



Interim Report
January-September 2020



Q3

EBITDA STABLE DESPITE COVID-19

THIRD QUARTER SUMMARY

- Net sales rose 2.0 percent to SEK 21,530 million (21,101) and like for like⁴, net sales fell 3.7 percent.
- Service revenues grew 2.2 percent to SEK 18,733 million (18,338) and like for like⁴, service revenues declined 4.8 percent.
- Adjusted EBITDA fell 0.2 percent to SEK 8,211 million (8,226) and the adjusted EBITDA margin fell to 38.1 percent (39.0). Like for like⁴, adjusted EBITDA fell 0.6 percent.
- Operational free cash flow fell to SEK 3,732 million (4,743) and cash flow from operating activities fell to SEK 7,392 million (8,471).
- COVID-19 had an estimated SEK 600 million impact on service revenues, driven by mainly lower roaming and advertising revenues. The estimated impact on adjusted EBITDA amounted to SEK 300 million.
- The sequentially lower COVID-19 impact is expected to result in an adjusted EBITDA of around SEK 30.5 billion for the full year 2020. Consequently, we expect the operational free cash flow for the full year to be in the upper end of the previously communicated SEK 9.5-10.5 billion range.
- After the end of the third quarter an agreement was signed to divest the Telia Carrier business for a value of SEK 9,450 million on a cash and debt free basis.
- The Board of Directors has decided to propose an additional dividend of SEK 0.65 per share, subject to the approval by an Extraordinary General Meeting.

NINE MONTHS SUMMARY

- Net sales rose 4.1 percent to SEK 65,726 million (63,127) and like for like⁴, net sales fell 3.9 percent.
- Adjusted operating income fell 14.5 percent to SEK 8,950 million (10,471).
- Total net income fell to SEK 1,689 million (5,891), mainly due to an impairment of SEK -2,928 million regarding the ownership in Turkcell Holding.

HIGHLIGHTS

SEK in millions, except key ratios, per share data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	21,530	21,101	2.0	65,726	63,127	4.1
Change (%) like for like ^{1,4}	-3.7			-3.9		
of which service revenues (external) change (%) like for like ^{1,4}	18,733	18,338	2.2	57,577	54,449	5.7
Adjusted ² EBITDA ¹	8,211	8,226	-0.2	23,225	23,104	0.5
change (%) like for like ^{1,4}	-0.6			-1.8		
Margin (%)	38.1	39.0		35.3	36.6	
Adjusted ² operating income ¹	3,343	3,846	-13.1	8,950	10,471	-14.5
Operating income	3,794	3,578	6.0	5,254	9,693	-45.8
Income after financial items	3,081	2,904	6.1	2,934	7,573	-61.3
Net income from continuing operations	2,572	2,475	3.9	1,888	6,236	-69.7
Net income from discontinued operations ³	–	-47	-100.0	-199	-344	-42.3
Total net income	2,572	2,428	5.9	1,689	5,891	-71.3
of which attributable to owners of the parent	2,519	2,375	6.1	1,576	5,781	-72.7
EPS total (SEK)	0.62	0.57	7.8	0.39	1.38	-72.1
Operational free cash flow, continuing operations ¹	3,732	4,743	-21.3	9,240	11,594	-20.3
CAPEX excluding fees for licenses, spectrum and right-of-use assets in continuing operations ^{1,5}	3,081	3,135	-1.7	9,470	10,108	-6.3

1). See Note 17 and/or section Definitions. 2) Adjustment items, see Note 3. 3) Discontinued operations, see Note 14. 4) Like for like excludes exchange rate effects and is based on the current group structure, i.e. including the impact of any acquired companies and excluding the impact of any disposed companies, both in the current and in the comparable period. 5) Restated for comparability see Note 1.

18,733

Service revenues
Q3 2020
(SEK million)

8,211

Adjusted
EBITDA
Q3 2020
(SEK million)

9,240

Operational
free cash flow
YTD Q3 2020
(SEK million)

COMMENTS BY ALLISON KIRKBY PRESIDENT & CEO

“It has been a busy quarter for Telia Company, as we embark on a journey to restore Telia to a thought leader that outperforms the industry by delivering superior customer experiences and superior business results. I am very proud that we are successfully striking the balance between supporting our customers and society in a time of great uncertainty and delivering on our short-term financial commitments, while preparing the strategic roadmap that will deliver sustainable, long term value for shareholders.

Our third quarter results were encouraging. Whilst service revenues declined by 4.8 percent year on year to SEK 18.7 billion as a result of lower roaming and lower advertising revenues, we succeeded again in mitigating a large portion of the bottom line impact through our cost actions, delivering an EBITDA of SEK 8.2 billion, a level similar to the same quarter last year. Cash CAPEX in the quarter amounted to SEK 3.0 billion and operational free

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cash flow to SEK 3.7 billion. We have now generated SEK 9.2 billion in operational free cash flow so far this year, and even though the fourth quarter typically is weaker from an operational cash flow perspective, we expect to end the year at the upper end of our guidance range.

Since our last interim report, we have made good progress on the strategic priorities identified upon my arrival at Telia just over five months ago.

One of these priorities is to build on our core strengths, in particular our network leadership. Today I am delighted to be able to announce that Telia Company is entering into two strategic partnerships, with Ericsson and Nokia respectively, which brings together three of the region’s wireless pioneers to provide superior



network experiences based on 5G and 4G technology to Telia’s 10 million mobile customers in Sweden, Finland and Estonia. Our networks have never been more important to life and livelihoods and they are the foundation of a thriving digital economy, with innovation, sustainability and security at their core. Assuming we are successful in the upcoming Swedish spectrum auction we now have the foundations in place to build the most trusted and reliable 5G networks for the societies of the Nordics and the Baltics to benefit from. This kicks off a multiyear investment in our networks, ramping up fully in 2021.

On the convergence side the launch of the new Telia “daring challenger” converged brand proposition in Norway, in mid-September, was a major milestone from which we will be able to generate revenue synergies going forward. Furthermore, the withdrawal of the Get brand will allow us to execute further on our cost synergy ambition.

Another one of our priorities is to seek further cost efficiencies and improve capital allocation. We have appointed a Head of Transformation, with a proven track record to help us mobilize and deliver on a major program of process simplification and structural transformation.

With regards to capital allocation, we announced the divestment of Telia Carrier to Polhem Infra for an enterprise value of SEK 9.45 billion, crystallizing significant value for our shareholders from the customer relationships and digital infrastructure which the Carrier

business unit has built up over many years. As a result of this transaction, and the divestment of our holding in Turkcell Holding (the receipt of the proceeds of which is expected imminently), the board have proposed to reinstate our 2019 dividend of SEK 2.45 per share, and we can now focus our strategy and execution entirely on the Nordic and Baltic region.

Finally, to help us achieve our aim of rebuilding the Telia brand to one that is loved and admired by the markets we serve, I am today announcing the appointment of a new Head of Brand reporting to me. I am delighted that Per Carleö will join us on January 1, 2021. Per has an extensive career in brand building and marketing, most recently as Marketing Director of Volvo Car Sweden, another iconic Swedish brand.

Turning to the business units, during the quarter, our market leading Swedish and Baltic operations were again solid. In Sweden we are seeing the mobile subscriber revenue trends improving despite lapsing price effects. In order to capture monetizing opportunities ahead, content differentiation will be an important driver for a “more-for-more” approach as well as 5G. On the latter we will cover 20 cities with 5G during the fourth quarter and as mentioned above we have announced Ericsson as our strategic partner to roll out the highest quality 5G network experience to the whole of Sweden, again assuming that we secure the relevant spectrum. In the Baltics we are making progress on our convergence strategy with positive impacts on both ARPU levels and churn. In Lithuania we deliberately reduced our low margin transit revenues, but strong performance in other areas led EBITDA to its highest level since the merger in 2017 (growing 7.1 percent in the third quarter). Estonia reported stable service revenue and EBITDA levels.

In Finland the return of sports improved the trend in TV, and we expect this to continue as the ice hockey season resumes in the fourth quarter. The mobile operations continued to suffer from lower levels of roaming and a highly competitive market. To strengthen and modernize the mobile network and further implement 5G, we have, as mentioned above, signed a new agreement with Nokia as our strategic partner.

Elsewhere, our Norwegian business showed similar trends as in previous quarters. EBITDA was flat as a

result of a tough comparison with strong prior-year performance but was helped by prompt action on costs. In Denmark, despite seeing continuous strong mobile subscriber intake, the market has remained competitive and EBITDA was reduced by 2.3 percent.

In TV & Media trends are gradually improving. We continue to see improved demand for our free-to-air content in both Sweden and Finland. As a consequence, advertising revenues went from a 31 percent decline in the second quarter to a 12 percent decline in the third quarter. Encouragingly, we added 54,000 TV subscribers after two quarters of subscriber losses, driven by both Sweden and especially Finland as key sport coverage resumed. Around SEK 100 million of content costs were phased into the fourth quarter, leaving EBITDA better than expected at SEK 249 million, still a year-on-year decline of 7.5 percent.

One of the themes that the coronavirus pandemic has amplified is the digital divide, including lagging understanding of new technology use amongst the elderly and educational inequalities perpetuated by lack of connectivity or equipment. In order to make sure no one is left behind we have implemented the “Mer digital” (“More digital”) program. It supports and guides municipalities to help residents to get access to and understand how to use digital services. We have developed a similar program to support SMEs in their digitalization journeys (“Bli digital” or “Become digital”). The initiatives are the result of fruitful partnerships with Google, Microsoft and Fortnox. Since the launch in September, around 35 municipalities and some 150 SMEs in Sweden and Norway have engaged with the program highlighting strong demand.

In summary, throughout the pandemic we have remained focused on the immediate priorities of keeping our customers connected, informed and entertained and ensuring that our operations deliver on our near-term financial commitments, whilst preparing a long-term strategy that will deliver sustainable attractive financial results.”

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 2020 (UPDATED)**Operational free cash flow (updated)**

Operational free cash flow for the full year is expected to be in the upper end of the previously communicated SEK 9.5-10.5 billion range.

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

Adjusted EBITDA (updated)

Adjusted EBITDA generation is expected to be around SEK 30.5 billion for the full year 2020.

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

CREDIT RATING TARGET

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

DIVIDEND POLICY

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

The dividend should be split and distributed in two tranches.

ORDINARY DIVIDEND TO SHAREHOLDERS

On January 29, 2020, it was announced that the Board of Directors proposed to the Annual General Meeting (AGM) an ordinary dividend of SEK 2.45 per share (2.36).

On March 26, 2020, it was announced that the Board of Directors had decided to amend its dividend proposal to the Annual General Meeting to SEK 1.80 per share from the previous SEK 2.45 proposal.

On April 2, 2020, the Annual General Meeting (AGM) decided on an ordinary dividend of SEK 1.80 per share (2.36), totaling SEK 7.4 billion (9.9). The dividend should be split and distributed into two tranches of SEK 0.90 per share.

On October 6, 2020, it was announced that the Board of Directors had decided to propose to pay an additional dividend of SEK 0.65 per share, subject to the approval by an Extraordinary General Meeting. If approved, the resulting total dividend per share payment would amount to SEK 2.45 for the financial year 2019.

First distribution

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

Second distribution

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

Additional dividend

The Board of Directors has decided to propose to pay an additional dividend of SEK 0.65 per share, subject to the approval by an Extraordinary General Meeting. The Extraordinary General Meeting will be held December 2, 2020. The record date at Euroclear Sweden for the right to receive dividend will be December 4, 2020. The dividend is expected to be distributed by Euroclear Sweden on December 9, 2020.

REVIEW OF THE GROUP, THIRD QUARTER 2020

SALES AND EARNINGS

Net sales rose 2.0 percent to SEK 21,530 million (21,101) driven by the consolidation of TV and Media. Like for like, net sales fell 3.7 percent.

Service revenues increased 2.2 percent to SEK 18,733 million (18,338) driven by the consolidation of TV and Media. Like for like, service revenues decreased 4.8 percent mainly due to declining mobile revenues in most markets as well as lower TV and advertising revenues in the TV and Media unit.

