



**Interim Report
January-June 2020**



Q2

RESILIENT DESPITE COVID-19 IMPACTS

SECOND QUARTER SUMMARY

- Net sales rose 2.7 percent to SEK 21,770 million (21,190) and like for like⁴, net sales fell 5.9 percent.
- Service revenues grew 4.7 percent to SEK 19,129 million (18,274) and like for like⁴, service revenues declined 5.6 percent.
- Adjusted EBITDA increased 3.6 percent to SEK 7,737 million (7,465) and the adjusted EBITDA margin increased to 35.5 percent (35.2). Like for like⁴, adjusted EBITDA remained unchanged.
- Operational free cash flow fell to SEK 2,202 million (2,443) and cash flow from operating activities fell to SEK 6,267 million (7,162).
- COVID-19 had an estimated SEK 1.0 billion impact on service revenues, driven by lower roaming, pay-TV and advertising revenues. The estimated impact on adjusted EBITDA amounts to SEK 0.5 billion.
- Excluding the TV and Media unit, the traditional telco operation grew adjusted EBITDA by 1.8 percent like for like⁴ and excluding the COVID-19 impact by 5 percent like for like⁴.
- The outlook for operational free cash flow 2020 is reiterated. Adjusted EBITDA generation in constant currency for the second half of 2020 is expected to be similar to the first half of 2020 (new outlook).
- An agreement was signed to divest the ownership in Turkcell Holding. This impacted operating income and net income negatively by SEK -3,488 million.

19,129

Service revenues
Q2 2020
(SEK million)

7,737

Adjusted
EBITDA
Q2 2020
(SEK million)

5,508

Operational
free cash flow
YTD 2020
(SEK million)

FIRST HALF SUMMARY

- Net sales rose 5.2 percent to SEK 44,197 million (42,026) and like for like⁴, net sales fell 4.0 percent.
- Adjusted operating income fell 15.4 percent to SEK 5,608 million (6,625).
- Total net income fell to SEK -883 million (3,463) mainly due to an impairment of SEK -3,488 million regarding the ownership in Turkcell Holding.

HIGHLIGHTS

SEK in millions, except key ratios, per share data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	21,770	21,190	2.7	44,197	42,026	5.2
Change (%) like for like ^{1,4}	-5.9			-4.0		
of which service revenues (external)	19,129	18,274	4.7	38,845	36,111	7.6
change (%) like for like ^{1,4}	-5.6			-3.3		
Adjusted ² EBITDA ¹	7,737	7,465	3.6	15,014	14,878	0.9
change (%) like for like ^{1,4}	0.0			-2.5		
Margin (%)	35.5	35.2		34.0	35.4	
Adjusted ² operating income ¹	2,939	3,140	-6.4	5,608	6,625	-15.4
Operating income	-946	2,889		1,460	6,115	-76.1
Income after financial items	-1,873	2,148		-148	4,669	
Net income from continuing operations	-2,029	1,709		-684	3,760	
Net income from discontinued operations ³	—	-56	-100.0	-199	-298	-33.2
Total net income	-2,029	1,653		-883	3,463	
of which attributable to owners of the parent	-2,052	1,602		-943	3,406	
EPS total (SEK)	-0.50	0.38		-0.23	0.81	
Operational free cash flow, continuing operations ¹	2,202	2,443	-9.9	5,508	6,851	-19.6
CAPEX excluding fees for licenses, spectrum and right-of-use assets in continuing operations ¹	3,446	3,852	-10.5	6,389	6,973	-8.4

1). See Note 17 and/or section Definitions. 2) Adjustment items, see Note 3. 3) Discontinued operations, see Note 14. 4) Like for like excludes exchange rate effects and is based on the current group structure, i.e. including the impact of any acquired companies and excluding the impact of any disposed companies, both in the current and in the comparable period.

COMMENTS BY ALLISON KIRKBY PRESIDENT & CEO

“When I accepted the role of CEO last October I saw the enormous opportunities for a market leading operator such as Telia Company, taking advantage of the rapid technological change associated with 5G, fibre and digitalization and important customer trends such as the increasing demand for more convergent and cloud-based solutions. But there was no clue that the world itself was about to be massively disrupted by a global pandemic. And having watched the pandemic escalate around the world, it became clear to me that never before has society needed Telia Company more, to fulfill our purpose of ‘bringing the world closer’. I am immensely proud of how the whole Telia team have stepped up to the challenge, keeping the people and enterprises of the Nordics and the Baltics, connected, informed and entertained. And I am excited about the new opportunities that Telia will enable, as a result of the rapid acceleration in digitalization that we are now seeing.

“OUR SECOND QUARTER RESULTS WERE BETTER THAN OUR EXPECTATIONS, BUT STILL CLEARLY IMPACTED BY THE COVID 19 PANDEMIC”

Our second quarter results were better than our expectations, as a result of proactively addressing our cost base, but still clearly impacted by the COVID-19 pandemic. Service revenues declined on a like for like basis by 5.6 percent, with our traditional telecom revenues stable, if you exclude the impact from COVID-19. Despite the service revenue challenges adjusted EBITDA was flat, as we worked hard to mitigate the negative COVID-19 impacts (around SEK 0.5 billion in total in the second quarter). Having made the first payment for the acquired Champions League rights for the 2021-2024 period combined with additional weaker working capital our operational free cash flow fell to SEK 2.2 billion (from SEK 2.4 billion in the second quarter of 2019).



In the quarter, our market leading Swedish and Baltic operations remained stable and strong. In Sweden we are benefitting from the effects of the price adjustments implemented during 2019. However, as they will gradually fade during the year, commercial execution increases in importance. It is therefore encouraging that we increased the number of Telia Life customers to 288,000 and that our premium sports TV package has gained good traction and delivered better than plan since the launch at the end of May. Lithuania and Estonia have been strong for some time now, and have continued so during the second quarter, with service revenues and EBITDA growing 4.8 percent and 4.4 percent respectively (like for like), on the back of continued high levels of customer satisfaction, especially within our converged offers in both the consumer and enterprise segments.

I am also pleased to see Finland and Norway returning to growth, with adjusted EBITDA growing like for like, by 4.3 percent and 8.4 percent, respectively, from improved cost control. Establishing Telia as a credible alternative to the market leader is critical for us to return to sustainable top and bottom-line growth, so it was good to launch our 5G network in Oslo in the quarter and exciting to win a multi-year contract with Oslo Metro, to control their trains over our mobile network - a world's first! The Danish market continues to be competitive, but we managed to keep EBITDA stable year-on-year.

TV & Media had a challenging quarter, mainly explained by COVID-19 impacts, with revenue and adjusted EBITDA declining like for like by roughly 30 percent each. However, viewership on both TV4, in Sweden, and MTV in Finland, continues to be strong, both on linear as well as digital platforms. TV4's digital commercial share of viewing increased by close to 12 percentage points from the second quarter of 2019. Yet again, our vital role in society was evident during the most intense period of COVID-19, when TV4 News became the largest news

show in Sweden, with the audience growing 30 percent on linear and 200 percent on digital platforms versus the second quarter 2019. Responding to our viewers, and their changing habits and interests, will be key to returning our TV and Media unit to sustainable profitable growth.

From a daring goals perspective, the second quarter was focused on helping our communities cope with the consequences of COVID-19. Our proudest achievement has been supporting the public health authorities in all our markets with Telia's crowd insights service which helps decision makers fight the spread of the coronavirus. In just one month, 40 municipalities across our footprint have signed up for the services, which is an unprecedented take-up, and reinforces Telia Company's unique role in enabling an increasingly digitalized society.

Despite a better than expected second quarter, we face tougher comps in the second half of the year, and the impacts from COVID-19 still remain. We therefore expect the adjusted EBITDA generation in the second half of the year to be similar to the level reported in the first half. Importantly, we maintain our prior guidance of an operational free cash flow for the full year in the range of SEK 9.5 to 10.5 billion. At this time, the Board of Directors have also concluded that it is too early to decide on any potential additional dividend during the autumn which is why we maintain the previously communicated dividend of SEK 1.80 per share.

On 17 June we announced our intention to divest our stake in Turkcell Holding, finally solving the last piece of the Turkey exit puzzle. On closing, later this year, we will be a more focused Nordic & Baltic business, with reduced risk, improved liquidity and a stronger balance sheet. The perfect starting point for a new era of Telia Company to build from.

During my first two and a half months as President and CEO I have been listening to, and getting to know, the businesses and the people of Telia. Despite the vast majority of these interactions being virtual in nature, I am overwhelmed by the engagement and the commitment, but also the desire to work with me, to restore Telia to sustainable growth that will create value for our customers, and our shareholders.

I will update you on my strategic priorities in more detail ahead of the full year report. But I want to highlight here some of the areas I will be focusing on immediately. Firstly, our core strengths are the quality leadership we have in our networks, our connectivity and entertainment offerings, and the scale and value of our customer base, both in consumer and enterprise. I want to build on these strengths to reinvigorate customer experience and top-line growth. Secondly, the team and I have identified inefficiencies versus our peers, so we will go through the cost base forensically to seek further efficiencies. We will apply a rigorous approach to capital allocation and invest further where it enhances our customer proposition and reach, and where we can generate appropriate returns. All of this will create a strong base from which to sustainably grow our operational free cash flow going forward. This in turn will enable us to pay attractive returns to our shareholders whilst maintaining a robust capital structure.

Alongside improving performance, I am building the team that will help me define the longer-term roadmap for Telia beyond 2020. I am therefore delighted to have recruited or promoted new leaders as Group CFO (Per-Christian Mørland), Group COO (Rainer Deutschmann), Strategy & Innovation (Markus Messerer), External Relations & Sustainability (Rachel Samrén) and the LED Markets (Dan Strömberg). All possess outstanding leadership skills and broad experiences from our sector, from both large-scale incumbents and high growth, agile, digital challengers. They, like myself and the whole Telia team, are determined to reimagine and restore Telia to a thought leader that outperforms the industry, by delivering superior customer experiences and superior business results.

To conclude, I am thrilled and excited to be leading Telia Company at this catalytic time. Our purpose and our values of Dare, Care and Simplify, could not be more relevant."

Allison Kirkby
President & CEO

OUTLOOK FOR 2020

Operational free cash flow (unchanged)

Operational free cash flow is expected to be between SEK 9.5-10.5 billion compared to the 2019 level of SEK 12.6 billion.

Adjusted EBITDA (new)

Adjusted EBITDA generation in constant currency is expected to be similar in the second half of the year compared to the first half.

CREDIT RATING TARGET

The company shall continue to target a solid investment grade long-term credit rating of A- to BBB+.

DIVIDEND POLICY

Telia Company intends to distribute a minimum of 80 percent of operational free cash flow including dividends from associated companies, net of taxes.

The dividend should be split and distributed in two tranches.

ORDINARY DIVIDEND TO SHAREHOLDERS

For 2019, the Annual General Meeting (AGM) decided on an ordinary dividend of SEK 1.80 per share (2.36), totaling SEK 7.4 billion (9.9). The dividend should be split and distributed into two tranches of SEK 0.90 per share.

On March 26, 2020, it was announced that the Board of Directors had decided to amend its dividend proposal to the Annual General Meeting to SEK 1.80 per share from the previous SEK 2.45 proposal. An Extra General Meeting could be called for in the autumn to decide on a potential additional dividend.

The Board of Directors have concluded that it is too early to decide on any potential additional dividend during the autumn which is why the previously communicated dividend of SEK 1.80 per share is maintained.

First distribution

The Annual General Meeting (AGM) decided that the first distribution of the dividend was to be distributed by Euroclear Sweden on April 9, 2020.

Second distribution

The Annual General Meeting (AGM) decided that the final day for trading in shares entitling shareholders to dividend be set for October 21, 2020, and that the first day of trading in shares excluding rights to dividend be set for October 22, 2020. The record date at Euroclear Sweden for the right to receive dividend will be October 23, 2020. The dividend is expected to be distributed by Euroclear Sweden on October 28, 2020.

REVIEW OF THE GROUP, SECOND QUARTER 2020

SALES AND EARNINGS

Net sales rose 2.7 percent to SEK 21,770 million (21,190) driven by the consolidation of TV and Media. Like for like, net sales fell 5.9 percent.

Service revenues increased 4.7 percent to 19,129 (18,274) driven by the consolidation of TV and Media. Like for like, service revenues decreased 5.6 percent.

Adjusted EBITDA increased 3.6 percent to SEK 7,737 million (7,465) and the adjusted EBITDA margin increased to 35.5 percent (35.2). Like for like, adjusted EBITDA remained unchanged.

Adjustment items affecting operating income increased to SEK -3,885 million (-251) mainly driven by an impairment of SEK -3,488 million related to Turkcell Holding. See Note 3 and 14.

Adjusted operating income fell 6.4 percent to SEK 2,939 million (3,140).

Income from associated companies and joint ventures decreased to SEK -3,178 million (233) mainly driven by an impairment related to Turkcell Holding. For more information see Note 14.

Financial items totaled SEK -927 million (-741) of which SEK -799 million (-728) related to net interest expenses.

Income taxes amounted to SEK -156 million (-439). The effective tax rate was -8.3 percent (20.5). The effective tax rate was mainly impacted by reversal of withholding tax provision on future dividends and non-deductible impairment related to Turkcell Holding.

Total net income amounted to SEK -2,029 million (1,653) of which SEK -2,029 million (1,709) from continuing operations and SEK - million (-56) from discontinued operations.

Other comprehensive income decreased to SEK -5,728 million (-499) mainly due to negative translation differences related to EUR and TRY and higher negative remeasurements on pension obligations, caused by decreased discount rate partly offset by an increase in fair value of plan assets.

CASH FLOW

Cash flow from operating activities decreased to SEK 6,267 million (7,162) mainly impacted by changes in working capital. This effect, partly offset by decreased cash CAPEX, impacted **Free cash flow** which decreased to SEK 2,745 million (3,322).

Operational free cash flow, from continuing operations, decreased to SEK 2,202 million (2,443).

Cash flow from investing activities amounted to SEK -1,493 million (-5,887) as 2020 was impacted by net divestments of short-term investments.

Cash flow from financing activities amounted to SEK -5,862 million (-14,232). 2019 was impacted by the acquisition of Turkcell's 41.45 percent share in Fintur, higher net repayments of short-term borrowings as well as higher paid dividend.

