Annual and Sustainability Report

2021

Telia Company


Telia Company
Better connected living

Contents

The audited annual and consolidated accounts comprise pages 19-105 and parts of pages 110-111 and pages 124-250. The corporate governance statement examined by the auditors comprises pages 54–73.

The sustainability information reviewed by the auditors comprises pages 74-122, which also includes the statutory sustainability report on pages 74-105 as well as parts of pages 110-111. The statutory sustainability report is also part of the Board of Director's Report.

Comments from our CEO

Towards a Better Telia

As we close out the second year of the pandemic, and look with optimism towards the future, we see the rapid shifts in consumer behaviour, innovation and technological development reinforcing the important role Telia will play in an increasingly digital world. The pandemic has accelerated digital transformation at a rate no one could have imagined. And the power of our networks has never been more evident as the services they underpin have kept people safe and connected and businesses operating these past two years. In such a time of great change, Telia's ambition to be one of the world's most purpose driven providers of digital communications, steered by our purpose – **Reinventing Better Connected Living** – could not be more pertinent.

Read more ⟶

Connected living allowed all of us to stay informed and entertained; loved ones to remain in touch from a distance; businesses to operate from the home office; education to continue outside of classrooms and emergency services to respond timely to crises. I think it is fair to say that our digital infrastructure and the services they support have never been more important to society.

Reinventing better is, and will be, what sets us apart from competition the coming years as we continuously reinvent to empower customers to live fuller lives; businesses to work smarter; teams to be more agile; and societies to develop with people and the planet flourishing together. Reliable, trusted, and high-speed connectivity, together with smart digital solutions, can enable such a future.

»Reinventing better is, and will be, what sets us apart from competition the coming years as we continuously reinvent to empower customers to live fuller lives; businesses to work smarter; teams to be more agile; and societies to develop with people and the planet flourishing together.«

As the Nordic and Baltic's largest owner and operator of digital infrastructure, connecting over 25 million customers on a daily basis, Telia has during 2021 strengthened its position as the connectivity and digital partner of choice and we have created the region's first tower platform, to ensure we remain at the forefront of digital infrastructure innovation in the years to come. Beyond connectivity, our broad range of ICT, IoT and security services is growing at an annual rate of more than 15%. And being the region's largest media house and largest aggregator of entertainment services, we are informing, educating and entertaining more than 10 million viewers on a weekly basis, increasingly on our leading digital platforms. With our purpose as our North Star, we started 2021 by setting out our plan to create a better Telia along four strategic priorities, our roadmap for how we truly differentiate ourselves with our customers at the heart of all we do.

We **Inspire our Customers** beyond connectivity by providing consumers and enterprises with innovative products that cater to all their communication and digital needs. During the year our customers confirmed their trust in us as evidenced by both positive revenue development and in us winning several customer satisfaction awards including SKI in Sweden, EPSI in Norway, and Media partner of the year also in Sweden. The number of households buying more than one service from Telia have grown to over 2 million and we have confirmed an increased loyalty amongst those customers towards us. This is driven by customer initiatives such as Telia Sweden being one of the first operators in the world to bundle unlimited 5G mobile data with Netflix and our own C More streaming service. We extended our mobile network leadership position by leading 5G roll-out in almost all our markets while also growing our fiber and IPTV subscriber bases. Telia Norway's 5G footprint now reaches almost half of the Norwegian population and has been rated by our customers as the best mobile gaming network in the country. Equally important is enabling our enterprise customers' digitalisation journey through state of the art new digital services. Telia Sweden's launch of MyBusiness is creating new abilities for our customers to experience more efficient and user friendly digital customer meetings. And we have expanded our more advanced services such as Internet of Things offerings, Application to Person messaging and Enterprise Mobile Networks (EMN) tailormade for each customer. These are all rapidly growing business areas – on the EMN side more than 10 are now operational, and three times as many contracts have been signed. Inspiring our customers also entails making it possible to live and operate more sustainably: providing solutions for smart and resource-efficient transport and buildings; driving increased usage of pre-owned devices; and guiding our customers to select smartphones with the best environmental performance through an Eco Rating labelling scheme that we launched together with other leading operators in Europe.

