

# Q3

Interim Report  
January-September 2021



# CONTINUED PROGRESS TOWARDS A BETTER TELIA

## Third quarter summary

- Net sales decreased 1.2% to SEK 21,271 million (21,530) and like for like<sup>3</sup>, net sales increased 3.8%.
- Service revenues decreased 3.2% to SEK 18,130 million (18,733) and like for like<sup>3</sup>, service revenues increased 2.3%.
- Adjusted EBITDA declined 4.9% to SEK 7,806 million (8,211) and like for like<sup>3</sup>, adjusted EBITDA declined 1.9%.
- Total net income amounted to SEK 1,643 million (2,572).
- Operational free cash flow decreased to SEK 2,937 million (3,732) and cash flow from operating activities decreased to 6,665 million (7,392).
- The European Commission approved the divestment of 49% of the tower businesses in Finland and Norway to Brookfield and Alecta. The transaction is pending final regulatory approval and is expected to be finalized in the fourth quarter of 2021. The leverage ratio based on Q3 and including the tower proceeds is estimated at 2.0x.
- The outlook for 2021 is unchanged.

**18,130**

Service revenues  
Q3 2021  
(SEK million)

**7,806**

Adjusted  
EBITDA  
Q3 2021  
(SEK million)

**2,937**

Operational  
free cash flow  
Q3 2021  
(SEK million)

## Nine months summary

- Net sales declined 1.2% to SEK 64,962 million (65,726) and like for like<sup>3</sup>, net sales increased 2.8%.
- Service revenues decreased 3.2% to SEK 55,759 million (57,577) and like for like<sup>3</sup>, service revenues increased 1.0%.
- Adjusted EBITDA declined 1.9% to SEK 22,782 million (23,225) and like for like<sup>3</sup>, adjusted EBITDA increased 0.8%.
- Total net income amounted to SEK 10,722 million (1,689).
- Operational free cash flow decreased to SEK 9,031 million (9,240) and cash flow from operating activities decreased to SEK 20,450 million (20,829).

## Highlights

SEK in millions, except key ratios, per share data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales	21,271	21,530	-1.2	64,962	65,726	-1.2
Change (%) like for like <sup>1,3</sup>	3.8			2.8		
of which service revenues (external) <sup>1</sup>	18,130	18,733	-3.2	55,759	57,577	-3.2
change (%) like for like <sup>1,3</sup>	2.3			1.0		
Adjusted <sup>2</sup> EBITDA <sup>1</sup>	7,806	8,211	-4.9	22,782	23,225	-1.9
change (%) like for like <sup>1,3</sup>	-1.9			0.8		
Margin (%)	36.7	38.1		35.1	35.3	
Adjusted <sup>2</sup> operating income <sup>1</sup>	2,923	3,343	-12.5	7,877	8,950	-12.0
Operating income	2,661	3,794	-29.9	13,549	5,254	157.9
Income after financial items	1,984	3,081	-35.6	11,506	2,934	292.2
Total net income	1,643	2,572	-36.1	10,722	1,689	534.7
EPS total (SEK)	0.39	0.62	-36.6	2.60	0.39	574.6
Operational free cash flow <sup>1</sup>	2,937	3,732	-21.3	9,031	9,240	-2.3
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	3,456	3,081	12.2	10,152	9,470	7.2

1) See Note 15 Alternative Performance Measures and/or section Definitions. 2) Adjustment items, see Note 2. 3) Like for like excludes exchange rate effects and is based on the current group structure, i.e. including the impact of any acquired companies and excluding the impact of any disposed companies, both in the current and in the comparable period.

## CEO COMMENT...

“Our third quarter results show continued progress towards the company’s long-term ambitions. We are executing on our strategic priorities by expanding next generation connectivity services, improving commercial momentum through convergence, and accelerating structural cost take-out. While there are still some headwinds, the foundations required to Reinvent a Better Telia are now firmly in place, illustrated by another quarter of service revenue growth for the group and also growth in all except one business unit.

In the quarter we delivered service revenue growth of 2.3%, to SEK 18.1 billion. Structural cost reductions continue according to plan. Content investments, however, are impacting overall cost levels as well as pension phasing. This resulted in an EBITDA decline of 1.9%. Operational free cash flow remains strong, with SEK 9.0 billion generated so far in 2021. This puts us well above the level needed for the minimum SEK 2 per share dividend.

During the quarter we delivered solid commercial KPIs in the areas where we are the undisputed market leader. In Sweden customer additions across all key products, coupled with ARPU growth, resulted in service revenue growth for the first time since Q4 2016. Adjusting for legacy products and one-off items from Q3 2020, service revenues grew by 3.5%. This included growth in both consumer and enterprise segments. Operational expenses were impacted by continued investments in customer support and pension phasing. Adjusting for the latter and a one-off from Q3 2020 EBITDA showed a small growth. In the Baltics the previous quarter’s strong development continued, operationally and financially, with EBITDA growth of 9% and 5% in Lithuania and Estonia, respectively.

In our challenger markets results were mixed. Positive trends experienced in Norway during recent quarters continued. Our subscriber base in the enterprise segment expanded further and the consumer segment base remained stable, resulting in an overall return to service revenue growth. Underlying improvement is, however, still distorted by the negative impact from a large wholesale contract, the reason also for an EBITDA reduction of 1%. Denmark returned to service revenue growth and management changes were made in the quarter to drive further improvements. Excluding a non-cash related item, EBITDA remained roughly unchanged. In Finland service revenue declined by 1%, nevertheless an improvement from previous quarters. The lower revenue and higher pension costs led to an EBITDA decline of 4.5%. Our turn-around efforts continue at pace focusing on a value loading approach - using our improved network quality, 5G upselling and media assets - to drive higher ARPU. Progress proof points are visible in network, brand and value for money perception increases. In the enterprise segment we are also seeing our datacom business turning to growth after having been in decline since 2019. Moreover, a move towards online sales and customer support channels are driving efficiencies as well as improved customer experience. That said, a return to positive financial development will likely materialize only during 2022.

TV & Media saw continued top line recovery with service revenue growth of 15% to which Ad and Pay/OTT revenue streams contributed equally. Within C More OTT we have seen a 40%



growth in sport related subscriptions. Our already strong and broad offering was made even stronger in the quarter through the launch of UEFA Champions League (UCL). UCL investment cost, and other sport-related content costs that were postponed during the height of the pandemic, resulted in an expected EBITDA decline for the quarter. Consumption on our digital ad funded platforms grew by 58% and 22% in Sweden and Finland, respectively. Linear CSOV remained strong in both Sweden and Finland.

Our strategic focus on “Inspiring our Customers” was illustrated not only by strong customer base development in key product areas but evidenced also by leading customer satisfaction rankings. In Sweden, Halebop ranked number one in the consumer segment of the yearly SKI (Svenskt Kvalitetsindex) customer satisfaction survey, while Telia held the number one spot in the enterprise segment for the 18th year in a row. In Norway OneCall ranked number one in the consumer segment in the EPSI (Extended Performance Satisfaction Index). Phonero and Telia secured the number one and two spots respectively in the enterprise segment of the same. Customer satisfaction increasingly includes expectations on our environmental work. We have reduced our own CO2 emissions by 78% since 2018 and are now focused on engaging with suppliers to make them set science-based climate targets. Seven out of the ten suppliers that emit the most carbon dioxide in our supply chain have now set, or committed to set, science-based targets helping us make progress towards a climate-neutral value chain by 2030.

A prerequisite to deliver on our “Connect Everyone” priority is the right spectrum. During the quarter we strengthened our spectrum, and greatest challenger, position in Norway through the acquisition of both 3.6GHz and 2.6GHz spectrum. We are maintaining momentum in our 4G network modernization and 5G roll-out. In Sweden we have expanded our 5G coverage to 25 cities while in Finland and Norway we have 54% and 31% 5G population coverage, respectively. We remain the sole 5G provider in Estonia and are ready to commercialize 5G services

through rapid modernization of sites in Lithuania. We also strengthened our fiber broadband base, surpassing 1 million subscribers in Sweden and taking our total fiber connections to 1.8 million, equaling 8% growth.

Our effort to “Transform to Digital” has resulted in more than SEK 65 million reduction of IT costs in the quarter, an increase from the SEK 45 million level seen in Q2. These are structural and sustainable reductions generated through the decommissioning of legacy systems and products, as well as through the consolidation of IT vendors.

In line with our commitment to “Deliver Sustainably” we demonstrate clear positive impacts, combining our strong assets into attractive converged offerings while being disciplined on pricing through our “more for more” strategy. And we continue to take further steps towards monetizing 5G while maintaining our cost reduction focus. Regulatory approvals for the tower transaction announced in Q2 are on track for closing in Q4, crystalizing infrastructure value and further strengthening our balance sheet. Finally, we were awarded Gold level recognition by Ecovadis, the world’s largest provider of business sustainability ratings, for our sustainability achievements and combined work across environment, labor rights, ethics and sustainable procurement. Gold status is awarded to the top 5% out of 75k companies globally.

We reiterate our full year outlook of service revenues and EBITDA, excluding Telia Carrier and FX, at flat to low single digit growth, with EBITDA anticipated in the lower end of the range. The cash CAPEX outlook is expected to be in the range of SEK 14.5 to 15.5 billion, most likely in the mid part of the range.

Lastly, as I recognize how we successfully provided connectivity, at work and at home, throughout the pandemic, I am tremendously excited to imagine the even greater services and experiences we will be able to provide our customers, employees, shareholders, and societies now when we can finally meet again and Reinvent Better together.”

**Allison Kirkby**  
President & CEO

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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.

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## Outlook for 2021

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

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

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

## Ambition for 2021-2023

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

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

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

## Leverage and credit rating target

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

## Dividend policy

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

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

The structural part<sup>1</sup> of operational free cash flow is expected to cover the minimum level of dividend from 2022.

## Ordinary dividend to shareholders

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

### First distribution

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

### Second distribution

The Annual General Meeting (AGM) decided that the final day for trading in shares entitling shareholders to dividend should be set for October 26, 2021, and that the first day of trading in shares excluding rights to dividend should be set for October 27, 2021.

The record date at Euroclear Sweden for the right to receive dividend will be October 28, 2021. The dividend is expected to be distributed by Euroclear Sweden on November 2, 2021.

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

# REVIEW OF THE GROUP, THIRD QUARTER 2021

## Sales and earnings

**Net sales** decreased by 1.2% to SEK 21,271 million (21,530). Like for like, net sales increased by 3.8% driven mainly by Sweden as well as the TV and Media unit, although partly also from growth in most other operations.

**Service revenues** decreased 3.2% to SEK 18,130 million (18,733). Like for like, service revenues increased 2.3% driven mainly by the TV and Media unit, although also from growth in most other operations.

**Adjusted EBITDA** declined 4.9% to SEK 7,806 million (8,211) and the adjusted EBITDA margin declined to 36.7% (38.1). Like for like, adjusted EBITDA declined 1.9% driven by decreased EBITDA generation in the Nordic markets as well as for the TV and Media-unit that more than offset a positive development for the Baltic operations. The reason for the adjusted EBITDA decline is mainly related to higher content costs and higher operational expenses, especially related to pension phasing.

**Adjustment items** affecting operating income amounted to SEK -262 million (451) as the corresponding quarter of last year contained a positive impact from a partial reversal of a previously made impairment of Turkcell Holding.

**Adjusted operating income** declined to SEK 2,923 million (3,343).

**Financial items** totaled SEK -677 million (-712) of which SEK -656 million (-697) related to net interest expenses.

**Income taxes** amounted to SEK -341 million (-509). The effective tax rate was 17.2% (16.5). The effective tax rate was mainly impacted by change in deferred taxes from previous years.

**Total net income** amounted to SEK 1,643 million (2,572).

**Other comprehensive income** increased to SEK 578 million (-362), mainly due to positive translation differences. Previous quarter was negatively impacted by translation differences, which was partly offset by positive remeasurements of defined benefit pension plans.

## Cash flow

**Cash flow from operating** activities decreased to SEK 6,665 million (7,392) impacted by lower adjusted EBITDA partly due to the deconsolidation of Telia Carrier and negative impact from working capital. **Free cash flow** decreased to 3,457 million (4,363) and was in addition also negatively impacted by increased cash CAPEX.

**Operational free cash flow**, from continuing operations, decreased to SEK 2,937 million (3,732) mainly driven by lower adjusted EBITDA partly due to the deconsolidation of Telia Carrier, negative impact from working capital and increased cash CAPEX.

**Cash flow from investing activities** decreased to SEK -4,849 million (-2,834) mainly impacted by net investments in investment bonds.

**Cash flow from financing activities** increased to SEK -906 million (-1,680) mainly due to net change in short term borrowings.

## Financial position

**CAPEX** excluding right-of-use assets, increased to SEK 4,459 million (3,080). CAPEX excluding fees for licenses, spectrum and right-of-use assets, increased to SEK 3,456 million (3,081). Cash CAPEX increased to SEK 3,209 million (3,029).

