

Press Release
January 22, 2020

Changes in accounting principles and restatements of historical financials

Following the acquisition of Bonnier Broadcasting, Telia Company has changed the accounting principles for licensed film and program rights in order to align with the IFRS principles applied within the Media industry. Furthermore, accounting for the handset swap offering in Norway has been restated.

Changes in accounting principles for film and program rights and Liiga restatement

The accounting for Telia Company's Liiga program rights has been restated resulting in only the current season recognized as asset and liability in the balance sheet and amortization now reducing EBITDA. Future Liiga seasons are kept off balance which has reduced the asset and liability. These future seasons are instead disclosed as contract commitments. Operating income remains unchanged and net income is positively affected by reversal of discount effects. There was no net effect on free cash flow, operational free cash flow or total cash flow.

Under previous accounting principles the Liiga program right asset and related liability for all seasons were recognized in the balance sheet when the license period began. The amortization was classified outside EBITDA and the cash flow was classified as cash CAPEX within investing activities. Film and program right assets and related liabilities are now included in the balance sheet when the license period begins, and the film or program is available for its first showing/broadcasting. Amortization of film and program rights is classified as operating expenses within EBITDA and cash flows are classified within operating activities.

Adjustment regarding accounting of handset swap offering in Norway ("Svitsj")

The accounting for the Norwegian handset lease contracts, which include a right for the Telia Company customer to swap to a new handset by returning the current handset and entering into a new lease contract, has been adjusted in order to account for all contracts as operating leases. Previously some of the contracts were accounted for as finance leases. The adjustment is made retrospectively and is only affecting 2019. The adjustment has no effect on free cash flow, operational free cash flow or total cash flow, but increase CAPEX, EBITDA and depreciations with a negative net effect on net income.

SEK million	2019 Q3			2018 Q4 YTD
	YTD			
	Liiga	Svitsj	Total	
EBITDA	-168	16	-152	-109
Net income	24	-12	12	33
Equity, opening balance 2018				10
Equity, closing balance	67	-12	54	43
Free cash flow, Operational free cash flow and Total cash flow	—	—	—	—

For more information, please contact our press office +46 771 77 58 30, visit our [Newsroom](#) or follow us on Twitter [@Teliacompany](#).

We're Telia Company, the New Generation Telco. Our approximately 20,000 talented colleagues serve millions of customers every day in one of the world's most connected regions. With a strong connectivity base, we're the hub in the digital ecosystem, empowering people, companies and societies to stay in touch with everything that matters 24/7/365 - on their terms. Headquartered in Stockholm, the heart of innovation and technology, we're set to change the industry and bring the world even closer for our customers. Read more at www.teliacompany.com

**Forward-Looking Statements**

Statements made in the press release relating to future status or circumstances, including future performance and other trend projections are forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Telia Company.

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