Adjusted EBITDA fell 0.2 percent to SEK 8,211 million (8,226) and the adjusted EBITDA margin fell to 38.1 percent (39.0). Like for like, adjusted EBITDA declined by 0.6 percent.

Adjustment items affecting operating income amounted to SEK 451 million (-269). 2020 was mainly impacted by a partial reversal of the impairment of Turkcell Holding from the second quarter 2020. See Note 3 and 14.

Adjusted operating income fell 13.1 percent to SEK 3,343 million (3,846) mainly driven by higher depreciations in mainly Sweden, Norway and Other operations.

Income from associated companies and joint ventures increased to SEK 616 million (220) driven by changes in foreign exchange rates which resulted in a partial reversal of the impairment of Turkcell Holding from the second quarter 2020. For more information see Note 14.

Financial items totaled SEK -712 million (-674) of which SEK -697 million (-689) related to net interest expenses.

Income taxes amounted to SEK -509 million (-429). The effective tax rate was 16.5 percent (14.8). The effective tax rate was mainly impacted by a partial reversal of non-deductible impairment related to Turkcell Holding.

Total net income amounted to SEK 2,572 million (2,428) of which SEK 2,572 million (2,475) from continuing operations and SEK - million (-47) from discontinued operations.

Other comprehensive income amounted to SEK -362 million (-184).

CASH FLOW

Cash flow from operating activities decreased to SEK 7,392 million (8,471) mainly impacted by changes in working capital. This effect also impacted **Free cash flow** which decreased to SEK 4,363 million (5,310).

Operational free cash flow, from continuing operations, decreased to SEK 3,732 million (4,743) mainly driven by changes in working capital.

Cash flow from investing activities amounted to SEK -2,834 million (-10,730). The current quarter was impacted by net divestments of short-term investments.

Cash flow from financing activities amounted to SEK -1,680 million (-1,374).

FINANCIAL POSITION

CAPEX in continuing operations, excluding right-of-use assets, decreased to SEK 3,080 million (3,135). CAPEX in continuing operations excluding fees for license, spectrum and right-of-use assets, fell to SEK 3,081 million (3,135). Cash CAPEX in continuing operations decreased to SEK 3,029 million (3,141).

Net debt was SEK 80,309 million at the end of the third quarter (83,789 at the end of the second quarter of 2020). The net debt/adjusted EBITDA ratio was 2.58x. Net debt/adjusted EBITDA ratio including 12 months adjusted EBITDA from Bonnier Broadcasting, was 2.5x.

COVID-19 IMPACT

The COVID-19 pandemic has had a significant impact on how we live and work, the global economy and the global financial markets. In the third quarter Telia Company continued to be impacted, but less than in the previous quarter. Service revenue was impacted negatively by lower revenues from roaming as well as advertising. In total, the negative service revenue impact is estimated to be around SEK 0.6 billion and the negative impact on EBITDA as well as on Operating Income is estimated to be around SEK 0.3 billion for the third quarter 2020. The negative impact on service revenues for the nine-month period 2020 is estimated to be around SEK 1.6 billion and the negative impact on EBITDA as well as Operating income is estimated to be around SEK 0.8 billion. An impairment test for the cash generating unit TV and Media has not identified any impairment need as of September 30, 2020. However, the Cash Generating Unit (CGU) has a recoverable amount close to the carrying value and is sensitive to

changes in the long-term plan or WACC. In accordance with our financial planning process impairment tests for all CGUs will be performed during the fourth quarter. See Note 13.

We expect the impact in the fourth quarter 2020 to be similar to the impact in the third quarter 2020. This, as well as mitigating activities, is reflected in the Telia Company's outlook, see page 5. However, the uncertainty around COVID-19 and any potential effects from a resurgence of the pandemic implies a risk also going forward.

Financial markets have had a strong rebound from its lows during Q2, volatility has normalized and liquidity in

most markets has returned. 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 previous quarters has somewhat decreased and there has been no need for any significant increases in Telia Company's allowances for expected credit losses in the third quarter 2020. For more information on risks related to the outbreak of COVID-19, see "Risks and uncertainties" page 43.

REVIEW OF THE GROUP, NINE MONTHS 2020

SALES AND EARNINGS

Net sales rose 4.1 percent to SEK 65,726 million (63,127) driven by the consolidation of TV and Media. Like for like, net sales fell 3.9 percent.

Service revenues increased 5.7 percent to SEK 57,577 million (54,449) driven by the consolidation of TV and Media. Like for like, service revenues decreased 3.8 percent driven mainly by the TV and Media unit as well as the three largest Nordic markets.

Adjusted EBITDA increased 0.5 percent to SEK 23,225 million (23,104) and the adjusted EBITDA margin fell to 35.3 percent (36.6). Like for like, adjusted EBITDA fell 1.8 percent.

Adjustment items affecting operating income amounted to SEK -3,696 million (-779). 2020 was mainly impacted by an impairment of SEK -2,928 million related to Turkcell Holding, see Notes 3 and 14.

Adjusted operating income fell 14.5 percent to SEK 8,950 million (10,471) driven by increased depreciations and amortizations in majority of markets.

Income from associated companies and joint ventures decreased to SEK -2,162 million (826) mainly driven by an impairment related to Turkcell Holding. For more information see Note 14.

Financial items totaled SEK -2,320 million (-2,120) of which SEK -2,233 million (-2,067) related to net interest expenses.

Income taxes amounted to SEK -1,046 million (-1,338). The effective tax rate was 35.6 percent (17.7). The effective tax rate was mainly impacted by non-deductible impairment related to Turkcell Holding partly off-set by reversal of withholding tax provision on future dividends.

Total net income amounted to SEK 1,689 million (5,891) of which SEK 1,888 million (6,236) from continuing operations and SEK -199 million (-344) from discontinued operations.

Other comprehensive income decreased to SEK -6,031 million (2,235) mainly due to negative translation differences related to NOK and TRY.

CASH FLOW

Cash flow from operating activities amounted to SEK 20,829 million (22,027) and **Free cash flow** amounted to SEK 11,325 million (10,689).

Operational free cash flow, from continuing operations, decreased to SEK 9,240 million (11,594) mainly driven by changes in working capital.

Cash flow from investing activities increased to SEK -2,912 million (-23,688) mainly impacted by net divestments of short-term investments.

Cash flow from financing activities amounted to SEK -11,341 million (-12,993). 2020 was impacted by higher repayments related to matured debt whilst 2019 was affected by the acquisition of Turkcell's 41.45 percent share in Fintur.

FINANCIAL POSITION

CAPEX in continuing operations, excluding right-of-use assets, decreased to SEK 9,613 million (10,351). CAPEX in continuing operations excluding fees for license, spectrum and right-of-use assets, fell to SEK 9,470 million (10,108). Cash CAPEX in continuing operations decreased to SEK 9,499 million (11,298).

Goodwill and other intangible assets decreased to SEK 96,822 million (101,938), mainly due to foreign exchange rate effects.

Property, plant and equipment decreased to SEK 71,447 million (78,163) mainly due to foreign exchange rate effects and Telia Carrier being classified as held for sale, see Note 14.

Investments in associated companies and joint ventures, pension obligation assets and other non-current assets decreased to SEK 4,294 million (14,567) mainly due to the holding in Turkcell Holding being classified as held for sale as well as negative remeasurements on pension obligations.

Short-term interest-bearing receivables decreased to SEK 3,715 million (12,300), mainly due to divestments of investment bonds.

Assets classified as held for sale increased to SEK 10,376 million (875) due to the holdings in Turkcell Holding and Telia Carrier, as well as assets in Finland, being classified as assets held for sale. These effects, which were partly offset by the disposal of Moldcell, also had an impact on **Liabilities directly associated with assets classified as held for sale**.

Long-term borrowings increased to SEK 105,872 million (99,899) mainly due to issued bonds.

Short-term borrowings decreased to SEK 9,449 million (19,779) mainly due to matured debt and partial repayment of loan under the revolving credit facility.

COVID-19 IMPACT NINE MONTHS 2020

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

SIGNIFICANT EVENTS IN THE FIRST QUARTER

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

SIGNIFICANT EVENTS IN THE SECOND QUARTER

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

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

- On April 9, 2020, Telia Company announced that Heli Partanen has been appointed as new CEO of Telia Finland and member of the Group Executive Management team of Telia Company.
- On April 21, 2020, a new bilateral revolving credit facility was signed between Telia Company and Nordea Bank Abp, Filial i Sverige.
- On April 30, 2020 Telia Company announced that in accordance with the resolution at the Annual General Meeting on April 2, 2020, 119,908,673 treasury shares previously repurchased had been cancelled. See note 7
- On May 4, 2020 Telia Company announced that Christian Luiga, Chief Financial Officer and previously acting CEO and President, had submitted his resignation.
- On May 18, 2020 Telia Company announced that The European Commission had approved Telia Company's decision to license standalone OTT rights, in Sweden and Finland, to Discovery Networks.
- On May 24, 2020 Telia Company announced that its first major commercial 5G network in Sweden would be inaugurated in Stockholm the following day.
- On June 8, 2020 Telia Finland secured an 800 MHz frequency block on the 26 GHz band for EUR 7 million.
- On June 17, 2020 Telia Company signed an agreement to sell its 47.1 percent holding in Turkcell Holding, which owns 51.0 percent in the listed company Turkcell İletişim Hizmetleri, to the Turkey Wealth Fund for USD 530 million. See note 14.
- On June 22, 2020 Telia Company announced several changes to the Group Executive Management team.

SIGNIFICANT EVENTS IN THE THIRD QUARTER

- On July 16, 2020 Telia Company announced that Dr. Rainer Deutschmann has been appointed Group Chief Operating Officer (COO) and that Per Christian Mørland has been appointed Group Chief Financial Officer (CFO) of Telia Company.
- On September 29, 2020 it was announced that the representative for AMF had informed the Chair of the Nomination Committee that it, due to reduced ownership in Telia Company, wanted to step down from the Nomination Committee. The Nomination

Committee then decided to offer the seat instead to Handelsbanken Funds that accepted the offer.

SIGNIFICANT EVENTS AFTER THE END OF THE THIRD QUARTER

- On October 6, 2020 it was announced that Telia Company reached an agreement to divest its Telia Carrier business to Polhem Infra for a value of SEK 9,450 million on a cash and debt free basis. The transaction is subject to regulatory approvals and is expected to be completed during the first half of 2021. See note 14.
- On October 6, 2020 it was announced that the Board of Directors had decided to propose an additional dividend of SEK 0.65 per share, bringing the total dividend for 2019 back to 2.45 which was originally proposed in January this year.
- On October 21, 2020 Telia Company announced it has entered two strategic partnerships with Ericsson and Nokia respectively. The agreements are five year each and related to modernization of Telia Company's 4G networks and upgrades to 5G in Sweden, Finland and Estonia.
- On October 21, 2020 Telia Company announced that Per Carleö has been appointed as Head of Brand and member of the Group Executive Management.

SWEDEN

- A five-year agreement was signed with Ericsson to deploy 5G. This will empower Telia to drive a sustainable digitalization and provide ultra-fast connectivity as well as new digital opportunities to Telia's customers.
- After inaugurating Sweden's first commercial 5G network in Stockholm last quarter, Telia has continued the rollout and are now launching commercial 5G networks in 20 cities across the country, from Luleå in the north to Malmö in the south.
- Telia again came out as number one amongst mobile operators in the Swedish quality index (SKI) with Halebop on the consumer side and Telia on the enterprise side.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	8,204	8,528	-3.8	24,880	25,997	-4.3
Change (%) like for like	-3.8			-4.3		
of which service revenues (external)	7,286	7,557	-3.6	22,189	22,591	-1.8
change (%) like for like	-3.6			-1.8		
Adjusted EBITDA	3,433	3,496	-1.8	10,147	10,264	-1.1
Margin (%)	41.8	41.0		40.8	39.5	
change (%) like for like	-1.8			-1.1		
Adjusted operating income	1,747	1,915	-8.8	5,075	5,606	-9.5
Operating income	1,717	1,738	-1.2	4,941	5,389	-8.3
CAPEX excluding fees for licenses, spectrum and right-of-use assets	615	698	-11.9	1,939	2,692	-27.9
Subscriptions, (thousands)						
Mobile	6,207	6,167	0.6	6,207	6,167	0.6
of which machine to machine (postpaid)	1,258	1,103	14.0	1,258	1,103	14.0
Fixed telephony	711	896	-20.6	711	896	-20.6
Broadband	1,255	1,269	-1.1	1,255	1,269	-1.1
TV	919	859	7.0	919	859	7.0
Employees ¹	4,519	4,866	-7.1	4,519	4,866	-7.1

1) Third quarter and the nine-month period 2019 are restated for comparability see Note 1.