**Net debt** was SEK 66,400 million at the end of the third quarter (69,224 at the end of the second quarter of 2021). The net debt/adjusted EBITDA ratio was 2.24x.

## COVID-19 impact

Due to the COVID-19 pandemic roaming revenues were around SEK 300 million lower for the first half of 2021 compared to the corresponding period last year. In the third quarter there was no adverse impact from COVID-19 on roaming revenues, however, the uncertainty surrounding COVID-19 implies a risk also going forward. This, as well as mitigating activities, are reflected in the outlook, see page 5.

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

# REVIEW OF THE GROUP, NINE MONTHS 2021

## Sales and earnings

**Net sales** decreased by 1.2% to SEK 64,962 million (65,726). Like for like, net sales increased 2.8% driven primarily by a positive development for the TV and Media unit as well as for Sweden.

**Service revenues** decreased 3.2% to SEK 55,759 million (57,577). Like for like, service revenues increased 1.0% due to a positive development for the TV and Media unit as well as for the Baltic operations which more than compensated for lower service revenues in the Nordic operations.

**Adjusted EBITDA** declined 1.9% to SEK 22,782 million (23,225) and the adjusted EBITDA margin remained rather unchanged at 35.1% (35.3). Like for like, adjusted EBITDA increased 0.8% as a positive development for the TV and Media unit, Norway as well as for the Baltic operations more than compensated for declining EBITDA in mainly Sweden and Finland.

**Adjustment items** affecting operating income amounted to SEK 5,673 million (-3,696). 2021 was mainly impacted by a capital gain from the disposal of Telia Carrier, see Note 12. 2020 was impacted by an impairment related to Turkcell Holding. See Note 2.

**Adjusted operating income** declined to SEK 7,877 million (8,950).

**Financial items** totaled SEK -2,043 million (-2,320) of which SEK -2,025 million (-2,233) related to net interest expenses.

**Income taxes** amounted to SEK -960 million (-1,046). The effective tax rate was 8.3 % (35.6). The effective tax rate was mainly impacted by a non-taxable capital gain related to the disposal of Telia Carrier whilst comparative figures were mainly impacted by a reversal of a withholding tax provision on future dividends and a non-deductible impairment related to Turkcell Holding.

**Total net income** amounted to SEK 10,722 million (1,689).

**Other comprehensive income** increased to SEK 5,771 million (-6,031), mainly due to positive remeasurements of defined benefit pension plans and positive translation differences related to NOK and no TRY impact in 2021.

## Cash flow

**Cash flow from operating activities** decreased to SEK 20,450 million (20,829). **Free cash flow** decreased to 10,074 million (11,325).

**Operational free cash flow**, from continuing operations, decreased to SEK 9,031 million (9,240).

**Cash flow from investing activities** amounted to SEK -6,389 million (-2,912) mainly due to net investments in short term investment bonds and higher Cash CAPEX, partly offset by the disposal of Telia Carrier.

**Cash flow from financing activities** improved to SEK -8,574 million (-11,341) mainly due to net change in short term borrowings, partly offset by settlement of derivatives. 2020 was further impacted by repurchased treasury shares.

## Financial position

**CAPEX** excluding right-of-use assets, increased to SEK 12,277 million (9,613). CAPEX excluding fees for licenses, spectrum and right-of-use assets, increased to SEK 10,152 million (9,470). Cash CAPEX increased to SEK 10,376 million (9,499).

**Goodwill and other intangible assets** increased to SEK 88,296 million (86,521), mainly due to foreign exchange rate effects and investments in frequencies in Norway.

**Long-term interest-bearing receivables** decreased to SEK 9,022 million (11,233), mainly due to a change in derivatives.

**Short-term interest-bearing receivables** increased to SEK 10,063 million (5,486), mainly due to investment in investment bonds.

**Assets classified as held for sale** decreased to SEK 0 million (4,957) due to the disposal of Telia Carrier, also affecting **Liabilities directly associated with assets classified as held for sale**.

**Long-term borrowings** decreased to SEK 91,490 million (100,239) mainly due to a reclassification to **Short-term borrowings**, but also due to a change in derivatives.

**Provisions for pensions and other long-term provisions** decreased to SEK 7,944 million (11,787) mainly due to remeasurements of defined benefit pension plans.

**Other long-term liabilities** increased to SEK 1,953 million (757), mainly due to increased long-term frequency liabilities in Norway.

**Trade payables and other current liabilities, current tax payables and short-term provisions** increased to SEK 34,654 million (28,430) mainly due to the second dividend tranche not yet paid out as well as higher balances under vendor financing arrangements.

## COVID-19 impact nine months

For information on COVID-19, see "Review of the Group, third quarter 2021".

## Significant events in the first quarter

- On January 19, 2021, it was announced that Telia Company secured a 120 MHz frequency block in the 3.5 GHz band in Sweden for EUR 75 million (approximately SEK 757 million).
- On February 11, 2021, it was announced that the Nomination Committee had been informed by Mr Olaf Swantee that he was not available for re-election to the Telia Company Board.
- On March 11, 2021, Telia Company published its Annual and Sustainability Report for 2020.
- On March 26, 2021, Telia Company announced the investment of SEK 100 million in a Sustainable Development Bond recently launched by the World Bank.

## Significant events in the second quarter

- On April 1, 2021, Telia Company completed the sale of its alarm communication business Alerta in Finland. See Note 12.
- On April 12, 2021, Telia Company announced the resolutions passed at the Annual General Meeting, including the appointment of the new board. Further the Annual General Meeting approved implementation of a long-term incentive program 2021/2024.
- On April 20, 2021, Telia Company launched new goals to boost sustainable growth. The aim is to empower societies in the Nordics and Baltics to achieve zero CO<sub>2</sub> and waste by 2030, reach one million people through digital inclusion initiatives by 2025 and implement winning privacy and security strategies by 2023 to gain and maintain customers' trust.
- On April 21, 2021, the Danish multiband auction was concluded and Telia Denmark secured via the joint operation TT-Netværket spectrum in the 1,500 MHz, 2,100 MHz, 3,600 MHz as well as in the 26 GHz band, for a total price of DKK 741 million (approximately SEK 1 000 million).
- On May 3, 2021, Telia Company announced that the Board of Directors has decided to exercise the mandate for buy-back of shares to cover commitments under Telia Company's "Long Term Incentive Program 2018/2021". See Note 6.
- On June 1, 2021, the divestment of Telia Carrier to Polhem Infra was completed. See Note 12.
- On June 4, 2021, Telia Company announced that Cecilia Lundin, Executive Vice President, Head of People Experience & Culture, will be leaving Telia Company.
- On June 30, 2021, Telia Company signed an agreement to dispose 49% of the tower businesses in Finland and Norway to Brookfield and Alecta, at a price corresponding to an enterprise value for 100% of EUR 1,524 million (approximately SEK 15.4 billion) on a cash and debt free basis. The transaction is subject to customary regulatory approvals and closing is expected take place in the fourth quarter of 2021. See Note 12.

## Significant events in the third quarter

- On July 12, 2021, Telia Company announced the appointment of Stefan Backman as EVP, Group General Counsel, Head of Corporate Affairs, to succeed Jonas Bengtsson who has decided to leave the company at the end of 2021.
- On September 6, 2021, Telia Company announced the appointment of Maria Romberg Ewerth as Senior Vice President, Chief People Officer.
- On September 20, 2021, it was announced that the Nomination Committee of Telia Company AB for the Annual General Meeting 2022 had been appointed.
- On September 30, 2021, the Norwegian frequency auction was completed and Telia secured frequencies in both the 2.6 GHz as well as in the 3.6 GHz band for a total price of NOK 1,070 million (approximately SEK 1,068 million).

## Significant events after the end of the third quarter

- In October 2021, SIA Latvijas Mobilais Telefons (LMT) in Latvia acquired 100% of the Baltic data transmission network and IT security solutions enterprise group, Santa Monica Networks from Livonia Partners at a price of EUR 36 million (approximately SEK 364 million), see Note 13.

## SWEDEN

- All product lines contributed to the service revenue growth except for fixed telephony. This resulted in the highest service revenue growth since the fourth quarter of 2015.
- By bringing the crown jewel of football, UEFA Champions League, to its customer in the quarter, Telia took another important step to provide strong convergence offerings, to improve customer experience and become the natural “Home of Entertainment”. The highly popular football right, that will be exclusive for Telia customers, was brought to the market bundled with other popular sports and entertainment content, providing a superior customer experience on the best network in Sweden.
- By scoring well within key areas such as product quality, coverage, customer experience and reliability, Halebop and Telia Enterprise again came out on top in the yearly Swedish quality survey “Svenskt kvalitetsindex (SKI)”.
  - Telia launched a completely new mobile portfolio for small and medium-sized enterprise customers, designed to meet their everyday needs for business-critical services. The new portfolio which has been made simpler by containing fewer price plans, includes everything needed for enterprise customers’ mobile offices, including access to 5G.
  - Telia expanded its partnership with Nobina within Smart Public Transport. The services include real-time information from vehicles through the IoT-platform onboard, which contains amongst other features like EcoDriving, automatic passenger count and connected camera surveillance. Services that both improve the customer experience and safety onboard as well as contribute to the company’s sustainability program: “The green journey”.

## Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales <sup>1</sup>	8,424	8,202	2.7	25,317	24,875	1.8
Change (%) like for like	2.7			1.8		
of which service revenues (external)	7,337	7,286	0.7	21,905	22,189	-1.3
change (%) like for like	0.5			-1.4		
Adjusted EBITDA	3,390	3,433	-1.3	9,934	10,147	-2.1
Margin (%)	40.2	41.9		39.2	40.8	
change (%) like for like	-1.3			-2.1		
Adjusted operating income	1,512	1,747	-13.5	4,220	5,075	-16.8
Operating income	1,429	1,717	-16.8	4,011	4,941	-18.8
CAPEX excluding fees for licenses, spectrum and right-of-use assets	683	615	11.0	1,969	1,939	1.5
Subscriptions, (thousands)						
Mobile	6,689	6,207	7.8	6,689	6,207	7.8
of which machine to machine (postpaid)	1,833	1,258	45.8	1,833	1,258	45.8
Fixed telephony	541	711	-23.9	541	711	-23.9
Broadband	1,244	1,255	-0.9	1,244	1,255	-0.9
TV	975	919	6.1	975	919	6.1
Employees <sup>1</sup>	4,405	4,504	-2.2	4,405	4,504	-2.2

1) Third quarter and first nine months 2020 are restated for comparability see Note 1.

**Net sales** increased 2.7% to SEK 8,424 million (8,202) driven mainly by higher equipment sales although partly also increased service revenues.

**Service revenues**, like for like, increased by 0.5% as mobile service revenue growth of 1.1% coupled with increased revenues also from predominately fixed broadband, TV and business solutions more than compensated for a continued decline for revenues from fixed telephony.

**Adjusted EBITDA** declined 1.3% to SEK 3,390 million (3,433) and adjusted EBITDA margin decreased to 40.2% (41.9). Adjusted EBITDA like for like declined 1.3% as the growth for service revenues could not fully compensate for an increased cost level related to pension phasing.

**CAPEX** excluding fees for licenses, spectrum and right-of-use assets, increased 11.0% to SEK 683 million (615).

**Mobile subscriptions** grew by 272,000 in the quarter driven by an addition of 273,000 postpaid subscriptions used for machine-to-machine related services. TV subscriptions increased by 26,000 and fixed broadband subscriptions increased by 18,000 in the quarter. The latter partly due to a retroactive adjustment which added around 10,000 subscriptions.

## FINLAND

- Telia continued to expand its 5G network now covering around 3.0 million people, equal to 54% of the population. As part of the growing coverage, the number of 5G enabled handsets also continued to grow and is currently representing around 60% of all new mobile phones sold. And from that 5G is also a key driver behind data usage growth in Finland, this as 5G customers on average uses around 40% more data compared to customers on 4G.
- Along with 5G we are offering our customers a wide range of content, which together with 5G improves the value for money perception. We see strong growth in access with content, where customers having both Telia and C More also result in better consideration ratings and lower churn.
- Telia signed a comprehensive agreement with Uusimaa towns and municipalities and the Central Uusimaa healthcare authority around the procurement of ICT services. Something that demonstrates Telia's strong position as a full ICT supplier for enterprises and government organizations.
- An agreement was signed with Agnico Eagle for implementing Northern Europe's largest private 5G Enterprise Mobile Network and also a continuation deal for amongst other WAN services for the Government ICT Centre Valtori was signed.

## Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales	3,612	3,617	-0.1	10,702	11,283	-5.1
Change (%) like for like	1.9			-1.0		
of which service revenues (external)	3,007	3,085	-2.5	9,015	9,620	-6.3
change (%) like for like	-1.0			-2.4		
Adjusted EBITDA	1,185	1,280	-7.4	3,302	3,658	-9.8
Margin (%)	32.8	35.4		30.8	32.4	
change (%) like for like	-4.5			-5.4		
Adjusted operating income	355	488	-27.3	825	1,235	-33.2
Operating income	358	488	-26.6	1,110	1,090	1.8
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	433	476	-9.1	1,211	1,226	-1.2
Subscriptions, (thousands)						
Mobile	3,216	3,179	1.2	3,216	3,179	1.2
of which machine to machine (postpaid)	297	280	6.1	297	280	6.1
Fixed telephony	17	21	-19.0	17	21	-19.0
Broadband	472	456	3.5	472	456	3.5
TV	550	574	-4.2	550	574	-4.2
Employees <sup>1</sup>	2,970	3,026	-1.9	2,970	3,026	-1.9

1) Third quarter and first nine months 2020 are restated for comparability see Note 1.

