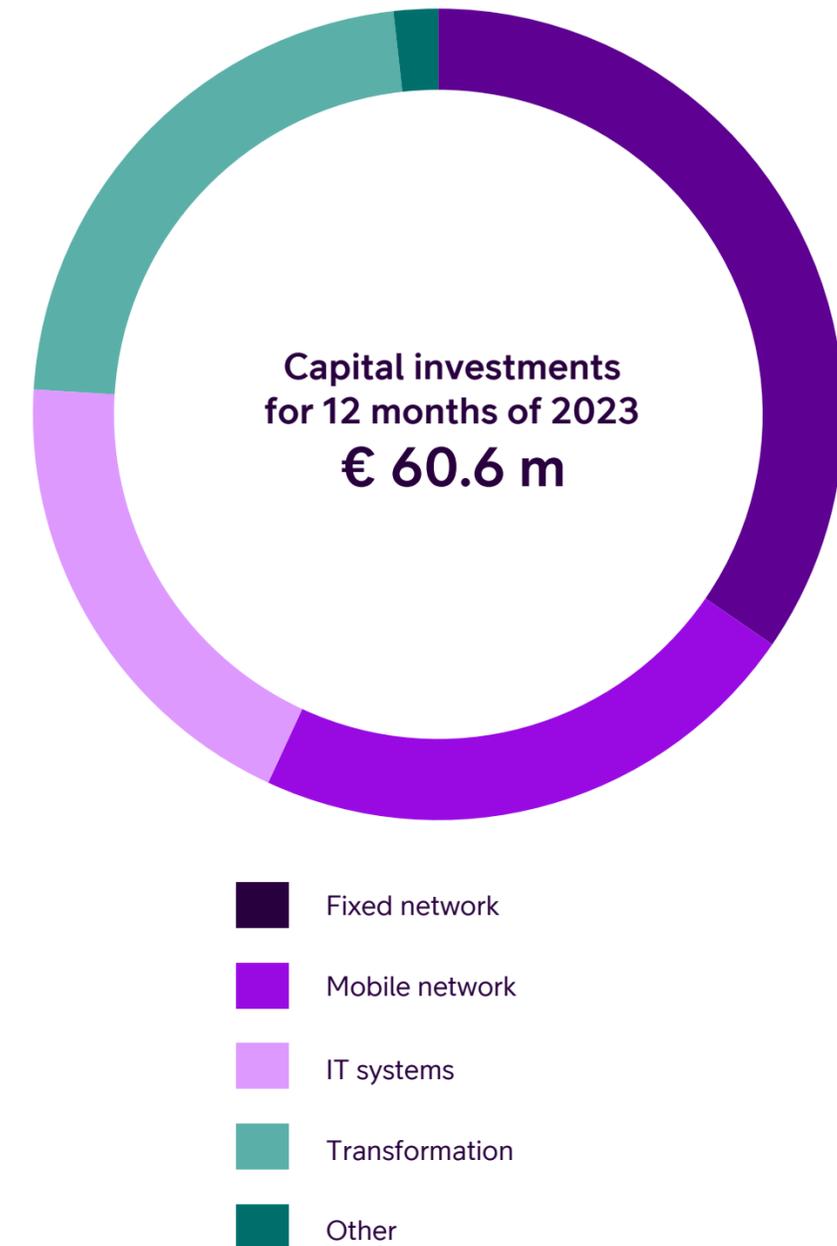
(in thousands of EUR)	January - December 2023	January - December 2022	Change (%)
Fixed network	20,960	22,545	(7.0)
Mobile network	13,508	28,963	(53.4)
IT systems and infrastructure	11,566	18,062	(36.0)
Transformation program	13,481	10,346	30.3
Other	1,070	1,019	5.0
Total capital investments	60,584	80,935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

In 2023, the major upgrade of the Company’s radio access network (RAN) that started in 2021 was completed. Almost 1,650 of the Company’s base stations were upgraded with Ericsson equipment that supports 5G connection. Now Telia Lietuva 5G network covers 99 per cent of the country’s population. Further 5G roll-out continues with the deployment of ultra-high-speed base stations at existing sites.

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

By the end of December 2023, the Company had 974 thousand households passed (965 thousand a year ago), or 65 per cent of the country’s households, by the fiber-optic network.

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



Share capital and shareholders

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

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

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

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

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

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

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

The total number of shareholders on the shareholders' registration day (17 October 2023) for the last General Meeting of Shareholders, which was held on 24 October 2023, was 14,956.

