

Q1

Interim Report
January-March 2021



FULL FOCUS ON STRATEGY EXECUTION

First quarter summary

- Net sales declined 2.7% to SEK 21,814 million (22,427) and like for like⁴, net sales remained unchanged.
- Service revenues decreased 4.9% to SEK 18,747 million (19,716) and like for like⁴, service revenues declined 2.3%.
- Adjusted EBITDA declined 0.4% to SEK 7,245 million (7,277) and like for like⁴, adjusted EBITDA increased 2.2%.
- Lower roaming revenues due to COVID-19 is estimated to have impacted service revenues negatively by around SEK 250 million.
- Operating income decreased to SEK 1,821 million (2,406).
- Total net income amounted to SEK 974 million (1,146). Total net income attributable to owners of the parent amounted to SEK 965 million (1,109).
- Operational free cash flow increased to SEK 4,036 million (3,307) and cash flow from operating activities increased to SEK 7,540 million (7,170).
- At the beginning of the quarter a new strategy to transform Telia was launched.
- All approvals necessary regarding the disposal of Telia Carrier have now been received and the transaction will close on June 1, 2021.
- The outlook for 2021 remains unchanged: Service revenues and adjusted EBITDA, in constant currency and excluding Telia Carrier, are expected to be flat or grow by low single digit. Cash CAPEX, excluding Telia Carrier and fees for licenses and spectrum, is expected to be in the range of SEK 14.5-15.5 billion.

18,747

Service revenues
Q1 2021
(SEK million)

7,245

Adjusted
EBITDA
Q1 2021
(SEK million)

4,036

Operational
free cash flow
Q1 2021
(SEK million)

Highlights

| SEK in millions, except key ratios, per share data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|---|-----------------|-----------------|----------|-----------------|
| Net sales | 21,814 | 22,427 | -2.7 | 89,191 |
| Change (%) like for like ^{1,4} | 0.0 | | | |
| of which service revenues (external) | 18,747 | 19,716 | -4.9 | 77,342 |
| change (%) like for like ^{1,4} | -2.3 | | | |
| Adjusted ² EBITDA ¹ | 7,245 | 7,277 | -0.4 | 30,702 |
| change (%) like for like ^{1,4} | 2.2 | | | |
| Margin (%) | 33.2 | 32.4 | | 34.4 |
| Adjusted ² operating income ¹ | 2,222 | 2,668 | -16.7 | 11,560 |
| Operating income | 1,821 | 2,406 | -24.3 | -17,747 |
| Income after financial items | 1,133 | 1,725 | -34.3 | -21,065 |
| Net income from continuing operations | 974 | 1,345 | -27.6 | -22,477 |
| Net income from discontinued operations ³ | – | -199 | 100.0 | -279 |
| Total net income | 974 | 1,146 | -15.0 | -22,756 |
| of which attributable to owners of the parent | 965 | 1,109 | -13.0 | -22,912 |
| EPS total (SEK) | 0.24 | 0.27 | -12.9 | -5.60 |
| Operational free cash flow, continuing operations ¹ | 4,036 | 3,307 | 22.1 | 12,095 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets in continuing operations ¹ | 2,992 | 2,943 | 1.7 | 13,640 |

1) See Note 14 Alternative Performance Measures and/or section Definitions. 2) Adjustment items, see Note 2. 3) Discontinued operations, see Note 12. 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.

CEO COMMENT...

“The first quarter of 2021 saw Telia return to EBITDA growth, a positive start on our journey to create a Better Telia, despite the pandemic continuing to impact our customers and our colleagues. It gives me great pride that Telia is continuing to play such a vital role in keeping our region secure and connected, while delivering on an ambitious turnaround. Strategy execution is underway, and our transformation program is ramping up, laying the foundation for us to return Telia to sustainable and profitable growth.

Service revenue for the quarter was SEK 18.7 billion, a decline of 2.3%, compared to the previous year. EBITDA grew 2.2% to SEK 7.2 billion versus the first quarter of 2020, while operational free cash flow was very strong at SEK 4.0 billion, a similar level to last year, excluding the positive contribution from working capital during the quarter.

Across all our markets, we saw increased COVID-19 restrictions, including store closures, versus the prior quarter. Despite this backdrop, we remained relatively resilient.

In our market leading operations of Sweden and the Baltics, Sweden suffered from lower roaming and an acceleration of legacy declines. Underlying growth in Consumer Mobile, Broadband and TV, and a 3% operational expenses reduction, were not enough to offset the roaming and legacy headwinds, and so EBITDA declined 5%. Looking ahead, we expect positive trends in the second part of 2021, driven by both commercial activities and increased efficiency. Our Baltic markets, however, were able to offset all the headwinds, with Lithuania and Estonia EBITDA up 4% and 6% respectively.

“Strategy execution is underway, and our transformation program is ramping up”

In our challenger markets, Norway had a strong quarter with an encouragingly stable consumer mobile segment paired with continued momentum in the SME segment. Operational expenses reduction and special items resulted in EBITDA growing 16%. Denmark was heavily impacted by COVID-19 restrictions and product portfolio rationalization, but transformation towards a simpler digital operator enabled EBITDA to be relatively stable. Finland had a particularly tough start to the year with sizable roaming impacts, weaker ICT and professional services. On the positive side, customer perception is improving on the back of 5G and new TV packages, and continued headcount reduction minimized the EBITDA decline to 2%.

TV & Media had an excellent quarter, with a return to revenue growth (+3%), with Pay/OTT up 10% and Ad only slightly down (-1%). Revenue growth combined with a 3% reduction in operational expenses resulted in positive EBITDA for the quarter versus a small loss last year.

At the beginning of the quarter, we launched our updated strategy to transform Telia and return it to growth. We have only just started, and I am happy to see the initial effects coming



through. Convergence is a key value lever to “Inspire our customers”, and our multiyear deal with the Swedish housing developer Familjebostäder - containing a unique combination of solutions, including broadband, TV and IoT - reflects the depth of our convergence capabilities for both the enterprise and consumer segment. We continued to add converged households in Sweden with a further 38,000 added to our converged consumer proposition Telia Life. And Telia Samlet, our Norwegian converged proposition, already has 23,000 customers. TV is a clear growth lever, and we are seeing an excellent increase in share of viewing on both linear and digital platforms in Sweden as well as Finland. Commercial share of viewing increased to 49.8% in Sweden, and time spent on our TV4 Play AVOD platform grew by 36%, providing confidence in our ability to sustain and grow our linear TV business in digital channels. TV content such as Talang, Let’s Dance and Masked Singer are proving to be very popular with our viewers with Masked Singer, specifically, attracting more than 2 million Swedish viewers per episode in its first weeks. March advertising revenues were particularly strong, as a result.

Having secured 5G spectrum at attractive investment levels in both Sweden and Denmark we are well positioned to accelerate the 5G network roll-out to implement our “Connect Everyone” strategic priority. We are now actively modernizing all our mobile networks and as a result strengthening our leading 5G positions in Sweden, Norway and Estonia while catching up in Finland. 5G enabled handset uptake is increasing – in Sweden now representing up to 55% of new handsets sold - providing momentum ahead of wider service launches across the footprint. During the quarter we became the first operator in Norway to launch an Enterprise Mobile Network (EMN), enabling us to dedicate mobile networks for new industrial services. With continued network roll-out as well as handset migration underway, 5G monetization opportunities across segments will accrue in the second half of the year. Our strong network provider position more generally was emphasized by our global network service capabilities yet again being included in Gartner’s Magic

Quadrant, and the Ministries of Foreign Affairs in both Sweden and Norway choosing us as the provider to connect their embassies around the world. And, Telia Asset Management is now fully operational and actively reviewing our tower assets, in Norway and Finland.

“Transform to Digital”, our multifaceted effort targeting product portfolio as well as IT infrastructure simplification and process automation, is also progressing to plan. Legacy migration and organizational streamlining have yielded network cost reductions in Sweden. Overall, we saw an operational expense reduction of 3% in the quarter and with slightly more than 400 FTE/FTC reductions implemented by March 31, we are well on track to deliver a 1,000 FTE/FTC reduction by the end of this year.

In line with our commitment to “Deliver Sustainably”, both to ourselves and towards all stakeholders, I am pleased that we are now climate neutral in our own operations. We only use renewable electricity, so emissions have gone down substantially the past few years, and to achieve climate neutrality we offset the remaining emissions from other energy sources and from our business travels. Our efforts to integrate sustainability in all our material processes continues at pace, exemplified by our SEK 100 million investment in a gender equality and health focused bond launched by the World Bank. Meanwhile consumers’ appreciation for our bold sustainability work was illustrated by the latest Sustainable Brand Index ranking us number one in Sweden and the Baltics and number two in Finland and Norway.

Based on the performance in the quarter we reiterate our full year outlook of service revenues and EBITDA, excluding Telia Carrier and FX, at flat to low single digit growth, while cash CAPEX is expected to be in the range of SEK 14.5 to 15.5 billion and cash generation more than covering our minimum dividend level of SEK 2 per share. Additionally, we have now received all approvals necessary for the sale of Telia Carrier and will be closing the transaction on June 1, 2021.

To conclude, having launched our updated strategy to create a better Telia, we are now firmly in execution mode and our transformation program is fully under way. Achieving the guidance given for 2021-23 (low single digit growth in sales, low to mid-single digit growth in adjusted EBITDA and 15% cash CAPEX to net sales) should provide investors with a clear route to value creation. Our efforts are focused fully on delivering on the roadmap that will enable growth, develop our asset base, allowing us to reinvent better, for our customers, employees, and shareholders, while contributing our part to enabling the development and digitalization of the societies of the Nordics and the Baltics.”

Allison Kirkby
President & CEO

In Comments by the President & CEO, all growth rates disclosed are based on the like for like definition and EBITDA refers to adjusted EBITDA, unless otherwise stated. See definitions for more information.

Outlook for 2021

Service revenues, in constant currency and excluding Telia Carrier, is expected to be flat or grow by low single digit.

Adjusted EBITDA, in constant currency and excluding Telia Carrier, is expected to be flat or grow by low single digit.

Cash CAPEX, excluding Telia Carrier and fees for licenses and spectrum, is expected to be in the range of SEK 14.5-15.5 billion.

Ambition for 2021-2023

Service revenues, in constant currency and excluding Telia Carrier, is expected to grow by low single digit.

Adjusted EBITDA, in constant currency and excluding Telia Carrier, is expected to grow by low to mid-single digit.

Cash CAPEX to net sales, excluding Telia Carrier and fees for licenses and spectrum is expected to return to around 15% by 2023.

Leverage and credit rating target

Telia Company targets a leverage corresponding to Net debt/adjusted EBITDA in the range of 2.0-2.5x and a solid investment grade of A- to BBB+.

Dividend policy

Telia Company intends to follow a progressive dividend policy, with a floor of SEK 2.00 per share and an ambition for low to mid-single digit percentage growth.

The operational free cash flow is expected to cover the minimum level throughout the 2021-2023 period.

The structural part¹ of operational free cash flow is expected to cover the minimum level of dividend from 2022.

Ordinary dividend to shareholders

For 2020, the Annual General Meeting (AGM) decided on an ordinary dividend of SEK 2.00 per share (2.45), totaling SEK 8.2 billion (10.0). The dividend should be split and distributed into two tranches of SEK 1.00 per share and SEK 1.00 per share, respectively.

First distribution

The Annual General Meeting (AGM) decided that the first distribution of the dividend was to be distributed by Euroclear Sweden on April 19, 2021.