FINANCIAL POSITION

CAPEX in continuing operations, excluding right-of-use assets, decreased to SEK 3,591 million (4,096). CAPEX in continuing operations excluding fees for license, spectrum and right-of-use assets, fell to SEK 3,446 million (3,852). Cash CAPEX in continuing operations decreased to SEK 3,522 million (3,819).

Net debt was SEK 83,789 million at the end of the second quarter (83,675 at the end of the first quarter of 2020). The net debt/adjusted EBITDA ratio was 2.69x. Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) including 12 months adjusted EBITDA from Bonnier Broadcasting, was 2.6x.

COVID-19 IMPACT

The COVID-19 pandemic has had a significant impact on how we live and work, the global economy and the global financial markets. In the second quarter of 2020 Telia Company was impacted by COVID-19 through lower roaming revenues due to travel restrictions, and lower revenues from pay TV due to lowered prices, both in segment TV and Media and the other segments, as a consequence of sport cancellations and postponements as well as lower advertising revenues. The cancelled and postponed sport events and seasons have led to both lower revenues and a lower amortization of sports rights in the second quarter, with a subsequent impact on EBITDA. There were no impairments of sport rights due to COVID-19 during the second quarter. In total, the negative service revenue impact is estimated to be around SEK 1.0 billion and the negative impact on EBITDA as well as on Operating Income is estimated to be around SEK 0.5 billion for the second quarter 2020. We expect a similar quarterly impact for the remaining two quarters of the year. This, as well as mitigating activities, is reflected in the Telia Company's outlook, see page 5. However, the uncertainty around COVID-19 and any potential effects from a resurgence of the pandemic do heighten the risks going forward. The negative impact on service revenues for the first half of

2020 is estimated to be SEK 1.1 billion and the negative impact on EBITDA is estimated to be SEK 0.6 billion.

TV and Media was negatively impacted by the COVID-19. An impairment test has been performed for the cash generating unit (CGU) TV and Media as of June 30, 2020 with no indication of an impairment need. However, the estimated recoverable amount for TV and Media was in the proximity of the carrying value as of June 30, 2020 and the CGU is sensitive to changes in WACC or the assumptions in the long-term plan. See Note 13.

A comprehensive analysis of the current economic situation as well as a forward-looking view of the future risk of default has been performed within the group during the second quarter. Even though the general credit risk has increased due to COVID-19, there has been no need for any significant increases in Telia Company's allowances for expected credit losses in the second quarter 2020. The development of the credit

risks will continue to be monitored closely and there might be a need to adjust the allowances at a later stage if the credit risk for Telia Company's receivables increases further.

As the financial markets have been heavily affected by COVID-19 also during the second quarter of 2020, volatility is generally high and liquidity in most markets is still reduced. Telia Company's financial risk management is in all material aspects unchanged but with additional focus to maintain a continued strong liquidity position. The debt capital market continues to be available to the Telia Company credit but to a widened spread. The refinancing need 12 months ahead remains limited.

For more information on risks related to the outbreak of COVID-19, see "Risks and uncertainties" page 42.

REVIEW OF THE GROUP, FIRST HALF 2020

SALES AND EARNINGS

Net sales rose 5.2 percent to SEK 44,197 million (42,026) driven by the consolidation of TV and Media. Like for like, net sales fell 4.0 percent.

Service revenues increased 7.6 percent to SEK 38,845 million (36,111) driven by the consolidation of TV and Media. Like for like, service revenues decreased 3.3 percent.

Adjusted EBITDA increased 0.9 percent to SEK 15,014 million (14,878) and the adjusted EBITDA margin fell to 34.0 percent (35.4). Like for like, adjusted EBITDA fell 2.5 percent.

Adjustment items affecting operating income increased to SEK -4,148 million (-510) mainly driven by an impairment of SEK -3,488 million related to Turkcell Holding, see Note 3 and 14.

Adjusted operating income fell 15.4 percent to SEK 5,608 million (6,625) driven by increased depreciations and amortizations in majority of markets.

Income from associated companies and joint ventures decreased to SEK -2,778 million (606) mainly driven by an impairment related to Turkcell Holding. For more information see Note 14.

Financial items totaled SEK -1,608 million (-1,446) of which SEK -1,537 million (-1,378) related to net interest expenses.

Income taxes amounted to SEK -536 million (-909). The effective tax rate was -363.0 percent (19.5). The effective tax rate was mainly impacted by reversal of withholding tax provision on future dividends and non-deductible impairment related to Turkcell Holding.

Total net income amounted to SEK -883 million (3,463) of which SEK -684 million (3,760) from continuing operations and SEK -199 million (-298) from discontinued operations.

Other comprehensive income decreased to SEK -5,669 million (2,418) mainly due to negative translation differences related to NOK and TRY and higher negative remeasurements on pension obligations, caused by both a decrease in discount rate as well as in fair value of plan assets.

CASH FLOW

Cash flow from operating activities amounted to SEK 13,437 million (13,557).

Free cash flow increased to SEK 6,962 million (5,379). 2019 was impacted by higher cash CAPEX related to spectrums in Sweden.

Operational free cash flow, from continuing operations, decreased to SEK 5,508 million (6,851) mainly driven by changes in working capital.

Cash flow from investing activities amounted to SEK -78 million (-12,958). 2020 was impacted by net divestments of short-term investments whilst 2019 was impacted by higher cash CAPEX related to spectrums in Sweden.

Cash flow from financing activities amounted to SEK -9,661 million (-11,619). 2020 was impacted by lower repayments related to matured debt whilst 2019 was affected by the acquisition of Turkcell's 41.45 percent share in Fintur.

FINANCIAL POSITION

CAPEX in continuing operations, excluding right-of-use assets, decreased to SEK 6,534 million (7,216). CAPEX in continuing operations excluding fees for license, spectrum and right-of-use assets, fell to SEK 6,389 million (6,973). Cash CAPEX in continuing operations decreased to SEK 6,470 million (8,157).

Investments in associated companies and joint ventures, pension obligation assets and other non-current assets decreased to SEK 3,506 million (14,567) mainly due to the holding in Turkcell Holding being classified as held for sale as well as remeasurements on pension obligations.

Short-term interest-bearing receivables decreased to SEK 4,401 million (12,300), mainly due to sale of investment bonds.

Assets classified as held for sale increased to SEK 5,563 million (875) due to shares in Turkcell Holding and assets in Finland being classified as assets held for sale, partly offset by the disposal of Moldcell.

Long-term borrowings increased to SEK 106,278 million (99,899) mainly due to issue of bonds.

Short-term borrowings decreased to SEK 10,264 million (19,779) mainly due to matured debt and partial repayment of loan under the revolving credit facility.

COVID-19 IMPACT FIRST HALF 2020

For information on COVID-19, see "Review of the Group, second quarter" and "Risks and uncertainties" page 42.

SIGNIFICANT EVENTS IN THE FIRST QUARTER

- On February 4, 2020, Telia Company, as the first telecommunications company in the Nordics, issued a green bond of EUR 500 million. The new hybrid bond has a maturity of 61.25 years with the first reset date after 6.25 years. The coupon is 1.375 percent and the re-offer yield has been set at 1.50 percent.
- On February 4, 2020, Telia Company announced that the Board of Transparency International Sweden has appointed Telia Company to its Corporate Supporters Forum (CSF), a forum for large Swedish companies with experience of operating internationally and in areas prone to corruption.
- On February 14, 2020, Fintur Holdings B.V., wholly-owned by Telia Company, agreed to sell its 100 percent holding in Moldcell to CG Cell Technologies DAC, for a transaction price of USD 31.5 million. The transaction was closed on March 24, 2020. See Note 14.
- On March 4, 2020, Telia Company announced that Allison Kirkby will take up her position of President and CEO on May 4, 2020.
- On March 26, 2020, Telia Company announced that the outlook for 2020 would not be reached and that the Company will give an updated 2020 outlook as soon as possible. This was related to increased uncertainty as COVID-19 impacts the TV and Media segment. In addition, the Board of Directors adjusted the dividend proposal to SEK 1.80 per share from the previous SEK 2.45.

SIGNIFICANT EVENTS IN THE SECOND QUARTER

- On April 1, after receiving approval from relevant authorities, the transaction with CapMan Infra targeting an accelerated roll-out of open fiber in Finland, was closed.
- On April 2, 2020, Telia Company held its Annual General Meeting and announced that the Board members Rickard Gustafson, Lars-Johan Jarnheimer, Nina Linander, Jimmy Maymann, Anna Settman, Olaf Swantee and Martin Tivéus were re-elected. As new member of the board Ingrid Bonde and Jeanette Jäger were elected. Lars-Johan Jarnheimer was re-elected Chair of the Board and Ingrid Bonde was elected Vice-Chair of the Board.
- The Annual General Meeting decided upon a dividend to shareholders of SEK 1.80 per share and that the payment should be distributed in two tranches of SEK 0.90 each to be paid in April and October, respectively.
- The Annual General Meeting also approved the reduction of the share capital by way of cancellation

of own shares and to increase the share capital by way of bonus issue. The resolutions were executed on April 15, 2020, by registration with the Swedish Companies Registration Office, and the number of shares in the company was reduced to 4,089,631,702 instead of the previous 4,209,540,375. Further the Annual General Meeting approved implementation of a long-term incentive program 2020/2023.

- On April 9, 2020, Telia Company announced that Heli Partanen has been appointed as new CEO of Telia Finland and member of the Group Executive Management team of Telia Company.
- On April 21, 2020, a new bilateral revolving credit facility was signed between Telia Company and Nordea Bank Abp, Filial i Sverige, see note 9 for further information.
- On April 30, 2020 Telia Company announced that in accordance with the resolution at the Annual General Meeting on April 2, 2020, 119,908,673 treasury shares previously repurchased had been cancelled.
- On May 4, 2020 Telia Company announced that Christian Luiga, Chief Financial Officer and previously acting CEO and President, had submitted his resignation.
- On May 18, 2020 Telia Company announced that The European Commission had approved Telia Company's decision to license standalone OTT rights, in Sweden and Finland, to Discovery Networks.
- On May 24, 2020 Telia Company announced that its first major commercial 5G network in Sweden would be inaugurated in Stockholm the following day.
- On June 8, 2020 Telia Finland secured an 800 MHz frequency block on the 26 GHz band for EUR 7 million.
- On June 17, 2020 Telia Company signed an agreement to sell of its 47.1 percent holding in Turkcell Holding, which owns 51.0 percent in the listed company Turkcell İletişim Hizmetleri, to the Turkey Wealth Fund for USD 530 million.
- On June 22, 2020 Telia Company announced several changes to the Group Executive Management team.

SIGNIFICANT EVENTS AFTER THE END OF THE SECOND QUARTER

- On July 16, 2020 Telia Company announced that Dr. Rainer Deutschmann has been appointed Group Chief Operating Officer (COO) and that Per Christian Mørland has been appointed Group Chief Financial Officer (CFO) of Telia Company.

SWEDEN

- Telia Sweden's first major commercial 5G network consisting of 15 base stations was inaugurated in Stockholm in May. The network was then in June extended by more than 60 base stations built in partnership with Ericsson, making 5G a reality in most of central Stockholm. 5G networks are also underway in twelve more cities including Gothenburg and Malmö. Furthermore, Telia's already leading mobile network position was acknowledged in a study made by Kantar Sifo which showed that almost 70 percent of all Swedes are of the opinion that Telia has the best mobile network.
- The streaming service Telia Play was launched as a fully standalone offering available to all and at the same time the award-winning play service became even better as C More Film & Series was included. Furthermore, Telia also launched a sports package containing all major sports content available in Sweden, making Telia the only operator to offer C More Premium, V premium (formerly Viasat Film and Sport) and DPlay Total, all in one package.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	8,353	8,859	-5.7	16,677	17,469	-4.5
Change (%) like for like	-5.7			-4.6		
of which service revenues (external)	7,469	7,613	-1.9	14,903	15,034	-0.9
change (%) like for like	-1.9			-0.9		
Adjusted EBITDA	3,316	3,346	-0.9	6,714	6,768	-0.8
Margin (%)	39.7	37.8		40.3	38.7	
change (%) like for like	-0.9			-0.8		
Adjusted operating income	1,604	1,762	-8.9	3,328	3,691	-9.8
Operating income	1,555	1,804	-13.8	3,224	3,651	-11.7
CAPEX excluding fees for licenses, spectrum and right-of-use assets	701	1,006	-30.3	1,324	1,993	-33.6
Subscriptions, (thousands)						
Mobile	6,100	6,135	-0.6	6,100	6,135	-0.6
of which machine to machine (postpaid)	1,167	1,089	7.2	1,167	1,089	7.2
Fixed telephony	779	953	-18.3	779	953	-18.3
Broadband	1,266	1,278	-0.9	1,266	1,278	-0.9
TV	901	854	5.5	901	854	5.5
Employees ¹	4,552	5,085	-10.5	4,552	5,085	-10.5

1) Second quarter and first half year 2019 is restated for comparability see Note 1.

Net sales fell 5.7 percent to SEK 8,353 million (8,859) driven mainly by lower sales of equipment but to some extent also lower service revenues.

Service revenues like for like decreased by 1.9 percent driven by both mobile and fixed revenues. Mobile revenues fell 1.8 percent due to lower roaming and interconnect revenues whereas the drop in fixed revenues was mainly attributable to lower revenues from fixed telephony and TV that together more than offset growth in fixed broadband and business solution revenues. The drop in TV revenues was driven by lower pay-TV revenues following cancelled or postponed sport events as a result of the COVID-19 pandemic.

Adjusted EBITDA fell 0.9 percent to SEK 3,316 million (3,346) and the adjusted EBITDA margin rose to 39.7

percent (37.8). Adjusted EBITDA like for like fell 0.9 percent as a positive development in operating expenses was not enough to compensate for the decline in service revenues.

CAPEX excluding right-of-use assets, decreased 30.3 percent to SEK 701 million (1,006) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, decreased 30.3 percent to SEK 701 million (1,006).

Mobile subscriptions grew by 11,000 in the quarter driven by postpaid subscriptions. Fixed broadband subscriptions increased by 3,000 and TV subscriptions increased by 41,000 in the quarter. The latter due to the inclusion of about 40,000 subscriptions previously not accounted for.