Net sales fell 3.8 percent to SEK 8,204 million (8,528) driven mainly by lower service revenues.

Service revenues like for like decreased by 3.6 percent driven by both mobile and fixed revenues. Mobile revenues fell 3.6 percent impacted mainly by lower roaming as well as interconnect revenues, whereas fixed revenues fell 2.6 percent as growth in broadband revenues was more than offset by a continued pressure on fixed telephony and fiber installation revenues.

Adjusted EBITDA fell 1.8 percent to SEK 3,433 million (3,496) and the adjusted EBITDA margin rose to 41.8 percent (41.0). Adjusted EBITDA like for like fell 1.8

percent as lower operating expenses could not fully compensate for the decline in service revenues.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, decreased 11.9 percent to SEK 615 million (698).

Mobile subscriptions grew by 107,000 in the quarter driven mainly by the net addition of 90,000 postpaid subscriptions used for machine-to-machine services. Fixed broadband subscriptions fell by 11,000 and TV subscriptions increased by 18,000 in the quarter. The latter due to the inclusion of 15,000 subscriptions previously not accounted for.

FINLAND

- The deployment of 5G continued in the quarter at a high pace and approximately 1.4 million people in 42 cities now have access to 5G, something that corresponds to a population coverage of around 25 percent.
- A five-year agreement was signed with Nokia to deploy 5G. This will empower Telia to drive a sustainable digitalization and provide ultra-fast connectivity as well as new digital opportunities to Telia's customers.
- Telia together with the Finnish ice hockey league, Liiga, has set out to establish an official ice hockey e-sports series, the eLiiga. The series starts in November 2020 and features the same teams as in the traditional ice hockey league. The league and Telia last brought viewers virtual ice hockey entertainment in April 2020 when the, due to COVID-19, cancelled playoffs of the 2019/2020 season was played out entertainingly by an ePlayoff.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	3,617	3,896	-7.2	11,283	11,697	-3.5
Change (%) like for like	-4.5			-3.5		
of which service revenues (external)	3,085	3,315	-6.9	9,620	9,946	-3.3
change (%) like for like	-4.2			-3.3		
Adjusted EBITDA	1,280	1,309	-2.2	3,658	3,646	0.3
Margin (%)	35.4	33.6		32.4	31.2	
change (%) like for like	0.3			0.4		
Adjusted operating income	488	500	-2.3	1,235	1,240	-0.3
Operating income	488	469	4.0	1,090	1,199	-9.1
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	476	381	25.0	1,226	1,045	17.3
Subscriptions, (thousands)						
Mobile	3,179	3,225	-1.4	3,179	3,225	-1.4
of which machine to machine (postpaid)	280	267	4.8	280	267	4.8
Fixed telephony	21	25	-16.0	21	25	-16.0
Broadband	456	470	-3.0	456	470	-3.0
TV	574	590	-2.7	574	590	-2.7
Employees ¹	2,934	2,988	-1.8	2,934	2,988	-1.8

1) Third quarter and the nine-month period 2019 are restated for comparability see Note 1.

Net sales fell 7.2 percent to SEK 3,617 million (3,896) and like for like, net sales fell 4.5 percent primarily driven by lower service revenues. The effect of exchange rate fluctuations was negative by 2.7 percent.

Service revenues like for like fell 4.2 percent partly as fixed revenues declined from lower TV revenues, but mainly as mobile revenues fell 4.4 percent impacted by lower roaming revenues following significantly less travelling due to the COVID-19 pandemic.

Adjusted EBITDA fell 2.2 percent to SEK 1,280 million (1,309) and the adjusted EBITDA margin increased to

35.4 percent (33.6). Adjusted EBITDA like for like increased 0.3 percent primarily as cost efficiencies more than compensated for the decline in service revenues.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, increased 25.0 percent to SEK 476 million (381).

Mobile subscriptions increased by 12,000 driven by prepaid subscriptions and TV subscriptions decreased by 4,000 in the quarter. Fixed broadband subscriptions increased by 2,000 in the quarter.

NORWAY

- To take the next step on the convergence journey and further improve the customer experience, a single brand approach was announced under which all Get customers are transferred to the Telia brand which following this will provide all fixed and mobile services in Norway. This combined with the ongoing 4G network modernization, 5G rollout as well as upgrade of the fixed network will strengthen Telia's brand and position in the market.
- The existing national roaming agreement with ICE was extended and a multi-year agreement with NextGenTel was signed under which they via Telia's infrastructure will be able to offer fixed wireless access (FWA) to both consumer and corporate customers.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	3,358	3,726	-9.9	10,016	10,959	-8.6
Change (%) like for like	0.3			0.1		
of which service revenues (external) ¹	2,851	3,348	-14.8	8,575	9,764	-12.2
change (%) like for like	-5.2			-3.8		
Adjusted EBITDA	1,643	1,809	-9.1	4,541	4,889	-7.1
Margin (%)	48.9	48.5		45.3	44.6	
change (%) like for like	-0.1			1.2		
Adjusted operating income	629	832	-24.5	1,268	2,035	-37.7
Operating income	585	806	-27.5	1,153	1,877	-38.6
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	580	655	-11.5	1,558	1,698	-8.2
Subscriptions, (thousands)						
Mobile	2,265	2,308	-1.8	2,265	2,308	-1.8
of which machine to machine (postpaid)	101	72	39.8	101	72	39.8
Fixed telephony	44	55	-20.0	44	55	-20.0
Broadband	461	437	5.5	461	437	5.5
TV	471	483	-2.5	471	483	-2.5
Employees ¹	1,650	1,696	-2.7	1,650	1,696	-2.7

1) Third quarter and the nine-month period 2019 are restated for comparability see Note 1.

Net sales fell 9.9 percent to SEK 3,358 million (3,726) and like for like, net sales increased 0.3 percent as increased equipment sales more than compensated for lower service revenues. The effect of exchange rate fluctuations was negative by 10.2 percent.

Service revenues like for like fell 5.2 percent attributable to pressure on both mobile and fixed revenues. In the case of mobile revenues, the decline was mainly the result from loss of mobile subscriptions and pressure on roaming revenues following significantly less travel due to COVID-19, whereas fixed revenues fell primarily driven by lower TV, broadband and fixed telephony revenues.

Adjusted EBITDA fell 9.1 percent to SEK 1,643 million (1,809) and the adjusted EBITDA margin rose to 48.9 percent (48.5). Adjusted EBITDA like for like fell 0.1 percent as efficiencies gained on the cost side almost

fully compensated for the negative impact from lower service revenues.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, declined 11.5 percent to SEK 580 million (655).

Mobile subscriptions remained unchanged in the quarter. TV subscriptions fell by 4,000 and fixed broadband subscriptions grew by 1,000 in the quarter.

DENMARK

- Telia Denmark who together with Telenor operate shared mobile infrastructure via the infrastructure company TT-Netværket continued in the quarter to prepare for 5G. The first cities out will be Copenhagen and Aalborg, in which existing 5G test sites will be made public with more sites to be added gradually. The next cities on the 5G journey are the cities of Aarhus and Odense, with further roll-out to be carried out over the coming years based on when 5G frequencies becomes commercially available as well as on customer demand.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	1,308	1,405	-6.9	4,061	4,143	-2.0
Change (%) like for like	-4.5			-2.0		
of which service revenues (external)	966	1,086	-11.0	3,011	3,200	-5.9
change (%) like for like	-8.7			-5.9		
Adjusted EBITDA	274	288	-4.8	760	761	-0.1
Margin (%)	21.0	20.5		18.7	18.4	
change (%) like for like	-2.3			-0.2		
Adjusted operating income	27	12	118.9	9	-62	
Operating income	27	12	121.9	-4	-90	-95.7
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	43	83	-47.5	209	198	5.6
Subscriptions, (thousands)						
Mobile	1,484	1,429	3.9	1,484	1,429	3.9
of which machine to machine (postpaid)	101	82	23.5	101	82	23.5
Fixed telephony	69	75	-8.0	69	75	-8.0
Broadband	70	80	-12.5	70	80	-12.5
TV	31	21	47.6	31	21	47.6
Employees ¹	716	735	-2.6	716	735	-2.6

1) Third quarter and the nine-month period 2019 are restated for comparability see Note 1.

Net sales fell 6.9 percent to SEK 1,308 million (1,405) and like for like, net sales fell 4.5 percent as increased equipment sales was not enough to compensate for lower service revenues. The effect of exchange rate fluctuations was negative by 2.4 percent.

Service revenues like for like fell 8.7 percent as mainly mobile revenues declined by 8.4 percent following ARPU pressure that more than offset the positive impact on revenues from a growing subscription base. Also fixed service revenues fell predominately driven by lower TV revenues although partly also pressure on broadband revenues.

Adjusted EBITDA fell 4.8 percent to SEK 274 million (288) and the adjusted EBITDA margin grew to 21.0 percent (20.5). Adjusted EBITDA like for like fell 2.3 percent as lower costs mainly attributable to marketing and credit losses could not fully compensate for the pressure on service revenues.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, fell to SEK 43 million (83).

Mobile subscriptions increased in the quarter by 12,000 of which 8,000 attributable to SIM cards used for machine-to-machine services. Fixed broadband subscriptions fell by 5,000 and TV subscriptions fell by 2,000 in the quarter.

LITHUANIA

- In the consumer segment the push for convergence continued and the share of broadband customers also having a mobile service was for the first time above 30 percent. This is positive as customers with both mobile and fixed services tend to be more satisfied and hence have NPS (Net promoter score) that are much higher than for single service users.
- In the enterprise segment the demand for services facilitating for remote working as well as home schooling continued to be strong as a result of the pandemic. Furthermore, there was also an e-commerce driven increase in demand for capacity expansion and cloud-based solutions.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	1,032	1,043	-1.0	3,076	2,923	5.2
Change (%) like for like	1.7			5.3		
of which service revenues (external)	780	803	-2.8	2,379	2,274	4.6
change (%) like for like	-0.1			4.6		
Adjusted EBITDA	380	364	4.3	1,127	1,051	7.2
Margin (%)	36.8	34.9		36.6	36.0	
change (%) like for like	7.1			7.3		
Adjusted operating income	232	189	22.8	664	540	23.0
Operating income	227	187	21.5	649	524	23.8
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	91	88	3.7	267	355	-24.8
Subscriptions, (thousands)						
Mobile	1,385	1,338	3.4	1,385	1,338	3.4
of which machine to machine (postpaid)	197	172	14.4	197	172	14.4
Fixed telephony	237	272	-12.9	237	272	-12.9
Broadband	416	415	0.2	416	415	0.2
TV	251	240	4.6	251	240	4.6
Employees ¹	1,634	1,789	-8.7	1,634	1,789	-8.7

1) Third quarter and the nine-month period 2019 are restated for comparability see Note 1.

Net sales fell 1.0 percent to SEK 1,032 million (1,043) and like for like, net sales rose 1.7 percent driven by increased sale of equipment. The effect of exchange rate fluctuations was negative by 2.7 percent.