We **Connect Everyone** to the most trusted, reliable and modern networks through a comprehensive upgrade of all our network platforms. Specifically, through a combination of network modernization, softwarization and legacy retirement, and a relentless focus on innovation and quality throughout, we have reinforced our network leadership and spectrum position during the year. In Finland we launched the first commercially available 5G standalone (SA) core network in the Nordic and Baltic region, creating the opportunity for advanced 5G use cases and a strengthened position in the Enterprise segment while Telia Sweden again won the Umlaut test for best network – in speech, data, and crowd – and increased the margin to other operators. In Estonia, we are the only operator to have launched 5G, and already reach 25% of the population. Creating opportunities for digital inclusion will be key to serve all customers in the best possible way. We are therefore proud that the World Benchmarking Alliance has ranked Telia Company number 11 out of 150 when it comes to digital inclusion, and fourth among all the European-headquartered companies. And by joining forces with Brookfield and Alecta to create the first pan-Nordic tower platform, we are strengthening our leading digital infrastructure position for the long-term benefit of the region.

We **Transform to Digital** in order to transition Telia into a more agile, efficient company that serves its customers in a simpler and better way. Our transformation agenda is among the most ambitious in the sector and spans all markets and functions. It is our blueprint for providing a great customer experience through simplification and harmonization – with an improved and scaled range of products, processes, platforms and partnerships. During the year, we have retired over 20% of our legacy products and legacy systems and tripled the share of new products that use a common, more scalable, technology platform to more than 40%.

This will ultimately reduce cost, accelerate speed to market, and modernize our product offerings. In the year, we have saved more than SEK 250 million of IT costs which are structural and sustainable reductions generated through the decommissioning of legacy systems and products, as well as through the consolidation of IT vendors. Digital skills training of employees has led to a 30% increase in the use of online real-time data and analytics. And the impact for our customers is already evident, especially in our TV and Media business where we have seen consumption on digital channels, such as TV4 Play, grow 35% during the year, enabling a growth of more than 20% in Swedish digital advertising revenue.

Finally, we have committed to **Deliver Sustainably**. Delivering sustainably for us means creating value for all our stakeholders and being a financially, socially and environmentally resilient company so as to allow consistent and accountable delivery over time. Despite salary inflation and higher energy costs we are ending the year with SEK 300 million lower operational expenses due to strong benefits from our transformation. We have reduced complexity and improved capital allocation by divesting small, non-core businesses totalling SEK 500 million, in the past 12 months, without any impact on Group EBITDA. And, as further detailed in this report we are positively progressing towards our sustainability targets across our environmental, social and governance agenda with climate and circularity, digital inclusion, and privacy and security in focus. Sustainability and resilience must be at the core of everything we do, to constantly earn trust from our stakeholders. Last year consumers in 5 out of 6 of our markets ranked us 1st or 2nd on privacy in our consumer survey, while we proactively responded to private and public enterprise customers' existing and emerging security needs by for example expanding the scope for ISO 27001 certification. Our digital skills initiatives, in place to ensure that no-one is left behind in the digital society, reached 600,000 seniors, children, and SMEs. Our innovative data-driven services continued to support cities and municipalities with the new Travel Emission Insights service a great example – enabling city and municipality planners to reduce emissions from transportation. Looking at our negative environmental footprint, most greenhouse gas emissions are generated in our supply chain which explains our focus to push suppliers to adopt science-based targets. Suppliers representing 27% of total supply chain emissions had adopted such reduction goals by the end of the year.

»In 2022, I expect demands for our services to increase further as customers seek more and more connected services and experiences that rely on safe, reliable and high-speed networks.«

In summary, our strategic progress sees us boldly moving forward towards a better Telia. We have returned to growth on both revenue and EBITDA for the first time since 2014. We have secured our network leadership, we have laid the foundations for a sustainable digital transformation of the whole of Telia, and we remain a sector leader in responsible business. We are also on track to create the region's first meaningful tower platform with an enterprise value of EUR 2.6 billion. This, along with the sale of Telia Carrier, means that we ended 2021 with a strong balance sheet, and have generated the cash flow necessary to both fully cover heightened investments and our progressive dividend.