Second distribution

The Annual General Meeting (AGM) decided that the final day for trading in shares entitling shareholders to dividend be set for October 26, 2021, and that the first day of trading in shares excluding rights to dividend be set for October 27, 2021. The record date at Euroclear Sweden for the right to receive dividend will be October 28, 2021. The dividend is expected to be distributed by Euroclear Sweden on November 2, 2021.

¹) Telia Company consider the structural part of Operational free cash flow to be Operational free cash flow less contribution from change in working capital.

REVIEW OF THE GROUP, FIRST QUARTER 2021

Sales and earnings

Net sales decreased by 2.7% to SEK 21,814 million (22,427). Like for like, net sales remained unchanged as lower service revenues was offset by increased equipment sales.

Service revenues decreased 4.9% to SEK 18,747 million (19,716). Like for like, service revenues decreased 2.3% due to lower service revenues in the Nordic markets.

Adjusted EBITDA declined 0.4% to SEK 7,245 million (7,277) and the adjusted EBITDA margin increased to 33.2% (32.4). Like for like, adjusted EBITDA increased 2.2% driven mainly by a positive development in Norway, the Baltics and for the TV and Media unit.

Adjustment items affecting operating income amounted to SEK -401 million (-263). See Note 2.

Adjusted operating income declined to SEK 2,222 million (2,668) due to mainly lower income from associated companies.

Financial items totaled SEK -688 million (-681) of which SEK -705 million (-739) related to net interest expenses.

Income taxes amounted to SEK -159 million (-380). The effective tax rate was 14.1% (22.0). The effective tax rate was mainly impacted by prior year adjustments of deferred taxes.

Total net income amounted to SEK 974 million (1,146).

Other comprehensive income increased to SEK 5,646 million (59) mainly due to positive translation differences related to NOK and EUR as well as higher positive remeasurements of defined benefit pension plans.

Cash flow

Cash flow from operating activities increased to SEK 7,540 million (7,170) mainly impacted by positive changes in working capital partly offset by higher paid taxes. These effects, together with increased cash Capex, impacted **Free cash flow** which decreased to 3,849 million (4,217).

Operational free cash flow, from continuing operations, increased to SEK 4,036 million (3,307) mainly driven by changes in working capital.

Cash flow from investing activities decreased to SEK -5,676 million (1,415) mainly due to net investment in short-term investment bonds and higher cash CAPEX related to licenses.

Cash flow from financing activities amounted to SEK -1,552 million (-3,799). 2020 was mainly impacted by higher repayment of matured debt.

Financial position

CAPEX excluding right-of-use assets, increased to SEK 3,754 million (2,943). CAPEX excluding fees for licenses, spectrum and right-of-use assets, increased to SEK 2,992 million (2,943). Cash CAPEX increased to SEK 3,691 million (2,948).

Net debt was SEK 77,228 million at the end of the first quarter (78,343 at the end of the fourth quarter of 2020). The net debt/adjusted EBITDA ratio was 2.52x.

Goodwill and other intangible assets increased to SEK 89,683 million (86,521), mainly due to foreign exchange rate effects.

Long-term interest-bearing receivables decreased to SEK 8,648 million (11,233), mainly due to change in derivatives.

Short-term interest-bearing receivables increased to SEK 7,279 million (5,486), mainly due to investment in investment bonds.

Long-term borrowings decreased to SEK 94,859 million (100,239) mainly due to a reclassification to **Short-term borrowings**.

Provisions for pensions and other long-term provisions decreased to SEK 8,909 million (11,787) mainly due to remeasurements of defined benefit pension plans.

COVID-19 impact

In the first quarter 2021 the COVID-19 pandemic continued to have a negative impact on service revenues relating to roaming. The negative impact on roaming revenues is estimated to be around SEK 250 million for the first quarter 2021 compared to the corresponding quarter last year. The uncertainty surrounding COVID-19 implies a risk also going forward. This, as well as mitigating activities, are reflected in the outlook, see page 5.

Financial markets have now normalized after a strong rebound from its lows during the COVID-19 shock in Q2 2020. Telia Company's financial risk management is in all material aspects unchanged but with additional focus to maintain a continued strong liquidity position. Also, the debt capital market has rebounded and offers pre COVID-19 spread levels to the Telia Company credit. The refinancing need 12 months ahead remains limited. The general credit risk increase in 2020 has somewhat decreased and there has been no need for any significant increases in Telia Company's allowances for expected credit losses in the first quarter 2021. For more information on risks related to COVID-19, see "Risks and uncertainties" in the Annual and sustainability report 2020.

Significant events in the first quarter

- On January 19, 2021 it was announced that Telia Company secured a 120 MHz frequency block in the 3.5 GHz band in Sweden for EUR 75 million.
- On February 11, 2021, it was announced that the Nomination Committee had been informed by Mr Olaf Swantee that he was not available for re-election to the Telia Company Board.
- On March 11, 2021, Telia Company published its Annual and Sustainability Report for 2020.
- On March 26, 2021, Telia Company announced the investment of SEK 100 million in a Sustainable Development Bond recently launched by the World Bank.

Significant events after the end of the first quarter

- On April 1, 2021 Telia Company completed the sale of its alarm communication business Alerta in Finland.
- On April 12, 2021 Telia Company announced the resolutions passed at the Annual General Meeting, including the appointment of the new board.
- On April 20, 2021 Telia Company launched new goals to boost sustainable growth. The aim is to empower societies in the Nordics and Baltics to achieve zero CO₂ and waste by 2030, reach one million people through digital inclusion initiatives by 2025 and implement winning privacy and security strategies by 2023 to gain and maintain customers' trust.
- On April 21, 2021 the Danish multiband auction was concluded and Telia Denmark secured via the joint venture TT-Netværket spectrum in the 1,500 MHz, 2,100MHz, 3,600MHz as well as in the 26GHz band, for a total price of DKK 741 million.

SWEDEN

- Telia signed a multiyear agreement with the municipality owned housing company Familjebostäder under which Telia will be the communication provider and innovation partner for Familjebostäder's ambition to increase the efficiency within facility management via digitalization. Telia will in addition to provide fixed broadband and TV services, also together with the group company Cygate provide a full range of IoT solutions as well as public wireless networks throughout the properties.
- In January Telia secured a 120MHz frequency block in the 3.5GHz band which together with the already existing 700MHz spectrum will cater for a broad roll-out of 5G across Sweden with the target of reaching 90% population coverage by the end of 2023.
- Telia and Ericsson have together developed a new and encrypted streaming solution for drones using Telia's mobile network. The service that works with existing drones with no additional hardware required, will make inspections of hard-to-access places such as forests and tall buildings easier, safer as well as more efficient.

Highlights

| SEK in millions, except margins, operational data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|---|--------------|--------------|-------|--------------|
| Net sales ¹ | 8,401 | 8,322 | 0.9 | 33,732 |
| Change (%) like for like | 0.9 | | | |
| of which service revenues (external) | 7,233 | 7,434 | -2.7 | 29,734 |
| change (%) like for like | -2.7 | | | |
| Adjusted EBITDA | 3,235 | 3,398 | -4.8 | 13,506 |
| Margin (%) | 38.5 | 40.8 | | 40.0 |
| change (%) like for like | -4.8 | | | |
| Adjusted operating income | 1,350 | 1,724 | -21.7 | 6,800 |
| Operating income | 1,237 | 1,670 | -25.9 | 6,790 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets | 556 | 623 | -10.8 | 2,806 |
| Subscriptions, (thousands) | | | | |
| Mobile | 6,292 | 6,089 | 3.3 | 6,246 |
| of which machine to machine (postpaid) | 1,426 | 1,135 | 25.7 | 1,306 |
| Fixed telephony | 630 | 814 | -22.6 | 665 |
| Broadband | 1,236 | 1,263 | -2.1 | 1,242 |
| TV | 935 | 860 | 8.7 | 929 |
| Employees ¹ | 4,496 | 4,644 | -3.2 | 4,498 |

1) First quarter and full year 2020 are restated for comparability see Note 1.

Net sales increased 0.9% to SEK 8,401 million (8,322) as higher equipment sales more than offset lower service revenues.

Service revenues like for like decreased by 2.7% as mobile revenues declined 3.4% largely as a result of lower roaming revenues, and fixed revenues declined 2.4% from primarily a continued pressure on legacy fixed revenues.

Adjusted EBITDA declined 4.8% to SEK 3,235 million (3,398) and the adjusted EBITDA margin decreased to 38.5% (40.8). Adjusted EBITDA like for like declined 4.8% as lower operational expenses could not offset the negative impact from lower service revenues.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, decreased 10.8% to SEK 556 million (623).

Mobile subscriptions grew by 46,000 in the quarter as a loss of 41,000 prepaid subscriptions were more than compensated by a gain of 120,000 postpaid subscriptions used for machine-to-machine services. Fixed broadband subscriptions declined by 6,000 and TV subscriptions increased by 6,000 in the quarter.

FINLAND

- Telia, Digita and Nokia joined forces to provide tailored, dedicated and secure mobile network services to enterprises and public administrations across Finland. The local private mobile networks offered are tailored for enterprises and public administration's critical needs and offers secure solutions across different industries such as mines, ports, production facilities and hospitals.
- Telia and DNA agreed to expand the mobile network built through the existing jointly owned network-sharing company. The network-sharing company that currently operates in the Northern and

Eastern part of Finland, is set to expand further southwest which is expected to result in the current 13.5% population coverage increase to 28.5% at the same time as the expansion also unlocks the 5G deployment in this area.

- In February the first totally digital converged consumer offering was launched. The offering that is based on Telia's digital app-based solution "Telia DOT", combines high-speed 5G access with C More content, has been well received by customers.

Highlights

| SEK in millions, except margins, operational data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|---|--------------|--------------|-------|--------------|
| Net sales | 3,542 | 3,897 | -9.1 | 15,260 |
| Change (%) like for like | -4.2 | | | |
| of which service revenues (external) | 2,991 | 3,302 | -9.4 | 12,851 |
| change (%) like for like | -4.5 | | | |
| Adjusted EBITDA | 1,070 | 1,156 | -7.4 | 4,812 |
| Margin (%) | 30.2 | 29.7 | | 31.5 |
| change (%) like for like | -2.4 | | | |
| Adjusted operating income | 253 | 353 | -28.4 | 1,591 |
| Operating income | 237 | 244 | -3.0 | -6,328 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets | 344 | 272 | 26.6 | 1,689 |
| Subscriptions, (thousands) | | | | |
| Mobile | 3,155 | 3,165 | -0.3 | 3,165 |
| of which machine to machine (postpaid) | 281 | 265 | 5.7 | 277 |
| Fixed telephony | 20 | 22 | -9.1 | 20 |
| Broadband | 470 | 460 | 2.2 | 462 |
| TV | 590 | 593 | -0.5 | 558 |
| Employees ¹ | 2,971 | 3,015 | -1.5 | 3,023 |

1) First quarter and full year 2020 are restated for comparability see Note 1.

Net sales declined 9.1% to SEK 3,542 million (3,897) and like for like, net sales declined 4.2% primarily driven by lower service revenues. The effect of exchange rate fluctuations was negative by 4.9%.

Service revenues like for like declined 4.5% to some extent explained by mobile revenues decreasing 2.7% largely as a result from lower roaming revenues, although fixed revenues declined 6.9% driven predominately by lower TV and business solutions revenues. The decline in TV revenues was predominately due to the transfer of the Liiga ice hockey rights to the TV and Media unit last year.

Adjusted EBITDA declined 7.4% to SEK 1,070 million (1,156) and the adjusted EBITDA margin increased to 30.2% (29.7). Adjusted EBITDA like for like declined 2.4% driven by the decline in service revenues partly mitigated by reduced operational expenses.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, increased 26.6% to SEK 344 million (272).