FINLAND

- On the back of Telia's superior service portfolio, a number of sizable long-term B2B contracts were secured during the quarter. The contracts that covers customers across several different sectors contains in addition to connectivity also various ICT related services like for example workforce management solutions, end-user support as well as cloud and security solutions. Also, Telia secured a large frame agreement within the public segment containing amongst other around 80,000 new mobile subscriptions as well as contact center services and other types communication solutions.
- Telia came out as number one in an EPSI Rating survey, which studied the satisfaction of consumers with respect to how Finnish companies have handled the COVID-19 pandemic. Some examples of what Telia has done to support customers and society during the pandemic are to provide authorities with aggregated and anonymized data on crowd movements to support decision making, offered TV-channels and entertainment content to compensate for the lack of sports broadcasts. For small businesses Telia also offered the possibility to use advertising space along Telia's "Together campaign", a campaign stressing the spirit of togetherness in tough times and promoting the local business life by putting the spotlight on smaller businesses.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	3,769	3,938	-4.3	7,666	7,801	-1.7
Change (%) like for like	-4.7			-3.0		
of which service revenues (external)	3,233	3,359	-3.8	6,534	6,631	-1.5
change (%) like for like	-4.1			-2.7		
Adjusted EBITDA	1,223	1,168	4.7	2,379	2,337	1.8
Margin (%)	32.4	29.7		31.0	30.0	
change (%) like for like	4.3			0.4		
Adjusted operating income	395	344	14.8	747	740	1.0
Operating income	358	340	5.4	602	731	-17.6
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	482	413	16.8	754	664	13.6
Subscriptions, (thousands)						
Mobile	3,167	3,225	-1.8	3,167	3,225	-1.8
of which machine to machine (postpaid)	270	263	2.5	270	263	2.5
Fixed telephony	22	29	-24.1	22	29	-24.1
Broadband	454	466	-2.6	454	466	-2.6
TV	578	574	0.7	578	574	0.7
Employees ¹	3,059	3,198	-4.3	3,059	3,198	-4.3

¹⁾ Second quarter and first half year 2019 is restated for comparability see Note 1.

Net sales fell 4.3 percent to SEK 3,769 million (3,938) and like for like, net sales fell 4.7 percent primarily driven by lower service revenues. The effect of exchange rate fluctuations was positive by 0.4 percent.

Service revenues like for like fell 4.1 percent partly driven by lower mobile revenues, but mainly by fixed revenues that fell 6.0 percent of which to around half driven by lower TV revenues mainly following cancelled or postponed sport events as a result of the COVID-19 pandemic. The rest was related to various other fixed services including fixed telephony and broadband. Mobile revenues decreased by 2.9 percent as primarily subscription revenues fell impacted by lower roaming revenues.

Adjusted EBITDA increased 4.7 percent to SEK 1,223 million (1,168) and the adjusted EBITDA margin increased to 32.4 percent (29.7). Adjusted EBITDA like for like increased 4.3 percent primarily as cost efficiencies more than compensated for the decline in service revenues.

CAPEX excluding right-of-use assets, increased 34.0 percent to SEK 553 million (413) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased 16.8 percent to SEK 482 million (413).

Mobile subscriptions increased by 2,000 and TV subscriptions decreased by 15,000 in the quarter. Fixed broadband subscriptions decreased by 6,000 in the quarter.

NORWAY

- The transport operator Sporveien selected Telia's mobile network for the implementation of a new signaling system for the metro in Oslo which amongst other things will facilitate for more frequent departures as well as better traffic management. The Datalink service is part of Telia Company's Enterprise Mobile Network portfolio which offers a broad range of technologies catering to the growing demand for advanced and customized connectivity solutions for industrial needs as well as for enabling enterprise customers' digitization journeys.
- In May Telia opened its 5G network to customers in Lillestrøm and parts of Groruddalen in Oslo. During 2020, the 5G coverage will be gradually extended throughout Oslo, and it will also be launched in Trondheim and Bergen. Telia's ambition is to have up to half of the population covered with 5G over the course of next year and be the first operator with a nation-wide 5G network by the end of 2023.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	3,229	3,638	-11.2	6,658	7,233	-8.0
Change (%) like for like	0.3			0.0		
of which service revenues (external) ¹	2,760	3,298	-16.3	5,724	6,416	-10.8
change (%) like for like	-5.4			-3.1		
Adjusted EBITDA	1,510	1,565	-3.5	2,898	3,081	-5.9
Margin (%)	46.8	43.0		43.5	42.6	
change (%) like for like	8.4			2.1		
Adjusted operating income	407	593	-31.3	639	1,202	-46.9
Operating income	371	505	-26.5	568	1,071	-46.9
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	520	596	-12.7	978	1,043	-6.2
Subscriptions, (thousands)						
Mobile	2,265	2,337	-3.1	2,265	2,337	-3.1
of which machine to machine (postpaid)	95	90	5.8	95	90	5.8
Fixed telephony	44	54	-18.5	44	54	-18.5
Broadband	460	439	4.8	460	439	4.8
TV	475	492	-3.5	475	492	-3.5
Employees ¹	1,629	1,752	-7.0	1,629	1,752	-7.0

1) Second quarter and first half year 2019 is restated for comparability see Note 1.

Net sales fell 11.2 percent to SEK 3,229 million (3,638) and like for like, net sales increased 0.3 percent. The effect of exchange rate fluctuations was negative by 11.5 percent.

Service revenues like for like fell 5.4 percent attributable to pressure on both mobile and fixed revenues. In the case of mobile revenues, the decline was mainly the result from lower roaming revenues and loss of mobile subscriptions, whereas fixed revenues fell primarily due to pressure on TV revenues that fell 10.5 percent. The drop in TV revenues was due to a combination of lower ARPU and loss of subscriptions as well as pressure on pay-TV revenues following cancelled or postponed sport events as a result of the COVID-19 pandemic.

Adjusted EBITDA fell 3.5 percent to SEK 1,510 million (1,565) and the adjusted EBITDA margin rose to 46.8

percent (43.0). Adjusted EBITDA like for like grew 8.4 percent as declining costs from efficiencies gained more than compensated for the lower service revenues.

CAPEX excluding right-of-use assets, declined 36.4 percent to SEK 529 million (832) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, declined 12.7 percent to SEK 520 million (596).

Mobile subscriptions fell by 8,000 in the quarter driven by the loss of 19,000 prepaid subscriptions. TV subscriptions fell by 2,000 and fixed broadband subscriptions grew by 9,000 in the quarter.

DENMARK

- The Call me brand continued to have good subscription growth on the back of an improved self-service platform coupled with consistent and straight forward market communication and campaigns. Also supportive to the good development was that Call me has a very loyal customer base, something that has been proven from winning the award for having most loyal customers in Denmark four out of the last five years.
- During the quarter Telia supported Statens Serum Institut (under the auspices of the Danish Ministry of Health) with data from Telia's Crowd Insights solution. The aggregated and anonymized data from Telia's mobile network provided insights into the overall travel patterns of the Danish population, allowing the authorities to assess existing initiatives and make data-driven decisions in the fight against COVID-19.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	1,324	1,373	-3.6	2,754	2,738	0.6
Change (%) like for like	-4.1			-0.8		
of which service revenues (external)	992	1,066	-6.9	2,045	2,113	-3.2
change (%) like for like	-7.4			-4.5		
Adjusted EBITDA	255	254	0.3	486	473	2.7
Margin (%)	19.2	18.5		17.7	17.3	
change (%) like for like	-0.5			1.1		
Adjusted operating income	-1	-22	-93.8	-18	-74	-75.9
Operating income	-14	-41	-65.9	-31	-102	-69.9
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	73	48	52.2	165	115	43.9
Subscriptions, (thousands)						
Mobile	1,472	1,441	2.1	1,472	1,441	2.1
of which machine to machine (postpaid)	93	77	20.7	93	77	20.7
Fixed telephony	74	77	-3.9	74	77	-3.9
Broadband	75	89	-15.7	75	89	-15.7
TV	33	23	43.5	33	23	43.5
Employees ¹	727	778	-6.6	727	778	-6.6

1) Second quarter and first half year 2019 is restated for comparability see Note 1.

Net sales fell 3.6 percent to SEK 1,324 million (1,373) and like for like, net sales fell 4.1 percent as increased equipment sales compensated for lower service revenues. The effect of exchange rate fluctuations was positive by 0.5 percent.

Service revenues like for like fell 7.4 percent as mainly fixed revenues declined by 14.8 percent driven largely by pressure on TV revenues.

Adjusted EBITDA grew 0.3 percent to SEK 255 million (254) and the adjusted EBITDA margin grew to 19.2 percent (18.5). Adjusted EBITDA like for like fell 0.5 percent as lower costs almost compensated for the decline in service revenues.

CAPEX excluding right-of-use assets, increased to SEK 136 million (55) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased to SEK 73 million (48).

Mobile subscriptions increased in the quarter by 14,000 of which half was due to SIM cards used for machine-to-machine services. Fixed broadband subscriptions increased by 3,000 and TV subscriptions increased by 12,000 in the quarter. The latter driven by the inclusion of subscriptions previously not accounted for.

LITHUANIA

- Due to stores being closed from the COVID-19 lockdown a competence building program across channels was started, implying that retail staff supported the call center which experienced a massive increase in incoming calls. Post quarantine, retail staff will continue to work in the call centers during down time, managing outbound calls and email traffic.
- Furthermore, COVID-19 impacted roaming revenues negatively but the B2B business managed to compensate in a good way via capabilities in areas such as cloud environment/virtualization, work from home solutions and digitalization of public sector. This resulted in total IT related service revenues growing by almost 25 percent in the quarter and on top of that Telia also secured a contract for deployment of Governmental Cloud Infrastructure worth almost EUR 1 million over three 3 years. On the B2C side TV revenues continued to show double digit growth and have for the first half of the year grown by 18 percent supported by both subscription and ARPU growth.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	1,047	954	9.8	2,043	1,880	8.7
Change (%) like for like	9.3			7.2		
of which service revenues (external)	804	748	7.6	1,599	1,472	8.6
change (%) like for like	7.2			7.2		
Adjusted EBITDA	375	342	9.6	748	687	8.8
Margin (%)	35.8	35.9		36.6	36.5	
change (%) like for like	9.2			7.4		
Adjusted operating income	216	180	20.0	432	351	23.1
Operating income	207	168	23.5	421	337	25.1
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	95	138	-31.1	176	267	-34.2
Subscriptions, (thousands)						
Mobile	1,354	1,305	3.8	1,354	1,305	3.8
of which machine to machine (postpaid)	187	163	14.5	187	163	14.5
Fixed telephony	244	284	-14.1	244	284	-14.1
Broadband	414	413	0.2	414	413	0.2
TV	249	237	5.1	249	237	5.1
Employees ¹	1,693	1,882	-10.0	1,693	1,882	-10.0

1) Second quarter and first half year 2019 is restated for comparability see Note 1.

Net sales grew 9.8 percent to SEK 1,047 million (954) and like for like, net sales rose 9.3 percent driven by both increased service revenues and sale of equipment. The effect of exchange rate fluctuations was positive by 0.5 percent.

Service revenues like for like increased 7.2 percent driven rather equally by mobile and fixed revenues. Mobile revenues grew following a combination of subscription base expansion and higher ARPU whereas fixed revenues increased largely from good development for TV and business solutions revenues.

Adjusted EBITDA grew 9.6 percent to SEK 375 million (342) and the adjusted EBITDA margin remained rather flat at 35.8 percent (35.9). Adjusted EBITDA like for like grew 9.2 percent driven by the positive service revenue development.

CAPEX excluding right-of-use assets, decreased 31.1 percent to SEK 95 million (138) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, decreased 31.1 percent to SEK 95 million (138).

Mobile subscriptions increased by 6,000 and fixed broadband subscriptions increased by 2,000 in the quarter. TV subscriptions grew by 3,000 in the quarter.

ESTONIA

- In the first Sustainable Brand Index survey of 2020, consumers ranked 50 brands across seven industries and Telia was ranked as number sixth among all brands evaluated and took the award for the most sustainable telecom operator.
- The good traction for Telia's converged proposition, Telia 1, continued and currently 75,000 customers are signed up, which equals an increase of 8 percent in the quarter. Furthermore, TV revenues showed a continued good momentum and displayed as in the previous quarter a double-digit growth, something that also goes for fiber broadband subscriptions which grew by 11 percent.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	807	799	1.1	1,644	1,589	3.5
Change (%) like for like	0.7			2.1		
of which service revenues (external)	655	639	2.5	1,335	1,266	5.4
change (%) like for like	2.1			4.0		
Adjusted EBITDA	281	283	-0.9	571	556	2.7
Margin (%)	34.7	35.4		34.7	35.0	
change (%) like for like	-1.3			1.4		
Adjusted operating income	103	124	-16.7	211	241	-12.6
Operating income	102	123	-16.8	208	237	-12.3
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	93	122	-24.1	175	187	-6.4
Subscriptions, (thousands)						
Mobile	1,080	1,031	4.8	1,080	1,031	4.8
of which machine to machine (postpaid)	324	279	16.3	324	279	16.3
Fixed telephony	234	254	-7.9	234	254	-7.9
Broadband	242	243	-0.4	242	243	-0.4
TV	209	217	-3.7	209	217	-3.7
Employees ¹	1,518	1,554	-2.3	1,518	1,554	-2.3

1) Second quarter and first half year 2019 is restated for comparability see Note 1.

Net sales grew 1.1 percent to SEK 807 million (799) and like for like, net sales rose 0.7 percent driven by increased service revenues. The effect of exchange rate fluctuations was positive by 0.4 percent.

Service revenues like for like grew 2.1 percent as mobile revenues remained rather flat and fixed revenues increased by 5.2 percent driven by a positive development for the absolute majority of services.

Adjusted EBITDA fell 0.9 percent to SEK 281 million (283) and the adjusted EBITDA margin fell to 34.7

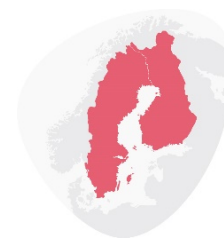
percent (35.4). Adjusted EBITDA like for like decreased 1.3 percent as the growth in service revenues was not enough to compensate for higher operational expenses.