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



Corporate governance

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

Shareholders' meetings

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

- taking into consideration that two members of the Board has resigned in 2022, has elected Dan Strömberg and Leda Iržikevičienė (both proposed by Telia Company AB) to the Board of the Company,
- authorized CEO of the Company to conclude the agreement with UAB Deloitte Lietuva for the audit of the Company's financial statements and the assessment of the annual report for the year 2022, establishing the payment for services as agreed between the parties but in any case, not more than EUR 161 thousand (VAT excluded).

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

- approve of the Company's annual financial statements for the year 2022 and presentation of the Company's annual report for the year 2022,
- allocate the Company's profit for the year 2022,
- approve the Company's Remuneration Report for the year 2022,
- elect UAB Deloitte Lietuva as the Company's auditor for the year 2023 and 2024,
- re-elect the Company's Board members for a new 2-years' term..

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

The Board

Upon resignation of Dan Strömberg, CEO of the Company, from 28 February 2023, the Board has appointed Giedrė Kaminskaitė-Salters as a new CEO of Telia Lietuva from 1 March 2023. Until then Giedrė Kaminskaitė-Salters was Head of Sales & Customer Care of Telia Lietuva.

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

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

On 20 June 2023, for a new 2 years' term re-elected Board:

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

Management team

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

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

Members of the Board



Dan Strömberg
Chair of the Board



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



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



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



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



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

Management Team



**Giedrė
Kaminskaitė-
Salters**
CEO



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



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



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



**Andrius
Šemeškevičius**
Head of Technology



**Diana
Gold**
Head of Digital &
Analytics



**Daina
Večkytė**
Head of Finance



**Ramūnas
Bagdonas**
Head of People &
Engagement



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



**Vaida
Jurkonienė**
Head of Marketing &
Communication



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

Financial Statements

Statement of profit or loss and other comprehensive income

	Notes	October – December		January – December	
		2023	2022	2023	2022
Revenue		123,324	116,438	476,578	444,623
Cost of goods and services		(49,769)	(47,185)	(186,404)	(174,991)
Employee related expenses		(19,055)	(15,923)	(64,369)	(58,385)
Other operating expenses		(16,073)	(17,667)	(61,338)	(64,804)
Other income		-	-	-	-
Other gain / (loss) – net		(176)	566	715	1,094
Depreciation, amortisation and impairment of fixed assets and assets classified as held for sale	6	(21,426)	(21,359)	(85,546)	(84,083)
Operating profit		16,825	14,870	79,636	63,454
Gain/loss from investment activities		-	-	-	-
Finance income		641	444	1,216	1,263
Finance costs		(2,734)	(1,383)	(8,989)	(3,898)
Finance and investment activities – net		(2,093)	(939)	(7,773)	(2,635)
Profit before income tax		14,732	13,931	71,863	60,819
Income tax	3	(1,444)	789	(8,269)	(4,421)
Profit for the year		13,288	14,720	63,594	56,398
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		13,288	14,720	63,594	56,398
Profit and comprehensive income attributable to:					
Owners of the Parent		13,288	14,720	63,594	56,398
Non-controlling interests		-	-	-	-
Basic and diluted earnings per share for profit attributable to the equity holders of the Company (expressed in EUR per share)	4	0.023	0.025	0.109	0.097

Statement of financial position

	Notes	As at 31 December 2023	As at 31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment	6	253,738	269,653
Goodwill	7	26,769	26,769
Intangible assets	7	141,742	142,650
Right-of-use assets	8	45,134	44,995
Costs to obtain contract		5,477	5,498
Contract asset		718	537
Trade and other receivables		18,855	17,440
Finance lease receivables		5,982	4,027
		498,415	511,569
Current assets			
Inventories		12,617	14,461
Contract asset		1,012	1,266
Trade and other receivables		75,900	69,929
Current income tax assets		249	-
Finance lease receivables		5,852	6,129
Cash and cash equivalents		20,604	7,099
		116,234	98,884
Assets classified as held for sale		1,472	594
Total assets		616,121	611,047