**Net sales** declined 0.1% to SEK 3,612 million (3,617) and like for like, net sales increased 1.9% driven by increased equipment sales. The effect of exchange rate fluctuations was negative by 1.6%.

**Service revenues**, like for like, declined 1.0% as mobile service revenues remained rather unchanged at the same time as fixed service revenues decreased by 2.1% driven predominately by a continued decline for revenues from fixed telephony as well as fixed broadband.

**Adjusted EBITDA** declined 7.4% to SEK 1,185 million (1,280) and adjusted EBITDA margin decreased to 32.8% (35.4). Adjusted EBITDA like for like declined 4.5% driven by the decline in service revenues as well as from an increased cost level related to pension costs.

**CAPEX** excluding fees for licenses, spectrum and right-of-use assets, decreased 9.1% to SEK 433 million (476).

**Mobile subscriptions** increased by 21,000 driven by the addition of 16,000 postpaid subscriptions. TV subscriptions decreased by 60,000 in the quarter due to a transfer of around 60,000 subscriptions to TV and Media. Fixed broadband subscriptions increased by 2,000 in the quarter.

## NORWAY

- In an auction process completed on September 30, Telia secured attractive frequencies in both the 2.6 GHz as well as in the 3.6 GHz band. Frequencies that will be an integral part of Telia's commitment to be the first operator in Norway to have a nationwide 5G coverage by 2023. Furthermore, on the topic of 5G, the milestone of having implemented 1,000 5G base stations was passed in the quarter, implying that 1.5 million Norwegians now have access to Telia's ultra-fast 5G network where they live.
- After securing a long-term agreement with the Norwegian postal services (Posten) in the second quarter, work around preparing for the onboarding was intense in the quarter. The agreement that is the largest ever for Telia Norway Enterprise, is a broad agreement designed to cover all of Posten's needs when moving from a wired to a wireless business. This includes mobile subscriptions, connectivity to around 1,850 locations throughout the Nordic region, as well as SMS and contact center solutions.
- Telia and TV 2 agreed on a new long-term distribution agreement which ensures easy access for Telia's TV customers to all of TV 2's content, including TV 2's channels, streaming service as well as sports content. Something that will ensure freedom of choice for customers as Telia can continue to offer the widest TV offer on the most modern TV platform in Norway.

## Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales	3,478	3,358	3.6	10,130	10,016	1.1
Change (%) like for like	1.9			0.6		
of which service revenues (external)	2,913	2,851	2.2	8,496	8,575	-0.9
change (%) like for like	0.4			-1.5		
Adjusted EBITDA	1,669	1,643	1.6	4,741	4,541	4.4
Margin (%)	48.0	48.9		46.8	45.3	
change (%) like for like	-0.7			3.3		
Adjusted operating income	726	629	15.5	1,778	1,268	40.2
Operating income	717	585	22.6	1,688	1,153	46.3
CAPEX excluding fees for licenses, spectrum and right-of-use assets	665	580	14.7	1,999	1,558	28.3
Subscriptions, (thousands)						
Mobile	2,292	2,265	1.2	2,292	2,265	1.2
of which machine to machine (postpaid)	129	101	27.9	129	101	27.9
Fixed telephony	34	44	-22.7	34	44	-22.7
Broadband	490	461	6.3	490	461	6.3
TV	477	471	1.3	477	471	1.3
Employees	1,444	1,650	-12.5	1,444	1,650	-12.5

**Net sales** increased 3.6% to SEK 3,478 million (3,358) and like for like, net sales increased 1.9% due to increased equipment sales as well as higher service revenues. The effect of exchange rate fluctuations was positive by 1.7%.

**Service revenues**, like for like, increased 0.4% due to marginal growth for both mobile and fixed service revenues. For mobile revenues the growth of 0.1% was the result from increased subscription revenues which more than compensated for lower wholesale revenues. And for fixed service revenues the growth of 0.6% was due to a 11.7% growth for fixed broadband revenues that more than offset declining revenues from TV and fixed telephony.

**Adjusted EBITDA** increased 1.6% to SEK 1,669 million (1,643) and adjusted EBITDA margin declined to 48.0% (48.9). Adjusted EBITDA like for like declined 0.7% as higher costs more than offset the positive impact from a slight service revenue growth.

**CAPEX** excluding fees for licenses, spectrum and right-of-use assets, increased 14.7% to SEK 665 million (580).

**Mobile subscriptions** increased by 16,000 in the quarter driven by the gain of 13,000 postpaid subscription. TV subscriptions remained unchanged and fixed broadband subscriptions increased by 7,000 in the quarter.

## DENMARK

- During the quarter we made several changes to the Danish management team, including appointing Petr Cermak as acting CEO. A recruitment process has started to find permanent candidates for the current acting positions. We believe this is the right time for a new leadership as we move into a clear growth focused phase for the Danish operation.
- Telia continues to modernize the common 4G network and also deploy 5G in the four largest cities. The network upgrade and expansion will continue at a high pace to meet the ambition for the vast majority of all people in Denmark to have access to ultra-fast 5G during 2022. At the end of third quarter more than 500 sites had been upgraded.
- The fighter brand Call me was rebranded to increase awareness in the market and position it as a low-priced, easy and 'value for money' brand. Thereby increasing the differentiation of the Telia Consumer brand targeting families via tailored products and services across mobile, streaming services and fixed broadband to serve their needs.

## Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales	1,287	1,308	-1.6	3,810	4,061	-6.2
Change (%) like for like	-0.2			-2.7		
of which service revenues (external)	981	966	1.5	2,839	3,011	-5.7
change (%) like for like	2.2			-2.5		
Adjusted EBITDA	240	274	-12.7	676	760	-11.1
Margin (%)	18.6	21.0		17.7	18.7	
change (%) like for like	-10.6			-6.8		
Adjusted operating income	-16	27		-69	9	
Operating income	-23	27		-101	-4	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	135	43	211.7	263	209	25.9
Subscriptions, (thousands)						
Mobile	1,603	1,484	8.0	1,603	1,484	8.0
of which machine to machine (postpaid)	243	101	140.6	243	101	140.6
Fixed telephony	59	69	-14.5	59	69	-14.5
Broadband	62	70	-11.4	62	70	-11.4
TV	26	31	-16.1	26	31	-16.1
Employees	713	716	-0.4	713	716	-0.4

**Net sales** decreased 1.6% to SEK 1,287 million (1,308) and like for like, net sales declined 0.2% as lower sale of equipment more than offset increased service revenues. The effect of exchange rate fluctuations was negative by 1.4%.

**Service revenues**, like for like, increased 2.2% as mobile revenue growth of 4.7% more than compensated for a 9.2% decline in fixed revenues. The latter primarily driven by lower revenues from business solutions and to some less extent also from fixed telephony and fixed broadband.

**Adjusted EBITDA** declined 12.7% to SEK 240 million (274) and adjusted EBITDA margin decreased to 18.6% (21.0). Adjusted EBITDA like for like declined 10.6% due to an elevated cost base that contained a non-cash item, which more than offset the positive impact from the service revenue growth.

**CAPEX** excluding fees for licenses, spectrum and right-of-use assets, increased 211.7% to SEK 135 million (43) driven by mobile network modernization and 5G roll-out.

**Mobile subscriptions** increased by 61,000 in the quarter driven by the addition of 58,000 postpaid subscriptions used for machine-to-machine related services. Fixed broadband subscriptions declined by 3,000 and TV subscriptions remained unchanged in the quarter.

## LITHUANIA

- Under the strategic partnership with Ericsson, work around modernizing the mobile network and laying a solid foundation for future 5G continued in the quarter. Currently more than 200 base stations have been upgraded, which puts Telia in a good position to provide commercial 5G services to its customers once the 5G frequency auction has taken place, which is expected to be in 2022.
- To cater for long-term success as well as for maintaining strong customer relationships within the Enterprise segment, Telia performed a series of events around IT security for medium size enterprise customers. In total more than 300 customers participated in the events which were organized in four cities. And in addition to creating awareness, the events also contained concrete presentations and demonstrations of services that Telia can provide in the space of IT security.
- On the Consumer side work around improving the overall offering was intense in the quarter and resulted amongst other in a widening of the equipment portfolio as well as in that the mobile tariff portfolio was updated and simplified.

## Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales	1,100	1,032	6.5	3,151	3,076	2.4
Change (%) like for like	8.3			6.6		
of which service revenues (external)	840	780	7.7	2,431	2,379	2.2
change (%) like for like	8.1			5.7		
Adjusted EBITDA	408	380	7.5	1,146	1,127	1.6
Margin (%)	37.1	36.8		36.4	36.6	
change (%) like for like	9.3			5.7		
Adjusted operating income	221	232	-4.9	581	664	-12.5
Operating income	218	227	-4.2	586	649	-9.7
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	145	95	52.7	336	276	21.5
Subscriptions, (thousands)						
Mobile	1,449	1,385	4.6	1,449	1,385	4.6
of which machine to machine (postpaid)	245	197	24.2	245	197	24.2
Fixed telephony	208	237	-12.2	208	237	-12.2
Broadband	419	416	0.7	419	416	0.7
TV	254	251	1.2	254	251	1.2
Employees <sup>1</sup>	1,603	1,650	-2.8	1,603	1,650	-2.8

1) Third quarter and first nine months 2020 are restated for comparability see Note 1.

**Net sales** increased 6.5% to SEK 1,100 million (1,032) and like for like, net sales increased 8.3% driven partly by increased equipment sales although mainly by increased service revenues. The effect of exchange rate fluctuations was negative by 1.8%.

**Service revenues**, like for like, increased 8.1% fairly equally driven by mobile and fixed service revenues. For mobile revenues that increased 10.1% the growth was the result from an increased number of subscriptions as well as higher ARPU. For fixed service revenues, which increased 6.8%, the growth was driven by a good development for fixed broadband, TV and business solution revenues.

**Adjusted EBITDA** increased 7.5% to SEK 408 million (380) and adjusted EBITDA margin increased to 37.1% (36.8). Adjusted EBITDA like for like increased 9.3% because of the increase in service revenues.

**CAPEX** excluding fees for licenses, spectrum and right-of-use assets, increased 52.7% to SEK 145 million (95) driven by the mobile network modernization and 5G roll-out.

**Mobile subscriptions** increased by 40,000 in the quarter driven by 28,000 postpaid subscriptions. Fixed broadband subscriptions increased by 2,000 and TV subscriptions remained unchanged in the quarter.

## ESTONIA

- After launching 5G as the first operator in Estonia almost a year ago, the network roll-out continued at a high pace in the quarter. And up until now about 100 5G sites have been built across Estonia. Putting Telia in a great position to continue providing a superior customer experience on mobile.
- Telia Estonia was for the third year in a row nominated as The Most Competitive IT and Communication Company in Estonia by Estonian Chamber of Commerce and Industry, Enterprise Estonia, and Estonian Employers' Association.
- Several different pilots for Telia's crowd insights tools were agreed with the Estonian Road Administration Agency as well as incident prediction modelling projects with Estonian Police and Border Guard.

## Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales <sup>1</sup>	836	801	4.4	2,440	2,422	0.8
Change (%) like for like	6.1			4.8		
of which service revenues (external)	684	649	5.4	1,991	1,984	0.4
change (%) like for like	6.0			3.9		
Adjusted EBITDA	313	302	3.7	904	873	3.6
Margin (%)	37.5	37.7		37.0	36.0	
change (%) like for like	5.5			7.7		
Adjusted operating income	153	135	13.4	421	345	22.1
Operating income	152	133	14.2	416	341	22.1
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	73	78	-6.2	220	257	-14.5
Subscriptions, (thousands)						
Mobile	1,184	1,105	7.2	1,184	1,105	7.2
of which machine to machine (postpaid)	393	346	13.7	393	346	13.7
Fixed telephony	215	230	-6.5	215	230	-6.5
Broadband	242	243	-0.4	242	243	-0.4
TV	207	209	-1.0	207	209	-1.0
Employees <sup>1</sup>	1,295	1,387	-6.6	1,295	1,387	-6.6

1) Third quarter and first nine months 2020 are restated for comparability see Note 1.

**Net sales** increased 4.4% to SEK 836 million (801) and like for like, net sales increased 6.1% driven mainly by increased service revenues although partly also increased equipment sales. The effect of exchange rate fluctuations was negative by 1.7%.

**Service revenues**, like for like, increased 6.0% from mobile revenues increasing by 6.2% due to subscription base expansion and ARPU growth, although mainly the service revenue growth was due to fixed revenues increasing 5.6% driven by a positive development for most services.