Service revenues like for like fell 0.1 percent as a 1.8 percent growth in mobile service revenues was more than offset by a 1.7 percent drop in fixed service revenues. The latter mainly driven by a continued pressure on fixed telephony revenues that coupled with lower transit revenues which more than offset the positive impact from a growth in TV, broadband and business solutions revenues.

Adjusted EBITDA grew 4.3 percent to SEK 380 million (364) and the adjusted EBITDA margin increased to 36.8 percent (34.9). Adjusted EBITDA like for like grew 7.1 percent driven by both a positive revenue mix development and lower costs.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, increased 3.7 percent to SEK 91 million (88).

Mobile subscriptions increased by 30,000 and fixed broadband and TV subscriptions both increased by 2,000 in the quarter.

ESTONIA

- A five-year agreement was signed with Ericsson to deploy 5G. This will empower Telia to drive a sustainable digitalization and provide ultra-fast connectivity as well as new digital opportunities to Telia's customers.
- Telia in Estonia and LMT in Latvia successfully flew a drone between the two countries without losing the mobile network connection. Highlighting that it is technically possible to switch between mobile networks situated in different countries within just milliseconds.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	811	837	-3.0	2,455	2,426	1.2
Change (%) like for like	-0.4			1.3		
of which service revenues (external)	649	665	-2.3	1,984	1,931	2.8
change (%) like for like	0.4			2.8		
Adjusted EBITDA	302	311	-2.9	873	867	0.7
Margin (%)	37.2	37.2		35.5	35.7	
change (%) like for like	-0.4			0.8		
Adjusted operating income	135	150	-10.4	345	391	-11.7
Operating income	133	150	-11.3	341	387	-11.9
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	76	112	-32.3	251	300	-16.1
Subscriptions, (thousands)						
Mobile	1,105	1,056	4.6	1,105	1,056	4.6
of which machine to machine (postpaid)	346	294	17.7	346	294	17.7
Fixed telephony	230	250	-8.0	230	250	-8.0
Broadband	243	242	0.4	243	242	0.4
TV	209	211	-0.9	209	211	-0.9
Employees ¹	1,488	1,552	-4.1	1,488	1,552	-4.1

1) Third quarter and the nine-month period 2019 are restated for comparability see Note 1.

Net sales fell 3.0 percent to SEK 811 million (837) and like for like, net sales fell 0.4 percent as a slight growth in service revenues was offset by lower equipment sales. The effect of exchange rate fluctuations was negative by 2.6 percent.

Service revenues like for like grew 0.4 percent as a 2.1 percent drop in mobile revenues was offset by fixed revenues increasing by 3.2 percent. The growth in fixed service revenues was the result from positive development for all services except for fixed telephony that continued to be under pressure from the loss of subscriptions.

Adjusted EBITDA fell 2.9 percent to SEK 302 million (311) and the adjusted EBITDA margin remained unchanged at 37.2 percent (37.2). Adjusted EBITDA like for like decreased 0.4 percent as the positive impact from the slight growth in service revenues was offset by higher operational expenses.

CAPEX excluding fees for licenses, spectrum and right-of-use assets, fell 32.3 percent to SEK 76 million (112).

Mobile subscriptions increased by 25,000 in the quarter driven by the net addition of 22,000 subscriptions used for machine-to-machine services. Fixed broadband subscriptions increased by 1,000 whereas TV subscriptions remained unchanged in the quarter.

TV AND MEDIA

- TV4, Sweden's largest commercial TV station celebrated 30 years of successful broadcasting by continuing to set new highs when it comes to viewership. In the quarter the share of viewing for TV4 amongst ages 15-64 was 24.5 percent, which is the highest Q3 number since 2003. Furthermore, when adding also the more niched advertising based TV4 stations like for instance Sjuan, TV12, TV4 Film and TV4 Gold, the share was 33.4 percent. The highest number ever caught on record since the start of measuring share of viewing back in 1994.
- A multiyear agreement was signed with Telenor making it possible for Telenor to offer their customers in Sweden streaming of TV4, Sjuan and TV12 without the need for a traditional TV-box.



HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	1,632	–		5,089	–	
Change (%) like for like	-13.2	–		–	–	
of which service revenues (external)	1,633	–		5,089	–	
change (%) like for like	-13.2	–		–	–	
Adjusted EBITDA	249	–		558	–	
Margin (%)	15.2	–		11.0	–	
change (%) like for like	-7.5	–		–	–	
Adjusted operating income	41	–		-35	–	
Operating income	30	–		-77	–	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	84	–		267	–	
Subscriptions, (thousands)	–	–		–	–	
TV	647	–		647	–	
Employees	1,494	–		1,494	–	

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

Net sales amounted to SEK 1,632 million and like for like, net sales fell 13.2 percent.

Service revenues like for like fell 13.2 percent as mainly advertising revenues decreased on the back of a weaker demand for advertising given the COVID-19 situation, although also due to lower TV revenues following a reduction in the number of pay-TV sports customers. This as a result of not having the rights for Swedish club football this season.

Adjusted EBITDA amounted to SEK 249 million and the adjusted EBITDA margin to 15.2 percent. Like for like adjusted EBITDA fell 7.5 percent as lower costs primarily attributable to sports and other types of content was not enough to offset the negative impact on EBITDA from the decline in service revenues.

CAPEX excluding fees for licenses, spectrum and right-of-use assets amounted to SEK 84 million.

Direct subscriptions video-on-demand (SVOD) grew by 54,000 in the quarter.

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

OTHER OPERATIONS

HIGHLIGHTS

SEK in millions, except margins, operational data and changes	Jul-Sep 2020	Jul-Sep 2019	Chg %	Jan-Sep 2020	Jan-Sep 2019	Chg %
Net sales	2,090	2,222	-6.0	6,540	6,607	-1.0
Change (%) like for like	-3.7			-1.5		
of which Telia Carrier	1,232	1,321	-6.7	3,965	4,053	-2.2
of which Latvia	609	635	-4.0	1,770	1,736	2.0
Adjusted EBITDA	650	649	0.2	1,560	1,624	-4.0
of which Telia Carrier	213	219	-3.1	684	656	4.3
of which Latvia	204	208	-2.0	578	585	-1.2
Margin (%)	31.1	29.2		23.9	24.6	
Income from associated companies	610	221	176.5	-2,153	835	
of which Turkey	560	189	196.4	-2,291	717	
of which Latvia	51	33	52.7	142	120	18.3
Adjusted operating income	45	248	-82.1	388	722	-46.3
Operating income	587	216	171.5	-2,840	406	
CAPEX excluding fees for licenses, spectrum and right-of-use assets ¹	1,116	1,118	-0.2	3,754	3,822	-1.8
Subscriptions, (thousands)						
Mobile Latvia	1,301	1,294	0.5	1,301	1,294	0.5
of which machine to machine (postpaid)	333	320	4.1	333	320	4.1
Employees ¹	5,341	6,309	-15.3	5,341	6,309	-15.3

1) Third quarter and the nine-month period 2019 are restated for comparability see Note 1.

Net sales fell 6.0 percent to SEK 2,090 million (2,222) and like for like, net sales fell 3.7 percent. The effect of exchange rate fluctuations was negative by 2.3 percent.

Adjusted EBITDA grew 0.2 percent to SEK 650 million (649) and the adjusted EBITDA margin increased to 31.1 percent (29.2). Adjusted EBITDA like for like increased 3.0 percent.

In **Telia Carrier**, net sales fell 6.7 percent to SEK 1,232 million (1,321). Adjusted EBITDA fell 3.1 percent to SEK 213 million (219) and the adjusted EBITDA margin increased to 17.3 percent (16.6). Adjusted EBITDA like for like remained unchanged.

In **Latvia**, net sales fell 4.0 percent to SEK 609 million (635). Adjusted EBITDA fell 2.0 percent to SEK 204 million (208) and the adjusted EBITDA margin rose to 33.5 percent (32.8). Adjusted EBITDA like for like increased 0.5 percent as lower costs more than compensated for a 0.4 percent decline in service revenues. The number of mobile subscriptions increased by 12,000 in the quarter mainly driven the net addition of 15,000 postpaid subscriptions.

Income from associated companies increased to SEK 610 million (221) driven by a change in foreign exchange rates which resulted in a partial reversal of the impairment of Turkcell Holding from the second quarter 2020.

In the second quarter of 2020 an agreement was signed to sell Telia Company's 47 percent ownership in Turkcell Holding which owns 51 percent in the listed company Turkcell Iletisim Hizmetleri (Turkcell). Closing of the transaction is subject to regulatory approvals as well as an annual general meeting of Turkcell and is expected to take place during the fourth quarter of 2020. See Note 14.

After the end of the third quarter 2020 an agreement was signed to divest Telia Carrier to Polhem Infra. The transaction is subject to regulatory approvals and is expected to be completed during the first half of 2021. See Note 14.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data and number of shares	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Continuing operations					
Net sales	4, 5	21,530	21,101	65,726	63,127
Cost of sales		-13,363	-12,872	-41,639	-39,085
Gross profit		8,167	8,229	24,087	24,042
Selling, administration and R&D expenses		-4,983	-4,636	-16,074	-14,720
Other operating income and expenses, net		-6	-236	-597	-456
Income from associated companies and joint ventures		616	220	-2,162	826
Operating income	4	3,794	3,578	5,254	9,693
Financial items, net		-712	-674	-2,320	-2,120
Income after financial items	4	3,081	2,904	2,934	7,573
Income taxes		-509	-429	-1,046	-1,338
Net income from continuing operations		2,572	2,475	1,888	6,236
Discontinued operations					
Net income from discontinued operations	14	-	-47	-199	-344
Total net income		2,572	2,428	1,689	5,891
Items that may be reclassified to net income:					
Foreign currency translation differences from continuing operations		-938	547	-5,116	3 037
Foreign currency translation differences from discontinued operations		-	-2	433	125
Other comprehensive income from associated companies and joint ventures		2	-49	-111	286
Cash flow hedges		-14	206	148	-53
Cost of hedging		-69	-46	-24	109
Debt instruments at fair value through OCI		5	-1	37	26
Income taxes relating to items that may be reclassified		27	88	45	515
Items that will not be reclassified to net income:					
Equity instruments at fair value through OCI		0	6	9	6
Remeasurements of defined benefit pension plans		781	-1,174	-1,808	-2,288
Income taxes relating to items that will not be reclassified		-157	242	369	469
Associates' remeasurements of defined benefit pension plans		-	0	-12	4
Other comprehensive income		-362	-184	-6,031	2,235
Total comprehensive income		2,210	2,245	-4,342	8,126
Total net income attributable to:					
Owners of the parent		2,519	2,375	1,576	5,781
Non-controlling interests		53	53	113	110
Total comprehensive income attributable to:					
Owners of the parent		2,152	2,176	-4,256	7,788
Non-controlling interests		58	68	-87	338
Earnings per share (SEK), basic and diluted					
of which continuing operations		0.62	0.57	0.39	1.38
Number of shares (thousands)					
Outstanding at period-end	7	4,089,632	4,149,022	4,089,632	4,149,022
Weighted average, basic and diluted		4,089,632	4,158,614	4,090,613	4,188,676
EBITDA from continuing operations					
Adjusted EBITDA from continuing operations	3, 17	8,102	7,957	22,572	22,453
Depreciation, amortization and impairment losses from continuing operations		-4,925	-4,600	-15,157	-13,587
Adjusted operating income from continuing operations	3, 17	3,343	3,846	8,950	10,471