	Notes	As at 31 December 2023	As at 31 December 2022
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Issued capital	9	168,958	168,958
Legal reserve	10	16,896	16,896
Retained earnings		170,974	142,337
Equity attributable to owners of the Company		356,828	328,191
Non-controlling interests		-	-
Total equity		356,828	328,191
LIABILITIES			
Non-current liabilities			
Borrowings		-	30,000
Lease liabilities		42,495	42,121
Deferred tax liabilities		16,965	17,874
Deferred revenue and accrued liabilities		19,036	20,261
Contract liability		-	-
Provisions	11	13,039	13,179
		91,535	123,435
Current liabilities			
Trade, other payables and accrued liabilities		58,576	59,600
Current income tax liabilities		-	261
Borrowings		91,782	83,548
Contract liability		2,895	2,389
Lease liabilities		14,505	13,623
Provisions	11	-	-
		167,758	159,421
Total liabilities		259,293	282,856
Total equity and liabilities		616,121	611,047

Statement of changes in equity

	Share capital	Legal reserve	Retained earnings	Total equity
Balance at 1 January 2022	168,958	16,896	144,200	330,054
Profit for the year	-	-	56,398	56,398
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	-	-	56,398	56,398
Dividends paid for 2021	-	-	(58,261)	(58,261)
Balance at 31 December 2022	168,958	16,896	142,337	328,191
Balance at 1 January 2023	168,958	16,896	142,337	328,191
Profit for the year	-	-	63,594	63,594
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive income for the year	-	-	63,594	63,594
Dividends paid for 2022	-	-	(34,957)	(34,957)
Balance at 31 December 2023	168,958	16,896	170,974	356,828

Statement of cash flows

	Notes	January – December	
		2023	2022
Operating activities			
Profit for the year		63,594	56,398
Adjustments for:			
Income tax expenses recognized in profit or loss	3	8,269	4,421
Depreciation, amortisation and impairment charge	6	87,538	85,847
Other gain / (loss) – net		(1,212)	(1,267)
Interest income		(1,216)	(1,263)
Interest expenses		8,933	3,824
Changes in working capital (excluding the effects of acquisition and disposal of subsidiaries):			
Inventories / Assets held for sale		1,093	(1,935)
Trade and other receivables		(7,716)	(194)
Decrease/(increase) in contract assets		73	(5)
Decrease/(increase) in contract costs		21	(661)
Trade, other payables and accrued liabilities, deferred tax liability		(1,955)	3,611
Increase/(decrease) in contract liabilities		506	335
Increase/(decrease) in deferred revenue and accrued liabilities		(1,225)	(577)
Increase/(decrease) in provisions	11	(72)	(28)
Cash generated from operations		156,631	148,506
Interest paid		(8,422)	(3,512)
Interest received		281	238
Income taxes paid		(9,690)	(4,427)
Net cash generated by operating activities		138,800	140,805

	Notes	January – December	
		2023	2022
Investing activities			
Purchase of property, plant and equipment and intangible assets		(83,099)	(111,982)
Proceeds from disposal of property, plant and equipment and intangible assets		2,319	5,814
Proceeds from / repayments for finance sublease receivables		(743)	3,475
Net cash used in investing activities		(81,523)	(102,693)
Financing activities			
Repayment of borrowings		(149,967)	(150,500)
Proceeds from borrowings		150,575	128,994
Increase (decrease) in lease liabilities		(9,423)	(13,015)
Dividends paid to shareholders		(34,957)	(58,261)
Net cash received in financing activities		(43,772)	(92,782)
Increase (decrease) in cash and cash equivalents		13,505	(54,670)
Movement in cash and cash equivalents			
At the beginning of the financial year		7,099	61,769
Increase (decrease) in cash and cash equivalents		13,505	(54,670)
At the end of the financial year		20,604	7,099

Notes to the financial statements

1 Basic of preparation

The interim financial statements for the twelve months' period ended 31 December 2023 are prepared in accordance with the International Financial Accounting Standards, as adopted by the European Union, includes IAS 34. In all material respects, the same accounting principles have been followed as in the preparation of financial statements for 2022.

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

The financial statements are prepared under the historical cost convention.

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

2 Investments in subsidiaries and associates

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

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

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

Notes to the financial statements

3 Income tax

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

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

	October – December		January – December	
	2023	2022	2023	2022
Current tax expenses	1,506	(277)	9,178	6,151
Deferred tax change	(62)	(512)	(909)	(1,730)
Total	1,444	(789)	8,269	4,421

As at 1 January 2009, amendments to Law on Corporate Profit Tax came into effect which provides tax relief for investments in new technologies. As a result, the Company's calculated profit tax relief amounts for 2023 to EUR 3.4 million (2022: EUR 6.1 million). Investments in new technologies are capitalised as property, plant and equipment, and their depreciation is deductible for tax purposes, therefore, the tax relief does not create any deferred tax liability.