Mobile subscriptions declined by 11,000 driven by the loss of 12,000 prepaid subscriptions. TV subscriptions increased by 32,000 and fixed broadband subscriptions increased by 8,000 in the quarter.

NORWAY

- Telia launched a 5G based mobile broadband service, allowing Telia's Norwegian customers to enjoy a broadband experience at speeds of up to 300 Mbit per second. Telia was the first to launch this service in the market.
- Telia launched the first "Enterprise Mobile Network"(EMN) service in Norway. The tailored and private mobile networks from Telia provide secure and reliable connectivity for business-critical applications and are particularly suitable for industries with high security and high-performance requirements, such as for example healthcare, manufacturing and logistics.

Highlights

| SEK in millions, except margins, operational data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|---|--------------|--------------|-------|--------------|
| Net sales | 3,309 | 3,428 | -3.5 | 13,373 |
| Change (%) like for like | 0.2 | | | |
| of which service revenues (external) | 2,756 | 2,964 | -7.0 | 11,338 |
| change (%) like for like | -3.5 | | | |
| Adjusted EBITDA | 1,543 | 1,387 | 11.2 | 6,064 |
| Margin (%) | 46.6 | 40.5 | | 45.3 |
| change (%) like for like | 15.5 | | | |
| Adjusted operating income | 508 | 232 | 119.5 | 1,663 |
| Operating income | 441 | 197 | 123.5 | 1,502 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets | 586 | 458 | 27.8 | 2,441 |
| Subscriptions, (thousands) | | | | |
| Mobile | 2,262 | 2,273 | -0.5 | 2,247 |
| of which machine to machine (postpaid) | 116 | 90 | 29.6 | 107 |
| Fixed telephony | 37 | 45 | -17.8 | 40 |
| Broadband | 480 | 451 | 6.4 | 469 |
| TV | 468 | 477 | -1.9 | 469 |
| Employees | 1,645 | 1,635 | 0.6 | 1,633 |

Net sales declined 3.5% to SEK 3,309 million (3,428) and like for like, net sales increased 0.2% as increased equipment sales compensated for lower service revenues. The effect of exchange rate fluctuations was negative by 3.7%.

Service revenues like for like decreased 3.5% attributable to lower mobile revenues that declined 5.1% driven by lower revenues from roaming as well as wholesale services. Fixed revenues increased by 0.2% as increased broadband revenues more than compensated for lower revenues from TV and fixed telephony.

Adjusted EBITDA increased 11.2% to SEK 1,543 million (1,387) and the adjusted EBITDA margin increased to 46.6% (40.5). Adjusted EBITDA like for like increased 15.5% as mainly efficiencies gained on the cost side as well as special items and positive effects from exchange rate movements more than mitigated for the negative impact from service revenues declining.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, increased 27.8% to SEK 586 million (458).

Mobile subscriptions increased by 15,000 in the quarter as a gain of 28,000 postpaid subscription more than compensated for a loss of 13,000 prepaid subscriptions. TV subscriptions declined by 1,000 and fixed broadband subscriptions grew by 11,000 in the quarter.

DENMARK

- The work to improve efficiency and customer relevance continued in the quarter. This was amongst other displayed by the launch of new services in the enterprise segment as well as a new consumer web

shop. The latter resulting in a significantly increased conversion rate. Also, several IT efficiency milestones were achieved in the quarter, one example being that Telia now has a single billing system.

Highlights

| SEK in millions, except margins, operational data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|--|--------------|--------------|-------|--------------|
| Net sales | 1,281 | 1,430 | -10.4 | 5,464 |
| Change (%) like for like | -5.9 | | | |
| of which service revenues (external) | 921 | 1,053 | -12.5 | 3,976 |
| change (%) like for like | -8.2 | | | |
| Adjusted EBITDA | 216 | 231 | -6.7 | 1,029 |
| Margin (%) | 16.8 | 16.2 | | 18.8 |
| change (%) like for like | -0.7 | | | |
| Adjusted operating income | -37 | -16 | 124.4 | -8 |
| Operating income | -50 | -16 | 206.6 | -25 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹ | 43 | 93 | -53.6 | 288 |
| Subscriptions, (thousands) | | | | |
| Mobile | 1,496 | 1,458 | 2.6 | 1,494 |
| of which machine to machine (postpaid) | 120 | 86 | 38.6 | 113 |
| Fixed telephony | 65 | 66 | -1.5 | 66 |
| Broadband | 66 | 72 | -8.3 | 68 |
| TV | 29 | 21 | 38.1 | 29 |
| Employees | 711 | 718 | -1.0 | 731 |

Net sales decreased 10.4% to SEK 1,281 million (1,430) and like for like, net sales declined 5.9% driven by lower service revenues. The effect of exchange rate fluctuations was negative by 4.5%.

Service revenues like for like declined 8.2% as both mobile and fixed revenues declined. Mobile revenues declined 7.1% attributable to mainly lower roaming revenues whereas fixed revenues declined 14.2%, driven mainly by lower revenues from TV and partly also from fixed broadband.

Adjusted EBITDA declined 6.7% to SEK 216 million (231) and the adjusted EBITDA margin increased slightly to 16.8% (16.2). Adjusted EBITDA like for like declined 0.7% as lower operational expenses could not fully compensate for the service revenue decline.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, decreased 53.6% to SEK 43 million (93).

Mobile subscriptions increased by 2,000 in the quarter attributable to the addition of 6,000 postpaid subscriptions used for machine-to-machine related services. Fixed broadband subscriptions declined by 2,000 and TV subscriptions remained unchanged in the quarter.

LITHUANIA

- The pace in the transformation project was high in the quarter. As a result, master data of almost one million customers was successfully migrated to a new business support systems stack. This is paving the way for having one common system for mobile and fixed services and also brings Telia closer to provide all customers with only one invoice.
- Driven by additional value loading on the IPTV service last autumn, the number of households on the converged offer, Telia1, reached 80,000 in the quarter compared being slightly below 70,000 in the corresponding quarter last year.
- Telia was awarded as best employer 2020 in the category of large companies by the Ministry of Social Security and Labor. The recognition was the result of Telia Lithuania scoring well in areas such as employee wellbeing, learning and development, diversity, engagement and also having taken several measures dedicated to ensuring good work-life balance.

Highlights

| SEK in millions, except margins, operational data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|--|--------------|--------------|-------|--------------|
| Net sales | 999 | 996 | 0.3 | 4,151 |
| Change (%) like for like | 5.8 | | | |
| of which service revenues (external) | 781 | 795 | -1.8 | 3,167 |
| change (%) like for like | 3.6 | | | |
| Adjusted EBITDA | 368 | 373 | -1.4 | 1,497 |
| Margin (%) | 36.8 | 37.4 | | 36.1 |
| change (%) like for like | 4.0 | | | |
| Adjusted operating income | 176 | 216 | -18.9 | 776 |
| Operating income | 184 | 214 | -14.0 | 756 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹ | 64 | 83 | -22.6 | 383 |
| Subscriptions, (thousands) | | | | |
| Mobile | 1,385 | 1,349 | 2.7 | 1,398 |
| of which machine to machine (postpaid) | 215 | 181 | 18.9 | 204 |
| Fixed telephony | 222 | 251 | -11.6 | 230 |
| Broadband | 418 | 412 | 1.5 | 417 |
| TV | 253 | 246 | 2.8 | 253 |
| Employees ¹ | 1,583 | 1,703 | -7.0 | 1,614 |

1) First quarter and full year 2020 are restated for comparability see Note 1.

Net sales increased 0.3% to SEK 999 million (996) and like for like, net sales increased 5.8% equally driven by equipment sales and service revenues. The effect of exchange rate fluctuations was negative by 5.5%.

Service revenues like for like increased 3.6% as mobile revenues increased 3.9% driven predominately by a higher ARPU, and fixed revenues increased 3.5% as mainly revenues from fixed broadband and TV increased supported by an increased number of subscriptions as well as a higher ARPU.

Adjusted EBITDA declined 1.4% to SEK 368 million (373) and the adjusted EBITDA margin decreased to 36.8% (37.4). Adjusted EBITDA like for like increased 4.0% because of the increase in service revenues.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, decreased 22.6% to SEK 64 million (83).

Mobile subscriptions decreased by 13,000 in the quarter driven by a loss of 25,000 prepaid subscriptions. Fixed broadband subscriptions increased by 1,000 and TV subscriptions remained unchanged in the quarter.

ESTONIA

- Telia continued via the Crowd Insights tool to provide authorities in Estonia with data on crowd movements to support decision making during the COVID-19 pandemic. And Telia also signed the first commercial agreements for the Crowd Insights service with two shopping malls as well as the Estonian Road Administration.
- Telia entered a partnership with Estonian Energy under which the energy company from 2022 will provide Telia with 156 GWh of renewable energy over the coming five years. Something that will cover around 70% of Telia's estimated energy needs whereas the remainder will be handled by Telia continuing to buy renewable energy certificates.

Highlights

| SEK in millions, except margins, operational data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|--|--------------|--------------|-------|--------------|
| Net sales ¹ | 778 | 825 | -5.7 | 3,276 |
| Change (%) like for like | -0.6 | | | |
| of which service revenues (external) | 642 | 680 | -5.6 | 2,627 |
| change (%) like for like | -0.5 | | | |
| Adjusted EBITDA | 292 | 290 | 0.5 | 1,153 |
| Margin (%) | 37.5 | 35.2 | | 35.2 |
| change (%) like for like | 6.0 | | | |
| Adjusted operating income | 130 | 107 | 21.0 | 453 |
| Operating income | 126 | 106 | 19.1 | 446 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹ | 52 | 85 | -38.7 | 374 |
| Subscriptions, (thousands) | | | | |
| Mobile | 1,123 | 1,075 | 4.5 | 1,112 |
| of which machine to machine (postpaid) | 357 | 315 | 13.3 | 353 |
| Fixed telephony | 223 | 239 | -6.7 | 226 |
| Broadband | 242 | 243 | -0.4 | 242 |
| TV | 207 | 211 | -1.9 | 208 |
| Employees ¹ | 1,326 | 1,437 | -7.7 | 1,359 |

1) First quarter and full year 2020 are restated for comparability see Note 1.

Net sales declined 5.7% to SEK 778 million (825) and like for like, net sales declined 0.6% as both service revenues as well as equipment sales declined. The effect of exchange rate fluctuations was negative by 5.1%.

Service revenues like for like declined 0.5% as a 1.7% growth in fixed revenues attributable to TV, fixed broadband and business solutions revenues, was offset by a 3.3% decline for mobile revenues mainly due to lower roaming revenues.

Adjusted EBITDA increased 0.5% to SEK 292 million (290) and the adjusted EBITDA margin increased to 37.5% (35.2). Adjusted EBITDA like for like increased 6.0% as the negative impact from lower service revenues was more than compensated for by lower costs.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, declined 38.7% to SEK 52 million (85).

Mobile subscriptions increased by 11,000 in the quarter driven by the net addition of 10,000 postpaid subscriptions. Fixed broadband subscriptions remained unchanged and TV subscriptions decreased by 1,000 in the quarter.

TV AND MEDIA

- After achieving several records last year in terms of digital consumption and share of viewing, TV4 in Sweden and MTV in Finland continued to show good development. Time spent on TV4 Play continued to develop positively and increased in the quarter by 36.4% compared to the first quarter of last year. The linear portfolio of TV4 increased its share of viewing amongst the ages 15-64 to 30.5%, the best Q1 figure since 1997. In Finland the commercial share of viewing for MTV increased to 44.3% compared to 43.2% in the corresponding quarter last year.
- Just little over a year after the acquisition of Bonnier Broadcasting, the businesses of TV4, MTV and C More have all been integrated into Telia Company and also the C More business responsibility (not the financial reporting) has been incorporated into Telia Sweden's and Telia Finland's respective organizations. The latter to further strengthen the customer experience across platforms and devices and to drive convergence for the benefit of Telia's large connectivity base.