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Sep 30, 2020	Dec 31, 2019
Assets			
Goodwill and other intangible assets	6, 13	96,822	101,938
Property, plant and equipment	6	71,447	78,163
Film and program rights, non-current		1,972	1,063
Right-of-use assets	6	13,947	15,640
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	10	4,294	14,567
Deferred tax assets		1,291	1,849
Long-term interest-bearing receivables	8, 10	13,374	10,869
Total non-current assets		203,147	224,088
Film and program rights, current		2,180	1,990
Inventories		1,723	1,966
Trade and other receivables and current tax receivables	10	13,370	16,738
Short-term interest-bearing receivables	8, 10	3,715	12,300
Cash and cash equivalents	8	12,687	6,116
Assets classified as held for sale	8, 14	10,376	875
Total current assets		44,051	39,984
Total assets		247,199	264,072
Equity and liabilities			
Equity attributable to owners of the parent		78,471	91,047
Equity attributable to non-controlling interests		1,147	1,409
Total equity		79,618	92,455
Long-term borrowings	8, 10	105,872	99,899
Deferred tax liabilities		10,619	11,647
Provisions for pensions and other long-term provisions		8,166	8,407
Other long-term liabilities		988	1,377
Total non-current liabilities		125,645	121,330
Short-term borrowings	8, 10	9,449	19,779
Trade payables and other current liabilities, current tax payables and short-term provisions		29,239	29,904
Liabilities directly associated with assets classified as held for sale	8, 14	3,248	604
Total current liabilities		41,936	50,287
Total equity and liabilities		247,199	264,072

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019 ¹
Cash flow before change in working capital		8,081	7,598	22,675	20,978
Increase/decrease Film and program right assets and liabilities ²		-427	12	-942	-10
Increase/decrease other operating receivables, liabilities and inventory		526	917	1,819	1,227
Change in working capital		100	929	877	1,218
Amortization and impairment of Film and program rights ²		-789	-57	-2,723	-168
Cash flow from operating activities		7,392	8,471	20,829	22,027
<i>of which from continuing operations</i>		7,392	8,617	20,807	24,029
<i>of which from discontinued operations</i>		–	-146	22	-2,002
Cash CAPEX	17	-3,029	-3,161	-9,504	-11,339
Free cash flow	17	4,363	5,310	11,325	10,689
<i>of which from continuing operations</i>		4,363	5,475	11,308	12,732
<i>of which from discontinued operations</i>		–	-165	17	-2,043
Cash flow from other investing activities		194	-7,569	6,591	-12,349
Total cash flow from investing activities		-2,834	-10,730	-2,912	-23,688
<i>of which from continuing operations</i>		-2,834	-10,712	-2,907	-23,833
<i>of which from discontinued operations</i>		–	-19	-5	146
Cash flow before financing activities		4,557	-2,260	17,916	-1,661
Cash flow from financing activities		-1,680	-1,374	-11,341	-12,993
<i>of which from continuing operations</i>		-1,680	-1,368	-11,339	-12,984
<i>of which from discontinued operations</i>		–	-6	-2	-9
Cash flow for the period		2,877	-3,633	6,575	-14,653
<i>of which from continuing operations</i>		2,877	-3,463	6,561	-12,787
<i>of which from discontinued operations</i>		–	-170	15	-1,865
Cash and cash equivalents, opening balance		10,039	12,391	6,210	22,591
Cash flow for the period		2,877	-3,633	6,575	-14,653
Exchange rate differences in cash and cash equivalents		23	351	154	1,172
Cash and cash equivalents, closing balance		12,940	9,110	12,940	9,110
<i>of which from continuing operations</i>		12,940	8,992	12,940	8,992
<i>of which from discontinued operations</i>		–	118	–	118

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK in millions	Owners of the parent	Non-controlling interests	Total equity
Opening balance, January 1, 2019	97,387	5,050	102,438
Change in accounting principles in associated companies ¹	-12	–	-12
Adjusted opening balance, January 1, 2019	97,375	5,050	102,425
Dividends	-9,863	-152	-10,015
Share-based payments	30	–	30
Acquisition and transfer of treasury shares ²	-3,443	–	-3,443
Changes in non-controlling interests ³	295	-3,815	-3,520
Cancellation of treasury shares, net effect ⁴	–	–	–
Bonus issue, net effect ⁴	–	–	–
<i>Total transactions with owners</i>	<i>-12,982</i>	<i>-3,967</i>	<i>-16,949</i>
Total comprehensive income	7,788	338	8,127
Effect of equity transactions in associated companies	-20	–	-20
Closing balance, September 30, 2019	92,161	1,422	93,584
Change in accounting principles in associated companies ¹	12	–	12
Dividends	13	-14	-1
Share-based payments	2	–	2
Acquisition and transfer of treasury shares ²	-1,531	–	-1,531
Changes in non-controlling interests	16	3	19
<i>Total transactions with owners</i>	<i>-1,488</i>	<i>-11</i>	<i>-1,499</i>
Total comprehensive income	373	-1	371
Effect of equity transactions in associated companies	0	–	0
Closing balance, December 31, 2019	91,047	1,409	92,455
Change in accounting principles in associated companies ¹	-12	–	-12
Adjusted opening balance, January 1, 2020	91,035	1,409	92,443
Dividends	-7,361	-175	-7,537
Share-based payments	12	–	12
Acquisition and transfer of treasury shares ²	-956	–	-956
Cancellation of treasury shares, net effect ⁴	–	–	–
Bonus issue, net effect ⁴	–	–	–
<i>Total transactions with owners</i>	<i>-8,305</i>	<i>-175</i>	<i>-8,481</i>
Total comprehensive income	-4,256	-87	-4,342
Effect of equity transactions in associated companies	-2	–	-2
Closing balance, September 30, 2020	78,471	1,147	79,618

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

NOTE 1. BASIS OF PREPARATION

GENERAL

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

SEGMENTS

From July 1, 2020 the segment TV and Media, including the acquired Bonnier Broadcasting businesses (TV4/MTV/C More), also contains Telia Company's former product area Media and Entertainment (former part of Other operations).

RESTATEMENT OF FINANCIAL AND OPERATIONAL DATA

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

As a result of the implementation of the new operating model in Finland as of October 2019 and in Norway, Denmark, Lithuania and Estonia as of January 2020, CAPEX excluding fees for licenses, spectrum and right-of-use assets and Segment assets and liabilities as well as employees have been restated as presented in the table below

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

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

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

For further information on restatements, see the Annual and Sustainability Report 2019 Note C1.

Amounts in SEK millions except employees	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Group
CAPEX excluding fees for licenses, spectrum and right-of-use assets, third quarter 2019	–	-66	29	-19	-26	-32	–	208	94
CAPEX excluding fees for licenses, spectrum and right-of-use assets, Jan-Sep 2019	–	-231	-152	-86	-73	-91	–	820	187
Employees, Sep 30, 2019	-9	-276	-251	-84	-234	-228	–	1,082	–
Disaggregation of revenues, third quarter 2019 (invoice fee)									
Mobile Subscription Revenues	-87	-26	-31	-16	-3	–	–	–	-163
Other Mobile Service Revenues	-10	-20	–	–	–	–	–	–	-30
Total Mobile Service Revenues	-97	-46	-31	-16	-3	–	–	–	-193
Other Fixed Service Revenues	-65	-26	–	–	-2	–	–	–	-93
Total Fixed Service Revenues	-65	-26	–	–	-2	–	–	–	-93
Other Service Revenues	161	73	31	16	5	–	–	–	286
Disaggregation of revenues, Jan-Sep 2019 (invoice fee)									
Mobile Subscription Revenues	-264	-64	-108	-51	-8	–	–	–	-494
Other Mobile Service Revenues	-29	-57	–	–	–	–	–	–	-86
Total Mobile Service Revenues	-292	-121	-108	-51	-8	–	–	–	-580
Other Fixed Service Revenues	-199	-73	–	–	-5	–	–	–	-276
Total Fixed Service Revenues	-199	-73	–	–	-5	–	–	–	-276
Other Service Revenues	491	194	108	51	13	–	–	–	856
Disaggregation of revenues, third quarter 2019 (new product Finland)									
TV	–	2	–	–	–	–	–	–	2
Total Fixed Service Revenues	–	2	–	–	–	–	–	–	2
Advertising Revenues	–	–	–	–	–	–	–	–	–
Other Service Revenues	–	-2	–	–	–	–	–	–	-2
Disaggregation of revenues, Jan-Sep 2019 (new product Finland)									
TV	–	10	–	–	–	–	–	–	10
Total Fixed Service Revenues	–	10	–	–	–	–	–	–	10
Advertising Revenues	–	4	–	–	–	–	–	–	4
Other Service Revenues	–	-14	–	–	–	–	–	–	-14
Segment assets, Dec 31, 2019	–	-7	-1,181	-399	-506	-262	–	2,354	–
Segment liabilities, Dec 31, 2019	–	–	-324	-133	–	–	–	458	–

NOTE 2. REFERENCES

For more information regarding:

- Sales and earnings, Cash flow and Financial position, see pages 6-8.
- Significant events in the first, second and third quarter, see page 9.
- Significant events after the end of the third quarter, see page 10.
- Risks and uncertainties, see page 43.

NOTE 3. ADJUSTMENT ITEMS

ADJUSTMENT ITEMS WITHIN OPERATING INCOME, CONTINUING OPERATIONS

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Within EBITDA	-109	-269	-653	-650
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:				
Sweden	-30	-177	-134	-217
Finland	-0	-31	-36	-40
Norway	-44	-26	-114	-158
Denmark	0	-0	-13	-28
Lithuania	-5	-2	-9	-16
Estonia	-2	-1	-4	-4
TV and Media	-11	–	-42	–
Other operations	-18	-32	-238	-187
Capital gains/losses	0	–	-63	–
Within Depreciation, amortization and impairment losses¹	–	–	-110	-129
Within Income from associated companies and joint ventures²	560	–	-2,934	–
Total adjustment items within operating income, continuing operations	451	-269	-3,696	-779

1) First nine months 2020 includes a write-down of SEK -110 million relating to remeasurement of the Finnish real estate companies which are classified as held for sale, see Note 14. First nine months 2019 include a write-down of SEK -129 million of capitalized development expenses within Other operations following a management decision regarding a cancellation of a development project for a new IT system. 2) Third quarter 2020 includes a partial reversal of the impairment of Turkcell Holding from the second quarter 2020. First nine months 2020 includes a net impairment of SEK -2,928 million related to the holding in Turkcell Holding, see Note 14.

ADJUSTMENT ITEMS WITHIN EBITDA, DISCONTINUED OPERATIONS (REGION EURASIA)

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Within EBITDA	–	-22	-206	-150
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.	–	-22	-13	-147
Impairment loss on remeasurement to fair value less costs to sell	–	–	–	-3
Capital gains/losses ¹	–	–	-193	–
Total adjustment items within EBITDA, discontinued operations	–	-22	-206	-150

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

NOTE 4. SEGMENT INFORMATION

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Net sales				
Sweden	8,204	8,528	24,880	25,997
<i>of which external</i>	8,172	8,488	24,750	25,894
Finland	3,617	3,896	11,283	11,697
<i>of which external</i>	3,572	3,853	11,115	11,561
Norway	3,358	3,726	10,016	10,959
<i>of which external</i>	3,351	3,723	10,002	10,949
Denmark	1,308	1,405	4,061	4,143
<i>of which external</i>	1,289	1,382	3,999	4,077
Lithuania	1,032	1,043	3,076	2,923
<i>of which external</i>	1,018	1,028	3,032	2,870
Estonia	811	837	2,455	2,426
<i>of which external</i>	789	812	2,381	2,352
TV and Media	1,632	–	5,089	–
<i>of which external</i>	1,633	–	5,089	–
Other operations	2,090	2,222	6,540	6,607
Total segments	22,052	21,657	67,401	64,752
Eliminations	-523	-556	-1,675	-1,625
Group	21,530	21,101	65,726	63,127
Adjusted EBITDA				
Sweden	3,433	3,496	10,147	10,264
Finland	1,280	1,309	3,658	3,646
Norway	1,643	1,809	4,541	4,889
Denmark	274	288	760	761
Lithuania	380	364	1,127	1,051
Estonia	302	311	873	867
TV and Media	249	–	558	–
Other operations	650	649	1,560	1,625
Total segments	8,211	8,226	23,225	23,104
Eliminations	–	–	–	–
Group	8,211	8,226	23,225	23,104
Operating income				
Sweden	1,717	1,738	4,941	5,389
Finland	488	468	1,090	1,199
Norway	585	806	1,153	1,877
Denmark	27	12	-4	-90
Lithuania	227	187	649	524
Estonia	133	150	341	387
TV and Media	30	–	-77	–
Other operations	587	216	-2,840	407
Total segments	3,794	3,578	5,254	9,693
Eliminations	–	–	–	–
Group	3,794	3,578	5,254	9,693
Financial items, net	-712	-674	-2,320	-2,120
Income after financial items	3,081	2,904	2,934	7,573

SEK in millions	Sep 30, 2020	Sep 30, 2020	Dec 31, 2019	Dec 31, 2019
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Sweden	45,374	11,017	48,692	12,403
Finland ¹	53,556	4,627	54,303	4,808
Norway ¹	50,774	4,127	58,370	4,543
Denmark ¹	7,812	1,571	8,578	1,636
Lithuania ¹	6,813	1,146	7,207	1,120
Estonia ¹	5,678	768	5,797	878
TV and Media	14,086	2,606	13,677	2,716
Other operations ¹	23,915	5,994	38,777	9,305
Total segments	208,008	31,856	235,400	37,408
Unallocated	28,815	132,476	27,797	133,604
Assets and liabilities held for sale	10,376	3,248	875	604
Total assets/liabilities, group	247,199	167,581	264,072	171,616

1) 2019 restated, see Note 1.