**Adjusted EBITDA** increased 3.7% to SEK 313 million (302) and adjusted EBITDA margin decreased slightly to 37.5% (37.7). Adjusted EBITDA like for like increased 5.5% driven by the service revenue increase.

**CAPEX** excluding fees for licenses, spectrum and right-of-use assets, decreased 6.2% to SEK 73 million (78).

**Mobile subscriptions** increased by 34,000 in the quarter partly driven by the net addition of 18,000 postpaid subscriptions used for machine-to-machine related services. Fixed broadband as well as TV subscriptions remained unchanged in the quarter.

## TV AND MEDIA

- The TV & Media unit continued to strengthen its market position through strong development for digital consumption and share of viewing on linear TV in the quarter. For digital consumption the time spent on TV4 Play increased by 58% compared to the corresponding quarter last year. And at the same time the linear performance with regards to commercial share of viewing remained strong in both Sweden and Finland.
- The UEFA Champions League was launched in the quarter, exclusively for direct customers of C More as well as Telia TV customers. Combining this with other strong sport content has resulted in a growth of almost 40% in the number of direct C More customers with a sports package.
- The fifth season of the highly popular C More Original series Gåsmamman premiered in the quarter, and it was the best start ever for the series that has been the most popular C More Original series since the launch back in 2015.

### Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales	1,878	1,632	15.0	6,053	5,089	18.9
Change (%) like for like	15.5			20.0		
of which service revenues (external)	1,878	1,633	15.0	6,053	5,089	18.9
change (%) like for like	15.4			20.0		
Adjusted EBITDA	191	249	-23.4	885	558	58.7
Margin (%)	10.1	15.2		14.6	11.0	
change (%) like for like	-23.6			58.6		
Adjusted operating income	-13	41		273	-35	
Operating income	-20	30		196	-77	
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	67	78	-13.7	199	251	-20.7
Subscriptions, (thousands)						
TV (SVOD)	835	647	29.1	835	647	29.1
Employees <sup>1</sup>	1,399	1,437	-2.6	1,399	1,437	-2.6

1) Third quarter and first nine months 2020 are restated for comparability see Note 1.

**Net sales** increased 15.0% to SEK 1,878 million (1,632) and like for like, net sales increased 15.5% driven by increased service revenues. The effect of exchange rate fluctuations was negative by 0.5%.

**Service revenues**, like for like, increased 15.4% explained by a 20.8% increase in TV revenues and a 12.4% increase in advertising revenues. The growth in TV revenues was explained by an increased number of TV subscriptions as well as a higher ARPU level, whereas advertising revenues had an easy comparison figure as the corresponding quarter of last year included an adverse impact from the COVID-19 pandemic. However, the good development for advertising revenues was also the result from successful work on capitalizing on a continued recovery for the demand for tv-advertising.

**Adjusted EBITDA** decreased 23.4% to SEK 191 million (249) and adjusted EBITDA margin decreased to 10.1% (15.2). Adjusted EBITDA like for like decreased 23.6% as increased service revenues was more than offset by higher content related costs as well as higher operational expenses.

**CAPEX** excluding fees for licenses, spectrum and right-of-use assets, declined 13.7% to SEK 67 million (78).

**Direct subscriptions video-on-demand (SVOD)** increased by 47,000 in the quarter driven by a transfer of around 60,000 subscriptions from Finland.

# OTHER OPERATIONS

## Highlights

SEK in millions, except margins, operational data and changes	Jul-Sep 2021	Jul-Sep 2020	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net sales	957	2,090	-54.2	4,677	6,540	-28.5
Change (%) like for like	8.9			7.9		
of which Telia Carrier	–	1,232		1,944	3,965	-51.0
of which Latvia	632	609	3.8	1,843	1,770	4.1
Adjusted EBITDA	410	650	-36.9	1,195	1,560	-23.4
of which Telia Carrier	–	213		371	684	-45.8
of which Latvia	211	204	3.5	600	578	3.8
Margin (%)	42.9	31.1		25.6	23.9	
Income from associated companies	24	610	-96.0	74	-2,153	
of which Turkey	–	560		–	-2,291	
of which Latvia	28	51	-45.1	84	142	-40.9
Adjusted operating income	-14	45		-154	388	
Operating income	-169	587		5,645	-2,840	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	1,254	1,116	12.4	3,954	3,754	5.3
Subscriptions, (thousands)						
Mobile Latvia	1,338	1,301	2.8	1,338	1,301	2.8
of which machine to machine (postpaid)	370	333	11.1	370	333	11.1
Employees <sup>1</sup>	5,983	6,398	-6.5	5,983	6,398	-6.5

1) Third quarter and first nine months 2020 are restated for comparability see Note 1.

**In the fourth quarter of 2020** an agreement was signed to divest Telia Carrier to Polhem Infra and the transaction was closed on June 1, 2021. As the Telia Carrier business was divested on June 1, 2021, the reported figures of Telia Carrier for 2021 therefore only represent January-May. See Note 12.

**Net sales** declined 54.2% to SEK 957 million (2,090) due to the divestment of Telia Carrier. Like for like, net sales increased 8.9%. The effect of exchange rate fluctuations was negative by 0.5%.

**Adjusted EBITDA** declined 36.9% to SEK 410 million (650) and adjusted EBITDA margin increased to 42.9% (31.1) due to the divestment of Telia Carrier. Adjusted EBITDA like for like decreased 4.8%.

**In Latvia**, net sales increased 3.8% to SEK 632 million (609). Adjusted EBITDA increased 3.5% to SEK 211 million (204) and the adjusted EBITDA margin decreased slightly to 33.4% (33.5). Adjusted EBITDA like for like increased 5.4%. The number of mobile subscriptions increased by 11,000 in the quarter driven partly by the addition of 5,000 postpaid subscriptions used for machine-to-machine related services.

**Income from associated companies** decreased to SEK 24 million (610) as the corresponding quarter of last year contained a positive impact from a partial reversal of a previously made impairment of Turkcell Holding.

# CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SEK in millions, except per share data and number of shares	Note	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Continuing operations</b>					
Net sales	3, 4	21,271	21,530	64,962	65,726
Cost of sales		-13,834	-13,363	-42,233	-41,639
<b>Gross profit</b>		<b>7,437</b>	<b>8,167</b>	<b>22,729</b>	<b>24,087</b>
Selling, administration and R&D expenses		-4,640	-4,983	-15,369	-16,074
Other operating income and expenses, net		-165	-6	6,113	-597
Income from associated companies and joint ventures		29	616	76	-2,162
<b>Operating income</b>	<b>3</b>	<b>2,661</b>	<b>3,794</b>	<b>13,549</b>	<b>5,254</b>
Financial items, net		-677	-712	-2,043	-2,320
<b>Income after financial items</b>	<b>3</b>	<b>1,984</b>	<b>3,081</b>	<b>11,506</b>	<b>2,934</b>
Income taxes		-341	-509	-960	-1,046
<b>Net income from continuing operations</b>		<b>1,643</b>	<b>2,572</b>	<b>10,546</b>	<b>1,888</b>
<b>Discontinued operations</b>					
<b>Net income from discontinued operations</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>176</b>	<b>-199</b>
<b>Total net income</b>		<b>1,643</b>	<b>2,572</b>	<b>10,722</b>	<b>1,689</b>
<b>Items that may be reclassified to net income:</b>					
Foreign currency translation differences from continuing operations		318	-938	2,016	-5,116
Foreign currency translation differences from discontinued operations		-	-	0	433
Other comprehensive income from associated companies and joint ventures		0	2	0	-111
Cash flow hedges		60	-14	-48	148
Cost of hedging		30	-69	152	-24
Debt instruments at fair value through OCI		-2	5	-38	37
Income taxes relating to items that may be reclassified		6	27	51	45
<b>Items that will not be reclassified to net income:</b>					
Equity instruments at fair value through OCI		123	0	126	9
Remeasurements of defined benefit pension plans		53	781	4 411	-1,808
Income taxes relating to items that will not be reclassified		-10	-157	-898	369
Associates' remeasurements of defined benefit pension plans		-	-	-	-12
<b>Other comprehensive income</b>		<b>578</b>	<b>-362</b>	<b>5,771</b>	<b>-6,031</b>
<b>Total comprehensive income</b>		<b>2,221</b>	<b>2,210</b>	<b>16,493</b>	<b>-4,342</b>
Total net income attributable to:					
Owners of the parent		1,597	2,519	10,629	1,576
Non-controlling interests		47	53	93	113
Total comprehensive income attributable to:					
Owners of the parent		2,167	2,152	16,383	-4,256
Non-controlling interests		54	58	110	-87
Earnings per share (SEK), basic and diluted					
<i>of which continuing operations</i>		0.39	0.62	2.60	0.39
		0.39	0.62	2.56	0.43
Number of shares (thousands)					
Outstanding at period-end	6	4,089,632	4,089,632	4,089,632	4,089,632
Weighted average, basic and diluted		4,089,632	4,089,632	4,089,632	4,090,613
EBITDA from continuing operations					
Adjusted EBITDA from continuing operations	2, 15	7,806	8,211	22,782	23,225
Depreciation, amortization and impairment losses from continuing operations		-4,911	-4,925	-14,998	-15,157
Adjusted operating income from continuing operations	2, 15	2,923	3,343	7,877	8,950

# CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEK in millions	Note	Sep 30, 2021	Dec 31, 2020
<b>Assets</b>			
Goodwill and other intangible assets	5	89,362	86,521
Property, plant and equipment	5	70,223	70,893
Film and program rights, non-current		1,435	1,312
Right-of-use assets	5	14,891	14,814
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	9	3,783	3,445
Deferred tax assets		1,149	1,449
Long-term interest-bearing receivables	7, 9	9,022	11,233
<b>Total non-current assets</b>		<b>189,864</b>	<b>189,668</b>
Film and program rights, current		3,916	2,706
Inventories		1,727	1,918
Trade and other receivables and current tax receivables	9	13,299	13,815
Short-term interest-bearing receivables	7, 9	10,063	5,486
Cash and cash equivalents	7	14,047	8,133
Assets classified as held for sale	7, 12	–	4,957
<b>Total current assets</b>		<b>43,052</b>	<b>37,014</b>
<b>Total assets</b>		<b>232,917</b>	<b>226,683</b>
<b>Equity and liabilities</b>			
Equity attributable to owners of the parent		71,026	62,836
Equity attributable to non-controlling interests		1,059	1,118
<b>Total equity</b>		<b>72,085</b>	<b>63,954</b>
Long-term borrowings	7, 9	91,490	100,239
Deferred tax liabilities		10,151	9,845
Provisions for pensions and other long-term provisions		7,944	11,787
Other long-term liabilities		1,953	757
<b>Total non-current liabilities</b>		<b>111,538</b>	<b>122,627</b>
Short-term borrowings	7, 9	14,641	8,345
Trade payables and other current liabilities, current tax payables and short-term provisions		34,654	28,430
Liabilities directly associated with assets classified as held for sale	7, 12	–	3,325
<b>Total current liabilities</b>		<b>49,295</b>	<b>40,101</b>
<b>Total equity and liabilities</b>		<b>232,917</b>	<b>226,683</b>

# CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

SEK in millions	Note	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Cash flow before change in working capital</b>		<b>7,770</b>	<b>8,081</b>	<b>21,470</b>	<b>22,675</b>
Increase/decrease Film and program right assets and liabilities <sup>1</sup>		-120	-427	-203	-942
Increase/decrease other operating receivables, liabilities and inventory		46	526	2,251	1,819
<b>Change in working capital</b>		<b>-74</b>	<b>100</b>	<b>2,049</b>	<b>877</b>
Amortization and impairment of Film and program rights <sup>1</sup>		-1,030	-789	-3,068	-2,723
<b>Cash flow from operating activities</b>		<b>6,665</b>	<b>7,392</b>	<b>20,450</b>	<b>20,829</b>
of which from continuing operations		6,665	7,392	20,582	20,807
of which from discontinued operations		-	-	-131	22
Cash CAPEX	15	-3,209	-3,029	-10,376	-9,504
<b>Free cash flow</b>	<b>15</b>	<b>3,457</b>	<b>4,363</b>	<b>10,074</b>	<b>11,325</b>
of which from continuing operations		3,457	4,363	10,205	11,308
of which from discontinued operations		-	-	-131	17
Cash flow from other investing activities		-1,640	194	3,987	6,591
<b>Total cash flow from investing activities</b>		<b>-4,849</b>	<b>-2,834</b>	<b>-6,389</b>	<b>-2,912</b>
of which from continuing operations		-4,849	-2,834	-6,389	-2,907
of which from discontinued operations		-	-	-	-5
<b>Cash flow before financing activities</b>		<b>1,817</b>	<b>4,557</b>	<b>14,062</b>	<b>17,916</b>
<b>Cash flow from financing activities</b>		<b>-906</b>	<b>-1,680</b>	<b>-8,574</b>	<b>-11,341</b>
of which from continuing operations		-906	-1,680	-8,574	-11,339
of which from discontinued operations		-	-	-	-2
<b>Cash flow for the period</b>		<b>911</b>	<b>2,877</b>	<b>5,488</b>	<b>6,575</b>
of which from continuing operations		911	2,877	5,619	6,561
of which from discontinued operations		-	-	-131	15
<b>Cash and cash equivalents, opening balance</b>		<b>12,989</b>	<b>10,039</b>	<b>8,332</b>	<b>6,210</b>
Cash flow for the period		911	2,877	5,488	6,575
Exchange rate differences in cash and cash equivalents		147	23	227	154
<b>Cash and cash equivalents, closing balance</b>		<b>14,047</b>	<b>12,940</b>	<b>14,047</b>	<b>12,940</b>
of which from continuing operations		14,047	12,940	14,047	12,940
of which from discontinued operations		-	-	-	-

See Note 15 section Operational free cash flow for further information.