CAPEX excluding right-of-use assets, fell 24.1 percent to SEK 93 million (122) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets, fell 24.1 percent to SEK 93 million (122).

Mobile subscriptions increased by 5,000 whereas fixed broadband and TV subscriptions fell by 1,000 and 2,000, respectively, in the quarter.

TV AND MEDIA

- TV4, C More and MTV further strengthened their sports offerings from securing the broadcasting rights to the UEFA Champions League in Sweden and Finland for the period 2021-2024. Also, during the quarter the current right for the Spanish football league La Liga was extended until the 2025/26 season. This together with an already strong sports content portfolio that includes amongst other Serie A in Italy and as well as top league hockey in both Sweden and Finland, will keep the Nordic sports fans cheering also in the years to come.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	1,686	–	–	3,679	–	–
Change (%) like for like	-30.6					
of which service revenues (external)	1,582	–	–	3,456	–	–
change (%) like for like	-31.8					
Adjusted EBITDA	311	–	–	310	–	–
Margin (%)	18.4	–	–	8.4	–	–
change (%) like for like	-30.2					
Adjusted operating income	120	–	–	-75	–	–
Operating income	94	–	–	-106	–	–
CAPEX excluding fees for licenses, spectrum and right-of-use assets	40	–	–	71	–	–
Subscriptions, (thousands)						
TV	593	–	–	593	–	–
Employees	1,294	–	–	1,294	–	–

Note that the TV and Media segment that contains the former Bonnier Broadcasting business was established in the fourth quarter of 2019 and hence there are no financial figures for the comparable quarter last year.

Net sales amounted to SEK 1,686 million and like for like, net sales fell 30.6 percent.

Service revenues like for like fell 31.8 percent as mainly advertising revenues decreased following a weaker demand for TV advertising given the COVID-19 situation but also as pay-TV revenues decreased following cancelled or postponed sport events as a result of the pandemic.

Adjusted EBITDA amounted to SEK 311 million and the adjusted EBITDA margin to 18.4 percent. Like for like adjusted EBITDA fell 30.2 percent as lower costs primarily attributable to sports and other types of content was not enough to offset the impact on EBITDA from lower service revenues.

CAPEX excluding fees for licenses, spectrum and right-of-use assets amounted to SEK 40 million.

Direct subscriptions video-on-demand (SVOD) fell by 29,000 in the quarter.

For information on impairment test for TV and Media, see Note 13.

OTHER OPERATIONS

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Apr-Jun 2020	Apr-Jun 2019	Chg %	Jan-Jun 2020	Jan-Jun 2019	Chg %
Net sales	2,204	2,182	1.0	4,450	4,384	1.5
Change (%) like for like	-0.1			-0.4		
of which Telia Carrier	1,373	1,329	3.3	2,733	2,732	0.0
of which Latvia	555	553	0.3	1,161	1,101	5.4
Adjusted EBITDA	467	506	-7.7	910	976	-6.8
of which Telia Carrier	243	210	15.9	471	436	8.0
of which Latvia	175	193	-9.4	374	377	-0.8
Margin (%)	21.2	23.2		20.4	22.3	
Income from associated companies	-3,163	235		-2,763	614	
of which Turkey	-3,207	193		-2,851	528	
of which Latvia	45	44	4.0	91	87	5.0
Adjusted operating income	96	159	-39.8	343	474	-27.6
Operating income	-3,619	-10		-3,428	191	
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	1,442	1,530	-5.7	2,746	2,704	1.5
Subscriptions, (thousands)						
Mobile Latvia	1,289	1,282	0.6	1,289	1,282	0.6
of which machine to machine (postpaid)	327	317	3.3	327	317	3.3
Employees ¹	6,509	6,287	3.5	6,509	6,287	3.5

1) Second quarter and first half year 2019 is restated for comparability see Note 1.

Net sales grew 1.0 percent to SEK 2,204 million (2,182) and like for like, net sales fell 0.1 percent. The effect of exchange rate fluctuations was positive by 1.1 percent.

Adjusted EBITDA fell 7.7 percent to SEK 467 million (506) and the adjusted EBITDA margin fell to 21.2 percent (23.2). Adjusted EBITDA like for like fell 8.1 percent.

In **Telia Carrier**, net sales grew 3.3 percent to SEK 1,373 million (1,329). Adjusted EBITDA grew 15.9 percent to SEK 243 million (210) and the adjusted EBITDA margin increased to 17.7 percent (15.8). Adjusted EBITDA like for like increased 15.2 percent.

In **Latvia**, net sales grew 0.3 percent to SEK 555 million (553). Adjusted EBITDA fell 9.4 percent to SEK 175 million (193) and the adjusted EBITDA margin decreased to 31.5 percent (34.9). Adjusted EBITDA like for like fell 9.8 percent following increased costs. The number of mobile subscriptions decreased by 15,000 in the quarter mainly driven by the loss of 12,000 prepaid subscriptions.

Income from associated companies fell to SEK -3,163 million (235) driven by an impairment of the stake in Turkcell Holding following the below announced transaction.

In the quarter an agreement was signed to sell Telia Company's 47 percent ownership in Turkcell Holding which owns 51 percent in the listed company Turkcell Iletisim Hizmetleri (Turkcell). Closing of the transaction is subject to regulatory approvals as well as an annual general meeting of Turkcell and is expected to take place during the second half of 2020.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data and number of shares	Note	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Continuing operations					
Net sales	4, 5	21,770	21,190	44,197	42,026
Cost of sales		-13,818	-13,212	-28,276	-26,213
Gross profit		7,952	7,978	15,920	15,813
Selling, administration and R&D expenses		-5,484	-5,220	-11,091	-10,084
Other operating income and expenses, net		-236	-102	-591	-220
Income from associated companies and joint ventures		-3,178	233	-2,778	606
Operating income	4	-946	2,889	1,460	6,115
Financial items, net		-927	-741	-1,608	-1,446
Income after financial items		-1,873	2,148	-148	4,669
Income taxes		-156	-439	-536	-909
Net income from continuing operations		-2,029	1,709	-684	3,760
Discontinued operations					
Net income from discontinued operations	14	-	-56	-199	-298
Total net income		-2,029	1,653	-883	3,463
Items that may be reclassified to net income:					
Foreign currency translation differences from continuing operations		-2,961	469	-4,179	2,490
Foreign currency translation differences from discontinued operations		-	27	433	127
Other comprehensive income from associated companies and joint ventures		-90	105	-113	334
Cash flow hedges		-248	-174	161	-259
Cost of hedging		-42	6	45	156
Debt instruments at fair value through OCI		15	22	32	27
Income taxes relating to items that may be reclassified		-273	161	18	427
Items that will not be reclassified to net income:					
Equity instruments at fair value through OCI		9	-	9	-
Remeasurements of defined benefit pension plans		-2,683	-1,403	-2,588	-1,114
Income taxes relating to items that will not be reclassified		545	288	525	227
Associates' remeasurements of defined benefit pension plans		0	-	-12	4
Other comprehensive income		-5,728	-499	-5,669	2,418
Total comprehensive income		-7,756	1,153	-6,552	5,881
Total net income attributable to:					
Owners of the parent		-2,052	1,602	-943	3,406
Non-controlling interests		23	51	60	57
Total comprehensive income attributable to:					
Owners of the parent		-7,456	1,055	-6,408	5,611
Non-controlling interests		-301	99	-144	270
Earnings per share (SEK), basic and diluted		-0.50	0.38	-0.23	0.81
of which continuing operations		-0.50	0.40	-0.18	0.87
Number of shares (thousands)					
Outstanding at period-end	7	4,089,632	4,181,821	4,089,632	4,181,821
Weighted average, basic and diluted		4,089,632	4,192,588	4,091,103	4,203,707
EBITDA from continuing operations	17	7,346	7,343	14,470	14,497
Adjusted EBITDA from continuing operations	3, 17	7,737	7,465	15,014	14,878
Depreciation, amortization and impairment losses from continuing operations		-5,114	-4,687	-10,232	-8,987
Adjusted operating income from continuing operations	3, 17	2,939	3,140	5,608	6,625

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Jun 30, 2020	Dec 31, 2019
Assets			
Goodwill and other intangible assets	6, 13	97,794	101,938
Property, plant and equipment	6	74,188	78,163
Film and program rights, non-current		1,995	1,063
Right-of-use assets	6	15,566	15,640
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	10	3,506	14,567
Deferred tax assets		1,933	1,849
Long-term interest-bearing receivables	10, 11	13,175	10,869
<i>Total non-current assets</i>		<i>208,157</i>	<i>224,088</i>
Film and program rights, current		1,351	1,990
Inventories		1,744	1,966
Trade and other receivables and current tax receivables	10	14,805	16,738
Short-term interest-bearing receivables	8, 10	4,401	12,300
Cash and cash equivalents	8	10,039	6,116
Assets classified as held for sale	8, 14	5,563	875
<i>Total current assets</i>		<i>37,903</i>	<i>39,984</i>
Total assets		246,060	264,072
Equity and liabilities			
Equity attributable to owners of the parent		76,315	91,047
Equity attributable to non-controlling interests		1,089	1,409
<i>Total equity</i>		<i>77,405</i>	<i>92,455</i>
Long-term borrowings	8, 10	106,278	99,899
Deferred tax liabilities		10,740	11,647
Provisions for pensions and other long-term provisions		9,248	8,407
Other long-term liabilities		1,433	1,377
<i>Total non-current liabilities</i>		<i>127,699</i>	<i>121,330</i>
Short-term borrowings	8, 10	10,264	19,779
Trade payables and other current liabilities, current tax payables and short-term provisions		30,643	29,904
Liabilities directly associated with assets classified as held for sale	8, 14	49	604
<i>Total current liabilities</i>		<i>40,956</i>	<i>50,287</i>
Total equity and liabilities		246,060	264,072

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Apr-Jun 2020	Apr-Jun 2019 ¹	Jan-Jun 2020	Jan-Jun 2019 ¹
Cash flow before change in working capital		7,056	6,307	14,593	13,379
Increase/decrease Film and program right assets and liabilities ²		-661	11	-515	-22
Increase/decrease other operating receivables, liabilities and inventory		523	901	1,292	311
Change in working capital		-138	912	777	289
Amortization and impairment of Film and program rights ²		-652	-56	-1,933	-112
Cash flow from operating activities		6,267	7,162	13,437	13,557
of which from continuing operations		6,267	7,112	13,415	15,413
of which from discontinued operations		–	50	22	-1,856
Cash CAPEX	17	-3,522	-3,840	-6,475	-8,178
Free cash flow	17	2,745	3,322	6,962	5,379
of which from continuing operations		2,745	3,293	6,945	7,256
of which from discontinued operations		–	29	17	-1,878
Cash flow from other investing activities		2,028	-2,046	6,396	-4,780
Total cash flow from investing activities		-1,493	-5,887	-78	-12,958
of which from continuing operations		-1,493	-5,997	-73	-13,122
of which from discontinued operations		–	111	-5	164
Cash flow before financing activities		4,773	1,276	13,359	599
Cash flow from financing activities		-5,862	-14,232	-9,661	-11,619
of which from continuing operations		-5,862	-14,157	-9,659	-11,616
of which from discontinued operations		–	-75	-2	-3
Cash flow for the period		-1,089	-12,956	3,699	-11,020
of which from continuing operations		-1,089	-13,041	3,684	-9,324
of which from discontinued operations		–	86	15	-1,695
Cash and cash equivalents, opening balance		11,347	25,002	6,210	22,591
Cash flow for the period		-1,089	-12,956	3,699	-11,020
Exchange rate differences in cash and cash equivalents		-219	346	131	820
Cash and cash equivalents, closing balance		10,039	12,391	10,039	12,391
of which from continuing operations		10,039	12,265	10,039	12,265
of which from discontinued operations		–	126	–	126

See Note 17 section Operational free cash flow for further information.

1) Restated, see Note 1. 2) Total cash out flow from acquired Film and program rights is the total of Increase/decrease Film and program right assets and liabilities and Amortization and impairment of Film and program rights.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK in millions	Owners of the parent	Non-controlling interests	Total equity
Opening balance, January 1, 2019	97,387	5,050	102,438
Change in accounting principles in associated companies ¹	-12	–	-12
Adjusted opening balance, January 1, 2019	97,375	5,050	102,425
Dividends	-9,902	-152	-10,054
Share-based payments	19	–	19
Acquisition and transfer of treasury shares ²	-2,048	–	-2,048
Changes in non-controlling interests ³	295	-3,815	-3,520
Cancellation of treasury shares, net effect ⁴	–	–	–
Bonus issue, net effect ⁴	–	–	–
<i>Total transactions with owners</i>	<i>-11,635</i>	<i>-3,967</i>	<i>-15,603</i>
Total comprehensive income	5,611	270	5,881
Effect of equity transactions in associated companies	-20	–	-20
Closing balance, June 30, 2019	91,331	1,353	92,683
Change in accounting principles in associated companies ¹	12	–	12
Dividends	52	-14	38
Share-based payments	13	–	13
Acquisition and transfer of treasury shares ²	-2,926	–	-2,926
Changes in non-controlling interests ³	16	3	19
<i>Total transactions with owners</i>	<i>-2,833</i>	<i>-11</i>	<i>-2,844</i>
Total comprehensive income	2,550	67	2,617
Effect of equity transactions in associated companies	–	–	–
Closing balance, December 31, 2019	91,047	1,409	92,455
Change in accounting principles in associated companies ¹	-12	–	-12
Adjusted opening balance, January 1, 2020	91,035	1,409	92,443
Dividends	-7,361	-175	-7,537
Share-based payments	8	–	8
Acquisition and transfer of treasury shares ²	-956	–	-956
Cancellation of treasury shares, net effect ⁴	–	–	–
Bonus issue, net effect ⁴	–	–	–
<i>Total transactions with owners</i>	<i>-8,309</i>	<i>-175</i>	<i>-8,485</i>
Total comprehensive income	-6,408	-144	-6,552
Effect of equity transactions in associated companies	-2	–	-2
Closing balance, June 30, 2020	76,315	1,089	77,405

1) Transition effect of IFRS 15 and IFRS 9 for Turkcell, which is a publicly listed company and therefore included with one-quarter lag. 2) Acquisition and transfer of treasury shares, see Note 7. 3) Mainly relates to acquisition of Turkcell's 41.45 percent share in Fintur, see Note 14. 4) For information on cancellation of treasury shares and bonus issue of shares, see Note 7.