NOTE 5. NET SALES

SEK in millions	Jul-Sep 2020									
	Sweden	Finland	Norway	Den- mark	Lithua- nia	Estonia	TV and Media	Other opera- tions	Elimina- tions	Total
Mobile subscription revenues	3,142	1,566	1,621	635	289	235	–	316	–	7,804
Interconnect	123	96	100	55	39	15	–	35	–	464
Other mobile service revenues	123	136	228	83	6	3	–	6	–	585
Total mobile service revenues	3,388	1,798	1,950	773	335	252	–	356	–	8,853
Telephony	475	25	32	46	55	28	–	0	–	661
Broadband	1,171	175	303	50	142	144	1	4	–	1,990
TV	461	124	403	15	89	69	610	–	–	1,772
Business solutions	681	619	106	42	59	61	–	24	–	1,592
Other fixed service revenues	863	283	30	13	95	91	1	990	–	2,366
Total fixed service revenues	3,651	1,225	875	167	440	394	611	1,018	–	8,382
Advertising revenues	–	0	–	–	–	–	995	–	–	995
Other service revenues	247	62	27	26	5	3	26	108	–	503
Total service revenues¹	7,286	3,085	2,851	966	780	649	1,633	1,482	–	18,733
Total equipment revenues¹	886	486	500	322	238	140	–	224	–	2,797
Total external net sales	8,172	3,572	3,351	1,289	1,018	789	1,633	1,706	–	21,530
Internal net sales	31	45	7	19	15	22	0	384	-523	–
Total net sales	8,204	3,617	3,358	1,308	1,032	811	1,632	2,090	-523	21,530

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

SEK in millions	Jul-Sep 2019									
	Sweden ²	Finland ²	Norway ²	Denmark ²	Lithuania ²	Estonia	TV and Media	Other operations	Eliminations	Total ²
Mobile subscription revenues	3,191	1,653	1,874	720	282	241	–	343	–	8,304
Interconnect	158	99	124	55	40	18	–	36	–	530
Other mobile service revenues	164	183	282	91	17	7	–	10	–	753
Total mobile service revenues	3,513	1,935	2,280	866	338	265	–	389	–	9,586
Telephony	574	30	46	47	67	31	–	0	–	795
Broadband	1,141	185	349	60	143	146	–	–	–	2,024
TV	460	148	477	35	83	65	–	–	–	1,269
Business solutions	681	640	123	47	55	62	–	19	–	1,627
Other fixed service revenues	894	295	29	9	112	88	–	1,064	–	2,490
Total fixed service revenues	3,750	1,298	1,024	198	460	392	–	1,084	–	8,205
Advertising revenues	–	0	–	–	–	–	–	–	–	0
Other service revenues	294	82	44	22	5	7	–	93	–	546
Total service revenues¹	7,557	3,315	3,348	1,086	803	665	–	1,565	–	18,338
Total equipment revenues¹	931	538	375	296	225	148	–	249	–	2,763
Total external net sales	8,488	3,853	3,723	1,382	1,028	812	–	1,814	–	21,101
Internal net sales	40	43	3	23	15	25	–	408	-556	–
Total net sales	8,528	3,896	3,726	1,405	1,043	837	–	2,222	-556	21,101

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-Sep 2020									
	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total
Mobile subscription revenues	9,442	4,832	4,800	1,959	861	718	–	956	–	23,569
Interconnect	391	310	307	169	124	54	–	108	–	1,463
Other mobile service revenues	393	430	675	262	31	9	–	30	–	1,828
Total mobile service revenues	10,226	5,572	5,782	2,390	1,016	781	–	1,093	–	26,861
Telephony	1,477	80	108	146	175	88	–	1	–	2,075
Broadband	3,527	530	939	160	429	438	3	8	–	6,034
TV	1,335	407	1,225	66	274	212	1,756	–	–	5,276
Business solutions	2,134	1,928	330	138	175	185	–	65	–	4,956
Other fixed service revenues	2,702	900	66	35	294	270	1	3,256	–	7,523
Total fixed service revenues	11,174	3,846	2,668	546	1,346	1,193	1,760	3,331	–	25,864
Advertising revenues	–	2	–	–	–	–	3,227	–	–	3,229
Other service revenues	789	200	125	76	16	10	102	305	–	1,624
Total service revenues¹	22,189	9,620	8,575	3,011	2,379	1,984	5,089	4,730	–	57,577
Total equipment revenues¹	2,561	1,495	1,426	988	653	397	–	627	–	8,149
Total external net sales	24,750	11,115	10,002	3,999	3,032	2,381	5,089	5,357	–	65,726
Internal net sales	130	168	15	62	43	74	0	1,183	-1,675	–
Total net sales	24,880	11,283	10,016	4,061	3,076	2,455	5,089	6,540	-1,675	65,726

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

SEK in millions	Jan-Sep 2019									
	Sweden ²	Finland ²	Norway ²	Denmark ²	Lithuania ²	Estonia	TV and Media	Other operations	Eliminations	Total ²
Mobile subscription revenues	9,458	4,904	5,364	2,135	815	703	–	970	–	24,348
Interconnect	477	300	368	148	116	54	–	111	–	1,575
Other mobile service revenues	445	529	761	231	32	14	–	30	–	2,041
Total mobile service revenues	10,380	5,733	6,494	2,514	963	771	–	1,110	–	27,964
Telephony	1,750	118	146	138	205	94	–	0	–	2,451
Broadband	3,409	549	1,021	183	426	428	–	–	–	6,016
TV	1,380	469	1,460	108	238	190	–	–	–	3,844
Business solutions	2,071	1,901	383	139	159	175	–	54	–	4,881
Other fixed service revenues	2,781	959	106	49	271	252	–	3,321	–	7,739
Total fixed service revenues	11,391	3,996	3,115	617	1,299	1,138	–	3,374	–	24,931
Advertising revenues	–	4	–	–	–	–	–	–	–	4
Other service revenues	820	213	156	69	13	21	–	258	–	1,549
Total service revenues¹	22,591	9,946	9,764	3,200	2,274	1,931	–	4,742	–	54,449
Total equipment revenues¹	3,303	1,615	1,184	877	595	421	–	682	–	8,678
Total external net sales	25,894	11,561	10,949	4,077	2,870	2,352	–	5,424	–	63,127
Internal net sales	103	136	11	66	53	74	–	1,182	-1,626	–
Total net sales	25,997	11,697	10,959	4,143	2,923	2,426	–	6,607	-1,625	63,127

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

NOTE 6. INVESTMENTS

SEK in millions	Jul-Sep 2020	Jul-Sep 2019 ²	Jan-Sep 2020	Jan-Sep 2019 ²
CAPEX	3,419	3,753	11,892	11,289
Intangible assets	557	542	2,095	2,248
Property, plant and equipment	2,522	2,593	7,518	8,103
Right-of-use assets ¹	339	618	2,279	938
Acquisitions and other investments	48	230	81	407
Asset retirement obligations	1	96	13	218
Goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations	–	114	–	135
Equity instruments	47	19	69	55
Total continuing operations including assets held for sale	3,467	3,982	11,973	11,696
Total discontinued operations	0	17	12	73
<i>of which CAPEX</i>	<i>0</i>	<i>16</i>	<i>11</i>	<i>73</i>
Total investments	3,467	3,999	11,985	11,769
<i>of which CAPEX</i>	<i>3,419</i>	<i>3,769</i>	<i>11,904</i>	<i>11,362</i>

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

NOTE 7. TREASURY SHARES

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

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

The total price for the repurchased shares under the share buy-back program during the nine month period 2020 was SEK 945 million and transaction costs, net of tax, amounted to SEK -1 million.

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

In total the acquisitions of treasury shares under the share buy-back program and the transfer of shares under the LTI program reduced other contributed capital within parent shareholder's equity by SEK 956 million during the nine-months period ended September 30, 2020 (SEK 3,443 million during the nine-months period ended September 30, 2019).

NOTE 8. NET DEBT

SEK in millions	Sep 30, 2020 ²	Dec 31, 2019 ²
Long-term borrowings	106,386	99,980
<i>of which lease liabilities, non-current</i>	11,763	12,127
Less 50 percent of hybrid capital ¹	-10,629	-7,947
Short-term borrowings	9,726	19,823
<i>of which lease liabilities, current</i>	3,089	3,012
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-5,319	-3,717
Less long-term bonds at fair value through OCI	-5,819	-5,450
Less short-term investments	-1,096	-8,426
Less cash and cash equivalents	-12,940	-6,210
Net debt, continuing and discontinued operations	80,309	88,052

1) 50 percent of hybrid capital is treated as equity, consistent with market practice for this type of instrument, and reduces net debt. 2) Net debt is based on the total Telia Company group including net debt related to 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 OCI are part of the balance sheet line item Long-term interest-bearing receivables. Short-term investments are part of the balance sheet line item Short-term interest-bearing receivables.

NOTE 9. LOAN FINANCING AND CREDIT RATING

No major funding transactions were executed during the third quarter 2020. Outstanding short-term debt with a nominal amount of SEK 700 million was repaid.

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.

The credit rating of Telia Company remained unchanged during the third quarter 2020. Moody's rating for long-

NOTE 10. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings ¹ SEK in millions	Sep 30, 2020		Dec 31, 2019	
	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	57,768	62,204	50,945	55,574
Interest rate swaps	142	142	230	230
Cross-currency interest rate swaps	3,030	3,030	2,694	2,694
Subtotal	60,940	65,376	53,870	58,498
Open-market financing program borrowings	32,572	43,964	32,475	42,255
Other borrowings at amortized cost	1,111	1,121	1,508	1,420
Subtotal	94,623	110,461	87,852	102,173
Other long-term liabilities				
Lease liabilities	11,249		12,046	
Total long-term borrowings	105,872		99,899	
Short-term borrowings				
Open-market financing program borrowings in fair value hedge relationships	–	–	6,807	6,841
Interest rate swaps	–	–	22	22
Subtotal	–	–	6,828	6,863
Utilized bank overdraft and short-term credit facilities at amortized cost	3,697	3,697	7,838	7,846
Open-market financing program borrowings	2,450	2,453	1,422	1,431
Other borrowings at amortized cost	490	490	723	783
Subtotal	6,637	6,640	16,811	16,923
Other short-term liabilities				
Lease liabilities	2,812		2,968	
Total short-term borrowings	9,449		19,779	

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

Financial assets and liabilities by fair value hierarchy level ¹ SEK in millions	Carrying value	Sep 30, 2020			Carrying value	Dec 31, 2019		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Financial assets at fair value								
Equity instruments at fair value through OCI	386	–	–	386	319	–	–	319
Equity instruments at fair value through income statement	15	–	–	15	13	–	–	13
Long- and short-term bonds at fair value through OCI	7,414	6,329	1,085	–	14,677	12,667	2,010	–
Derivatives designated as hedging instruments	4,277	–	4,277	–	3,651	–	3,651	–
Derivatives at fair value through income statement	1,465	–	1,465	–	170	–	170	–
Total financial assets at fair value by level	13,557	6,329	6,827	401	18,830	12,667	5,831	332
Financial liabilities at fair value								
Derivatives designated as hedging instruments	3,024	–	3,024	–	2,791	–	2,791	–
Derivatives at fair value through income statement	223	–	223	–	532	–	532	–
Contingent consideration liabilities	–	–	–	–	41	–	–	41
Total financial liabilities at fair value by level	3,246	–	3,246	–	3,365	–	3,323	41

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

FAIR VALUE MEASUREMENT OF LEVEL 3 FINANCIAL INSTRUMENTS

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

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

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

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

method where the present value of the expected future payments is considered. Contingent consideration liabilities as of December 31, 2019, mainly related to the acquisition of Fello, which was paid during the third quarter 2020. Other contingent considerations are not material.