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

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SEK in millions	Owners of the parent	Non-controlling interests	Total equity
<b>Opening balance, January 1, 2020</b>	<b>91,047</b>	<b>1,409</b>	<b>92,455</b>
Change in accounting principles in associated companies	-12	-	-12
<b>Adjusted opening balance, January 1, 2020</b>	<b>91,035</b>	<b>1,409</b>	<b>92,443</b>
Dividends	-7,361	-175	-7,537
Share-based payments	12	-	12
Acquisition and transfer of treasury shares	-956	-	-956
Cancellation of treasury shares, net effect	-	-	-
Bonus issue, net effect	-	-	-
<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
<b>Closing balance, September 30, 2020</b>	<b>78,471</b>	<b>1,147</b>	<b>79,618</b>
Dividends	-2,659	-17	-2,676
Share-based payments	4	-	4
Reclassification of Inflation reserve	-	-	-
<i>Total transactions with owners</i>	<i>-2,655</i>	<i>-17</i>	<i>-2,672</i>
Total comprehensive income	-12,981	-12	-12,993
<b>Closing balance, December 31, 2020</b>	<b>62,836</b>	<b>1,118</b>	<b>63,954</b>
Dividends	-8,179	-177	-8,356
Share-based payments	9	-	9
Repurchased treasury shares	-21	-	-21
New share issue	-	7	7
Acquisition of non-controlling interests	-2	2	-
<i>Total transactions with owners</i>	<i>-8,193</i>	<i>-169</i>	<i>-8,362</i>
Total comprehensive income	16,383	110	16,493
<b>Closing balance, September 30, 2021</b>	<b>71,026</b>	<b>1,059</b>	<b>72,085</b>

# NOTE 1.

## BASIS OF PREPARATION

### General

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

### Change in accounting estimates

#### Accelerated depreciations

In the fourth quarter 2020 Telia Company entered into strategic partnership agreements with Ericsson and Nokia related to radio access network technology (RAN) to base stations in order to modernize Telia Company's 4G networks and upgrade them to 5G in Sweden, Finland, Lithuania, and Estonia. In connection with this modernization existing RAN assets will be replaced during the years 2021-2025. Telia Company has therefore changed the estimate of the depreciation period for the existing RAN assets in order to correspond with the time plan for the replacements. The change led to increased depreciations for existing assets of approximately SEK 180 million for the third quarter 2021 and approximately SEK 535 million for the nine months 2021. The full year increases for 2021 and 2022 are estimated to approximately SEK 800 million and SEK 250 million respectively. The change is expected to result in lower depreciations of existing assets during the years 2023 to 2030.

#### Reclassification of liquidity portfolio

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

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

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

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

### References

For more information regarding:

- Sales and earnings, Cash flow and Financial position, see pages 6-7.
- Significant events in the first, second and third quarter, see page 8.
- Significant events after the end of the third quarter, see page 8.
- Risks and uncertainties, see page 37.

### Restatement of financial and operational data

As a result of various organizational changes, Net sales, CAPEX excl. fees for licenses and spectrum and right-of-use assets, employees and operating assets and liabilities have been restated for comparability as presented in the table below. In addition, prior periods have been restated to reflect certain errors related to number of employees in segment Other operations.

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

Amounts in SEK millions except employees	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Group
CAPEX excluding fees for licenses, spectrum and right-of-use assets, third quarter 2020	-	-	-	-	4	1	-6	-	-	-
CAPEX excluding fees for licenses, spectrum and right-of-use assets, Jan-Sep 2020	-	-	-	-	9	6	-15	-	-	-
Employees, Sep 30, 2020	-15	92	-	-	16	-101	-57	1,057	-	992
<b>Internal Net Sales, third quarter 2020</b>										
Reorganization Sweden – Other operations	-2	-	-	-	-	-	-	-	2	-
Reorganization Finland - Estonia	-	-	-	-	-	-10	-	-	10	-
<b>Internal Net Sales, Jan-Sep 2020</b>										
Reorganization Sweden – Other operations	-6	-	-	-	-	-	-	-	6	-
Reorganization Finland - Estonia	-	-	-	-	-	-34	-	-	34	-
<b>Disaggregation of revenues, third quarter 2020 Reclassification Sweden</b>										
Business solutions	-15	-	-	-	-	-	-	-	-	-15
Other fixed service revenues	15	-	-	-	-	-	-	-	-	15
<b>Disaggregation of revenues, third quarter 2020 Lithuania bundle split</b>										
Fixed telephony	-	-	-	-	-4	-	-	-	-	-4
Broadband	-	-	-	-	1	-	-	-	-	1
TV	-	-	-	-	3	-	-	-	-	3
Business solutions	-	-	-	-	0	-	-	-	-	0
<b>Disaggregation of revenues, third quarter 2020 Reclassification Norway</b>										
Broadband	-	-	6	-	-	-	-	-	-	6
Other fixed service revenues	-	-	-6	-	-	-	-	-	-	-6
<b>Disaggregation of revenues, Jan-Sep 2020 Reclassification Sweden</b>										
Business solutions	-46	-	-	-	-	-	-	-	-	-46
Other fixed service revenues	46	-	-	-	-	-	-	-	-	46
<b>Disaggregation of revenues, Jan-Sep 2020 Lithuania bundle split</b>										
Fixed telephony	-	-	-	-	-11	-	-	-	-	-11
Broadband	-	-	-	-	1	-	-	-	-	1
TV	-	-	-	-	11	-	-	-	-	11
Business solutions	-	-	-	-	0	-	-	-	-	0
<b>Disaggregation of revenues, Jan-Sep 2020 Reclassification Norway</b>										
Broadband	-	-	8	-	-	-	-	-	-	8
Other fixed service revenues	-	-	-8	-	-	-	-	-	-	-8
Segment assets, Dec 31, 2020	-	-	-	-	34	3	-37	-	-	-
Segment liabilities, Dec 31, 2020	181	31	132	11	-	-	-355	-	-	-

## NOTE 2.

### ADJUSTMENT ITEMS

#### Adjustment items within operating income, continuing operations

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Within EBITDA</b>	<b>-262</b>	<b>-109</b>	<b>5,689</b>	<b>-653</b>
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:				
Sweden	-83	-30	-209	-134
Finland	2	-0	-25	-36
Norway	-9	-44	-90	-114
Denmark	-7	0	-33	-13
Lithuania	-3	-5	-9	-9
Estonia	-1	-2	-5	-4
TV and Media	-7	-11	-77	-42
Other operations	-154	-18	-613	-238
Capital gains/losses <sup>1</sup>	1	0	6,752	-63
<b>Within Depreciation, amortization and impairment losses<sup>2</sup></b>	<b>-</b>	<b>-</b>	<b>-16</b>	<b>-110</b>
<b>Within Income from associated companies and joint ventures<sup>3</sup></b>	<b>-</b>	<b>560</b>	<b>-</b>	<b>-2,934</b>
<b>Total adjustment items within operating income, continuing operations</b>	<b>-262</b>	<b>451</b>	<b>5,673</b>	<b>-3,696</b>

1) First nine months 2021 includes a capital gain from the disposal of Telia Carrier as well as a capital gain from the disposal of the Alerta business, see Note 12. 2) 2021 relates to an impairment of capitalized software development expenses connected to a disposed business. First nine months 2020 includes an impairment of SEK -110 million relating to remeasurement of the Finnish real estate companies. 3) 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.

Costs for major group wide business transformations have been added to the definition of Adjustment items from the first quarter 2021. Management believe that this change results in reliable and more relevant information on the financial performance of the group as these

transformation costs are not considered being part of the underlying financial performance of the business over time. See Definitions.

## NOTE 3. SEGMENT INFORMATION

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Net sales</b>				
Sweden <sup>1</sup>	8,424	8,202	25,317	24,875
<i>of which external</i>	8,404	8,172	25,206	24,750
Finland	3,612	3,617	10,702	11,283
<i>of which external</i>	3,578	3,572	10,559	11,115
Norway	3,478	3,358	10,130	10,016
<i>of which external</i>	3,474	3,351	10,117	10,002
Denmark	1,287	1,308	3,810	4,061
<i>of which external</i>	1,276	1,289	3,764	3,999
Lithuania	1,100	1,032	3,151	3,076
<i>of which external</i>	1,095	1,018	3,122	3,032
Estonia <sup>1</sup>	836	801	2,440	2,422
<i>of which external</i>	833	789	2,410	2,381
TV and Media	1,878	1,632	6,053	5,089
<i>of which external</i>	1,878	1,633	6,053	5,089
Other operations	957	2,090	4,677	6,540
<b>Total segments<sup>1</sup></b>	<b>21,571</b>	<b>22,040</b>	<b>66,281</b>	<b>67,362</b>
Eliminations <sup>1</sup>	-300	-510	-1,319	-1,635
<b>Group</b>	<b>21,271</b>	<b>21,530</b>	<b>64,962</b>	<b>65,726</b>
<b>Adjusted EBITDA</b>				
Sweden	3,390	3,433	9,934	10,147
Finland	1,185	1,280	3,302	3,658
Norway	1,669	1,643	4,741	4,541
Denmark	240	274	676	760
Lithuania	408	380	1,146	1,127
Estonia	313	302	904	873
TV and Media	191	249	885	558
Other operations	410	650	1,195	1,560
<b>Total segments</b>	<b>7,806</b>	<b>8,211</b>	<b>22,782</b>	<b>23,225</b>
Eliminations	-	-	-	-
<b>Group</b>	<b>7,806</b>	<b>8,211</b>	<b>22,782</b>	<b>23,225</b>
<b>Operating income</b>				
Sweden	1,429	1,717	4,011	4,941
Finland	358	488	1,110	1,090
Norway	717	585	1,688	1,153
Denmark	-23	27	-101	-4
Lithuania	218	227	586	649
Estonia	152	133	416	341
TV and Media	-20	30	196	-77
Other operations	-169	587	5,645	-2,840
<b>Total segments</b>	<b>2,661</b>	<b>3,794</b>	<b>13,549</b>	<b>5,254</b>
Eliminations	-	-	-	-
<b>Group</b>	<b>2,661</b>	<b>3,794</b>	<b>13,549</b>	<b>5,254</b>
Financial items, net	-677	-712	-2,043	-2,320
<b>Income after financial items</b>	<b>1,984</b>	<b>3,081</b>	<b>11,506</b>	<b>2,934</b>

1) Third quarter and first nine months 2020 are restated for comparability see Note 1.