Highlights

| SEK in millions, except margins, operational data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|--|--------------|--------------|-------|--------------|
| Net sales ¹ | 1,904 | 1,874 | 1.6 | 7,429 |
| Change (%) like for like | 2.8 | | | |
| of which service revenues (external) | 1,904 | 1,874 | 1.6 | 7,429 |
| change (%) like for like | 2.8 | | | |
| Adjusted EBITDA | 120 | -1 | n/a | 758 |
| Margin (%) | 6.3 | -0.1 | | 10.2 |
| change (%) like for like | n/a | | | |
| Adjusted operating income | -86 | -195 | -56.3 | -55 |
| Operating income | -107 | -200 | -47.0 | -120 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹ | 56 | 79 | -28.9 | 333 |
| Subscriptions, (thousands) | | | | |
| TV (SVOD) | 764 | 622 | 22.8 | 789 |
| Employees ¹ | 1,416 | 1,440 | -1.7 | 1,427 |

1) First quarter and full year 2020 are restated for comparability see Note 1.

Net sales increased 1.6% to SEK 1,904 million (1,874) and like for like, net sales increased 2.8%. The effect of exchange rate fluctuations was negative by 1.2%.

Service revenues like for like increased 2.8% explained by a 10.4% increase in TV revenues which more than compensated for a slight decline in advertising revenues. The main drivers for the increased TV revenues were an increased number of TV subscriptions compared to the corresponding quarter last year as well as higher wholesale revenues.

Adjusted EBITDA increased to SEK 120 million (-1) and the adjusted EBITDA margin increased to 6.3% (-0.1). The increase in adjusted EBITDA was due to the positive service revenue development in combination with also lower operational expenses as well as slightly lower content costs.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, declined 28.9% to SEK 56 million (79).

Direct subscriptions video-on-demand (SVOD) declined by 25,000 in the quarter following the very strong intake of 140,000 customers in the fourth quarter 2020.

OTHER OPERATIONS

Highlights

| SEK in millions, except margins, operational data and changes | Jan-Mar 2021 | Jan-Mar 2020 | Chg % | Jan-Dec 2020 |
|---|-----------------|-----------------|---------------|-----------------|
| Net sales | 2,144 | 2,246 | -4.5 | 8,715 |
| <i>Change (%) like for like</i> | <i>0.7</i> | | | |
| <i>of which Telia Carrier</i> | <i>1,261</i> | <i>1,360</i> | <i>-7.3</i> | <i>5,235</i> |
| <i>of which Latvia</i> | <i>608</i> | <i>606</i> | <i>0.4</i> | <i>2,381</i> |
| Adjusted EBITDA | 402 | 443 | -9.1 | 1,881 |
| <i>of which Telia Carrier</i> | <i>214</i> | <i>228</i> | <i>-5.9</i> | <i>909</i> |
| <i>of which Latvia</i> | <i>196</i> | <i>199</i> | <i>-1.1</i> | <i>778</i> |
| Margin (%) | 18.8 | 19.7 | | 21.6 |
| Income from associated companies | 26 | 400 | -93.6 | -20,073 |
| <i>of which Turkey</i> | <i>-</i> | <i>356</i> | <i>-100.0</i> | <i>-20,246</i> |
| <i>of which Latvia</i> | <i>28</i> | <i>45</i> | <i>-38.7</i> | <i>179</i> |
| Adjusted operating income | -72 | 248 | n/a | 340 |
| Operating income | -247 | 192 | n/a | -20,770 |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹ | 1,291 | 1,251 | 3.3 | 5,323 |
| Subscriptions, (thousands) | | | | |
| Mobile Latvia | 1,320 | 1,304 | 1.3 | 1,307 |
| <i>of which machine to machine (postpaid)</i> | <i>361</i> | <i>333</i> | <i>8.5</i> | <i>341</i> |
| Employees ¹ | 6,480 | 6,252 | 3.6 | 6,456 |

1) First quarter and full year 2020 are restated for comparability see Note 1.

Net sales declined 4.5% to SEK 2,144 million (2,246) and like for like, net sales increased 0.7%. The effect of exchange rate fluctuations was negative by 3.8%.

Adjusted EBITDA declined 9.1% to SEK 402 million (443) and the adjusted EBITDA margin declined to 18.8% (19.7). Adjusted EBITDA like for like decreased 3.1% driven by higher operational expenses.

In Telia Carrier, net sales declined 7.3% to SEK 1,261 million (1,360). Adjusted EBITDA declined 5.9% to SEK 214 million (228) and the adjusted EBITDA margin increased slightly to 17.0% (16.8). Adjusted EBITDA like for like increased 1.0%.

In Latvia, net sales increased 0.4% to SEK 608 million (606). Adjusted EBITDA declined 1.1% to SEK 196 million (199) and the adjusted EBITDA margin declined to 32.3% (32.8). Adjusted EBITDA like for like increased 4.3%. The number of mobile subscriptions increased by 14,000 in the quarter driven by the addition of 20,000 postpaid subscriptions used for machine-to-machine related services.

Income from associated companies declined to SEK 26 million (400) following the disposal of Turkcell Holding in the fourth quarter of 2020.

In the fourth quarter of 2020 an agreement was signed to divest Telia Carrier to Polhem Infra. The transaction will be closed on June 1, 2021. See Note 12.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| SEK in millions, except per share data and number of shares | Note | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|---|-----------|--------------|--------------|----------------|
| Continuing operations | | | | |
| Net sales | 3, 4 | 21,814 | 22,427 | 89,191 |
| Cost of sales | | -14,455 | -14,459 | -57,035 |
| Gross profit | | 7,359 | 7,968 | 32,156 |
| Selling, administration and R&D expenses | | -5,261 | -5,607 | -21,701 |
| Other operating income and expenses, net | | -300 | -355 | -8,122 |
| Income from associated companies and joint ventures | | 24 | 400 | -20,080 |
| Operating income | 3 | 1,821 | 2,406 | -17,747 |
| Financial items, net | | -688 | -681 | -3,318 |
| Income after financial items | 3 | 1,133 | 1,725 | -21,065 |
| Income taxes | | -159 | -380 | -1,412 |
| Net income from continuing operations | | 974 | 1,345 | -22,477 |
| Discontinued operations | | | | |
| Net income from discontinued operations | 12 | - | -199 | -279 |
| Total net income | | 974 | 1,146 | -22,756 |
| Items that may be reclassified to net income: | | | | |
| Foreign currency translation differences from continuing operations | | 2,619 | -1,218 | 10,936 |
| Foreign currency translation differences from discontinued operations | | - | 433 | 433 |
| Other comprehensive income from associated companies and joint ventures | | 0 | -23 | -111 |
| Cash flow hedges | | -83 | 410 | 14 |
| Cost of hedging | | 150 | 87 | -100 |
| Debt instruments at fair value through OCI | | -36 | 17 | 32 |
| Income taxes relating to items that may be reclassified | | 71 | 290 | -125 |
| Items that will not be reclassified to net income: | | | | |
| Equity instruments at fair value through OCI | | 3 | - | 63 |
| Remeasurements of defined benefit pension plans | | 3,673 | 95 | -7,166 |
| Income taxes relating to items that will not be reclassified | | -751 | -20 | 1,457 |
| Associates' remeasurements of defined benefit pension plans | | - | -12 | -12 |
| Other comprehensive income | | 5,646 | 59 | 5,422 |
| Total comprehensive income | | 6,620 | 1,204 | -17,335 |
| Total net income attributable to: | | | | |
| Owners of the parent | | 965 | 1,109 | -22,912 |
| Non-controlling interests | | 9 | 37 | 156 |
| Total comprehensive income attributable to: | | | | |
| Owners of the parent | | 6,589 | 1,047 | -17,237 |
| Non-controlling interests | | 31 | 156 | -99 |
| Earnings per share (SEK), basic and diluted | | | | |
| <i>of which continuing operations</i> | | 0.24 | 0.27 | -5.60 |
| Number of shares (thousands) | | 0.24 | 0.32 | -5.53 |
| Outstanding at period-end | 6 | 4,089,632 | 4,089,632 | 4,089,632 |
| Weighted average, basic and diluted | | 4,089,632 | 4,092,575 | 4,090,367 |
| EBITDA from continuing operations | | | | |
| | 14 | 6,845 | 7,125 | 30,194 |
| Adjusted EBITDA from continuing operations | 2, 14 | 7,245 | 7,277 | 30,702 |
| Depreciation, amortization and impairment losses from continuing operations | | -5,047 | -5,119 | -27,861 |
| Adjusted operating income from continuing operations | 2, 14 | 2,222 | 2,668 | 11,560 |

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| SEK in millions | Note | Mar 31, 2021 | Dec 31, 2020 |
|--|-------|-----------------|-----------------|
| Assets | | | |
| Goodwill and other intangible assets | 5 | 89,683 | 86,521 |
| Property, plant and equipment | 5 | 71,477 | 70,893 |
| Film and program rights, non-current | | 1,385 | 1,312 |
| Right-of-use assets | 5 | 15,211 | 14,814 |
| Investments in associated companies and joint ventures, pension obligation assets and other non-current assets | 9 | 3,593 | 3,445 |
| Deferred tax assets | | 1,285 | 1,449 |
| Long-term interest-bearing receivables | 7, 9 | 8,648 | 11,233 |
| Total non-current assets | | 191,282 | 189,668 |
| Film and program rights, current | | 2,762 | 2,706 |
| Inventories | | 1,815 | 1,918 |
| Trade and other receivables and current tax receivables | 9 | 13,701 | 13,815 |
| Short-term interest-bearing receivables | 7, 9 | 7,279 | 5,486 |
| Cash and cash equivalents | 7 | 8,623 | 8,133 |
| Assets classified as held for sale | 7, 12 | 5,142 | 4,957 |
| Total current assets | | 39,323 | 37,014 |
| Total assets | | 230,605 | 226,683 |
| Equity and liabilities | | | |
| Equity attributable to owners of the parent | | 69,430 | 62,836 |
| Equity attributable to non-controlling interests | | 1,156 | 1,118 |
| Total equity | | 70,586 | 63,954 |
| Long-term borrowings | 7, 9 | 94,859 | 100,239 |
| Deferred tax liabilities | | 10,250 | 9,845 |
| Provisions for pensions and other long-term provisions | | 8,909 | 11,787 |
| Other long-term liabilities | | 696 | 757 |
| Total non-current liabilities | | 114,715 | 122,627 |
| Short-term borrowings | 7, 9 | 12,980 | 8,345 |
| Trade payables and other current liabilities, current tax payables and short-term provisions | | 29,146 | 28,430 |
| Liabilities directly associated with assets classified as held for sale | 7, 12 | 3,180 | 3,325 |
| Total current liabilities | | 45,305 | 40,101 |
| Total equity and liabilities | | 230,605 | 226,683 |

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| SEK in millions | Note | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|--|-----------|-----------------|-----------------|-----------------|
| Cash flow before change in working capital | | 6,877 | 7,537 | 29,707 |
| Increase/decrease Film and program right assets and liabilities ¹ | | 135 | 146 | -1,148 |
| Increase/decrease other operating receivables, liabilities and inventory | | 1,600 | 769 | 4,322 |
| Change in working capital | | 1,736 | 915 | 3,173 |
| Amortization and impairment of Film and program rights ¹ | | -1,072 | -1,281 | -4,057 |
| Cash flow from operating activities | | 7,540 | 7,170 | 28,824 |
| of which from continuing operations | | 7,540 | 7,149 | 28,802 |
| of which from discontinued operations | | - | 22 | 22 |
| Cash CAPEX | 14 | -3,691 | -2,953 | -13,710 |
| Free cash flow | 14 | 3,849 | 4,217 | 15,114 |
| of which from continuing operations | | 3,849 | 4,200 | 15,097 |
| of which from discontinued operations | | - | 17 | 17 |
| Cash flow from other investing activities | | -1,984 | 4,368 | 10,243 |
| Total cash flow from investing activities | | -5,676 | 1,415 | -3,466 |
| of which from continuing operations | | -5,676 | 1,420 | -3,462 |
| of which from discontinued operations | | - | -5 | -5 |
| Cash flow before financing activities | | 1,865 | 8,585 | 25,358 |
| Cash flow from financing activities | | -1,552 | -3,799 | -23,098 |
| of which from continuing operations | | -1,552 | -3,797 | -23,096 |
| of which from discontinued operations | | - | -2 | -2 |
| Cash flow for the period | | 313 | 4,787 | 2,259 |
| of which from continuing operations | | 313 | 4,772 | 2,244 |
| of which from discontinued operations | | - | 15 | 15 |
| Cash and cash equivalents, opening balance | | 8,332 | 6,210 | 6,210 |
| Cash flow for the period | | 313 | 4,787 | 2,259 |
| Exchange rate differences in cash and cash equivalents | | 198 | 350 | -137 |
| Cash and cash equivalents, closing balance | | 8,843 | 11,347 | 8,332 |
| of which from continuing operations | | 8,843 | 11,347 | 8,332 |
| of which from discontinued operations | | - | - | - |

See Note 14 section Operational free cash flow for further information.