NOTE 1. BASIS OF PREPARATION

GENERAL

Telia Company's consolidated financial statements as of and for the six-month period ended June 30, 2020, have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The parent company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act as well as standard RFR 2 Accounting for Legal Entities and other statements issued by the Swedish Financial Reporting Board. For the group this Interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and for the Parent Company in accordance with the Swedish Annual Accounts Act. The accounting policies adopted, and computation methods used are consistent with those followed in the Annual and Sustainability Report 2019. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

RESTATEMENT OF FINANCIAL AND OPERATIONAL DATA

In the first quarter 2020 the remaining holding companies in discontinued operations were reclassified to continuing operations. As a result of the reclassification, cash flow from financing activities for the second quarter and the first half of 2019 of SEK -3,684 million has been reclassified from discontinued operations to continuing operations. The restated amount relates to the cash flow effect from the acquisition of non-controlling interest in Fintur in the second quarter 2019, see Note 14. Total cash flow from financing activities for the second quarter and first half of 2019 is unchanged.

As a result of the implementation of the new operating model in Finland as of October 2019 and in Norway, Denmark, Lithuania and Estonia as of January 2020, financial and operational data have been restated as presented in the table below.

Following the restatement of the Norwegian handset lease contracts in the fourth quarter 2019, the CAPEX has been restated for the second quarter and the six-month period 2019.

Revenues from invoicing fees referring to both mobile and fixed services have been restated for the historical period. This implies that revenues from invoicing fees have been reclassified from mobile and fixed service revenues to other service revenues, leaving the total service revenues unchanged.

Further disaggregation of revenues in Finland have been restated for comparability and employees in Sweden have been transferred to Other operations.

Amounts in SEK millions except employees	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Group
CAPEX excluding fees for licenses, spectrum and right-of-use assets, second quarter 2019	–	-85	-68	-33	-23	-32	–	324	83
CAPEX excluding fees for licenses, spectrum and right-of-use assets, Jan-Jun 2019	–	-164	-181	-67	-47	-59	–	612	94
Employees, June 30, 2019	-9	-286	-262	-84	-241	-228	–	1,110	–
Disaggregation of revenues, second quarter 2019 (invoice fee)									
Mobile Subscription Revenues	-87	-18	-36	-17	-3	–	–	–	-162
Other Mobile Service Revenues	-9	-19	–	–	–	–	–	–	-28
Total Mobile Service Revenues	-96	-38	-36	-17	-3	–	–	–	-190
Other Fixed Service Revenues	-66	-24	–	–	-1	–	–	–	-91
Total Fixed Service Revenues	-66	-24	–	–	-1	–	–	–	-91
Other Service Revenues	162	62	36	17	4	–	–	–	282
Disaggregation of revenues, Jan-Jun 2019 (invoice fee)									
Mobile Subscription Revenues	-177	-38	-76	-34	-5	–	–	–	-331
Other Mobile Service Revenues	-19	-36	–	–	–	–	–	–	-55
Total Mobile Service Revenues	-196	-74	-76	-34	-5	–	–	–	-386
Other Fixed Service Revenues	-134	-47	–	–	-3	–	–	–	-184
Total Fixed Service Revenues	-134	-47	–	–	-3	–	–	–	-184
Other Service Revenues	330	121	76	34	8	–	–	–	570
Disaggregation of revenues, second quarter 2019 (new product Finland)									
TV	–	2	–	–	–	–	–	–	2
Total Fixed Service Revenues	–	2	–	–	–	–	–	–	2
Advertising Revenues	–	1	–	–	–	–	–	–	1
Other Service Revenues	–	-3	–	–	–	–	–	–	-3
Disaggregation of revenues, Jan-Jun 2019 (new product Finland)									
TV	–	8	–	–	–	–	–	–	8
Total Fixed Service Revenues	–	8	–	–	–	–	–	–	8
Advertising Revenues	–	4	–	–	–	–	–	–	4
Other Service Revenues	–	-12	–	–	–	–	–	–	-12
Segment assets, Dec 31, 2019	–	-7	-1,181	-399	-506	-262	–	2,354	–
Segment liabilities, Dec 31, 2019	–	–	-324	-133	–	–	–	458	–

NOTE 2. REFERENCES

For more information regarding:

- Sales and earnings, Cash flow and Financial position, see pages 6-8.
- Significant events in the first and second quarter, see page 9.
- Significant events after the end of the second quarter, see page 9.
- Risks and uncertainties, see page 42.

NOTE 3. ADJUSTMENT ITEMS

ADJUSTMENT ITEMS WITHIN OPERATING INCOME, CONTINUING OPERATIONS

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Within EBITDA	-391	-122	-544	-381
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:				
Sweden	-50	42	-104	-40
Finland	-36	-4	-35	-9
Norway	-36	-89	-71	-132
Denmark	-13	-19	-13	-28
Lithuania	-2	-12	-5	-14
Estonia	-1	-1	-2	-4
TV and Media	-26	–	-31	–
Other operations	-164	-40	-220	-155
Capital gains/losses	-63	–	-63	–
Within Depreciation, amortization and impairment losses¹	–	-129	-110	-129
Within Income from associated companies and joint ventures²	-3,494	–	-3,494	–
Total adjustment items within operating income, continuing operations	-3,885	-251	-4,148	-510

1) First half 2020 includes a write-down of SEK -110 million relating to remeasurement of the Finnish real estate companies which have been classified as held for sale, see Note 14. Second quarter and first half of 2019 include a write-down of SEK -129 million of capitalized development expenses within Other operations following a management decision regarding a cancellation of a development project for a new IT system. 2) 2020 includes an impairment of SEK -3,488 million related to the holding in Turkcell Holding, see Note 14.

ADJUSTMENT ITEMS WITHIN EBITDA, DISCONTINUED OPERATIONS (REGION EURASIA)

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Within EBITDA	–	-10	-206	-128
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.	–	-9	-13	-125
Impairment loss on remeasurement to fair value less costs to sell	–	-1	–	-3
Capital gains/losses ¹	–	–	-193	–
Total adjustment items within EBITDA, discontinued operations	–	-10	-206	-128

1) Capital gains/losses in the first half of 2020 relate to the disposal of Moldcell, see Note 14.

NOTE 4. SEGMENT INFORMATION

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Net sales				
Sweden	8,353	8,859	16,677	17,469
<i>of which external</i>	8,304	8,829	16,578	17,406
Finland	3,769	3,938	7,666	7,801
<i>of which external</i>	3,716	3,901	7,544	7,708
Norway	3,229	3,638	6,658	7,233
<i>of which external</i>	3,246	3,635	6,650	7,226
Denmark	1,324	1,373	2,754	2,738
<i>of which external</i>	1,300	1,348	2,711	2,694
Lithuania	1,047	954	2,043	1,880
<i>of which external</i>	1,033	934	2,015	1,841
Estonia	807	799	1,644	1,589
<i>of which external</i>	780	774	1,592	1,539
TV and Media	1,686	–	3,679	–
<i>of which external</i>	1,582	–	3,456	–
Other operations	2,204	2,182	4,450	4,384
Total segments	22,420	21,745	45,571	43,096
Eliminations	-651	-555	-1,374	-1,069
Group	21,770	21,190	44,197	42,026
Adjusted EBITDA				
Sweden	3,316	3,346	6,714	6,768
Finland	1,223	1,168	2,379	2,337
Norway	1,510	1,565	2,898	3,081
Denmark	255	254	486	473
Lithuania	375	342	748	687
Estonia	281	283	571	556
TV and Media	311	–	310	–
Other operations	467	506	910	976
Total segments	7,737	7,465	15,014	14,878
Eliminations	–	–	–	–
Group	7,737	7,465	15,014	14,878
Operating income				
Sweden	1,555	1,804	3,224	3,651
Finland	358	340	602	731
Norway	371	505	568	1,071
Denmark	-14	-41	-31	-102
Lithuania	207	168	421	337
Estonia	102	123	208	237
TV and Media	94	–	-106	–
Other operations	-3,619	-10	-3,428	191
Total segments	-946	2,889	1,460	6,115
Eliminations	–	–	–	–
Group	-946	2,889	1,460	6,115
Financial items, net	-927	-741	-1,608	-1,446
Income after financial items	-1,873	2,148	-148	4,669

SEK in millions	Jun 30, 2020	Jun 30, 2020	Dec 31, 2019	Dec 31, 2019
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Sweden	47,228	11,876	48,692	12,403
Finland ¹	53,374	4,175	54,303	4,808
Norway ¹	51,894	3,997	58,370	4,543
Denmark ¹	8,055	1,680	8,578	1,636
Lithuania ¹	6,818	1,037	7,207	1,120
Estonia ¹	5,687	737	5,797	878
TV and Media	12,319	1,656	13,677	2,716
Other operations ¹	29,103	8,770	38,777	9,305
Total segments	214,478	33,928	235,400	37,408
Unallocated	26,018	134,678	27,797	133,604
Assets and liabilities held for sale	5,563	49	875	604
Total assets/liabilities, group	246,060	168,655	264,072	171,616

1) 2019 restated, see Note 1.

NOTE 5. NET SALES

	Apr-Jun 2020									
SEK in millions	Sweden	Finland	Norway	Den- mark	Lithua- nia	Estonia	TV and Media	Other opera- tions	Elimina- tions	Total
Mobile subscription revenues	3,131	1,624	1,525	645	283	236	–	316	–	7,760
Interconnect	138	111	98	53	46	19	–	35	–	502
Other mobile service revenues	138	148	222	90	16	3	–	12	–	629
Total mobile service revenues	3,408	1,883	1,845	788	345	259	–	363	–	8,891
Telephony	489	28	34	47	60	30	–	1	–	688
Broadband	1,176	173	311	56	143	147	1	2	–	2,008
TV	422	113	389	17	92	71	481	–	–	1,586
Business solutions	743	658	109	48	59	61	–	22	–	1,700
Other fixed service revenues	953	311	22	9	99	84	–	1,139	–	2,618
Total fixed service revenues	3,782	1,283	865	177	454	393	482	1,164	–	8,599
Advertising revenues	–	0	–	–	–	–	1,063	–	–	1,063
Other service revenues	280	67	50	27	5	3	37	107	–	575
Total service revenues¹	7,469	3,233	2,760	992	804	655	1,582	1,634	–	19,129
Total equipment revenues¹	835	484	486	308	229	125	–	174	–	2,640
Total external net sales	8,304	3,716	3,246	1,300	1,033	780	1,582	1,808	–	21,770
Internal net sales	49	53	-17	24	14	28	104	396	-651	–
Total net sales	8,353	3,769	3,229	1,324	1,047	807	1,686	2,204	-651	21,770

1) In all material aspects, equipment revenues are recognized at a point in time and service revenues over time.

	Apr-Jun 2019									
SEK in millions	Sweden ²	Finland ²	Norway ²	Den- mark ²	Lithua- nia ²	Estonia	TV and Media	Other opera- tions	Elimina- tions	Total ²
Mobile subscription revenues	3,155	1,654	1,798	718	271	236	–	321	–	8,152
Interconnect	163	104	127	46	36	19	–	38	–	533
Other mobile service revenues	151	172	257	72	8	5	–	12	–	677
Total mobile service revenues	3,469	1,931	2,181	837	315	260	–	370	–	9,362
Telephony	592	35	49	42	67	32	–	0	–	817
Broadband	1,143	183	346	61	143	143	–	–	–	2,019
TV	462	154	493	36	78	64	–	–	–	1,286
Business solutions	686	648	133	47	51	59	–	18	–	1,640
Other fixed service revenues	999	340	38	21	90	75	–	1,087	–	2,651
Total fixed service revenues	3,882	1,360	1,058	207	429	372	–	1,105	–	8,413
Advertising revenues	–	1	–	–	–	–	–	–	–	1
Other service revenues	263	67	58	22	4	7	–	77	–	499
Total service revenues¹	7,613	3,359	3,298	1,066	748	639	–	1,552	–	18,274
Total equipment revenues¹	1,215	542	338	282	187	135	–	217	–	2,916
Total external net sales	8,829	3,901	3,635	1,348	934	774	–	1,769	–	21,190
Internal net sales	31	38	3	26	20	25	–	413	-555	–
Total net sales	8,859	3,938	3,638	1,373	954	799	–	2,182	-555	21,190

1) In all material aspects, equipment revenues are recognized at a point in time and service revenues over time. 2) Restated, see Note 1.

SEK in millions	Jan-Jun 2020									
	Sweden	Finland	Nor-way	Den-mark	Lithua-nia	Estonia	TV and Media	Other operations	Elimina-tions	Total
Mobile subscription revenues	6,300	3,266	3,179	1,324	572	484	–	640	–	15,765
Interconnect	268	214	207	114	85	39	–	73	–	999
Other mobile service revenues	270	294	446	178	25	6	–	24	–	1,243
Total mobile service revenues	6,838	3,774	3,832	1,616	682	529	–	737	–	18,008
Telephony	1,002	55	76	100	120	60	–	1	–	1,414
Broadband	2,356	355	636	110	287	295	2	5	–	4,045
TV	874	283	822	51	185	142	1,146	–	–	3,504
Business solutions	1,453	1,310	224	96	116	124	–	41	–	3,363
Other fixed service revenues	1,839	618	35	22	199	178	–	2,266	–	5,156
Total fixed service revenues	7,523	2,620	1,793	379	906	799	1,149	2,313	–	17,482
Advertising revenues	–	2	–	–	–	–	2,232	–	–	2,234
Other service revenues	542	138	99	50	11	7	75	198	–	1,120
Total service revenues¹	14,903	6,534	5,724	2,045	1,599	1,335	3,456	3,248	–	38,845
Total equipment revenues¹	1,675	1,009	926	666	416	257	–	403	–	5,352
Total external net sales	16,578	7,544	6,650	2,711	2,015	1,592	3,456	3,651	–	44,197
Internal net sales	99	123	8	43	29	52	223	799	-1,374	–
Total net sales	16,677	7,666	6,658	2,754	2,043	1,644	3,679	4,450	-1,374	44,197

1) In all material aspects, equipment revenues are recognized at a point in time and service revenues over time.