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

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Sep 2020			Liabilities, Jan-Sep 2020
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening balance	319	13	332	41
Changes in fair value	9	–	9	–
<i>of which recognized in other comprehensive income</i>	9	–	9	–
Purchases	58	2	61	–
Disposals	-1	–	-1	–
Settlements	–	–	–	-41
Exchange rate differences	0	–	0	–
Level 3, closing balance	386	15	401	–

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

NOTE 11. CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

As of September 30, 2020, the maximum potential future payments that Telia Company could be required to make under issued financial guarantees totaled SEK 313 million (309 at the end of 2019, continuing operations), of which SEK 296 million (294 at the end of 2019, continuing operations) referred to guarantees for pension obligations. Collateral pledged totaled SEK 45 million (45 at the end of 2019).

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

divestment of the subsidiary Kcell in Kazakhstan in 2018. The total claim against Telia Company and Turkcell amounts to USD 66 million (equivalent to SEK 594 million) plus interest, of which Telia Company's share amounts to USD 45 million (equivalent to SEK 405 million). The arbitration proceedings are still in an early stage and includes significant uncertainties. As per September 30, 2020, an outflow of resources is not deemed as probable and no provision has therefore been recognized. For other ongoing legal proceedings, see Note C30 in the Annual and Sustainability Report 2019.

NOTE 12. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of September 30, 2020, contractual obligations totaled SEK 15,841 million (10,990 at the end of 2019, continuing operations), of which SEK 10,169 million (7,760 at the end of 2019), related to film and program

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

NOTE 13. BUSINESS COMBINATIONS

BONNIER BROADCASTING

On December 2, 2019 Telia Company acquired Bonnier Broadcasting, including the brands TV4, C More and Finnish MTV, from Bonnier AB at an enterprise value of SEK 9.2 billion with an additional consideration of maximum SEK 1 billion. The additional (deferred) consideration was to be based on operational performance on revenues and EBITDA for the period July 1, 2018 to June 30, 2019 (i.e. not a contingent consideration). As per December 31, 2019 the additional amount was estimated to SEK 800 million. The preliminary purchase price allocation disclosed in the Annual and Sustainability Report 2019 has been adjusted in the second quarter 2020. The total cost of

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

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

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

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

future customers, market position and workforce. No part of goodwill is expected to be deductible for tax purposes. Acquisition-related costs of SEK 165 million have been recognized as other operating expenses, whereof SEK 10 million in 2020.

Allocation of goodwill and intangible assets with indefinite useful lives

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

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

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

Impairment test

TV and Media is negatively impacted by the COVID-19. An impairment test for the cash generating unit TV and Media has not identified any impairment need as of September 30, 2020. However, the estimated recoverable amount for TV and Media was in the proximity of the carrying values as of September 30, 2020 and the CGU is sensitive to changes in WACC or the assumptions in the long-term plan.

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

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

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

5-year period/Percent	TV and Media
Sales growth, lowest in period (%)	-16.0
Sales growth, highest in period (%)	19.6
EBITDA margin, lowest in period (%)	3.4
EBITDA margin, highest in period (%)	11.8
CAPEX-to-sales, lowest in period (%)	1.4
CAPEX-to-sales, highest in period (%)	1.8

Sensitivity analysis

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

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

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

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

NOTE 14. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

CLASSIFICATION

Eurasia

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

DISPOSALS

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

On July 31, 2020 Telia Company divested all of its 12.25 percent interest in the Afghan mobile operator Roshan to Aga Khan Fund for Economic Development. The transaction had no material effects on the financial statements.

ACQUISITION OF NON-CONTROLLING INTEREST IN FINTUR

On April 2, 2019, Telia Company acquired Turkcell's 41.45 percent minority share in Fintur at a price of EUR 353 million (SEK 3,684 million) based on their proportional share of the cash in Fintur. As a result of the transaction, Telia Company was the sole owner of Fintur Holdings B.V. (Fintur) and Moldcell in Moldova until the disposal.

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

PROVISION FOR SETTLEMENT AMOUNT AGREED WITH THE US AND DUTCH AUTHORITIES

The US and Dutch authorities have investigated historical transactions related to Telia Company's entry into Uzbekistan in 2007. On March 19, 2019, Telia Company paid the last remaining part of the disgorgement amount, USD 208.5 million (SEK 1,920 million), to the Dutch Public Prosecution Service (Openbaar Ministerie, OM). Thereby, Telia Company has completed all financial obligations under the global

settlement agreements and no further disgorgement claim will be made against Telia Company by the Swedish prosecutor or by any other authority related to this matter. There was no material effect on net income in 2019.

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

ASSETS HELD FOR SALE

Finland

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

Telia Company has signed an agreement to divest the Finnish real estate companies Kiinteistö Oy Sturenportti and Helsingin Teollisuuskatu 13 Oy to YIT Rakennus Oy (YIT) and to lease new properties from YIT. The divestment was closed October 12, 2020. The real estate companies are classified as held for sale since March 31, 2020 and were remeasured to fair value less costs to sell, which resulted in an impairment of SEK 110 million in the first quarter 2020. The estimated cash and debt free value per September 30, 2020 amounts to SEK 0.6 billion. Management's estimate of the fair value is based on the purchase price in the signed agreement.

Turkcell Holding

On June 17, 2020, Telia Company signed an agreement to sell its 47.1 percent holding in Turkcell Holding A.S., which owns 51.0 percent in the listed company Turkcell İletişim Hizmetleri A.S., to the state-owned Turkey Wealth Fund for a purchase price of USD 530 million. Telia Company's holding was prior to the signed agreement classified as an associated company in the financial statements. Since June 2020, the holding is classified as held for sale and has been remeasured to fair value less costs to sell which is estimated to USD

530 million (SEK 4,771 million) based on the purchase price in the signed agreement. The remeasurement resulted in an impairment of SEK 3,488 million in the second quarter 2020. Due to changes in foreign exchange rates, SEK 560 million of the impairment has been reversed in the third quarter 2020. Accumulated foreign exchange losses in equity of SEK 18 billion (as per September 30, 2020), will be reclassified to net income at closing of the transaction. The reclassification of accumulated foreign exchange losses will have no effect on total equity or cash flow. The transaction also includes, subject to closing, a full and global settlement of all shareholder disputes and litigations connected to Turkcell and Turkcell Holding. Closing of the transaction is subject to regulatory approvals and an annual general meeting in Turkcell and the transaction is expected to close in the fourth quarter of 2020.

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. Polhem Infra is jointly owned by the Swedish Pension Funds; First AP Fund, Third AP Fund and Fourth AP Fund. As of September 30, 2020, Telia Carrier is classified as held for sale. The transaction is expected to generate a capital gain of approximately SEK 7 billion at closing. For 2019 Telia Carrier reported net sales of SEK 5,388 million, an adjusted EBITDA of SEK 888 million and operating income of SEK 158 million. In connection with the divestment Telia Company has established a long-term strategic partnership with Telia Carrier securing continuous provision and development of network solutions to Telia's customers. The transaction is subject to regulatory approvals (relating to e.g. competition and foreign direct investments) in, inter alia, the EU and the US, and is expected to be completed during the first half of 2021.

NET INCOME FROM DISCONTINUED OPERATIONS (REGION EURASIA)

SEK in millions, except per share data	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Net sales	–	157	96	443
Expenses and other operating income, net	–	-139	-79	-497
Operating income	–	18	16	-54
Financial items, net	–	-2	-22	-25
Income after financial items	–	17	-6	-80
Income taxes	–	-4	0	-45
Net income before remeasurement and gain/loss on disposal	–	13	-6	-124
Impairment loss on remeasurement to fair value less costs to sell ¹	–	-60	–	-220
Loss on disposal of Moldcell in Moldova (including cumulative Moldcell exchange loss in equity reclassified to net income of SEK -172 million) ²	–	–	-193	–
Net income from discontinued operations	–	-47	-199	-344
EPS from discontinued operations (SEK)	–	-0.01	-0.05	-0.07
Adjusted EBITDA	–	40	30	93

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

ASSETS CLASSIFIED AS HELD FOR SALE

SEK in millions	Real estate companies Sep 30, 2020	Turkcell Holding Sep 30, 2020	Telia Carrier Sep 30, 2020	Total Sep 30, 2020	Eurasia Dec 31, 2019
Goodwill and other intangible assets	–	–	78	78	129
Property, plant and equipment	553	–	2,186	2,740	327
Right-of-use assets	32	–	1,112	1,144	95
Other non-current assets	13	4,771	557	5,341	29
Short-term interest-bearing receivables	–	–	–	–	0
Other current assets	0	–	820	820	200
Cash and cash equivalents	16	–	237	253	94
Assets classified as held for sale	614	4,771	4,991	10,376	875
Long-term borrowings	28	–	486	514	81
Long-term provisions	–	–	742	742	10
Other long-term liabilities	10	–	632	642	131
Short-term borrowings	4	–	273	277	43
Other current liabilities	2	–	1,071	1,073	338
Liabilities associated with assets classified as held for sale	44	–	3,204	3,248	604
Net assets classified as held for sale	570	4,771	1,787	7,127	271

NOTE 15. RELATED PARTY TRANSACTIONS

In the nine-month period ended September 30, 2020, Telia Company purchased goods and services for SEK 22 million (17) and sold goods and services for SEK 5 million (5) from/to related parties. These related party transactions are based on commercial terms.

NOTE 16. FINANCIAL KEY RATIOS

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

	Sep 30, 2020	Dec 31, 2019
Return on equity (% , rolling 12 months) ¹	3.7	8.4
Return on capital employed (% , rolling 12 months) ¹	4.3	6.6
Equity/assets ratio (%) ¹	30.0	31.3
Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) ²	2.58	2.82
Parent owners' equity per share (SEK) ¹	19.19	22.14

1) Equity is adjusted by weighted ordinary dividend (SEK 1.80), see the Annual and Sustainability Report 2019 section Definitions for key ratio definitions. 2) Net debt/adjusted EBITDA ratio (multiple, rolling 12 months) 2020 including 12 months adjusted EBITDA from Bonnier Broadcasting, was 2.5x.

NOTE 17. ALTERNATIVE PERFORMANCE MEASUREMENT

In addition to financial performance measures prepared in accordance with IFRS, Telia Company presents non-IFRS financial performance measures, for example EBITDA, Adjusted EBITDA, Adjusted operating income, continuing operations, CAPEX, CAPEX excluding right-of-use assets, CAPEX excluding license and spectrum fees, Cash CAPEX, Free cash flow, Operational free cash flow, Net debt, Net debt/Adjusted EBITDA ratio and Adjusted EBITDA margin. These alternative measures are considered to be important performance indicators for investors and other users of the Interim report. The alternative performance measures should be considered as a complement to, but not a substitute for, the information prepared in accordance with IFRS. Telia Company's definitions of these non-IFRS measures are

described in this note and in the Annual and Sustainability Report 2019. These terms may be defined differently by other companies and are therefore not always comparable to similar measures used by other companies.