1) 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, 2020 | 91,047 | 1,409 | 92,455 |
| Change in accounting principles in associated companies | -12 | - | -12 |
| Adjusted opening balance, January 1, 2020 | 91,035 | 1,409 | 92,443 |
| Share-based payments | 4 | - | 4 |
| Acquisition and transfer of treasury shares | -944 | - | -944 |
| <i>Total transactions with owners</i> | <i>-940</i> | <i>-</i> | <i>-940</i> |
| Total comprehensive income | 1,047 | 156 | 1,204 |
| Effect of equity transactions in associated companies | 3 | - | 3 |
| Closing balance, March 31, 2020 | 91,144 | 1,565 | 92,710 |
| Dividends | -10,020 | -192 | -10,212 |
| Share-based payments | 12 | - | 12 |
| Acquisition and transfer of treasury shares | -12 | - | -12 |
| Cancellation of treasury shares, net effect | - | - | - |
| Bonus issue, net effect | - | - | - |
| Reclassification of Inflation reserve | - | - | - |
| <i>Total transactions with owners</i> | <i>-10,020</i> | <i>-192</i> | <i>-10,212</i> |
| Total comprehensive income | -18,284 | -255 | -18,539 |
| Effect of equity transactions in associated companies | -5 | - | -5 |
| Closing balance, December 31, 2020 | 62,836 | 1,118 | 63,954 |
| Share-based payments | 4 | - | 4 |
| New share issue | - | 7 | 7 |
| <i>Total transactions with owners</i> | <i>4</i> | <i>7</i> | <i>11</i> |
| Total comprehensive income | 6,589 | 31 | 6,620 |
| Closing balance, March 31, 2021 | 69,430 | 1,156 | 70,586 |

NOTE 1.

BASIS OF PREPARATION

General

Telia Company's consolidated financial statements for the first quarter ended March 31, 2021, 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 2020. All amounts in this report are presented in SEK millions, unless otherwise stated. Rounding differences may occur.

Change in accounting estimates

Accelerated depreciations

In the fourth quarter 2020 Telia Company entered into strategic partnership agreements with Ericsson and Nokia related to radio access network technology (RAN) to base stations in order to modernize Telia Company's 4G networks and upgrade them to 5G in Sweden, Finland, Lithuania, and Estonia. In connection with this modernization existing RAN assets will be replaced during the years 2021-2025. Telia Company has therefore changed the estimate of the depreciation period for the existing RAN assets in order to correspond with the time plan for the replacements. The change led to increased depreciations for existing assets of approximately SEK 200 million for the first quarter 2021 and the full year increases for 2021 and 2022 are estimated to approximately SEK 800 million and SEK 250 million respectively. The change is expected to result in lower depreciations of existing assets during the years 2023 to 2030.

Reclassification of liquidity portfolio

Telia Company's business model for the liquidity portfolio of long- and short-term bonds and short-term debt instruments has in the past been assessed to be both to collect contractual cash flows and sell financial assets (i.e. the "mixed model"). Consequently, the portfolio has been measured at fair value through other comprehensive income (OCI).

From January 1, 2021 this liquidity portfolio has been reclassified to be measured at fair value through profit and loss (income statement). The reclassification is based on a reassessment of the business model for the portfolio following the major changes of Telia Company (divestment of Eurasia, settlement with the US and Dutch authorities, acquisition of GET/TDC and Bonnier Broadcasting and new senior management) which have had an impact on portfolio management. A new ambition for total liquidity has been implemented and since the volatility in liquidity of the group has decreased there is more focus on generating yield on the long-term liquidity back-up. The liquidity management has shifted focus from preserving cash at a low cost to optimizing the size of the portfolio and maximizing yield given the decided risk appetite.

The carrying value of the reclassified portfolio amounted to SEK 7,707 million as of January 1, 2021, whereof SEK 5,086 million was recognized

as long-term interest-bearing receivables, SEK 2,235 million as short-term interest-bearing receivables and SEK 385 million as cash equivalents. The amount was categorized in the fair value hierarchy as SEK 6,457 million in level 1 and SEK 1,250 million in level 2. As a consequence of the change in business model for the portfolio, the cumulative gain of SEK 35 million that was previously recognized in the fair value reserve has been reclassified to the income statement and reported in the finance net for the first quarter 2021. The reclassified gain and negative fair value changes of the portfolio during the quarter of SEK 51 million resulted in a total negative impact of 16 MSEK on finance net in the first quarter 2021. Fair value changes will be possible to hedge with derivatives from the second quarter 2021.

References

For more information regarding:

- Sales and earnings, Cash flow and Financial position, see page 6.
- Significant events in the first quarter, see page 7.
- Significant events after the end of the first quarter, see page 7.
- Risks and uncertainties, see page 35.

Restatement of financial and operational data

As a result of various organizational changes as of January 1, 2021, Net sales, CAPEX excl. fees for licenses and spectrum and right-of-use assets, employees and operating assets and liabilities have been restated for comparability as presented in the table below.

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.

Furthermore, disaggregation of revenue has been restated for comparability for segment Sweden and Lithuania between the lines, leaving the total service revenues unchanged.

| Amounts in SEK millions except employees | Sweden | Finland | Norway | Denmark | Lithuania | Estonia | TV and Media | Other operations | Eliminations | Group |
|---|------------|------------|------------|------------|-----------|----------|--------------|------------------|--------------|-------------|
| CAPEX excluding fees for licenses, spectrum and right-of-use assets, first quarter 2020 | - | - | - | - | 2 | 3 | 48 | -53 | - | - |
| CAPEX excluding fees for licenses, spectrum and right-of-use assets, Jan-Dec 2020 | - | - | - | - | 15 | 8 | -22 | - | - | - |
| Employees, Mar 31, 2020 | -24 | 98 | - | - | 17 | -105 | 146 | -132 | - | - |
| Employees, Dec 31, 2020 | -6 | 95 | - | - | 16 | -104 | -57 | 56 | - | - |
| Internal Net Sales, first quarter 2020 | | | | | | | | | | |
| Reorganization Sweden – Other operations | -2 | - | - | - | - | - | - | - | 2 | - |
| Reorganization Finland - Estonia | - | - | - | - | - | -12 | - | - | 12 | - |
| Reorganization TV Media – Other operations | - | - | - | - | - | - | -119 | - | 119 | - |
| Internal Net Sales, Jan-Dec 2020 | | | | | | | | | | |
| Reorganization Sweden – Other operations | -8 | - | - | - | - | - | - | - | 8 | - |
| Reorganization Finland - Estonia | - | - | - | - | - | -45 | - | - | 45 | - |
| Disaggregation of revenues, first quarter 2020 (invoice fee) | | | | | | | | | | |
| Mobile subscription Revenues | -78 | -24 | -27 | -17 | 0 | - | - | - | - | -147 |
| Other mobile Service Revenues | -9 | -19 | - | - | - | - | - | - | - | -28 |
| Total mobile service revenues | -87 | -43 | -27 | -17 | 0 | - | - | - | - | -175 |
| Other fixed service revenues | -64 | -24 | - | - | -5 | - | - | - | - | -93 |
| Total fixed service revenues | -64 | -24 | - | - | -5 | - | - | - | - | -93 |
| Other service revenues | 150 | 67 | 27 | 17 | 6 | - | - | - | - | 267 |
| Disaggregation of revenues, first quarter 2020 Reclassification Sweden | | | | | | | | | | |
| Business solutions | -16 | - | - | - | - | - | - | - | - | -16 |
| Other fixed service revenues | 16 | - | - | - | - | - | - | - | - | 16 |
| Disaggregation of revenues, first quarter 2020 Lithuania bundle split | | | | | | | | | | |
| Fixed telephony | - | - | - | - | -3 | - | - | - | - | -3 |
| Broadband | - | - | - | - | 0 | - | - | - | - | 0 |
| TV | - | - | - | - | 4 | - | - | - | - | 4 |
| Business solutions | - | - | - | - | 0 | - | - | - | - | 0 |
| Disaggregation of revenues, Jan-Dec 2020 Reclassification Sweden | | | | | | | | | | |
| Business solutions | -61 | - | - | - | - | - | - | - | - | -61 |
| Other fixed service revenues | 61 | - | - | - | - | - | - | - | - | 61 |
| Disaggregation of revenues, Jan-Dec 2020 Lithuania bundle split | | | | | | | | | | |
| Fixed telephony | - | - | - | - | -15 | - | - | - | - | -15 |
| Broadband | - | - | - | - | 2 | - | - | - | - | 2 |
| TV | - | - | - | - | 13 | - | - | - | - | 13 |
| Business solutions | - | - | - | - | 0 | - | - | - | - | 0 |
| Segment assets, Dec 31, 2020 | - | - | - | - | 34 | 3 | -37 | - | - | - |
| Segment liabilities, Dec 31, 2020 | 181 | 31 | 132 | 11 | - | - | -355 | - | - | - |

NOTE 2.

ADJUSTMENT ITEMS

Adjustment items within operating income, continuing operations

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|---|-----------------|-----------------|-----------------|
| Within EBITDA | -401 | -153 | -508 |
| Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.: | | | |
| Sweden | -113 | -54 | -10 |
| Finland | -16 | 1 | -37 |
| Norway | -67 | -34 | -161 |
| Denmark | -14 | – | -17 |
| Lithuania | -4 | -3 | -13 |
| Estonia | -4 | -1 | -7 |
| TV and Media | -21 | -5 | -64 |
| Other operations | -175 | -56 | -164 |
| Capital gains/losses | 12 | – | -35 |
| Within Depreciation, amortization and impairment losses¹ | – | -110 | -7,910 |
| Within Income from associated companies and joint ventures² | – | – | -20,889 |
| Total adjustment items within operating income, continuing operations | -401 | -263 | -29,307 |

1) First quarter and full year 2020 includes an impairment of SEK -110 million relating to remeasurement of the Finnish real estate companies. Full year 2020 also includes an impairment of SEK -7,800 million related to goodwill in Finland. 2) Full year 2020 includes a net impairment of SEK -2,928 million related to the holding in Turkcell and a capital loss amounting to SEK -17,955 million from the disposal of Turkcell mainly related to reclassified accumulated foreign exchange losses.