SEK in millions	Sep 30, 2021	Sep 30, 2021	Dec 31, 2020	Dec 31, 2020
	Segment assets	Segment liabilities	Segment assets	Segment liabilities
Sweden <sup>1</sup>	44,878	12,102	46,824	12,453
Finland <sup>1</sup>	43,908	4,675	44,248	4,815
Norway <sup>1</sup>	54,686	7,103	51,769	5,259
Denmark <sup>1</sup>	7,415	2,363	7,504	1,882
Lithuania <sup>1</sup>	6,423	1,667	6,459	1,330
Estonia <sup>1</sup>	5,456	1,033	5,487	971
TV and Media <sup>1</sup>	14,155	3,026	13,241	1,545
Other operations	23,887	5,812	23,812	6,452
<b>Total segments</b>	<b>200,807</b>	<b>37,781</b>	<b>199,343</b>	<b>34,707</b>
Unallocated	32,109	123,052	22,383	124,695
Assets and liabilities held for sale	–	–	4,957	3,325
<b>Total assets/liabilities, group</b>	<b>232,917</b>	<b>160,833</b>	<b>226,683</b>	<b>162,727</b>

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

## NOTE 4. NET SALES

SEK in millions	Jul-Sep 2021									
	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total
Mobile subscription revenues	3,165	1,534	1,711	625	318	242	–	338	–	7,933
Interconnect	120	90	103	73	33	20	–	30	–	470
Other mobile service revenues	141	149	170	102	13	5	0	10	–	590
<b>Total mobile service revenues</b>	<b>3,426</b>	<b>1,772</b>	<b>1,985</b>	<b>800</b>	<b>365</b>	<b>267</b>	<b>0</b>	<b>379</b>	<b>–</b>	<b>8,993</b>
Telephony	377	13	23	44	44	25	–	0	–	527
Broadband	1,187	165	351	48	157	148	–	0	–	2,057
TV	506	130	393	19	99	74	734	–	–	1,955
Business solutions	677	596	101	32	76	68	–	0	–	1,550
Other fixed service revenues	918	271	26	12	94	99	–	14	–	1,434
<b>Total fixed service revenues</b>	<b>3,665</b>	<b>1,175</b>	<b>895</b>	<b>155</b>	<b>471</b>	<b>414</b>	<b>734</b>	<b>15</b>	<b>–</b>	<b>7,522</b>
Advertising revenues	–	–	–	–	–	–	1,115	–	–	1,115
<b>Other service revenues</b>	<b>247</b>	<b>60</b>	<b>33</b>	<b>26</b>	<b>5</b>	<b>4</b>	<b>29</b>	<b>96</b>	<b>–</b>	<b>500</b>
<b>Total service revenues<sup>1</sup></b>	<b>7,337</b>	<b>3,007</b>	<b>2,913</b>	<b>981</b>	<b>840</b>	<b>684</b>	<b>1,878</b>	<b>490</b>	<b>–</b>	<b>18,130</b>
<b>Total equipment revenues<sup>1</sup></b>	<b>1,067</b>	<b>571</b>	<b>562</b>	<b>295</b>	<b>255</b>	<b>149</b>	<b>–</b>	<b>243</b>	<b>–</b>	<b>3,141</b>
<b>Total external net sales</b>	<b>8,404</b>	<b>3,578</b>	<b>3,474</b>	<b>1,276</b>	<b>1,095</b>	<b>833</b>	<b>1,878</b>	<b>733</b>	<b>–</b>	<b>21,271</b>
Internal net sales	20	34	4	11	5	3	0	224	-300	–
<b>Total net sales</b>	<b>8,424</b>	<b>3,612</b>	<b>3,478</b>	<b>1,287</b>	<b>1,100</b>	<b>836</b>	<b>1,878</b>	<b>957</b>	<b>-300</b>	<b>21,271</b>

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

SEK in millions	Jul-Sep 2020									
	Sweden <sup>2</sup>	Finland	Norway <sup>2</sup>	Denmark	Lithuania <sup>2</sup>	Estonia <sup>2</sup>	TV and Media	Other operations	Eliminations <sup>2</sup>	Total <sup>2</sup>
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
<b>Total mobile service revenues</b>	<b>3,388</b>	<b>1,798</b>	<b>1,950</b>	<b>773</b>	<b>335</b>	<b>252</b>	<b>–</b>	<b>356</b>	<b>–</b>	<b>8,853</b>
Telephony	475	25	32	46	51	28	–	0	–	657
Broadband	1,171	175	309	50	143	144	1	4	–	1,997
TV	461	124	403	15	92	69	610	–	–	1,775
Business solutions	665	619	106	42	59	61	–	24	–	1,577
Other fixed service revenues	879	283	24	13	95	91	1	990	–	2,375
<b>Total fixed service revenues</b>	<b>3,651</b>	<b>1,225</b>	<b>875</b>	<b>167</b>	<b>440</b>	<b>394</b>	<b>611</b>	<b>1,018</b>	<b>–</b>	<b>8,382</b>
Advertising revenues	–	0	–	–	–	–	995	–	–	995
Other service revenues	247	62	27	26	5	3	26	108	–	503
<b>Total service revenues<sup>1</sup></b>	<b>7,286</b>	<b>3,085</b>	<b>2,851</b>	<b>966</b>	<b>780</b>	<b>649</b>	<b>1,633</b>	<b>1,482</b>	<b>–</b>	<b>18,733</b>
<b>Total equipment revenues<sup>1</sup></b>	<b>886</b>	<b>486</b>	<b>500</b>	<b>322</b>	<b>238</b>	<b>140</b>	<b>–</b>	<b>224</b>	<b>–</b>	<b>2,797</b>
<b>Total external net sales</b>	<b>8,172</b>	<b>3,572</b>	<b>3,351</b>	<b>1,289</b>	<b>1,018</b>	<b>789</b>	<b>1,633</b>	<b>1,706</b>	<b>–</b>	<b>21,530</b>
Internal net sales	30	45	7	19	15	12	0	384	-510	–
<b>Total net sales</b>	<b>8,202</b>	<b>3,617</b>	<b>3,358</b>	<b>1,308</b>	<b>1,032</b>	<b>801</b>	<b>1,632</b>	<b>2,090</b>	<b>-510</b>	<b>21,530</b>

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 2021									
	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total
Mobile subscription revenues	9,369	4,568	4,917	1,860	910	699	–	988	–	23,310
Interconnect	366	284	304	184	105	59	–	99	–	1,402
Other mobile service revenues	378	424	461	257	27	10	–	21	–	1,579
<b>Total mobile service revenues</b>	<b>10,113</b>	<b>5,275</b>	<b>5,682</b>	<b>2,301</b>	<b>1,043</b>	<b>768</b>	<b>–</b>	<b>1,109</b>	<b>–</b>	<b>26,290</b>
Telephony	1,213	47	77	132	137	81	–	1	–	1,688
Broadband	3,515	491	1,048	139	459	437	0	8	–	6,097
TV	1,484	399	1,192	52	296	215	2,212	0	–	5,850
Business solutions	2,027	1,784	309	113	201	197	–	35	–	4,664
Other fixed service revenues	2,766	836	72	32	283	285	0	1,569	–	5,842
<b>Total fixed service revenues</b>	<b>11,005</b>	<b>3,557</b>	<b>2,697</b>	<b>468</b>	<b>1,375</b>	<b>1,214</b>	<b>2,212</b>	<b>1,613</b>	<b>–</b>	<b>24,142</b>
Advertising revenues	–	–	–	–	–	–	3,757	–	–	3,757
Other service revenues	787	183	116	70	14	10	84	306	–	1,570
<b>Total service revenues<sup>1</sup></b>	<b>21,905</b>	<b>9,015</b>	<b>8,496</b>	<b>2,839</b>	<b>2,431</b>	<b>1,991</b>	<b>6,053</b>	<b>3,029</b>	<b>–</b>	<b>55,759</b>
<b>Total equipment revenues<sup>1</sup></b>	<b>3,300</b>	<b>1,543</b>	<b>1,621</b>	<b>925</b>	<b>691</b>	<b>419</b>	<b>–</b>	<b>703</b>	<b>–</b>	<b>9,203</b>
<b>Total external net sales</b>	<b>25,206</b>	<b>10,559</b>	<b>10,117</b>	<b>3,764</b>	<b>3,122</b>	<b>2,410</b>	<b>6,053</b>	<b>3,731</b>	<b>–</b>	<b>64,962</b>
Internal net sales	112	144	13	46	29	30	0	946	-1,319	–
<b>Total net sales</b>	<b>25,317</b>	<b>10,702</b>	<b>10,130</b>	<b>3,810</b>	<b>3,151</b>	<b>2,440</b>	<b>6,053</b>	<b>4,677</b>	<b>-1,319</b>	<b>64,962</b>

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

SEK in millions	Jan-Sep 2020							TV and Media	Other operations	Eliminations <sup>2</sup>	Total <sup>2</sup>
	Sweden <sup>2</sup>	Finland	Norway <sup>2</sup>	Denmark	Lithuania <sup>2</sup>	Estonia <sup>2</sup>					
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	
<b>Total mobile service revenues</b>	<b>10,226</b>	<b>5,572</b>	<b>5,782</b>	<b>2,390</b>	<b>1,016</b>	<b>781</b>	<b>–</b>	<b>1,093</b>	<b>–</b>	<b>26,861</b>	
Telephony	1,477	80	108	146	164	88	–	1	–	2,064	
Broadband	3,527	530	947	160	429	438	3	8	–	6,044	
TV	1,335	407	1,225	66	284	212	1,756	–	–	5,286	
Business solutions	2,088	1,928	330	138	175	185	–	65	–	4,909	
Other fixed service revenues	2,748	900	57	35	294	270	1	3,256	–	7,561	
<b>Total fixed service revenues</b>	<b>11,174</b>	<b>3,846</b>	<b>2,668</b>	<b>546</b>	<b>1,346</b>	<b>1,193</b>	<b>1,760</b>	<b>3,331</b>	<b>–</b>	<b>25,864</b>	
Advertising revenues	–	2	–	–	–	–	3,227	–	–	3,229	
Other service revenues	789	200	125	76	16	10	102	305	–	1,624	
<b>Total service revenues<sup>1</sup></b>	<b>22,189</b>	<b>9,620</b>	<b>8,575</b>	<b>3,011</b>	<b>2,379</b>	<b>1,984</b>	<b>5,089</b>	<b>4,730</b>	<b>–</b>	<b>57,577</b>	
<b>Total equipment revenues<sup>1</sup></b>	<b>2,561</b>	<b>1,495</b>	<b>1,426</b>	<b>988</b>	<b>653</b>	<b>397</b>	<b>–</b>	<b>627</b>	<b>–</b>	<b>8,149</b>	
<b>Total external net sales</b>	<b>24,750</b>	<b>11,115</b>	<b>10,002</b>	<b>3,999</b>	<b>3,032</b>	<b>2,381</b>	<b>5,089</b>	<b>5,357</b>	<b>–</b>	<b>65,726</b>	
Internal net sales	124	168	15	62	43	40	0	1,183	-1,635	–	
<b>Total net sales</b>	<b>24,875</b>	<b>11,283</b>	<b>10,016</b>	<b>4,061</b>	<b>3,076</b>	<b>2,422</b>	<b>5,089</b>	<b>6,540</b>	<b>-1,635</b>	<b>65,726</b>	

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

## NOTE 5. INVESTMENTS

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>CAPEX</b>	<b>5,004</b>	<b>3,419</b>	<b>15,005</b>	<b>11,892</b>
Intangible assets	1,770	557	4,363	2,095
Property, plant and equipment	2,689	2,522	7,914	7,518
Right-of-use assets	545	339	2,728	2,279
<b>Acquisitions and other investments</b>	<b>87</b>	<b>48</b>	<b>142</b>	<b>81</b>
Asset retirement obligations	50	1	82	13
Equity instruments	37	47	61	69
<b>Total continuing operations including assets held for sale</b>	<b>5,091</b>	<b>3,467</b>	<b>15,147</b>	<b>11,973</b>
<b>Total discontinued operations</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>12</b>
<i>of which CAPEX</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>11</i>
<b>Total investments</b>	<b>5,091</b>	<b>3,467</b>	<b>15,147</b>	<b>11,985</b>
<i>of which CAPEX</i>	<i>5,004</i>	<i>3,419</i>	<i>15,005</i>	<i>11,904</i>

## NOTE 6. TREASURY SHARES

During the second quarter 2021 Telia Company transferred 595,632 shares to the participants in the “Long Term Incentive program 2018/2021” (LTI program) at an average price of SEK 35.32 per share. The total cost for the transferred shares was SEK 21 million and transaction costs, net of tax, amounted to SEK 0 million. No transfers were made in the third quarter 2021. The transfer of shares under the LTI program reduced other contributed capital within parent

shareholder’s equity by SEK 21 million during the nine-months period ended September 30, 2021 (SEK 12 million during the nine-months period ended September 30, 2020). No Telia Company shares were held by the company or by its subsidiaries as of September 30, 2021 or as of December 31, 2020. The total number of issued and outstanding shares was 4,089,631,702.

## NOTE 7. NET DEBT

SEK in millions	Sep 30, 2021 <sup>2</sup>	Dec 31, 2020 <sup>2</sup>
Long-term borrowings	91,490	100,655
<i>of which lease liabilities, non-current</i>	12,145	12,600
Less 50% of hybrid capital <sup>1</sup>	-10,377	-10,267
Short-term borrowings	14,641	8,620
<i>of which lease liabilities, current</i>	3,020	2,946
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-2,119	-4,205
Less long-term bonds at fair value through income statement and OCI	-5,709	-5,297
Less short-term investments	-7,479	-2,832
Less cash and cash equivalents	-14,047	-8,332
<b>Net debt</b>	<b>66,400</b>	<b>78,343</b>

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

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

value through income statement and OCI are part of the balance sheet line-item Long-term interest-bearing receivables. Short-term investments are part of the balance sheet line-item Short-term interest-bearing receivables.

## NOTE 8. LOAN FINANCING AND CREDIT RATING

During 2021 outstanding Telia bonds denominated in SEK with a maturity date in 2023 were bought back on two occasions, in June at a total nominal amount of SEK 289 million and in September at a total nominal amount of SEK 439 million. No major funding transactions were executed during the first nine months 2021.

The credit rating of Telia Company has remained unchanged during 2021. Moody's rating for long-term borrowings is Baa1 with a stable outlook. The Standard & Poor long-term rating is BBB+ and the short-term rating is A-2, both with a stable outlook.