SEK in millions	Jan-Jun 2019									
	Sweden ²	Finland ²	Nor-way ²	Den-mark ²	Lithua-nia ²	Estonia	TV and Media	Other operations	Elimina-tions	Total ²
Mobile subscription revenues	6,267	3,251	3,490	1,415	533	462	–	627	–	16,044
Interconnect	320	201	244	93	76	36	–	75	–	1,045
Other mobile service revenues	281	346	479	140	15	7	–	20	–	1,289
Total mobile service revenues	6,867	3,798	4,213	1,648	625	506	–	722	–	18,378
Telephony	1,176	88	99	90	139	63	–	0	–	1,656
Broadband	2,268	364	672	123	283	282	–	–	–	3,992
TV	920	321	983	73	154	124	–	–	–	2,576
Business solutions	1,390	1,261	260	92	103	114	–	35	–	3,254
Other fixed service revenues	1,888	664	77	40	160	163	–	2,256	–	5,249
Total fixed service revenues	7,641	2,699	2,091	418	839	746	–	2,291	–	16,726
Advertising revenues	–	4	–	–	–	–	–	–	–	4
Other service revenues	526	131	112	47	8	14	–	165	–	1,003
Total service revenues¹	15,034	6,631	6,416	2,113	1,472	1,266	–	3,177	–	36,111
Total equipment revenues¹	2,372	1,077	810	581	370	273	–	433	–	5,915
Total external net sales	17,406	7,708	7,226	2,694	1,841	1,539	–	3,610	–	42,026
Internal net sales	63	93	8	44	39	49	–	774	-1,069	–
Total net sales	17,469	7,801	7,233	2,738	1,880	1,589	–	4,384	-1,069	42,026

1) In all material aspects, equipment revenues are recognized at a point in time and service revenues over time. 2) Restated, see Note 1.

NOTE 6. INVESTMENTS

SEK in millions	Apr-Jun 2020	Apr-Jun 2019 ²	Jan-Jun 2020	Jan-Jun 2019 ²
CAPEX	4,168	4,289	8,474	7,536
Intangible assets	883	1,044	1,538	1,707
Property, plant and equipment	2,708	3,052	4,996	5,509
Right-of-use assets ¹	577	193	1,940	320
Acquisitions and other investments	24	120	33	178
Asset retirement obligations	3	64	12	121
Goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations	–	21	–	21
Equity instruments	21	36	21	36
Total continuing operations	4,192	4,409	8,506	7,714
Total discontinued operations	–	29	12	57
<i>of which CAPEX</i>	<i>–</i>	<i>29</i>	<i>11</i>	<i>56</i>
Total investments	4,192	4,438	8,518	7,770
<i>of which CAPEX</i>	<i>4,168</i>	<i>4,318</i>	<i>8,485</i>	<i>7,593</i>

1) Right-of-use assets in the first six months 2020 includes new leases of office space in Finland of SEK 0.9 billion. 2) Restated, see Note 1.

NOTE 7. TREASURY SHARES

At the date for the annual general meeting held on April 2, 2020, Telia Company held 119,908,673 treasury shares. The annual general meeting approved a reduction of the share capital of SEK -395 million by way of cancellation of all treasury shares held and a corresponding increase of the share capital of SEK 395

million by way of bonus issue, which were executed during the second quarter of 2020.

As of June 30, 2020 Telia Company held no treasury shares and the total number of issued and outstanding shares was 4,089,631,702.

The total price for the repurchased shares under the share buy-back program during the first three and six months 2020 amounted to SEK 945 million and transaction costs, net of tax, amounted to SEK -1 million.

During May 2020 Telia Company transferred 380,741 shares to the participants in the “Long Term Incentive program 2017/2020” (LTI program), via a share swap agreement with an external party, at an average price of SEK 32.30 per share. The total cost for the transferred shares was SEK 12 million and transaction costs, net of tax, amounted to SEK 0 million.

In total the acquisitions of treasury shares under the share buy-back program and the transfer of shares under the LTI program reduced other contributed capital within parent shareholder's equity by SEK 956 million during the six-months period ended June 30, 2020 (SEK 2,048 million during the six-months period ended June 30, 2019).

NOTE 8. NET DEBT

SEK in millions	Jun 30, 2020 ²	Dec 31, 2019 ³
Long-term borrowings	106,308	99,980
<i>of which lease liabilities, non-current</i>	12,201	12,127
Less 50 percent of hybrid capital ¹	-10,599	-7,947
Short-term borrowings	10,268	19,823
<i>of which lease liabilities, current</i>	3,052	3,012
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-4,950	-3,717
Less long-term bonds at fair value through OCI	-5,812	-5,450
Less short-term investments	-1,386	-8,426
Less cash and cash equivalents	-10,039	-6,210
Net debt, continuing and discontinued operations	83,789	88,052

1) 50 percent of hybrid capital is treated as equity, consistent with market practice for this type of instrument, and reduces net debt. 2) Net debt is based on the total Telia Company group including net debt related to assets held for sale. 3) Net debt is based on the total Telia Company group for both continuing and discontinued operations.

Derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA) are part of the balance sheet line items Long-term interest-bearing receivables and Short-term interest-bearing receivables. Hybrid capital is part of the balance sheet line item Long-term borrowings.

Long-term bonds at fair value through OCI are part of the balance sheet line item Long-term interest-bearing receivables. Short-term investments are part of the balance sheet line item Short-term interest-bearing receivables.

NOTE 9. LOAN FINANCING AND CREDIT RATING

The credit rating of Telia Company was affirmed by both Moody's and Standard & Poor during the second quarter. Moody's rating for long-term borrowings is Baa1 with a stable outlook. The Standard & Poor long-term rating is BBB+ and the short-term rating is A-2, both with a stable outlook.

In April 2020, Telia Company issued a 10-year bond with a nominal amount of NOK 1 000 million (SEK 970 million) with a coupon of 2.90 percent. In June, a 5-year green bond was issued with a nominal amount of SEK 750 million with a coupon of 1.125 percent. The proceeds from the green bond will finance more energy efficient networks and green digital solutions for

customers. In addition, certificates with a total nominal amount of SEK 700 million were issued during the quarter under the commercial paper program. Outstanding debt with a nominal amount of SEK 700 million was repaid and bonds with a nominal amount of EUR 100 million (SEK 1,050 million) was early amortized during the second quarter.

On April 21, 2020, a new bilateral revolving credit facility was signed between Telia Company and Nordea Bank Abp, Filial i Sverige. The amount is SEK 4 billion and has a 12-month maturity. This facility is a liquidity back up and the facility was not utilized during the second quarter.

NOTE 10. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings ¹ SEK in millions	Jun 30, 2020		Dec 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	57,299	62,056	50,945	55,574
Interest rate swaps	120	120	230	230
Cross-currency interest rate swaps	3,006	3,006	2,694	2,694
Subtotal	60,425	65,182	53,870	58,498
Open-market financing program borrowings	32,554	44,029	32,475	42,255
Other borrowings at amortized cost	1,128	1,128	1,508	1,420
Subtotal	94,107	110,338	87,852	102,173
Other long-term liabilities				
Lease liabilities	12,171		12,046	
Total long-term borrowings	106,278		99,899	
Short-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	–	–	6,807	6,841
Interest rate swaps	–	–	22	22
Subtotal	–	–	6,828	6,863
Utilized bank overdraft and short-term credit facilities at amortized cost	3,680	3,680	7,838	7,846
Open-market financing program borrowings	2,803	2,803	1,422	1,431
Other borrowings at amortized cost	733	727	723	783
Subtotal	7,215	7,210	16,811	16,923
Other short-term liabilities				
Lease liabilities	3,048		2,968	
Total short-term borrowings	10,264		19,779	

1) For financial assets the carrying amount is a reasonable approximation of fair value. For information on fair value estimation, see the Annual and Sustainability Report 2019, Note C3 to the consolidated financial statements.

Financial assets and liabilities by fair value hierarchy level ¹ SEK in millions	Jun 30, 2020				Dec 31, 2019			
	Carrying value	of which			Carrying value	of which		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets at fair value								
Equity instruments at fair value through OCI	351	–	–	351	319	–	–	319
Equity instruments at fair value through income statement	15	–	–	15	13	–	–	13
Long- and short-term bonds at fair value through OCI	7,198	6,213	985	–	14,677	12,667	2,010	–
Derivatives designated as hedging instruments	4,018	–	4,018	–	3,651	–	3,651	–
Derivatives at fair value through income statement	1,001	–	1,001	–	170	–	170	–
Total financial assets at fair value by level	12,584	6,213	6,004	367	18,830	12,667	5,831	332
Financial liabilities at fair value								
Derivatives designated as hedging instruments	2,983	–	2,983	–	2,791	–	2,791	–
Derivatives at fair value through income statement	271	–	271	–	532	–	532	–
Contingent consideration liabilities	40	–	–	40	41	–	–	41
Total financial liabilities at fair value by level	3,294	–	3,254	40	3,365	–	3,323	41

1) For information on fair value hierarchy levels and fair value estimation, see the Annual and Sustainability Report 2019, Note C3 to the consolidated financial statements and the section below.

FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not

available for these equity instruments, Telia Company has a market approach to derive the fair value. Telia Company's primary valuation technique used for

estimating the fair value of unlisted equity instruments in level 3 is based on the most recent transaction for the specific company if such transaction has been recently done. If there have been significant changes in circumstances between the transaction date and the balance sheet date that, in the assessment of Telia Company, would have a material impact on the fair value, the carrying value is adjusted to reflect the changes.

The fair values for contingent consideration liabilities have been estimated using a discounted cash flow

method where the present value of the expected future payments is considered. Contingent consideration liabilities per June 30, 2020, are mainly related to the acquisition of Fello in 2019 for which the maximum amounts are expected to be paid and the discount effect is deemed immaterial. Other contingent considerations are not material.

The table below presents the movements in level 3 instruments for the six-month period ended June 30, 2020.

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Jun 2020			Liabilities, Jan-Jun 2020
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening balance	319	13	332	41
Changes in fair value	9	–	9	–
<i>of which recognized in other comprehensive income</i>	9	–	9	–
Purchases	25	2	27	–
Disposals	-1	–	-1	–
Settlements	–	–	–	-1
Exchange rate differences	0	–	–	–
Level 3, closing balance	351	15	367	40

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Dec 2019			Liabilities, Jan-Dec 2019
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening balance	272	13	286	–
Changes in fair value	46	–	46	–
<i>of which recognized in other comprehensive income</i>	46	–	46	–
Purchases	70	–	70	41
Disposals	-69	–	-69	–
Level 3, closing balance	319	13	332	41

NOTE 11. CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

As of June 30, 2020, the maximum potential future payments that Telia Company could be required to make under issued financial guarantees totaled SEK 314 million (309 at the end of 2019, continuing operations), of which SEK 297 million (294 at the end of 2019) referred to guarantees for pension obligations. Collateral pledged totaled SEK 45 million (45 at the end of 2019).

In September 2019, London arbitration proceedings were initiated against Telia Company and Turkcell under the Share Purchase Agreement related to the

divestment of the subsidiary Kcell in Kazakhstan in 2018. The total claim against Telia Company and Turkcell amounts to USD 66 million (equivalent to SEK 618 million) plus interest, of which Telia Company's share amounts to USD 45 million (equivalent to SEK 422 million). The arbitration proceedings are still in an early stage and includes significant uncertainties. As per June 30, 2020, an outflow of resources is not deemed as probable and no provision has therefore been recognized. For other ongoing legal proceedings, see Note C30 in the Annual and Sustainability Report 2019.

NOTE 12. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of June 30, 2020, contractual obligations totaled SEK 16,973 million (10,990 at the end of 2019, continuing operations), of which SEK 11,449 million (7,760 at the end of 2019), related to film and program rights. The

increase in contractual obligations is mainly related to film and program rights as well as network modernization in Norway.

NOTE 13. BUSINESS COMBINATIONS

BONNIER BROADCASTING

On December 2, 2019 Telia Company acquired Bonnier Broadcasting, including the brands TV4, C More and Finnish MTV, from Bonnier AB at an enterprise value of SEK 9.2 billion with an additional consideration of maximum SEK 1 billion. The additional (deferred) consideration was to be based on operational performance on revenues and EBITDA for the period July 1, 2018 to June 30, 2019 (i.e. not a contingent consideration). As per December 31, 2019 the additional amount was estimated to SEK 800 million. Compared to the preliminary purchase price allocation disclosed in the Annual and Sustainability Report 2019 the total cost of

the combination has been reduced by with SEK -223 million, of which SEK -285 million relates to the additional consideration. In addition, goodwill has been reduced by SEK -184 million and fair value of intangible assets has been reduced by SEK -55 million, (whereof customer relationships by SEK -22 million and brands by SEK -32 million). Further, related deferred tax liability has been reduced by SEK -9 million and current liabilities by SEK -7 million. The fair values of assets and liabilities have been determined provisionally, as they are still based on preliminary appraisals and are subject to confirmation of certain facts.

SEK in millions	Bonnier Broadcasting
Cost of combination	10,447
<i>of which cash consideration paid</i>	10,447
Fair value of net assets acquired	
Intangible assets	6,513
<i>of which customer relationships</i>	4,072
<i>of which brands</i>	2,128
<i>of which software</i>	313
Film and program rights, non-current	1,029
Other non-current assets	753
Non-current assets	8,295
Film and program rights, current	1,977
Other current assets	1,109
Cash and cash equivalents	715
Current assets	3,802
Total assets acquired	12,096
Deferred tax liabilities	-1,278
Other non-current liabilities	-349
Non-current liabilities	-1,627
Current liabilities	-2,433
Total liabilities assumed	-4,060
Total fair value of net assets acquired	8,036
Goodwill	2,410

The net cash flow effect from the business combination was SEK 9,155 million (cash consideration SEK 9,870 million paid at closing less cash and cash equivalents SEK 715 million) in the fourth quarter of 2019. The cash

flow effect in the second quarter of 2020 amounted to SEK 577 million, of which SEK 515 million related to the additional consideration and SEK 61 million related to the original purchase price. Goodwill refers to, among

other things, future customers, market position and workforce. No part of goodwill is expected to be deductible for tax purposes. Acquisition-related costs of

SEK 165 million have been recognized as other operating expenses, whereof SEK 10 million in 2020.