Costs for major group wide business transformations have been added to the definition of Adjustment items. Management believe that this change results in reliable and more relevant information on the financial performance of the group as these transformation costs are not

considered being part of the underlying financial performance of the business over time. See Definitions page 37.

NOTE 3. SEGMENT INFORMATION

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|-------------------------------------|-----------------|-----------------|-----------------|
| Net sales | | | |
| Sweden ¹ | 8,401 | 8,322 | 33,732 |
| <i>of which external</i> | 8,356 | 8,274 | 33,581 |
| Finland | 3,542 | 3,897 | 15,260 |
| <i>of which external</i> | 3,482 | 3,827 | 15,026 |
| Norway | 3,309 | 3,428 | 13,373 |
| <i>of which external</i> | 3,304 | 3,404 | 13,356 |
| Denmark | 1,281 | 1,430 | 5,464 |
| <i>of which external</i> | 1,260 | 1,411 | 5,385 |
| Lithuania | 999 | 996 | 4,151 |
| <i>of which external</i> | 986 | 982 | 4,089 |
| Estonia ¹ | 778 | 825 | 3,276 |
| <i>of which external</i> | 766 | 812 | 3,223 |
| TV and Media ¹ | 1,904 | 1,874 | 7,429 |
| <i>of which external</i> | 1,904 | 1,874 | 7,429 |
| Other operations | 2,144 | 2,246 | 8,715 |
| Total segments¹ | 22,359 | 23,018 | 91,401 |
| Eliminations ¹ | -545 | -591 | -2,211 |
| Group | 21,814 | 22,427 | 89,191 |
| Adjusted EBITDA | | | |
| Sweden | 3,235 | 3,398 | 13,506 |
| Finland | 1,070 | 1,156 | 4,812 |
| Norway | 1,543 | 1,387 | 6,064 |
| Denmark | 216 | 231 | 1,029 |
| Lithuania | 368 | 373 | 1,497 |
| Estonia | 292 | 290 | 1,153 |
| TV and Media | 120 | -1 | 758 |
| Other operations | 402 | 443 | 1,881 |
| Total segments | 7,245 | 7,277 | 30,702 |
| Eliminations | - | - | - |
| Group | 7,245 | 7,277 | 30,702 |
| Operating income | | | |
| Sweden | 1,237 | 1,670 | 6,790 |
| Finland | 237 | 244 | -6,328 |
| Norway | 441 | 197 | 1,502 |
| Denmark | -50 | -16 | -25 |
| Lithuania | 184 | 214 | 756 |
| Estonia | 126 | 106 | 446 |
| TV and Media | -107 | -200 | -120 |
| Other operations | -247 | 192 | -20,770 |
| Total segments | 1,821 | 2,406 | -17,747 |
| Eliminations | - | - | - |
| Group | 1,821 | 2,406 | -17,747 |
| Financial items, net | -688 | -681 | -3,318 |
| Income after financial items | 1,133 | 1,725 | -21,065 |

1) First quarter and full year 2020 are restated for comparability see Note 1.

| SEK in millions | Mar 31, 2021 | Mar 31, 2021 | Dec 31, 2020 | Dec 31, 2020 |
|--|----------------|---------------------|----------------|---------------------|
| | Segment assets | Segment liabilities | Segment assets | Segment liabilities |
| Sweden ¹ | 45,828 | 11,788 | 46,824 | 12,453 |
| Finland ¹ | 44,406 | 4,525 | 44,248 | 4,815 |
| Norway ¹ | 55,353 | 6,067 | 51,769 | 5,259 |
| Denmark ¹ | 7,375 | 1,904 | 7,504 | 1,882 |
| Lithuania ¹ | 6,401 | 1,357 | 6,459 | 1,330 |
| Estonia ¹ | 5,469 | 907 | 5,487 | 971 |
| TV and Media ¹ | 13,393 | 2,304 | 13,241 | 1,545 |
| Other operations | 23,967 | 6,495 | 23,812 | 6,452 |
| Total segments | 202,193 | 35,346 | 199,343 | 34,707 |
| Unallocated | 23,270 | 121,494 | 22,383 | 124,695 |
| Assets and liabilities held for sale | 5,142 | 3,180 | 4,957 | 3,325 |
| Total assets/liabilities, group | 230,605 | 160,020 | 226,683 | 162,727 |

1) 2020 is restated for comparability, see Note 1.

NOTE 4. NET SALES

| SEK in millions | Jan-Mar 2021 | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|------------|------------|--------------|------------------|--------------|---------------|
| | Sweden | Finland | Norway | Denmark | Lithuania | Estonia | TV and Media | Other operations | Eliminations | Total |
| Mobile subscription revenues | 3,077 | 1,513 | 1,577 | 607 | 289 | 225 | – | 322 | – | 7,611 |
| Interconnect | 120 | 96 | 96 | 55 | 36 | 20 | – | 34 | – | 458 |
| Other mobile service revenues | 116 | 136 | 142 | 70 | 6 | 2 | – | 5 | – | 479 |
| Total mobile service revenues | 3,314 | 1,745 | 1,816 | 733 | 332 | 247 | – | 361 | – | 8,548 |
| Telephony | 431 | 17 | 28 | 51 | 47 | 28 | – | 0 | – | 602 |
| Broadband | 1,168 | 164 | 344 | 43 | 148 | 144 | – | 7 | – | 2,017 |
| TV | 488 | 134 | 396 | 16 | 99 | 69 | 727 | – | – | 1,929 |
| Business solutions | 680 | 594 | 104 | 46 | 58 | 63 | – | 21 | – | 1,566 |
| Other fixed service revenues | 885 | 273 | 23 | 10 | 92 | 87 | – | 1,025 | – | 2,396 |
| Total fixed service revenues | 3,651 | 1,182 | 896 | 165 | 444 | 392 | 727 | 1,054 | – | 8,510 |
| Advertising revenues | – | – | – | – | – | – | 1,142 | – | – | 1,142 |
| Other service revenues | 268 | 64 | 45 | 23 | 5 | 3 | 35 | 105 | – | 546 |
| Total service revenues¹ | 7,233 | 2,991 | 2,756 | 921 | 781 | 642 | 1,904 | 1,519 | – | 18,747 |
| Total equipment revenues¹ | 1,123 | 491 | 548 | 339 | 205 | 124 | – | 237 | – | 3,067 |
| Total external net sales | 8,356 | 3,482 | 3,304 | 1,260 | 986 | 766 | 1,904 | 1,757 | – | 21,814 |
| Internal net sales | 45 | 60 | 5 | 21 | 14 | 12 | 0 | 388 | -545 | – |
| Total net sales | 8,401 | 3,542 | 3,309 | 1,281 | 999 | 778 | 1,904 | 2,144 | -545 | 21,814 |

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

| SEK in millions | Jan-Mar 2020 | | | | | | | | | |
|---|---------------------|----------------------|---------------------|----------------------|------------------------|----------------------|---------------------------|------------------|---------------------------|--------------------|
| | Sweden ² | Finland ² | Norway ² | Denmark ² | Lithuania ² | Estonia ² | TV and Media ² | Other operations | Eliminations ² | Total ² |
| Mobile subscription revenues | 3,169 | 1,642 | 1,654 | 679 | 289 | 248 | – | 324 | – | 8,005 |
| Interconnect | 130 | 103 | 109 | 61 | 39 | 19 | – | 38 | – | 498 |
| Other mobile service revenues | 131 | 146 | 224 | 88 | 9 | 3 | – | 12 | – | 614 |
| Total mobile service revenues | 3,430 | 1,891 | 1,987 | 828 | 337 | 269 | – | 374 | – | 9,117 |
| Telephony | 513 | 28 | 42 | 53 | 56 | 31 | – | 0 | – | 723 |
| Broadband | 1,180 | 182 | 325 | 54 | 143 | 148 | 1 | 3 | – | 2,036 |
| TV | 452 | 171 | 432 | 34 | 97 | 71 | 665 | – | – | 1,922 |
| Business solutions | 694 | 651 | 115 | 48 | 56 | 63 | – | 20 | – | 1,648 |
| Other fixed service revenues | 902 | 306 | 13 | 12 | 99 | 94 | – | 1,127 | – | 2,554 |
| Total fixed service revenues | 3,741 | 1,338 | 928 | 202 | 452 | 406 | 667 | 1,150 | – | 8,883 |
| Advertising revenues | – | 2 | – | – | – | – | 1,169 | – | – | 1,171 |
| Other service revenues | 263 | 71 | 49 | 24 | 6 | 5 | 38 | 90 | – | 545 |
| Total service revenues¹ | 7,434 | 3,302 | 2,964 | 1,053 | 795 | 680 | 1,874 | 1,614 | – | 19,716 |
| Total equipment revenues¹ | 840 | 525 | 440 | 358 | 187 | 132 | – | 229 | – | 2,711 |
| Total external net sales | 8,274 | 3,827 | 3,404 | 1,411 | 982 | 812 | 1,874 | 1,843 | – | 22,427 |
| Internal net sales | 48 | 70 | 25 | 19 | 14 | 12 | 0 | 403 | -591 | – |
| Total net sales | 8,322 | 3,897 | 3,428 | 1,430 | 996 | 825 | 1,874 | 2,246 | -591 | 22,427 |

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-Dec 2020 | | | | | | | | | |
|---|---------------------|---------------|---------------|--------------|------------------------|----------------------|--------------|------------------|---------------------------|--------------------|
| | Sweden ² | Finland | Norway | Denmark | Lithuania ² | Estonia ² | TV and Media | Other operations | Eliminations ² | Total ² |
| Mobile subscription revenues | 12,600 | 6,408 | 6,367 | 2,586 | 1,151 | 946 | – | 1,267 | – | 31,325 |
| Interconnect | 520 | 411 | 406 | 225 | 169 | 72 | – | 121 | – | 1,924 |
| Other mobile service revenues | 522 | 569 | 884 | 335 | 39 | 11 | – | 43 | – | 2,403 |
| Total mobile service revenues | 13,643 | 7,388 | 7,656 | 3,146 | 1,359 | 1,030 | – | 1,430 | – | 35,652 |
| Telephony | 1,927 | 102 | 138 | 191 | 214 | 115 | – | 2 | – | 2,687 |
| Broadband | 4,704 | 706 | 1,260 | 208 | 574 | 583 | 4 | 11 | – | 8,049 |
| TV | 1,810 | 555 | 1,613 | 82 | 377 | 281 | 2,460 | – | – | 7,178 |
| Business solutions | 2,813 | 2,579 | 439 | 192 | 235 | 249 | – | 87 | – | 6,594 |
| Other fixed service revenues | 3,761 | 1,248 | 74 | 47 | 386 | 356 | 1 | 4,277 | – | 10,150 |
| Total fixed service revenues | 15,015 | 5,190 | 3,524 | 719 | 1,786 | 1,585 | 2,464 | 4,375 | – | 34,659 |
| Advertising revenues | – | 2 | – | – | – | – | 4,822 | – | – | 4,825 |
| Other service revenues | 1,075 | 271 | 159 | 110 | 21 | 13 | 142 | 415 | – | 2,206 |
| Total service revenues¹ | 29,734 | 12,851 | 11,338 | 3,976 | 3,167 | 2,627 | 7,429 | 6,221 | – | 77,342 |
| Total equipment revenues¹ | 3,848 | 2,175 | 2,017 | 1,409 | 922 | 596 | – | 882 | – | 11,848 |
| Total external net sales | 33,581 | 15,026 | 13,356 | 5,385 | 4,089 | 3,223 | 7,429 | 7,103 | – | 89,191 |
| Internal net sales | 151 | 234 | 18 | 80 | 63 | 53 | 0 | 1,612 | -2,211 | – |
| Total net sales | 33,732 | 15,260 | 13,373 | 5,464 | 4,151 | 3,276 | 7,429 | 8,715 | -2,211 | 89,191 |

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 5. INVESTMENTS

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|---|-----------------|-----------------|-----------------|
| CAPEX | 4,809 | 4,306 | 18,355 |
| Intangible assets | 1,419 | 655 | 2,911 |
| Property, plant and equipment | 2,335 | 2,288 | 10,871 |
| Right-of-use assets | 1,055 | 1,363 | 4,573 |
| Acquisitions and other investments | 37 | 9 | 641 |
| Asset retirement obligations | 26 | 9 | 537 |
| Equity instruments | 11 | 0 | 104 |
| Total continuing operations including assets held for sale | 4,846 | 4,315 | 18,996 |
| Total discontinued operations | – | 12 | 12 |
| <i>of which CAPEX</i> | <i>–</i> | <i>11</i> | <i>11</i> |
| Total investments | 4,846 | 4,326 | 19,008 |
| <i>of which CAPEX</i> | <i>4,809</i> | <i>4,318</i> | <i>18,367</i> |

NOTE 6. TREASURY SHARES

No Telia Company shares were held by the company or by its subsidiaries as of March 31, 2021 or as of December 31, 2020. The total number of issued and outstanding shares was 4,089,631,702.