## NOTE 9. FINANCIAL INSTRUMENTS – FAIR VALUES

Long-term and short-term borrowings <sup>1</sup> SEK in millions	Sep 30, 2021		Dec 31, 2020	
	Carrying value	Fair value	Carrying value	Fair value
<b>Long-term borrowings</b>				
Interest rate derivatives at fair value	585	585	134	134
Cross-currency interest rate derivatives at fair value	977	977	3,907	3,907
<b>Subtotal</b>	<b>1,561</b>	<b>1,561</b>	<b>4,041</b>	<b>4,041</b>
Open-market financing borrowings in fair value hedge relationships	52,392	58,201	51,628	55,249
Open-market financing borrowings at amortized cost	24,533	30,220	31,345	41,992
Other borrowings at amortized cost	858	858	1,042	1,042
Lease liabilities at amortized cost	12,145		12,183	
<b>Total long-term borrowings</b>	<b>91,490</b>		<b>100,239</b>	
<b>Short-term borrowings</b>				
Interest rate derivatives at fair value	58	58	8	8
Cross-currency interest rate derivatives at fair value	247	247	143	143
<b>Subtotal</b>	<b>305</b>	<b>305</b>	<b>151</b>	<b>151</b>

Utilized bank overdraft and short-term credit facilities at amortized cost	4	4	213	213
Open-market financing borrowings in fair value hedge relationships	10,765	10,860	5,131	5,317
Other borrowings at amortized cost	545	545	179	179
Lease liabilities at amortized cost	3,020		2,671	
<b>Total short-term borrowings</b>	<b>14,641</b>		<b>8,345</b>	

1) For financial assets the carrying amount is a reasonable approximation of fair value. For information on fair value estimation, see the Annual and Sustainability Report 2020, Note C3 to the consolidated financial statements.

Financial assets and liabilities by fair value hierarchy level <sup>1</sup> SEK in millions	Sep 30, 2021				Dec 31, 2020			
	Carrying value	of which			Carrying value	of which		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>								
Equity instruments at fair value through OCI	576	–	–	576	473	–	–	473
Equity instruments at fair value through income statement	18	–	–	18	18	–	–	18
Long- and short-term bonds at fair value through OCI <sup>2</sup>	808	808	–	–	8,513	7,263	1,250	–
Long- and short-term bonds at fair value through income statement <sup>2</sup>	12,600	10,004	2,595	–	–	–	–	–
Derivatives designated as hedging instruments	1,024	–	1,024	–	3,129	–	3,129	–
Derivatives at fair value through income statement	588	–	588	–	1,049	–	1,049	–
<b>Total financial assets at fair value by level</b>	<b>15,614</b>	<b>10,813</b>	<b>4,208</b>	<b>594</b>	<b>13,181</b>	<b>7,263</b>	<b>5,427</b>	<b>490</b>
<b>Financial liabilities at fair value</b>								
Derivatives designated as hedging instruments	1,703	–	1,703	–	3,802	–	3,802	–
Derivatives at fair value through income statement	181	–	181	–	917	–	917	–
<b>Total financial liabilities at fair value by level</b>	<b>1,884</b>	<b>–</b>	<b>1,884</b>	<b>–</b>	<b>4,719</b>	<b>–</b>	<b>4,719</b>	<b>–</b>

1) For information on fair value hierarchy levels and fair value estimation, see the Annual and Sustainability Report 2020, Note C3 to the consolidated financial statements and the section below.  
2) From January 1, 2021, Telia Company changed its business model for the liquidity portfolio. The portfolio was previously measured at fair value through OCI but is from January 1, 2021, measured at fair value through income statement., see Note 1.

## Fair value measurement of Level 3 financial instruments

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these equity instruments, Telia Company has a market approach to derive the fair value. Telia Company's primary valuation technique used for estimating the fair value of unlisted equity instruments in Level 3 is based on the most

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

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Sep 2021			Liabilities, Jan-Sep 2021
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
<b>Level 3, opening balance</b>	<b>473</b>	<b>18</b>	<b>491</b>	<b>–</b>
Changes in fair value	126	–	126	–
<i>of which recognized in other comprehensive income</i>	126	–	126	–
Purchases/capital contributions	50	–	50	–
Disposals	-71	–	-71	–
Settlements	-2	–	-2	–
Exchange rate differences	1	–	1	–
<b>Level 3, closing balance</b>	<b>576</b>	<b>18</b>	<b>594</b>	<b>–</b>

Movements within Level 3, fair value hierarchy SEK in millions	Assets, Jan-Dec 2020			Liabilities, Jan-Dec 2020
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Total	Contingent considerations
Level 3, opening balance	319	13	332	41
Changes in fair value	63	–	63	–
<i>of which recognized in other comprehensive income</i>	63	–	63	–
Purchases/capital contributions	99	5	104	–
Settlements	-7	–	-7	-41
Exchange rate differences	-2	–	-2	–
Level 3, closing balance	473	18	491	–

## NOTE 10.

# CONTINGENT LIABILITIES, COLLATERAL PLEDGED AND LITIGATIONS

SEK in millions	Sep 30, 2021	Dec 31, 2020
Issued financial guarantees	289	311
<i>of which referred to guarantees for pension obligations</i>	288	295
Collateral pledged	40	43
<b>Total contingent liabilities and collateral pledged</b>	<b>330</b>	<b>354</b>

The arbitration proceedings against Telia Company and Turkcell under the Share Purchase Agreement related to the divestment of the subsidiary Kcell in Kazakhstan in 2018 was settled during the second quarter 2021. As part of the settlement Telia Company paid SEK 131 million (equivalent to USD 16 million) and consequently all related provisions were released. The gain from net changes in provisions is recognized within discontinued operations (Note 12). Further, the Norwegian Tax Administration (NTA) is performing a VAT audit investigating the treatment of the supply of electronic News services during the years 2016-2018 in GET AS, which was acquired by Telia Company in 2018. Based on the latest communication with the NTA, it is deemed likely that Telia Company will be required to pay an amount of approximately SEK 0.3 billion before the end of 2022. However, no material provision has been recognized since it is deemed probable that the amount will be repaid. For other ongoing legal proceedings, see Note C30 in the Annual and Sustainability Report 2020.

## NOTE 11.

# CONTRACTUAL OBLIGATIONS AND COMMITMENTS

SEK in millions	Sep 30, 2021	Dec 31, 2020
Contractual obligations and commitments	22,399	21,765
<i>of which film and program rights</i>	14,616	15,728
<b>Total contractual obligations and commitments</b>	<b>22,399</b>	<b>21,765</b>

## NOTE 12.

## ASSETS HELD FOR SALE, DISCONTINUED OPERATIONS AND DISPOSALS

## Net income from discontinued operations (region Eurasia)

SEK in millions, except per share data	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	–	–	–	96
Expenses and other operating income, net	–	–	–	-79
<b>Operating income</b>	–	–	–	<b>16</b>
Financial items, net	–	–	–	-22
<b>Income after financial items</b>	–	–	–	<b>-6</b>
Income taxes	–	–	–	0
<b>Net income before remeasurement and gain/loss on disposal</b>	–	–	–	<b>-6</b>
Loss on disposal of Moldcell in Moldova (including cumulative Moldcell exchange loss in equity reclassified to net income of SEK -172 million) <sup>1)</sup>	–	–	–	-193
Gain from net changes in provisions for transaction warranties	–	–	176	–
<b>Net income from discontinued operations</b>	–	–	<b>176</b>	<b>-199</b>
EPS from discontinued operations (SEK)	–	–	0.04	-0.05
Adjusted EBITDA	–	–	–	30

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

## Assets classified as held for sale

SEK in millions	Telia Carrier Sep 30, 2021	Telia Carrier Dec 31, 2020
Goodwill and other intangible assets	–	86
Property, plant and equipment	–	2,148
Right-of-use assets	–	1,097
Other non-current assets	–	534
Other current assets	–	891
Cash and cash equivalents	–	199
<b>Assets classified as held for sale</b>	–	<b>4,957</b>
Long-term borrowings	–	416
Long-term provisions	–	848
Other long-term liabilities	–	620
Short-term borrowings	–	275
Other current liabilities	–	1,166
<b>Liabilities associated with assets classified as held for sale</b>	–	<b>3,325</b>
<b>Net assets classified as held for sale</b>	–	<b>1,631</b>

## Disposals

## Telia Carrier

On October 5, 2020 Telia Company signed an agreement to sell its international carrier business, Telia Carrier, to Polhem Infra for a value of SEK 9,450 million on a cash and debt free basis. Telia Carrier was classified as held for sale since September 30, 2020. The transaction was subject to regulatory approvals (relating to e.g. competition and foreign direct investments) in, inter alia, the EU and the US and was closed on June 1, 2021. The disposal resulted in a capital gain of SEK 6,428 million for the group in the second quarter 2021, whereof accumulated foreign exchange losses reclassified from equity to net income of SEK 353 million. The reclassification of accumulated exchange losses had no effect on total equity. The capital gain is recognized within Other operating income. The transaction had a positive cash flow effect for the group in the second quarter 2021 of

SEK 8,609 million (price received less cash and cash equivalents in the entities sold).

## Alerta

On April 1, 2021, Telia Company disposed its Finnish alarm communication business Alerta for a price of EUR 32 million. The disposal resulted in a capital gain of SEK 309 million for the group in the second quarter 2021. The capital gain is recognized within Other operating income. The transaction had a positive cash flow effect for the group in the second quarter 2021 of SEK 329 million.

## Partial disposal after the reporting period

## Tower businesses in Finland and Norway

On June 30, 2021 Telia Company signed an agreement to dispose 49% of the tower businesses in Finland and Norway to Brookfield and Alecta,

at a price corresponding to an enterprise value for 100% of EUR 1,524 million (approximately SEK 15.5 billion) on a cash and debt free basis. Approval from the European Commission has been received and the transaction is pending final regulatory approval from other authorities. Closing is still expected to take place in the fourth quarter of 2021. Once

the transaction closes Telia Company will receive EUR 722 million (approximately SEK 7.4 billion) for the 49% stake. If, and when, there is a transfer of the tower assets from their respective business units, there will likely be a need for a review of the remaining carrying values of the business units

## NOTE 13. BUSINESS COMBINATIONS

### Business combinations after the reporting period

In October 2021, SIA Latvijas Mobilais Telefons (LMT) in Latvia acquired 100% of the Baltic data transmission network and IT security solutions enterprise group, Santa Monica Networks from Livonia Partners at a price of EUR 36 million (approximately SEK 364 million). The company's portfolio of services includes the development of innovative solutions, design, technical solution, installation,

maintenance and management of data transmission networks, cloud computing and IT security systems. The acquisition will enable Telia Company to introduce fifth generation network solutions faster and more efficiently in the region. The initial accounting for the business combination will be disclosed in the interim report for the fourth quarter 2021.

## NOTE 14. 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, 2021	Dec 31, 2020
Return on equity (% ,rolling 12 months) <sup>1</sup>	neg.	neg.
Return on capital employed (% ,rolling 12 months) <sup>1</sup>	neg.	neg.
Equity/assets ratio (%) <sup>1</sup>	28.3	24.6
Net debt/adjusted EBITDA ratio (multiple, rolling 12 months)	2.24	2.55
Parent owners' equity per share (SEK) <sup>1</sup>	17.37	15.36

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

## NOTE 15. ALTERNATIVE PERFORMANCE MEASUREMENT

In addition to financial performance measures prepared in accordance with IFRS, Telia Company presents non-IFRS financial performance measures. These alternative measures are considered to be important performance indicators for investors and other users of the Interim report. The alternative performance measures should be considered as a complement to, but not a substitute for, the information prepared in

accordance with IFRS. Telia Company's definitions of these non-IFRS measures are described in the Annual and Sustainability Report 2020. These terms may be defined differently by other companies and are therefore not always comparable to similar measures used by other companies.

### Service revenues

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	21,271	21,530	64,962	65,726
Excluded: Equipment revenues	-3,141	-2,797	-9,203	-8,149
<b>Service revenues (external)</b>	<b>18,130</b>	<b>18,733</b>	<b>55,759</b>	<b>57,577</b>
Excluded: Telia Carrier external service revenues	–	-1,018	-1,597	-3,308
Excluded: Effects from changes in foreign exchange rates <sup>1</sup>	156	100	499	-207
<b>Service revenues, in constant currency and excluding Telia Carrier</b>	<b>18,286</b>	<b>17,815</b>	<b>54,662</b>	<b>54,062</b>

<sup>1</sup> Changes in foreign exchange rates refers to full year average rates prior year.