Allocation of goodwill and intangible assets with indefinite useful lives

Goodwill from the Bonnier Broadcasting acquisition has been allocated to cash generating units (CGUs) and reportable segments as follows:

SEK in millions	Jun 30, 2020	Share, %
TV and Media	1,477	61
Sweden	824	34
Finland	109	5
Total	2,410	100

The goodwill was allocated pro rata based on the net present value of forecast synergies by CGU. Brands with indefinite useful lives of SEK 2,128 million were all allocated to TV and Media.

Impairment test

TV and Media is negatively impacted by the COVID-19. An impairment test has been performed for the cash generating unit TV and Media as of June 30, 2020 with no indication of an impairment need. However, the estimated recoverable amount for TV and Media was in the proximity of the carrying values as of June 30, 2020 and the CGU is sensitive to changes in WACC or the assumptions in the long-term plan.

The recoverable amount has been determined on the basis of value in use, applying discounted cash flow

calculations. The value in use calculation was based on forecasts approved by management, which management believes reflect past experience, forecasts in industry reports, and other externally available information. The key assumptions used in the value in use calculation are presented in the table below. Management believes the terminal growth rate do not exceed the average growth rates for markets in which Telia Company operates.

Years/Percent	TV and Media
Forecast period (years)	5
Post-tax WACC rate (%)	7.1
Pre-tax WACC rate (%)	8.8
Terminal growth rate of free cash flow (%)	2.0

5-year period/Percent	TV and Media
Sales growth, lowest in period (%)	-16.0
Sales growth, highest in period (%)	16.3
EBITDA margin, lowest in period (%)	3.4
EBITDA margin, highest in period (%)	11.8
CAPEX-to-sales, lowest in period (%)	1.4
CAPEX-to-sales, highest in period (%)	2.0

Sensitivity analysis

The upper part of the following table sets out how many percentage points each key assumption approximately must change, all else being equal, in order for the recoverable value to equal carrying value. The lower part of the table first shows the SEK billion effect on the

recoverable value of the cash generating unit, should there be a one percentage point upward shift in WACC. Finally, it sets out the absolute SEK billion change of the recoverable value that would equal carrying value.

Percentage points, SEK in billions	TV and Media
Sales growth each year in the 5-year period (%)	0.0
EBITDA margin each year in the 5-year period and beyond (%)	0.0
CAPEX-to-sales ratio each year in the 5-year period and beyond (%)	0.0
Terminal growth rate (%)	0.0
Post-tax WACC rate (%)	0.0
Effect of a one percentage-point upward shift in WACC (SEK in billions)	-1.4
Change in the recoverable value to equal the carrying value (SEK in billions)	0.0

For more information on impairment tests, see Annual and sustainability report 2019.

NOTE 14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

CLASSIFICATION

Eurasia

Former segment region Eurasia (including holding companies) was classified as held for sale and discontinued operations since December 31, 2015. Ncell in Nepal was disposed in 2016 and Tcell in Tajikistan was disposed in 2017. Azercell in Azerbaijan and Geocell in Georgia were disposed in March 2018. The associated company Rodnik in Kazakhstan was disposed in November 2018. Ucell in Uzbekistan and Kcell in Kazakhstan were disposed in December 2018. Moldcell in Moldova was disposed on March 24, 2020. After the disposal of Moldcell, Telia Company has no operations classified as discontinued operations.

DISPOSALS

On February 14, 2020, Telia Company signed an agreement to divest its holding in Moldcell S.A. (Moldcell) in Moldova to CG Cell Technologies DAC, for a transaction price of SEK 323 million (USD 31.5 million), corresponding to a cash and debt free value of SEK 0.4 billion. The transaction was not subject to any conditions and was completed on March 24, 2020. The disposal resulted in a capital loss of SEK -193 million for the group in the first quarter 2020, whereof accumulated foreign exchange losses reclassified from equity to net income from discontinued operations of SEK -172 million. The reclassification of accumulated exchange losses had no effect on equity. The transaction had a positive cash flow effect for the group in the first quarter 2020 of SEK 312 million (price received less cash and cash equivalents in the entity sold).

ACQUISITION OF NON-CONTROLLING INTEREST IN FINTUR

On April 2, 2019, Telia Company acquired Turkcell's 41.45 percent minority share in Fintur at a price of EUR 353 million (SEK 3,684 million) based on their

proportional share of the cash in Fintur. As a result of the transaction, Telia Company was the sole owner of Fintur Holdings B.V. (Fintur) and Moldcell in Moldova until the disposal.

All effects related to the acquisition were recognized directly in equity, including Telia Company's 24 percent share of Turkcell's reported effects from the transaction, as the total transaction was treated as a transaction with owners in their capacity as owners. The transaction resulted in a net increase of equity attributable to parent shareholders (retained earnings) of SEK 295 million and a decrease of equity attributable to non-controlling interests of SEK 3,815 million in the second quarter of 2019. The cash flow effect from the transaction (price paid) of SEK -3,684 million was recognized within financing activities. The cash flow effect is reclassified in the comparative figures for 2019 from discontinued operations to continuing operations, due to the reclassification of the holding companies to continuing operations in the first quarter 2020.

PROVISION FOR SETTLEMENT AMOUNT AGREED WITH THE US AND DUTCH AUTHORITIES

The US and Dutch authorities have investigated historical transactions related to Telia Company's entry into Uzbekistan in 2007. On March 19, 2019, Telia Company paid the last remaining part of the disgorgement amount, USD 208.5 million (SEK 1,920 million), to the Dutch Public Prosecution Service (Openbaar Ministerie, OM). Thereby, Telia Company has completed all financial obligations under the global settlement agreements and no further disgorgement claim will be made against Telia Company by the Swedish prosecutor or by any other authority related to this matter. There was no material effect on net income in 2019.

For more information, see the Annual and Sustainability Report 2019.

ASSETS HELD FOR SALE

Finland

The transaction with CapMan Infra, where Telia Company acquired 40 percent of the new fiber company which takes over Telia Finland's existing SDU fiber roll-out business, was closed on April 1, 2020. Telia Company's fiber assets in Finland which were classified as held for sale as of March 31, 2020 and amounted to SEK 449 million, were sold to the new fiber company as part of this transaction.

Telia Company has signed an agreement to divest the Finnish real estate companies Kiinteistö Oy Sturenportti and Helsingin Teollisuuskatu 13 Oy to YIT Rakennus Oy (YIT) and to lease new properties from YIT. The divestment is expected to close during 2020. The real estate companies are classified as held for sale since March 31, 2020 and were remeasured to fair value less costs to sell, which resulted in an impairment of SEK 110 million in the first quarter 2020. The estimated cash and debt free value per June 30, 2020 amounts to SEK 0.6 billion. Management's estimate of the fair value is based on the purchase price in the signed agreement.

Turkcell Holding

On June 17, 2020, Telia Company signed an agreement to sell its 47.1 percent holding in Turkcell Holding A.S.,

which owns 51.0 percent in the listed company Turkcell İletişim Hizmetleri A.S., to the state-owned Turkey Wealth Fund for a purchase price of USD 530 million. Telia Company's holding was prior to the signed agreement classified as an associated company in the financial statements. As of June 30, 2020, the holding is classified as held for sale and has been remeasured to fair value less costs to sell which is estimated to USD 530 million (SEK 4,966 million) based on the purchase price in the signed agreement. The remeasurement resulted in an impairment of SEK 3,488 million in the second quarter 2020. Accumulated foreign exchange losses in equity of SEK 17 billion (as per June 30, 2020), will be reclassified to net income at closing of the transaction. The reclassification of accumulated foreign exchange losses will have no effect on total equity or cash flow. The transaction also includes, subject to closing, a full and global settlement of all shareholder disputes and litigations connected to Turkcell and Turkcell Holding. Closing of the transaction is subject to regulatory approvals and an annual general meeting in Turkcell and the transaction is expected to close in the second half of 2020.

NET INCOME FROM DISCONTINUED OPERATIONS (REGION EURASIA)

SEK in millions, except per share data	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Net sales	–	146	96	286
Expenses and other operating income, net	–	-136	-79	-358
Operating income	–	10	16	-73
Financial items, net	–	14	-22	-24
Income after financial items	–	24	-6	-96
Income taxes	–	-20	0	-41
Net income before remeasurement and gain/loss on disposal	–	4	-6	-137
Impairment loss on remeasurement to fair value less costs to sell ¹	–	-60	–	-160
Loss on disposal of Moldcell in Moldova (including cumulative Moldcell exchange loss in equity reclassified to net income of SEK -172 million) ²	–	–	-193	–
Net income from discontinued operations	–	-56	-199	-297
EPS from discontinued operations (SEK)	–	-0.01	-0.05	-0.06
Adjusted EBITDA	–	19	30	53

1) Non-tax deductible. 2) Non-taxable gain/loss.

ASSETS CLASSIFIED AS HELD FOR SALE

SEK in millions	Real estate companies Jun 30, 2020	Turkcell Holding Jun 30, 2020	Total Jun 30, 2020	Eurasia Dec 31, 2019
Goodwill and other intangible assets	–	–	–	129
Property, plant and equipment	551	–	551	327
Right-of-use assets	32	–	32	95
Other non-current assets	15	4,966	4,980	29
Short-term interest-bearing receivables	–	–	–	0
Other current assets	–	–	–	200
Cash and cash equivalents	–	–	–	94
Assets classified as held for sale	598	4,966	5,563	875
Long-term borrowings	29	–	29	81
Long-term provisions	–	–	–	10
Other long-term liabilities	10	–	10	131
Short-term borrowings	4	–	4	43
Other current liabilities	6	–	6	338
Liabilities associated with assets classified as held for sale	49	–	49	604
Net assets classified as held for sale	549	4,966	5,514	271

NOTE 15. RELATED PARTY TRANSACTIONS

In the six-month period ended June 30, 2020, Telia Company purchased goods and services for SEK 13 million (11) and sold goods and services for SEK 3 million (5) from/to related parties. These related party transactions are based on commercial terms.

NOTE 16. FINANCIAL KEY RATIOS

The key ratios presented in the table below are based on the total Telia Company group including both continuing and discontinued operations.

	Jun 30, 2020	Dec 31, 2019
Return on equity (% , rolling 12 months) ¹	3.5	8.4
Return on capital employed (% , rolling 12 months) ¹	4.2	6.6
Equity/assets ratio (%) ¹	30.0	31.3
Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) ²	2.69	2.82
Parent owners' equity per share (SEK) ¹	18.66	22.14

1) Equity is adjusted by weighted ordinary dividend, see the Annual and Sustainability Report 2019 section Definitions for key ratio definitions. 2) Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2020 including 12 months adjusted EBITDA from Bonnier Broadcasting, was 2.6x.

NOTE 17. ALTERNATIVE PERFORMANCE MEASUREMENT

In addition to financial performance measures prepared in accordance with IFRS, Telia Company presents non-IFRS financial performance measures, for example EBITDA, Adjusted EBITDA, Adjusted operating income, continuing operations, CAPEX, CAPEX excluding right-of-use assets, CAPEX excluding license and spectrum fees, Cash CAPEX, Free cash flow, Operational free cash flow, Net debt, Net debt/Adjusted EBITDA ratio and Adjusted EBITDA margin. These alternative measures

are considered to be important performance indicators for investors and other users of the Interim report. The alternative performance measures should be considered as a complement to, but not a substitute for, the information prepared in accordance with IFRS. Telia Company's definitions of these non-IFRS measures are described in this note and in the Annual and Sustainability Report 2019. These terms may be defined differently by other companies and are therefore not

always comparable to similar measures used by other companies.

EBITDA AND ADJUSTED EBITDA

Telia Company considers EBITDA as a relevant measure to be able to understand profit generation

before investments in tangible, intangible and right-of-use assets. To assist the understanding of Telia Company's underlying financial performance we believe it is also useful to analyze adjusted EBITDA. Adjustment items within EBITDA are specified in Note 3.

Continuing operations

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Operating income	-946	2,889	1,460	6,115
Income from associated companies and joint ventures	3,178	-233	2,778	-606
Total depreciation/amortization/write-down	5,114	4,687	10,232	8,987
EBITDA	7,346	7,343	14,470	14,497
Adjustment items within EBITDA (Note 3)	391	122	544	381
Adjusted EBITDA	7,737	7,465	15,014	14,878

Discontinued operations

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Operating income	-	10	16	-73
Income from associated companies and joint ventures	-	-	-	-
Total depreciation/amortization/write-down	-	-1	-	-2
Capital gains/losses on disposals	-	0	-193	0
EBITDA	-	9	-177	-75
Adjustment items within EBITDA (Note 3)	-	10	206	128
Adjusted EBITDA	-	19	30	53

ADJUSTED OPERATING INCOME, CONTINUING OPERATIONS

Telia Company considers Adjusted operating income, continuing operations, as a relevant measure to be able to understand the underlying financial performance of Telia Company.

Adjustment items within operating income, continuing operations are specified in Note 3.

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Operating income	-946	2,889	1,460	6,115
Adjustment items within Operating income (Note 3)	3,885	251	4,148	510
Adjusted operating income, continuing operations	2,939	3,140	5,608	6,625

CAPEX, CAPEX EXCLUDING RIGHT-OF-USE ASSETS, CAPEX EXCLUDING LICENSE AND SPECTRUM FEES AND CASH CAPEX

Telia Company considers CAPEX, CAPEX excluding right-of-use assets, CAPEX excluding license and spectrum fees and Cash CAPEX as relevant measures to understand the group's investments in intangible,

tangible and right-of-use assets (excluding goodwill, assets acquired in business combinations and asset retirement obligations).

SEK in millions	Apr-Jun 2020	Apr-Jun 2019 ¹	Jan-Jun 2020	Jan-Jun 2019 ¹
Continuing operations				
Investments in intangible assets	883	1,044	1,538	1,707
Investments in property, plant and equipment	2,708	3,052	4,996	5,509
CAPEX excluding right-of-use assets	3,591	4,096	6,534	7,216
Investments in right-of-use assets	577	193	1,940	320
CAPEX	4,168	4,289	8,474	7,536
Excluded: Right-of-use assets	-577	-193	-1,940	-320
Net of not paid investments and additional payments from previous periods ²	-68	-276	-63	941
Cash CAPEX	3,522	3,819	6,470	8,157
CAPEX	4,168	4,289	8,474	7,536
Excluded: Investments in license and spectrum fees	-144	-243	-144	-243
CAPEX excluding license and spectrum fees	4,023	4,046	8,329	7,293
Excluded: Investments in right-of-use assets	-577	-193	-1,940	-320
CAPEX excluding fees for license, spectrum and right-of-use assets	3,446	3,852	6,389	6,973

1) Restated, see Note 1. 2) First half of 2019 relates mainly to spectrums in Sweden, which were acquired in 2018 and paid in beginning of 2019.