NOTE 7. NET DEBT

| SEK in millions | Mar 31, 2021 ² | Dec 31, 2020 ² |
|--|------------------------------|------------------------------|
| Long-term borrowings | 95,221 | 100,655 |
| <i>of which lease liabilities, non-current</i> | <i>12,839</i> | <i>12,600</i> |
| Less 50% of hybrid capital ¹ | -10,405 | -10,267 |
| Short-term borrowings | 13,263 | 8,620 |
| <i>of which lease liabilities, current</i> | <i>3,185</i> | <i>2,946</i> |
| Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA) | -1,791 | -4,205 |
| Less long-term bonds at fair value through income statement and OCI | -5,352 | -5,297 |
| Less short-term investments | -4,866 | -2,832 |
| Less cash and cash equivalents | -8,843 | -8,332 |
| Net debt | 77,228 | 78,343 |

1) 50% 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 discontinued operations and assets held for sale.

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 income statement and 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 8.

LOAN FINANCING AND CREDIT RATING

No major funding transactions were executed during the first quarter 2021. The credit rating of Telia Company remained unchanged during the first quarter of 2021. 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.

NOTE 9.

FINANCIAL INSTRUMENTS – FAIR VALUES

| Long-term and short-term borrowings ¹ SEK in millions | Mar 31, 2021 | | Dec 31, 2020 | |
|--|----------------|--------------|----------------|--------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| Long-term borrowings | | | | |
| Interest rate derivatives at fair value | 701 | 701 | 134 | 134 |
| Cross-currency interest rate derivatives at fair value | 1,061 | 1,061 | 3,907 | 3,907 |
| Subtotal | 1,762 | 1,762 | 4,041 | 4,041 |
| Open-market financing borrowings in fair value hedge relationships | 53,358 | 59,348 | 51,628 | 55,249 |
| Open-market financing borrowings at amortized cost | 26,221 | 32,882 | 31,345 | 41,992 |
| Other borrowings at amortized cost | 1,041 | 1,041 | 1,042 | 1,042 |
| Lease liabilities at amortized cost | 12,477 | | 12,183 | |
| Total long-term borrowings | 94,859 | | 100,239 | |
| Short-term borrowings | | | | |
| Interest rate derivatives at fair value | 21 | 21 | 8 | 8 |
| Cross-currency interest rate derivatives at fair value | 91 | 91 | 143 | 143 |
| Subtotal | 112 | 112 | 151 | 151 |
| Utilized bank overdraft and short-term credit facilities at amortized cost | 27 | 27 | 213 | 213 |
| Open-market financing borrowings in fair value hedge relationships | 9,233 | 9,500 | 5,131 | 5,317 |
| Other borrowings at amortized cost | 707 | 707 | 179 | 179 |
| Lease liabilities at amortized cost | 2,902 | | 2,671 | |
| Total short-term borrowings | 12,980 | | 8,345 | |

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 2020, Note C3 to the consolidated financial statements.

| Financial assets and liabilities by fair value hierarchy level ¹ SEK in millions | Mar 31, 2021 | | | | Dec 31, 2020 | | | |
|---|----------------|--------------|--------------|------------|----------------|--------------|--------------|------------|
| | 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 | 406 | – | – | 406 | 473 | – | – | 473 |
| Equity instruments at fair value through income statement | 18 | – | – | 18 | 18 | – | – | 18 |
| Long- and short-term bonds at fair value through OCI ² | 604 | 604 | – | – | 8,513 | 7,263 | 1,250 | – |
| Long- and short-term bonds at fair value through income statement ² | 10,004 | 7,384 | 2,620 | – | – | – | – | – |
| Derivatives designated as hedging instruments | 1,611 | – | 1,611 | – | 3,129 | – | 3,129 | – |
| Derivatives at fair value through income statement | 98 | – | 98 | – | 1,049 | – | 1,049 | – |
| Total financial assets at fair value by level | 12,741 | 7,988 | 4,329 | 424 | 13,181 | 7,263 | 5,427 | 490 |
| Financial liabilities at fair value | | | | | | | | |
| Derivatives designated as hedging instruments | 1,650 | – | 1,650 | – | 3,802 | – | 3,802 | – |
| Derivatives at fair value through income statement | 331 | – | 331 | – | 917 | – | 917 | – |
| Total financial liabilities at fair value by level | 1,981 | – | 1,981 | – | 4,719 | – | 4,719 | – |

1) For information on fair value hierarchy levels and fair value estimation, see the Annual and Sustainability Report 2020, Note C3 to the consolidated financial statements and the section below.

2) From January 1, 2021, Telia Company changed its business model for the liquidity portfolio. The portfolio was previously measured at fair value through OCI but is from January 1, 2021, measured at fair value through income statement., see Note 1.

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.

| Movements within Level 3, fair value hierarchy SEK in millions | Assets, Jan-Mar 2021 | | | Liabilities, Jan-Mar 2021 |
|--|--|---|------------|------------------------------|
| | Equity instruments at fair value through OCI | Equity instruments at fair value through income statement | Total | Contingent considerations |
| Level 3, opening balance | 473 | 18 | 491 | – |
| Changes in fair value | 3 | – | 3 | – |
| <i>of which recognized in other comprehensive income</i> | 3 | – | 3 | – |
| Purchases/capital contributions | – | – | – | – |
| Disposals | -71 | – | -71 | – |
| Exchange rate differences | 1 | – | 1 | – |
| Level 3, closing balance | 406 | 18 | 424 | – |

| Movements within Level 3, fair value hierarchy SEK in millions | Assets, Jan-Dec 2020 | | | Liabilities, Jan-Dec 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 | 63 | – | 63 | – |
| <i>of which recognized in other comprehensive income</i> | 63 | – | 63 | – |
| Purchases/capital contributions | 99 | 5 | 104 | – |
| Settlements | -7 | – | -7 | -41 |
| Exchange rate differences | -2 | – | -2 | – |
| Level 3, closing balance | 473 | 18 | 491 | – |

NOTE 10.

CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

| SEK in millions | Mar 31, 2021 | Dec 31, 2020 |
|--|-----------------|-----------------|
| Issued financial guarantees | 312 | 311 |
| <i>of which referred to guarantees for pension obligations</i> | 295 | 295 |
| Collateral pledged | 41 | 43 |
| Total contingent liabilities and collateral pledged | 353 | 354 |

For ongoing legal proceedings, see Note C30 in the Annual and Sustainability Report 2020.

NOTE 11. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

| SEK in millions | Mar 31, 2021 | Dec 31, 2020 |
|--|-----------------|-----------------|
| Contractual obligations and commitments | 21,857 | 21,765 |
| <i>of which film and program rights</i> | 15,372 | 15,728 |
| Total contractual obligations and commitments | 21,857 | 21,765 |

NOTE 12. ASSETS HELD FOR SALE AND DISCONTINUED OPERATION

Net income from discontinued operations (region Eurasia)

| SEK in millions, except per share data | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|---|-----------------|-----------------|-----------------|
| Net sales | – | 96 | 96 |
| Expenses and other operating income, net | – | -79 | -79 |
| Operating income | – | 16 | 16 |
| Financial items, net | – | -22 | -22 |
| Income after financial items | – | -6 | -6 |
| Income taxes | – | – | – |
| Net income before remeasurement and gain/loss on disposal | – | -6 | -6 |
| Loss on disposal of Moldcell in Moldova (including cumulative Moldcell exchange loss in equity reclassified to net income of SEK -172 million) ¹ | – | -193 | -193 |
| Loss from net changes in provisions for transaction warranties | – | – | -80 |
| Net income from discontinued operations | – | -199 | -279 |
| EPS from discontinued operations (SEK) | – | -0.05 | -0.07 |
| Adjusted EBITDA | – | 30 | 30 |

1) Non-taxable loss from the disposal of Moldcell in Moldova on March 24, 2020.

Assets classified as held for sale

| SEK in millions | Telia Carrier Mar 31, 2021 | Telia Carrier Dec 31, 2020 |
|---|-------------------------------|-------------------------------|
| Goodwill and other intangible assets | 89 | 86 |
| Property, plant and equipment | 2,355 | 2,148 |
| Right-of-use assets | 1,143 | 1,097 |
| Other non-current assets | 507 | 534 |
| Other current assets | 828 | 891 |
| Cash and cash equivalents | 219 | 199 |
| Assets classified as held for sale | 5,142 | 4,957 |
| Long-term borrowings | 362 | 416 |
| Long-term provisions | 809 | 848 |
| Other long-term liabilities | 631 | 620 |
| Short-term borrowings | 283 | 275 |
| Other current liabilities | 1,096 | 1,166 |
| Liabilities associated with assets classified as held for sale | 3,180 | 3,325 |
| Net assets classified as held for sale | 1,961 | 1,631 |

Telia Carrier

On October 5, 2020 Telia Company signed an agreement to sell its international carrier business, Telia Carrier, to Polhem Infra for a value of SEK 9,450 million on a cash and debt free basis. Telia Carrier is

classified as held for sale since September 30, 2020. The transaction is subject to regulatory approvals (relating to e.g. competition and foreign direct investments) in, inter alia, the EU and the US, which have now been received and the transaction will be closed on June 1, 2021.

NOTE 13.

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.

| | Mar 31, 2021 | Dec 31, 2020 |
|---|-----------------|-----------------|
| Return on equity (% , rolling 12 months) ¹ | neg. | neg. |
| Return on capital employed (% , rolling 12 months) ¹ | neg. | neg. |
| Equity/assets ratio (%) ¹ | 29.7 | 24.6 |
| Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) | 2.52 | 2.55 |
| Parent owners' equity per share (SEK) ¹ | 16.98 | 15.36 |

1) Equity is adjusted by weighted ordinary dividend, see the Annual and Sustainability Report 2020 section Definitions for key ratio definitions.

NOTE 14.

ALTERNATIVE PERFORMANCE MEASUREMENT

In addition to financial performance measures prepared in accordance with IFRS, Telia Company presents non-IFRS financial performance measures. 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 the Annual and Sustainability Report 2020. These terms may be defined differently by other companies and are therefore not always comparable to similar measures used by other companies.