## EBITDA and adjusted EBITDA

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Operating income</b>	<b>2,661</b>	<b>3,794</b>	<b>13,549</b>	<b>5,254</b>
Income from associated companies and joint ventures	-29	-616	-76	2,162
Total depreciation/amortization/write-down	4,911	4,925	14,998	15,157
<b>EBITDA</b>	<b>7,544</b>	<b>8,102</b>	<b>28,472</b>	<b>22,572</b>
Adjustment items within EBITDA (Note 2) <sup>1</sup>	262	109	-5,689	653
<b>Adjusted EBITDA</b>	<b>7,806</b>	<b>8,211</b>	<b>22,782</b>	<b>23,225</b>
Excluded: Telia Carrier adjusted EBITDA	-	-213	-371	-684
Excluded: Effects from changes in foreign exchange rates <sup>2</sup>	59	36	164	-90
<b>Adjusted EBITDA in constant currency and excluding Telia Carrier</b>	<b>7,865</b>	<b>8,034</b>	<b>22,576</b>	<b>22,451</b>

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

## Adjusted operating income

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Operating income</b>	<b>2,661</b>	<b>3,794</b>	<b>13,549</b>	<b>5,254</b>
Adjustment items within Operating income (Note 2) <sup>1</sup>	262	-451	-5,673	3,696
<b>Adjusted operating income</b>	<b>2,923</b>	<b>3,343</b>	<b>7,877</b>	<b>8,950</b>

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

## CAPEX, Cash CAPEX and Cash CAPEX to net sales

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Investments in intangible assets	1,770	557	4,363	2,095
Investments in property, plant and equipment	2,689	2,522	7,914	7,518
<b>CAPEX excluding right of use assets</b>	<b>4,459</b>	<b>3,080</b>	<b>12,277</b>	<b>9,613</b>
Investments in right-of-use assets	545	339	2,728	2,279
<b>CAPEX</b>	<b>5,004</b>	<b>3,419</b>	<b>15,005</b>	<b>11,892</b>
Excluded: investments in license and spectrum fees	-1,004	1	-2,125	-143
<b>CAPEX excluding fees for licenses and spectrum</b>	<b>4,000</b>	<b>3,420</b>	<b>12,880</b>	<b>11,749</b>
Excluded: investments in right-of-use assets	-545	-339	-2,728	-2,279
<b>CAPEX excluding fees for licenses and spectrum and right of use assets</b>	<b>3,456</b>	<b>3,081</b>	<b>10,152</b>	<b>9,470</b>

SEK in millions, except ratio	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>CAPEX</b>	<b>5,004</b>	<b>3,419</b>	<b>15,005</b>	<b>11,892</b>
Excluded: investments in right-of-use assets	-545	-339	-2,728	-2,279
Net of not paid investments and additional payments from previous periods	-1,250	-51	-1,902	-114
<b>Cash CAPEX</b>	<b>3,209</b>	<b>3,029</b>	<b>10,376</b>	<b>9,499</b>
Excluded: Cash CAPEX for licenses and spectrum fees	-15	-14	-935	-126
Excluded: Telia Carrier Cash CAPEX excluding fees for licenses and spectrum	-	-102	-182	-359
<b>Cash CAPEX, excluding Telia Carrier and fees for licenses and spectrum</b>	<b>3,194</b>	<b>2,913</b>	<b>9,259</b>	<b>9,014</b>
<b>Net sales</b>	<b>21,271</b>	<b>21,530</b>	<b>64,962</b>	<b>65,726</b>
Excluded: Net sales Telia Carrier (external)	-	-1,018	-1,597	-3,308
<b>Net sales excluding Telia Carrier</b>	<b>21,271</b>	<b>20,512</b>	<b>63,366</b>	<b>62,418</b>
<b>Cash CAPEX to net sales, excluding Telia Carrier and fees for licenses and spectrum (%)</b>	<b>15.0</b>	<b>14.2</b>	<b>14.6</b>	<b>14.4</b>

## Free cash flow

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Cash flow from operating activities	6,665	7,392	20,450	20,829
Cash CAPEX (paid intangible and tangible assets)	-3,209	-3,029	-10,376	-9,504
<b>Free cash flow, continuing and discontinued operations</b>	<b>3,457</b>	<b>4,363</b>	<b>10,074</b>	<b>11,325</b>

## Operational free cash flow

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Cash flow from operating activities from continuing operations	6,665	7,392	20,582	20,807
Cash CAPEX from continuing operations	-3,209	-3,029	-10,376	-9,499
<b>Free cash flow, continuing operations</b>	<b>3,457</b>	<b>4,363</b>	<b>10,205</b>	<b>11,308</b>
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	15	14	935	126
Excluded: Dividends from associates from continuing operations	–	–	-152	-177
Excluded: Taxes paid on dividends from associates from continuing operations	–	–	–	–
Repayments of lease liabilities	-534	-645	-1,958	-2,017
<b>Operational free cash flow</b>	<b>2,937</b>	<b>3,732</b>	<b>9,031</b>	<b>9,240</b>
Excluded: Changes in working capital	74	-100	-2,049	-871
<b>Structural part of Operational free cash flow</b>	<b>3,011</b>	<b>3,632</b>	<b>6,982</b>	<b>8,369</b>

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

SEK in millions, except for multiple	Sep 30, 2021	Dec 31, 2020
<b>Net debt</b>	<b>66,400</b>	<b>78,343</b>
Adjusted EBITDA continuing operations accumulated current year	22,782	30,702
Adjusted EBITDA continuing operations previous year	7,476	–
Adjusted EBITDA discontinued operations accumulated current year	–	30
Excluding: Disposed operations	-596	-30
<b>Adjusted EBITDA rolling 12 months excluding disposed operations</b>	<b>29,663</b>	<b>30,702</b>
<b>Net debt/adjusted EBITDA ratio (multiple)</b>	<b>2.24x</b>	<b>2.55x</b>
<b>Net debt</b>	<b>66,400</b>	<b>78,343</b>
Estimated tower business proceeds (49%)	7,351	–
<b>Net debt including estimated tower proceeds</b>	<b>59,048</b>	–
<b>Adjusted EBITDA rolling 12 months excluding disposed operations</b>	<b>29,663</b>	–
<b>Estimated Net debt/adjusted EBITDA ratio (multiple) including the tower proceeds</b>	<b>1.99x</b>	–

## Adjusted EBITDA margin

SEK in millions, except ratio	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	21,271	21,530	64,962	65,726
Adjusted EBITDA	7,806	8,211	22,782	23,225
<b>Adjusted EBITDA margin (%)</b>	<b>36.7</b>	<b>38.1</b>	<b>35.1</b>	<b>35.3</b>

# PARENT COMPANY

## Condensed income statements

SEK in millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Net sales	266	125	510	384
Cost of sales	-122	-	-122	-
<b>Gross income</b>	<b>144</b>	<b>125</b>	<b>388</b>	<b>384</b>
Operating expenses and other operating income, net	-345	-262	-1,025	-725
<b>Operating income</b>	<b>-200</b>	<b>-136</b>	<b>-637</b>	<b>-341</b>
Financial income and expenses	-271	276	9,219	-1,378
<b>Income after financial items</b>	<b>-472</b>	<b>140</b>	<b>8,582</b>	<b>-1,719</b>
Appropriations	1,412	1,037	4,021	2,809
<b>Income before taxes</b>	<b>940</b>	<b>1,177</b>	<b>12,603</b>	<b>1,091</b>
Income taxes	-196	-178	-614	-368
<b>Net income</b>	<b>744</b>	<b>999</b>	<b>11,989</b>	<b>723</b>

Net sales and Cost of sales in the third quarter 2021 increased to SEK 266 million (125) and SEK -122 million (-) respectively due to increased Net sales and Cost of sales related to film and program rights. Net sales and Cost of sales increased consequently also in the first nine-months period 2021.

Operating expenses and other operating income, net in the third quarter increased to SEK -345 million (-262) mainly due to higher expenses from the transformation program while the nine-month period, amounting to -1,025 (-725), also was impacted by increased transaction expenses.

Financial income and expenses in the third quarter 2021 amounted to SEK -271 million (276) impacted by lower dividends from subsidiaries, increased exchange rate losses and lower gains from reversal of provisions for credit losses. Financial income and expenses in the nine-months period 2021 increased to SEK 9,219 million (-1,378) mainly impacted by the capital gain from the disposal of Telia Carrier subsidiaries amounting to SEK 6,279 million, dividends received from subsidiaries amounting to SEK 7,999 million (6,259) partly offset by an impairment related to the subsidiary Telia Finland Oyj amounting to SEK 4,500 million (6,655). Financial income and expenses the first nine months 2021 were further positively impacted by reduced net interest expenses.

## Condensed balance sheets

SEK in millions	Sep 30, 2021	Dec 31, 2020
<b>Assets</b>		
Non-current assets	167,609	178,700
Current assets	43,846	36,111
<b>Total assets</b>	<b>211,454</b>	<b>214,811</b>
<b>Equity and liabilities</b>		
Restricted shareholders' equity	15,712	15,712
Non-restricted shareholders' equity	63,756	59,775
<b>Total shareholders' equity</b>	<b>79,469</b>	<b>75,487</b>
Untaxed reserves	6,634	7,002
Provisions	441	557
Long-term liabilities	78,490	87,018
Short-term liabilities and short-term provisions	46,420	44,747
<b>Total equity and liabilities</b>	<b>211,454</b>	<b>214,811</b>

Non-current assets decreased to SEK 167,609 million (178,700), mainly impacted by an impairment of the subsidiary Telia Finland Oyj, disposal of the Telia Carrier subsidiaries and decreased other long interest-bearing receivables.

Current assets increased to SEK 43,846 million (36,111) related to increased cash and short-term bonds impacted by proceeds from the disposal of the Telia Carrier subsidiaries.

Equity increased to SEK 79,469 million (75,487) impacted by a positive Net income partly offset by approved dividend.

Long-term liabilities decreased to SEK 78,490 million (87,018) impacted by reclassification of long-term borrowings to short-term borrowings.

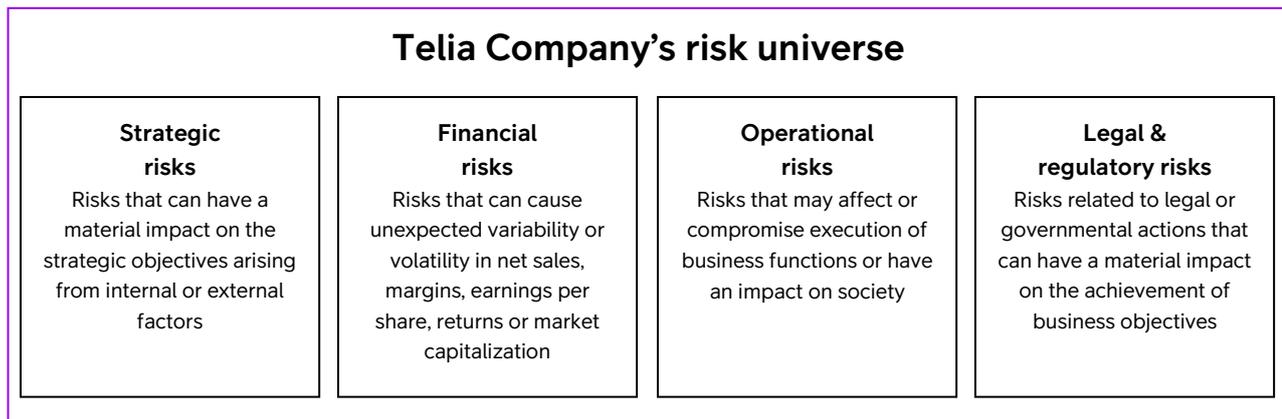
During the first nine months 2021 Telia Company AB issued guarantees on behalf of subsidiaries amounting to SEK 1,527 million (EUR 150 million). For other financial guarantees see Note P24 in the Annual and Sustainability Report 2020.

# RISKS AND UNCERTAINTIES

Telia Company operates in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry. Telia Company has defined risk as anything that could have a material adverse effect on the achievement of Telia Company’s goals. Risks can be threats, uncertainties or lost opportunities relating to Telia Company’s current or future operations or activities. Telia Company has an established risk management framework in place to regularly identify, analyze, assess, and report business, financial as well as ethics and sustainability risks and

uncertainties, and to mitigate such risks when appropriate. Telia Company’s risk universe consists of four categories and over thirty risk areas used to aggregate and categorize risks identified across the organization within the risk management framework, see below.

For further information regarding details on risk exposure and risk management, see the Annual and Sustainability Report 2020, Directors Report, section Risk and uncertainties.



Stockholm, October 21, 2021

Allison Kirkby  
President and CEO

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

## FORWARD-LOOKING STATEMENTS

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

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

## DEFINITIONS

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

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

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

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

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

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

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

**Employees:** Total headcount excluding hourly paid employees.

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

**Interconnect revenues:** External net sales related to mobile termination.

**Internal net sales:** Group internal net sales.

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

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

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

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

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

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

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

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

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

**Structural part of Operational free cash flow:** Operational free cash flow less contribution from change in working capital.

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

**Total equipment revenues:** External equipment net sales.

**Total service revenues:** External net sales excluding equipment sales.

**TV revenues:** External net sales related to TV services.

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

\*Costs for major group wide business transformations were added to the definition of Adjustment items in Q1 2021, see Note 2.

## FINANCIAL CALENDAR

**Year-end Report January-December 2021**  
January 28, 2022

**Annual and Sustainability report January-December 2021**  
March 11, 2022

**Annual general meeting 2022**  
April 6, 2022

**Interim Report January-March 2022**  
April 27, 2022

**Interim Report January-June 2022**  
July 20, 2022

This information is information that Telia Company AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 07.00 CET on October 21, 2021.