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Discontinued operations				
Investments in intangible assets	–	–	–	–
Investments in property, plant and equipment	–	25	9	52
CAPEX excluding right-of-use assets	–	25	9	52
Investments in right-of-use assets	–	4	2	4
CAPEX	–	29	11	56
Excluded: Right-of-use assets	–	-4	-2	-4
Net of not paid investments and additional payments from previous periods	–	-4	-4	-31
Cash CAPEX	–	21	5	21
CAPEX	–	29	11	56
Excluded: Investments in license and spectrum fees	–	–	–	–
CAPEX excluding license and spectrum fees	–	29	11	56
Excluded: Investments in right-of-use assets	–	-4	-2	-4
CAPEX excluding fees for license, spectrum and right-of-use assets	–	25	9	52

FREE CASH FLOW

Telia Company considers Free cash flow as a relevant measure to be able to understand the group's cash flow from operating activities and after CAPEX.

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Cash flow from operating activities	6,267	7,162	13,437	13,557
Cash CAPEX (paid intangible and tangible assets)	-3,522	-3,840	-6,475	-8,178
Free cash flow, continuing and discontinued operations	2,745	3,322	6,962	5,379

OPERATIONAL FREE CASH FLOW

Telia Company considers Operational free cash flow as a relevant measure to be able to understand the cash flows that Telia Company is in control of. From the reported free cash flow from continuing operations dividends from associated companies are deducted, as these are dependent on the approval of boards and the annual general meetings of the associated companies.

Licenses and spectrum payments are excluded as they generally refer to a longer period than just one year. Operational free cash flow in continuing operations represents Telia Company's outlook. Telia Company intends to distribute a minimum of 80 percent of operational free cash flow including dividends from associated companies, net of taxes.

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Cash flow from operating activities from continuing operations	6,267	7,112	13,415	15,413
Cash CAPEX from continuing operations	-3,522	-3,819	-6,470	-8,157
Free cash flow, continuing operations	2,745	3,293	6,945	7,256
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	112	8	112	1,137
Excluded: Dividends from associates from continuing operations	0	-167	-177	-168
Excluded: Taxes paid on dividends from associates from continuing operations	–	–	–	–
Repayments of lease liabilities	-655	-691	-1,372	-1,375
Operational free cash flow	2,202	2,443	5,508	6,851
Dividends from associated companies, net of taxes	0	167	177	168
Operational free cash flow that forms the basis for dividend	2,202	2,610	5,685	7,018

NET DEBT

Telia Company considers Net debt to be a relevant measure to be able to understand the group's indebtedness. Net debt is specified in Note 8.

NET DEBT/ADJUSTED EBITDA RATIO (MULTIPLE, ROLLING 12 MONTHS)

Telia Company considers net debt in relation to adjusted EBITDA as a relevant measure to be able to understand the group's financial position.

SEK in millions, except for multiple	Jun 30, 2020	Dec 31, 2019
Net debt	83,789	88,052
Adjusted EBITDA continuing operations accumulated current year	15,014	31,017
Adjusted EBITDA continuing operations previous year	16,139	–
Adjusted EBITDA discontinued operations accumulated current year	30	157
Adjusted EBITDA discontinued operations previous year	104	–
Excluding: Disposed operations	-136	–
Adjusted EBITDA rolling 12 months excluding disposed operations	31,151	31,174
Net debt/adjusted EBITDA ratio (multiple)	2.69x	2.82x

ADJUSTED EBITDA MARGIN

Telia Company considers Adjusted EBITDA in relation to net sales as a relevant measure to be able to understand the group's profit generation and to be used as a comparable benchmark.

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Net sales	21,770	21,190	44,197	42,026
Adjusted EBITDA	7,737	7,465	15,014	14,878
Adjusted EBITDA margin (%), continuing operations	35.5	35.2	34.0	35.4

PARENT COMPANY

CONDENSED INCOME STATEMENTS

SEK in millions	Apr-Jun 2020	Apr-Jun 2019	Jan-Jun 2020	Jan-Jun 2019
Net sales	128	120	259	276
Gross income	128	120	259	276
Operating expenses and other operating income, net	-316	-285	-463	1,362
Operating income	-188	-165	-204	1,638
Financial income and expenses	802	-106	-1,654	6,222
Income after financial items	614	-271	-1,858	7,860
Appropriations	122	841	1,772	2,485
Income before taxes	736	570	-86	10,345
Income taxes	-261	29	-190	-12
Net income	475	598	-276	10,333

Financial income and expenses in the second quarter of 2020 amounted to SEK 802 million (-106) positively impacted by exchange rate gains offset by reduced net of dividends less impairments from subsidiaries.

Operating expenses and other operating income, net, for the first half of 2020 amounted to SEK -463 million (1,362). The first half of 2019 was impacted by a reversal of a short-term provision regarding the Uzbekistan investigations resulting in a positive net effect of SEK 1,931 million. See Note 14 for further information.

Financial income and expenses in the first half of 2020 amounted to SEK -1,654 million (6,222) negatively impacted by impairments of SEK -6,665 million (-24,016), mainly related to the subsidiary Telia Finland Oyj, offset by dividends from subsidiaries amounting SEK 6,101 million (32,950). Furthermore, Financial income and expenses in the first half of 2020 were positively impacted by reduced exchange rate losses.

CONDENSED BALANCE SHEETS

SEK in millions	Jun 30, 2020	Dec 31, 2019
Assets		
Non-current assets	196,492	199,830
Current assets	33,109	42,759
Total assets	229,601	242,589
Equity and liabilities		
Restricted shareholders' equity	15,713	15,713
Non-restricted shareholders' equity	68,507	76,900
Total shareholders' equity	84,220	92,612
Untaxed reserves	6,426	6,246
Provisions	609	575
Long-term liabilities	92,982	86,357
Short-term liabilities and short-term provisions	45,364	56,798
Total equity and liabilities	229,601	242,589

Non-current assets decreased to SEK 196,492 million (199,830) mainly impacted by impairments of the subsidiary Telia Finland Oyj offset by increased other long interest-bearing receivables.

Current assets decreased to SEK 33,109 million (42,759) mainly due to decreased short term bonds, current interest-bearing intragroup receivables and settled group contribution receivables.

Equity decreased to SEK 84,220 million (92,612) impacted by the decided dividend to the shareholders and the repurchased shares related to the share buy-back program.

Long-term liabilities increased to SEK 92,982 million (86,357) mainly related to issued bonds. Short-term liabilities and short-term provisions decreased to SEK 45,364 million (56,798) impacted by matured debt and partial repayment of loans under the revolving credit facility.

As of June 30, 2020, contractual obligations totaled SEK 3,031 million (5 at the end of 2019). The change is mainly related to film and program rights.

RISKS AND UNCERTAINTIES

Telia Company operates in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry. Telia Company has defined risk as anything that could have a material adverse effect on the achievement of Telia Company's goals. Risks can be threats, uncertainties or lost opportunities relating to Telia Company's current or future operations or activities. Telia Company has an established risk management framework in place to regularly identify, analyze, assess and report business, financial as well as ethics and sustainability risks and uncertainties, and to mitigate such risks when appropriate. Telia Company's risk universe consists of four categories and over thirty risk areas used to aggregate and categorize risks identified across the organization within the risk management framework, see below.

For further information regarding details on risk exposure and risk management, see the Annual and Sustainability Report 2019, Directors Report, section Risk and uncertainties.

In addition, the outbreak of COVID-19 has an impact on Telia Company and its operations. People's safety is key, and a majority of the staff is working from home except for staff in business-critical functions. Ensuring business continuity, even with an increased number of employees on sick leave, is a prioritized task and is being mitigated. The increased need for network capacity in society, in general, may lead to service disruptions and a degrade in service quality. COVID-19's

impact on the global transportation and production systems put further strain on our supply-chain which may have an impact on planned infrastructure deliveries and spare parts supply. Current restrictions in society results in declining revenues (e.g. roaming) and the overall decline in the economy may lead to a negative impact on service revenues as well as increased credit losses, or even bankruptcies, leading to financial loss.

KEY COVID-19 RELATED MITIGATING ACTIVITIES

- Strict travel and meeting restrictions implemented.
- Strengthened workplace safety procedures have been implemented including increased intensity of cleaning, social distancing, availability of hand sanitizer, etc.
- Majority of staff working from home except for staff in critical functions and Telia stores.
- Contingency plans for critical functions and services in place to handle a situation if the business has to be run with a minimal staffing.
- Risk assessments and preparation of contingency plans to ensure supply of goods and services from key suppliers.
- Increased follow-up of key business KPI's to early mitigate the negative impact on financials.
- Organized and coordinated planning towards a gradual shift for returning to the offices in line with recommendations from local authorities.

TELIA COMPANY'S RISK UNIVERSE

<p>Strategic & emerging risks</p> <p>Risks that can have a material impact on the strategic objectives arising from internal or external factors</p>	<p>Financial risks</p> <p>Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalization</p>	<p>Operational & societal risks</p> <p>Risks that may affect or compromise execution of business functions or have an impact on society</p>	<p>Legal & regulatory risks</p> <p>Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives</p>
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BOARD OF DIRECTORS' AND PRESIDENT'S CERTIFICATION

The Board of Directors and the President and CEO certify that the Interim Report gives a true and fair overview of the Parent Company's and Group's operations, their financial position and results of operations, and describes significant risks and uncertainties facing the Parent Company and other companies in the Group.

Stockholm, July 17, 2020

Lars-Johan Jarnheimer
Chair of the Board

Ingrid Bonde
Vice-Chair of the Board

Agneta Ahlström
Board member,
employee representative

Stefan Carlsson
Board member,
employee representative

Rickard Gustafson
Board member

Hans Gustavsson
Board member,
employee representative

Jeanette Jäger
Board member

Nina Linander
Board member

Jimmy Maymann
Board member

Anna Setzman
Board member

Olaf Swantee
Board member

Martin Tivéus
Board member

Allison Kirkby
President and CEO

REVIEW REPORT

Introduction

We have reviewed the interim report for Telia Company AB (publ) for the period January 1 - June 30, 2020. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, July 17, 2020

Deloitte AB

Jan Nilsson
Authorized Public Accountant

FORWARD-LOOKING STATEMENTS

This report contains statements concerning, among other things, Telia Company's financial condition and results of operations that are forward-looking in nature. Such statements are not historical facts but, rather, represent Telia Company's future expectations. Telia Company believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions; however, forward-looking statements involve inherent risks and uncertainties, and a number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. Such important factors

include but may not be limited to: Telia Company's market position; growth in the telecommunications industry; and the effects of competition and other economic, business, competitive and/or regulatory factors affecting the business of Telia Company, its associated companies and joint ventures, and the telecommunications industry in general. Forward-looking statements speak only as of the date they were made, and, other than as required by applicable law, Telia Company undertakes no obligation to update any of them in the light of new information or future events.

DEFINITIONS

Adjustment items comprise capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs) or other costs with the character of not being part of normal daily operations.

Advertising revenues: External net sales related to linear and digital/AVoD media, sponsorships and other types of advertising.

Broadband revenues: External net sales related to fixed broadband services.

Business solutions: External net sales related to fixed business networking and communication solutions.

CAPEX: An abbreviation of "Capital Expenditure". Investments in intangible and tangible non-current assets, right-of-use assets, but excluding film and program rights, goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations and asset retirement obligations.

CAPEX excluding right-of-use assets: CAPEX excluding right-of-use assets.

EBITDA: An abbreviation of "Earnings before Interest, Tax, Depreciation and Amortization." Equals operating income before depreciation, amortization and impairment losses and before income from associated companies and joint ventures but including amortization and impairment of film and program rights.

Employees: Total headcount excluding hourly paid employees.

Free cash flow: The total cash flow from operating activities and cash CAPEX.

Interconnect revenues: External net sales related to mobile termination.

Internal net sales: Group internal net sales.

Like for like (%): The change in net sales, external service revenues and adjusted EBITDA, excluding exchange rate effects and based on the current group structure, i.e. including the impact of any acquired companies and excluding the impact of any disposed companies, both in the current and in the comparable period.

Mobile subscription revenues: External net sales related to voice, messaging, data and content (including machine to machine).

Net debt: Interest-bearing liabilities less derivatives recognized as financial assets (and hedging long-term and short-term borrowings) and related credit support annex (CSA), less 50 percent of hybrid capital (which, consistent with market practice

for the type of instrument, is treated as equity), less short-term investments, long-term bonds at fair value through OCI and cash/cash equivalents.

Net debt/adjusted EBITDA ratio (multiple): Net debt divided by adjusted EBITDA rolling 12 months and excluding disposed operations.

Operational free cash flow: Free cash flow from continuing operations excluding cash CAPEX for licenses and spectrum fees, dividends from associated companies net of taxes and including repayment of lease liabilities.

Other fixed service revenues: External net sales of fixed services including fiber installation, wholesale and other infrastructure services.

Other mobile service revenues: External net sales related to visitors' roaming, wholesale and other services.

Return on capital employed: Operating income, including impairments and gains/losses on disposals, plus financial revenues excluding foreign exchange gains expressed as a percentage of average capital employed.

Telephony revenues: External net sales related to fixed telephony services.

Total equipment revenues: External equipment net sales.

Total service revenues: External net sales excluding equipment sales.

TV revenues: External net sales related to TV services.

For definitions of other alternative performance measures, see the Annual and Sustainability Report 2019.

In this report, comparable figures are provided in parentheses and refer to the same item in the corresponding period last year, unless otherwise stated.

FINANCIAL CALENDAR

Interim Report January-September 2020

October 21, 2020

Year-end Report January-December 2020

January 29, 2021

This information is information that Telia Company AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on July 17, 2020.