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

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

4 Earnings per share

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

	October – December		January – December	
	2023	2022	2023	2022
Net profit	13,288	14,720	63,594	56,398
Weighted average number of ordinary shares in issue (thousands)	582,613	582,613	582,613	582,613
Basic earnings per share (EUR)	0.023	0.025	0.109	0.097

5 Dividends per share

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

6 Property, plant and equipment

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

	January – December	
	2023	2022
Depreciation of property, plant and equipment (Note 6)	48,005	52,382
Impairment of property, plant and equipment (Note 6)	310	475
Amortisation of intangible assets (Note 7)	26,691	20,955
Impairment of intangible assets (Note 7)	-	-
Amortisation of right-of-use-asset (Note 8)	10,540	10,271
Total	85,546	84,083
Impairment of assets classified as held for sale	-	-
Total	85,546	84,083

Notes to the financial statements

6 Property, plant and equipment (continued)

	Land and buildings	Ducts and telecommunication equipment	Other tangible fixed assets	Construction in progress	Total
Twelve months ended 31 December 2022					
Opening net book amount	8,976	217,180	14,556	26,322	267,034
Additions	-	588	-	54,467	55,055
Reclassifications	692	(80)	69	169	850
Disposals and write-offs	(79)	(333)	(17)	-	(429)
Transfers from construction in progress	1,531	52,320	3,516	(57,367)	-
Depreciation charge	(1,272)	(43,929)	(7,181)	-	(52,382)
Impairment charge	(72)	(403)	-	-	(475)
Closing net book amount	9,776	225,343	10,943	23,591	269,653
At 31 December 2022					
Cost	31,705	797,436	52,867	23,591	905,599
Accumulated depreciation	(21,888)	(570,670)	(41,923)	-	(634,481)
Impairment charge	(41)	(1,423)	(1)	-	(1,465)
Net book amount	9,776	225,343	10,943	23,591	269,653
Twelve months ended 31 December 2023					
Opening net book amount	9,776	225,343	10,943	23,591	269,653
Additions	-	(447)	-	34,711	34,264
Reclassifications	(1,578)	47	-	92	(1,439)
Disposals and write-offs	(1)	(443)	19	-	(425)
Transfers from construction in progress	1,296	36,537	4,865	(42,698)	-
Depreciation charge	(1,244)	(41,878)	(4,883)	-	(48,005)
Impairment charge	-	(310)	-	-	(310)
Closing net book amount	8,249	218,849	10,944	15,696	253,738
At 31 December 2023					
Cost	27,530	769,166	50,697	15,696	863,089
Accumulated depreciation	(19,240)	(549,341)	(39,752)	-	(608,333)
Impairment charge	(41)	(976)	(1)	-	(1,018)
Net book amount	8,249	218,849	10,944	15,696	253,738

7 Intangible assets

	Licenses and software	Goodwill	Other intangible assets	Construction in progress	Total
Twelve months ended 31 December 2022					
Opening net book amount	57,492	26,769	31,242	25,291	140,794
Additions	24,242	-	-	25,588	49,830
Reclassifications	24,415	-	-	(24,574)	(159)
Disposals and write-offs	(91)	-	-	-	(91)
Amortisation charge	(17,518)	-	(3,437)	-	(20,955)
Closing net book amount	88,540	26,769	27,805	26,305	169,419
At 31 December 2022					
Cost	167,454	29,408	57,711	26,305	280,878
Accumulated amortisation	(78,914)	-	(26,322)	-	(105,236)
Impairment charge	-	(2,639)	(3,584)	-	(6,223)
Net book amount	88,540	26,769	27,805	26,305	169,419
Twelve months ended 31 December 2023					
Opening net book amount	88,540	26,769	27,805	26,305	169,419
Additions	-	-	-	25,870	25,870
Reclassifications	15,479	-	-	(15,562)	(83)
Disposals and write-offs	(4)	-	-	-	(4)
Amortisation charge	(23,252)	-	(3,439)	-	(26,691)
Closing net book amount	80,763	26,769	24,366	36,613	168,511
At 31 December 2023					
Cost	177,525	29,408	53,125	36,613	296,671
Accumulated depreciation	(96,762)	-	(28,759)	-	(125,521)
Impairment charge	-	(2,639)	-	-	(2,639)
Net book amount	80,763	26,769	24,366	36,613	168,511