EBITDA AND ADJUSTED EBITDA

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

Continuing operations

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Operating income	3,794	3,578	5,254	9,693
Income from associated companies and joint ventures	-616	-220	2,162	-826
Total depreciation/amortization/write-down	4,925	4,600	15,157	13,586
EBITDA	8,102	7,957	22,572	22,453
Adjustment items within EBITDA (Note 3)	109	269	653	650
Adjusted EBITDA	8,211	8,226	23,225	23,104

Discontinued operations

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Operating income	-	18	16	-54
Income from associated companies and joint ventures	-	-	-	-
Total depreciation/amortization/write-down	-	-1	-	-3
Capital gains/losses on disposals	-	-	-193	-
EBITDA	-	18	-177	-57
Adjustment items within EBITDA (Note 3)	-	22	206	150
Adjusted EBITDA	-	40	30	93

ADJUSTED OPERATING INCOME, CONTINUING OPERATIONS

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

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

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Operating income	3,794	3,578	5,254	9,693
Adjustment items within Operating income (Note 3)	-451	269	3,696	779
Adjusted operating income, continuing operations	3,343	3,846	8,950	10,471

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

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

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

SEK in millions	Jul-Sep 2020	Jul-Sep 2019 ¹	Jan-Sep 2020	Jan-Sep 2019 ¹
Continuing operations				
Investments in intangible assets	557	542	2,095	2,248
Investments in property, plant and equipment	2,522	2,593	7,518	8,103
CAPEX excluding right-of-use assets	3,080	3,135	9,613	10,351
Investments in right-of-use assets	339	618	2,279	938
CAPEX	3,419	3,753	11,892	11,289
Excluded: Right-of-use assets	-339	-618	-2,279	-938
Net of not paid investments and additional payments from previous periods ²	-51	7	-114	948
Cash CAPEX	3,029	3,141	9,499	11,298
CAPEX	3,419	3,753	11,892	11,289
Excluded: Investments in license and spectrum fees	1	0	-143	-243
CAPEX excluding license and spectrum fees	3,420	3,753	11,749	11,045
Excluded: Investments in right-of-use assets	-339	-618	-2,279	-938
CAPEX excluding fees for license, spectrum and right-of-use assets	3,081	3,135	9,470	10,108

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

FREE CASH FLOW

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

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Cash flow from operating activities	7,392	8,471	20,829	22,027
Cash CAPEX (paid intangible and tangible assets)	-3,029	-3,161	-9,504	-11,339
Free cash flow, continuing and discontinued operations	4,363	5,310	11,325	10,689

OPERATIONAL FREE CASH FLOW

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

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

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Cash flow from operating activities from continuing operations	7,392	8,616	20,807	24,029
Cash CAPEX from continuing operations	-3,029	-3,141	-9,499	-11,298
Free cash flow, continuing operations	4,363	5,475	11,308	12,731
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	14	0	126	1,137
Excluded: Dividends from associates from continuing operations	–	0	-177	-167
Excluded: Taxes paid on dividends from associates from continuing operations	–	–	–	–
Repayments of lease liabilities	-645	-733	-2,017	-2,108
Operational free cash flow	3,732	4,743	9,240	11,594
Dividends from associated companies, net of taxes	–	0	177	167
Operational free cash flow that forms the basis for dividend	3,732	4,742	9,417	11,761

NET DEBT

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

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

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

SEK in millions, except for multiple	Sep 30, 2020	Dec 31, 2019
Net debt	80,309	88,052
Adjusted EBITDA continuing operations accumulated current year	23,225	31,017
Adjusted EBITDA continuing operations previous year	7,913	–
Adjusted EBITDA discontinued operations accumulated current year	30	157
Adjusted EBITDA discontinued operations previous year	64	–
Excluding: Disposed operations	-82	–
Adjusted EBITDA rolling 12 months excluding disposed operations	31,151	31,174
Net debt/adjusted EBITDA ratio (multiple)	2.58x	2.82x

ADJUSTED EBITDA MARGIN

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

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Net sales	21,530	21,101	65,726	63,127
Adjusted EBITDA	8,211	8,226	23,225	23,104
Adjusted EBITDA margin (%), continuing operations	38.1	39.0	35.3	36.6

PARENT COMPANY

CONDENSED INCOME STATEMENTS

SEK in millions	Jul-Sep 2020	Jul-Sep 2019	Jan-Sep 2020	Jan-Sep 2019
Net sales	125	120	384	396
Gross income	125	120	384	396
Operating expenses and other operating income, net	-262	-232	-725	1,130
Operating income	-136	-112	-341	1,526
Financial income and expenses	276	-666	-1,378	5,556
Income after financial items	140	-778	-1,719	7,082
Appropriations	1,037	863	2,809	3,348
Income before taxes	1,177	86	1,091	10,431
Income taxes	-178	-15	-368	-26
Net income	999	71	723	10,404

Financial income and expenses in the third quarter 2020 amounted to SEK 276 million (-666), positively impacted by reduced exchange rate losses and improved interest net.

Operating expenses and other operating income, net, for the nine months period 2020 amounted to SEK -725 million (1,130). 2019 was impacted by a reversal of a short-term provision regarding the Uzbekistan investigations resulting in a positive net effect of SEK 1,931 million. See Note 14 for further information.

Financial income and expenses in the nine months period 2020 amounted to SEK -1,378 million (5,556), negatively impacted by impairments of SEK -6,665 million (-24,016), mainly related to the subsidiary Telia Finland Oyj, offset by dividends from subsidiaries amounting SEK 6,259 million (33,027). Furthermore, Financial income and expenses 2020 were positively impacted by reduced exchange rate losses.

CONDENSED BALANCE SHEETS

SEK in millions	Sep 30, 2020	Dec 31, 2019
Assets		
Non-current assets	196,326	199,830
Current assets	37,881	42,759
Total assets	234,207	242,589
Equity and liabilities		
Restricted shareholders' equity	15,713	15,713
Non-restricted shareholders' equity	69,446	76,900
Total shareholders' equity	85,158	92,612
Untaxed reserves	6,605	6,246
Provisions	602	575
Long-term liabilities	93,516	86,357
Short-term liabilities and short-term provisions	48,327	56,798
Total equity and liabilities	234,207	242,589

Non-current assets decreased to SEK 196,326 million (199,830), mainly impacted by impairments of the subsidiary Telia Finland Oyj offset by increased other long interest-bearing receivables.

Current assets decreased to SEK 37,881 million (42,759), mainly due to decreased short term bonds, current interest-bearing intragroup receivables and settled group contribution receivables.

Equity decreased to SEK 85,158 million (92,612), impacted by the decided dividend to the shareholders and the repurchased shares related to the share buy-back program partly off-set by net income.

Long-term liabilities increased to SEK 93,516 million (86,357), mainly related to issued bonds. Short-term liabilities and short-term provisions decreased to SEK 48,327 million (56,798), impacted by matured debt and partial repayments of loans under the revolving credit facility.

As of September 30, 2020, contractual obligations totaled SEK 3,043 million (5 at the end of 2019). The change is mainly related to film- and program rights.

RISKS AND UNCERTAINTIES

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

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

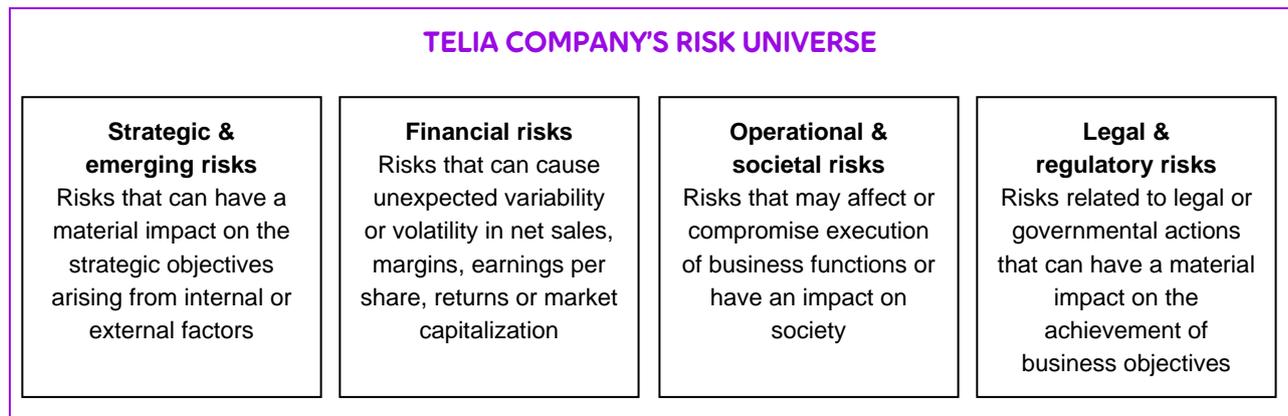
In addition, the outbreak of COVID-19 has an impact on Telia Company and its operations. People’s safety is key, and a majority of the staff is working from home except for staff in business-critical functions. Ensuring business continuity, even with an increased number of employees on sick leave, is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

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

KEY COVID-19 RELATED MITIGATING ACTIVITIES

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

TELIA COMPANY’S RISK UNIVERSE



Stockholm, October 21, 2020

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

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

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

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

CAPEX: An abbreviation of “Capital Expenditure”. Investments in intangible and tangible non-current assets 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 percent of hybrid capital (which, consistent with market practice

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

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

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

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

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

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

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

Total equipment revenues: External equipment net sales.

Total service revenues: External net sales excluding equipment sales.

TV revenues: External net sales related to TV services.

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

FINANCIAL CALENDAR

Year-end Report January-December 2020

January 29, 2021

Annual and Sustainability Report January-December 2020

March 11, 2021

Annual General Meeting 2021

April 12, 2021

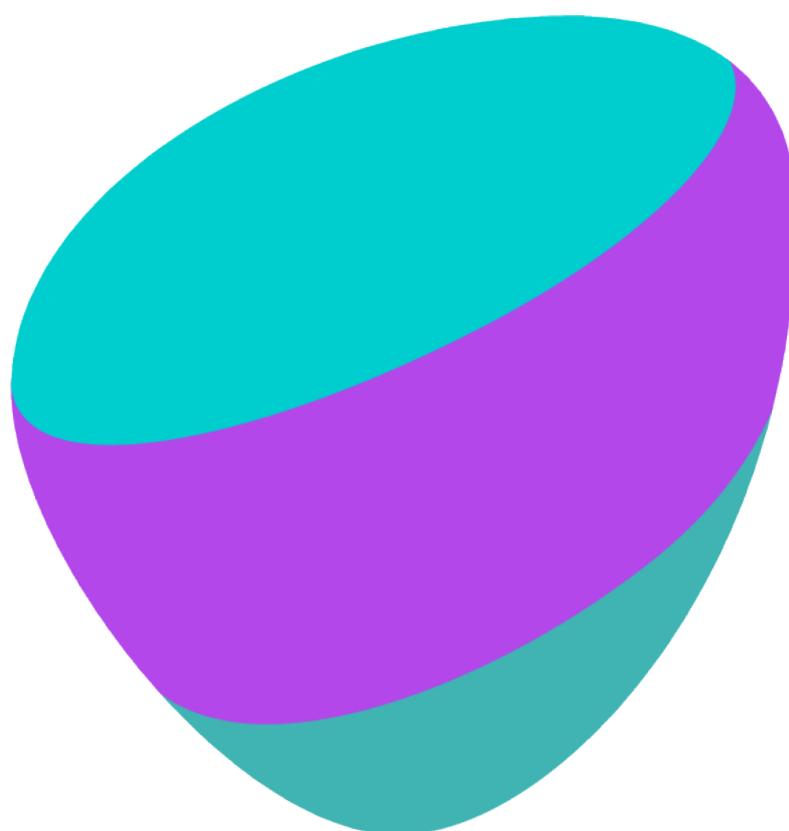
Interim Report January-March 2021

April 23, 2021

Interim Report January-June 2021

July 21, 2021

This information is information that Telia Company AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CET on October 21, 2020.



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