

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
Change (%) like for like	0.7			
of which Telia Carrier	1,261	1,360	-7.3	5,235
of which Latvia	608	606	0.4	2,381
Adjusted EBITDA	402	443	-9.1	1,881
of which Telia Carrier	214	228	-5.9	909
of which Latvia	196	199	-1.1	778
Margin (%)	18.8	19.7		21.6
Income from associated companies	26	400	-93.6	-20,073
of which Turkey	-	356	-100.0	-20,246
of which Latvia	28	45	-38.7	179
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
of which machine to machine (postpaid)	361	333	8.5	341
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		0.24	0.27	-5.60
<i>of which continuing operations</i>		0.24	0.32	-5.53
Number of shares (thousands)				
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>-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
of which CAPEX	–	11	11
Total investments	4,846	4,326	19,008
of which CAPEX	4,809	4,318	18,367

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
of which lease liabilities, non-current	12,839	12,600
Less 50% of hybrid capital ¹	-10,405	-10,267
Short-term borrowings	13,263	8,620
of which lease liabilities, current	3,185	2,946
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	Level 1	Level 2	Level 3	Carrying value	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	
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	
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
of which film and program rights	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 Oyj, 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 exposure and risk management, see the Annual and Sustainability Report 2020, Directors Report, section Risk and uncertainties.

Telia Company's risk universe

Strategic risks

Risks that can have a material impact on the strategic objectives arising from internal or external factors

Financial risks

Risks that can cause unexpected variability or volatility in net sales, margins, earnings per share, returns or market capitalization

Operational risks

Risks that may affect or compromise execution of business functions or have an impact on society

Legal & regulatory risks

Risks related to legal or governmental actions that can have a material impact on the achievement of business objectives

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.