Notes to the financial statements

8 Right-of-use-assets

	Land and premises	Dark fibre	Equipment rent	Other	Total
Twelve months ended 31 December 2022					
Opening net book amount	35,765	9,662	-	697	46,124
Additions	4,343	-	3,440	533	8,316
Lease modifications	4,584	(305)	-	(13)	4,266
Disposals and write-offs	-	-	(3,440)	-	(3,440)
Amortisation charge	(8,674)	(1,223)	-	(374)	(10,271)
Closing net book amount	36,018	8,134	-	843	44,995
At 31 December 2022					
Cost	65,592	12,933	-	1,960	80,485
Accumulated amortisation	(29,574)	(4,799)	-	(1,117)	(35,490)
Net book amount	36,018	8,134	-	843	44,995
Twelve months ended 31 December 2023					
Opening net book amount	36,018	8,134	-	843	44,995
Additions	2,794	2	6,758	512	10,066
Lease modifications	4,074	1,370	-	1,927	7,371
Disposals and write-offs	-	-	(6,758)	-	(6,758)
Amortisation charge	(8,893)	(1,093)	-	(554)	(10,540)
Closing net book amount	33,993	8,413	-	2,728	45,134
At 31 December 2023					
Cost	72,460	14,305	-	4,400	91,165
Accumulated depreciation	(38,467)	(5,892)	-	(1,672)	(46,031)
Net book amount	33,993	8,413	-	2,728	45,134

9 Share capital

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

10 Legal reserve

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

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

11 Provisions

	Provision for restructuring	Assets retirement obligation	Total
Closing net book amount at 31 December 2021			
	-	12,398	12,398
Additions	-	588	588
Discounting	-	221	221
Used provisions	-	(28)	(28)
Closing net book amount at 31 December 2022	-	13,179	13,179
Additions	-	(447)	(447)
Discounting	-	379	379
Used provisions	-	(72)	(72)
Closing net book amount at 31 December 2023	-	13,039	13,039

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

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

Notes to the financial statements

12 Related party transactions

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

The following transactions were carried out with related parties:

	January – December	
	2023	2022
Sales and purchases from Telia Company AB and its subsidiaries:		
Sales of telecommunication and other services	10,589	9,966
Purchases of assets and services:		
Purchases of services	19,006	20,459
Purchases of assets	1,157	392
Total purchases of assets and services	20,163	20,851

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

	January – December	
	2023	2022
Long-term receivables from related parties	-	-
Receivables from related parties	2,414	2,036
Accrued revenue from related parties	214	390
Total receivables and accrued revenue from related parties	2,628	2,426
Short term investments	-	-
Total short term investments	-	-

In order to avoid negative interest rate charged for the Company's residuals at the banks and following the Board's approval the Company started to grant loans to the largest shareholder of the Company, Telia Company AB, for up to 3 months at a zero interest rate. The lent funds are available to the Company on demand within 2 business days.

	January – December	
	2023	2022
Borrowings	25,000	-
Short term borrowings	25,000	-
Payables to related parties	3,668	3,957
Accrued expenses to related parties	170	6
Total borrowings, payables and accrued expenses to related parties	3,838	3,963

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

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

Confirmation of responsible persons

Following Article 22 of the Law on Securities of the Republic of Lithuania and the Rules on Information Disclosure of the Bank of Lithuania, we, Giedrė Kaminskaitė-Salters, CEO of Telia Lietuva, AB, and Daina Večkytė, Head of Finance of Telia Lietuva, AB, hereby confirm that, to the best of our knowledge, the not audited Interim Financial Statements for the 12 months' period ended 31 December 2023, prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit and cash flows of Telia Lietuva, AB.

Giedrė Kaminskaitė-Salters
CEO

Daina Večkytė
Head of Finance

Vilnius, 25 January 2024



Name of the Company	Telia Lietuva, AB
Legal form	public company (joint-stock company)
Date of registration	6 February 1992
Name of Register of Legal Entities	State Enterprise Centre of Registers
Code of enterprise	1212 15434
LEI code	5299007A0LO7C2YYI075
Registered office	Saltoniškių str. 7A, LT-03501 Vilnius, Lithuania
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