Service revenues

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|---|-----------------|-----------------|-----------------|
| Net sales | 21,814 | 22,427 | 89,191 |
| Excluded: Equipment revenues | -3,067 | -2,711 | -11,848 |
| Service revenues (external) | 18,747 | 19,716 | 77,342 |
| Excluded: Telia Carrier external service revenues | -1,055 | -1,138 | -4,352 |
| Excluded: Effects from changes in foreign exchange rates ¹ | 203 | -239 | – |
| Service revenues, in constant currency and excluding Telia Carrier | 17,895 | 18,339 | 72,991 |

1) Changes in foreign exchange rates refers to full year average rates prior year.

EBITDA and adjusted EBITDA

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|---|-----------------|-----------------|-----------------|
| Operating income | 1,821 | 2,406 | -17,747 |
| Income from associated companies and joint ventures | -24 | -400 | 20,080 |
| Total depreciation/amortization/write-down | 5,047 | 5,119 | 27,861 |
| EBITDA | 6,845 | 7,125 | 30,194 |
| Adjustment items within EBITDA (Note 2) ¹ | 401 | 153 | 508 |
| Adjusted EBITDA | 7,245 | 7,277 | 30,702 |
| Excluded: Telia Carrier adjusted EBITDA | -214 | -228 | -909 |
| Excluded: Effects from changes in foreign exchange rates ² | 71 | -101 | – |
| Adjusted EBITDA in constant currency and excluding Telia Carrier | 7,102 | 6,949 | 29,792 |

1) Definition for Adjustment items has been changed, see Note 2 and Definitions. 2) Changes in foreign exchange rates refers to full year average rates prior year.

Adjusted operating income

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|--|-----------------|-----------------|-----------------|
| Operating income | 1,821 | 2,406 | -17,747 |
| Adjustment items within Operating income (Note 2) ¹ | 401 | 263 | 29,307 |
| Adjusted operating income | 2,222 | 2,668 | 11,560 |

1) Definition for Adjustment items has been changed, see Note 2 and Definitions.

CAPEX, Cash CAPEX and Cash CAPEX to net sales

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|---|-----------------|-----------------|-----------------|
| Investments in intangible assets | 1,419 | 655 | 2,911 |
| Investments in property, plant and equipment | 2,335 | 2,288 | 10,871 |
| CAPEX excluding right of use assets | 3,754 | 2,943 | 13,782 |
| Investments in right-of-use assets | 1,055 | 1,363 | 4,573 |
| CAPEX | 4,809 | 4,306 | 18,355 |
| Excluded: investments in license and spectrum fees | -761 | - | -142 |
| CAPEX excluding fees for licenses and spectrum | 4,048 | 4,306 | 18,213 |
| Excluded: investments in right-of-use assets | -1,055 | -1,363 | -4,573 |
| CAPEX excluding fees for licenses and spectrum and right of use assets | 2,992 | 2,943 | 13,640 |

| SEK in millions, except ratio | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|--|-----------------|-----------------|-----------------|
| CAPEX | 4,809 | 4,306 | 18,355 |
| Excluded: investments in right-of-use assets | -1,055 | -1,363 | -4,573 |
| Net of not paid investments and additional payments from previous periods | -62 | 5 | -77 |
| Cash CAPEX | 3,691 | 2,948 | 13,705 |
| Excluded: Cash CAPEX for licenses and spectrum fees | -868 | - | -172 |
| Excluded: Telia Carrier Cash CAPEX excluding fees for licenses and spectrum | -128 | -115 | -493 |
| Cash CAPEX, excluding Telia Carrier and fees for licenses and spectrum | 2,695 | 2,833 | 13,038 |
| Net sales | 21,814 | 22,427 | 89,191 |
| Excluded: Net sales Telia Carrier (external) | -1,055 | -1 138 | -4 352 |
| Net sales excluding Telia Carrier | 20,759 | 21,289 | 84,839 |
| Cash CAPEX to net sales, excluding Telia Carrier and fees for licenses and spectrum (%) | 13.0% | 13.3% | 15.4% |

Free cash flow

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|---|-----------------|-----------------|-----------------|
| Cash flow from operating activities | 7,540 | 7,170 | 28,824 |
| Cash CAPEX (paid intangible and tangible assets) | -3,691 | -2,953 | -13,710 |
| Free cash flow, continuing and discontinued operations | 3,849 | 4,217 | 15,114 |

Operational free cash flow

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|--|-----------------|-----------------|-----------------|
| Cash flow from operating activities from continuing operations | 7,540 | 7,149 | 28,802 |
| Cash CAPEX from continuing operations | -3,691 | -2,948 | -13,705 |
| Free cash flow, continuing operations | 3,849 | 4,200 | 15,097 |
| Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations | 868 | – | 172 |
| Excluded: Dividends from associates from continuing operations | – | -177 | -218 |
| Excluded: Taxes paid on dividends from associates from continuing operations | – | – | – |
| Repayments of lease liabilities | -680 | -717 | -2,955 |
| Operational free cash flow | 4,036 | 3,307 | 12,095 |
| Excluded: Changes in working capital | -1,736 | -915 | -3,173 |
| Structural part of Operational free cash flow | 2,301 | 2,393 | 8,922 |

Net debt and Net debt/Adjusted EBITDA ratio (multiple, rolling 12 months)

| SEK in millions, except for multiple | Mar 31, 2021 | Dec 31, 2020 |
|--|-----------------|-----------------|
| Net debt | 77,228 | 78,343 |
| Adjusted EBITDA continuing operations accumulated current year | 7,245 | 30,702 |
| Adjusted EBITDA continuing operations previous year | 23,424 | – |
| Adjusted EBITDA discontinued operations accumulated current year | – | 30 |
| Excluding: Disposed operations | – | -30 |
| Adjusted EBITDA rolling 12 months excluding disposed operations | 30,670 | 30,702 |
| Net debt/adjusted EBITDA ratio (multiple) | 2.52x | 2.55x |

Adjusted EBITDA margin

| SEK in millions, except ratio | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|-----------------------------------|-----------------|-----------------|-----------------|
| Net sales | 21,814 | 22,427 | 89,191 |
| Adjusted EBITDA | 7,245 | 7,277 | 30,702 |
| Adjusted EBITDA margin (%) | 33.2 | 32.4 | 34.4 |

PARENT COMPANY

Condensed income statements

| SEK in millions | Jan-Mar 2021 | Jan-Mar 2020 | Jan-Dec 2020 |
|--|-----------------|-----------------|-----------------|
| Net sales | 117 | 130 | 564 |
| Gross income | 117 | 130 | 564 |
| Operating expenses and other operating income, net | -360 | -147 | -1,071 |
| Operating income | -244 | -17 | -507 |
| Financial income and expenses | -729 | -2,456 | -8,634 |
| Income after financial items | -972 | -2,473 | -9,140 |
| Appropriations | 1,074 | 1,651 | 3,670 |
| Income before taxes | 101 | -822 | -5,470 |
| Income taxes | -129 | 70 | -706 |
| Net income | -27 | -751 | -6,176 |

Financial income and expenses increased to SEK -729 million (-2,456) as the first quarter 2020 was negatively impacted by exchange rate losses and negative net interest expenses. 2021 was impacted by a dividend distribution of SEK 4,072 million (3,293) from the subsidiary Telia Finland Oyj followed by an impairment amounting to SEK -4,500 million (-3,700).

Appropriations decreased to SEK 1,074 million (1,651) due to reduced group contributions from subsidiaries and reduced net reversal of equalization reserve.

Condensed balance sheets

| SEK in millions | Mar 31, 2021 | Dec 31, 2020 |
|--|-----------------|-----------------|
| Assets | | |
| Non-current assets | 169,282 | 178,700 |
| Current assets | 33,828 | 36,111 |
| Total assets | 203,110 | 214,811 |
| Equity and liabilities | | |
| Restricted shareholders' equity | 15,712 | 15,712 |
| Non-restricted shareholders' equity | 59,778 | 59,775 |
| Total shareholders' equity | 75,490 | 75,487 |
| Untaxed reserves | 6,751 | 7,002 |
| Provisions | 555 | 557 |
| Long-term liabilities | 81,346 | 87,018 |
| Short-term liabilities and short-term provisions | 38,969 | 44,747 |
| Total equity and liabilities | 203,110 | 214,811 |

Non-current assets decreased to SEK 169,282 million (178,700), mainly impacted by an impairment of the subsidiary Telia Finland Oy, decreased long interest-bearing intragroup receivables and decreased other long interest-bearing receivables.

Current assets decreased to SEK 33,828 million (36,111), mainly due to lower intra group receivables.

Long-term liabilities decreased to SEK 81,346 million (87,018) impacted by reclassification of long-term borrowings to short-term borrowings.

Short-term liabilities and short-term provisions decreased to SEK 38,969 million (44,747), mainly due to decreased short-term intragroup borrowings partly offset by reclassification from long-term to short-term borrowing.

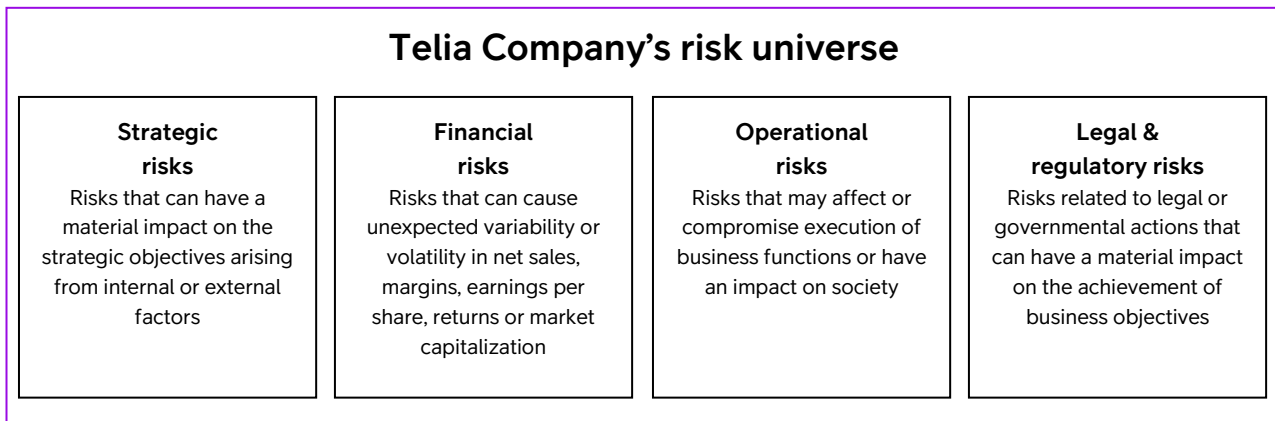
During the first quarter 2021 Telia Company AB issued guarantees on behalf of subsidiaries amounting to SEK 1,533 million (EUR 150 million). For other financial guarantees see Note P24 in the Annual and Sustainability Report 2020.

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 expo-sure and risk management, see the Annual and Sustainability Report 2020, Directors Report, section Risk and uncertainties.



Stockholm, April 23, 2021

Allison Kirkby
President and CEO

This report has not been subject to review by
Telia Company's auditors.

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 of capital gains and losses, impairment losses, restructuring programs (costs for phasing out operations and personnel redundancy costs and costs for major group wide business transformations*) 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 and right-of-use assets, but excluding goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations, film and program rights 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% 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 income statement and 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.

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

*Costs for major group wide business transformations have been added to the definition of Adjustment items, see Note 2.

FINANCIAL CALENDAR

Interim Report January-June 2021

July 21, 2021

Interim Report January-September 2021

October 21, 2021

Year-end Report January-December 2021

January 28, 2022

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 April 23, 2021.