With the current strong balance sheet position foreseen to be sustained, the Board also announced in January 2022 that it intends to propose the distribution of the net proceeds from the Swedish tower transaction, which is expected to close during 2022, to our shareholders.

In 2022, I expect demands for our services to increase further as customers seek more and more connected services and experiences that rely on safe and high-speed networks. As the costs to deliver these services now face inflationary pressure, it is no longer sustainable for our services to deflate in value. Entering 2022 we will execute on two fronts to meet this new environment. Firstly, by offering connectivity, communication and entertainment services that are superior to anything we have offered in the past, and by ensuring the price of these services reflect the value they bring to our customers. Secondly, by continuing to transform our operations to be simpler, and more modern we will have fewer products, platforms, and partners that will enable a much better customer experience at a lower cost base.

With one year under our belt, I remain confident in our ambitions and in our ability to execute successfully on a bold digital transformation that will enable sustainable growth, with a modernized asset base, and a more efficient cost base, that will ultimately reinvent better for our customers, our employees, our owners and the societies we serve in the years to come.

As we move into the second year of our multiyear journey to reinvent a better Telia, I am grateful for the confidence and support we enjoy from our close to 500,000 shareholders and I could not be prouder of everything my Telia colleagues have done to keep people and businesses connected over the last year. Nor could I be more excited about the unique role we can play as societies and economies reconnect and rebound, post the pandemic years.

Stockholm, March 9, 2022

Allison Kirkby
President and CEO

In the Comments from our 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.

Telia Company in brief

Who we are

We are technology pioneers digitalizing society for the past 160 years. Today our 20,000 talented colleagues serve 25 million customers across the Nordic and Baltic region with essential digital infrastructure and digital services that are fundamental enablers of the digital societies we live in. We are the telecommunications leader in the region, the leading Nordic media house, and the leader in ICT in both Finland and the Baltics.

What we do

We are the hub in the digital ecosystem, connecting individuals, families, businesses and communities to the communication, ICT and entertainment services that enable and empower their lives. We have a deep social conscience that drives us to use our technology to be agents of improvement in society. We are constantly innovating ourselves to do better for ourselves, our customers, our owners and the societies of the Nordics and the Baltics.

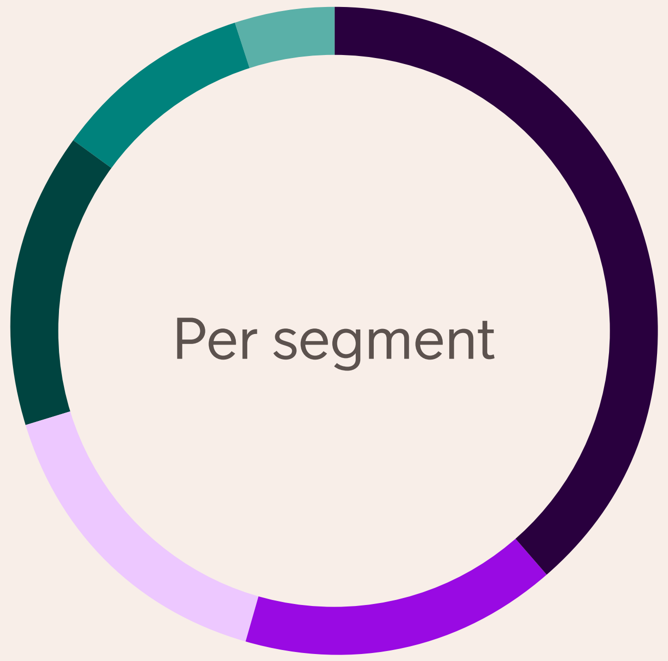
Why we do it

We believe a connected life is a better life. Everything we do is driven by our purpose to reinvent better connected living so that people can live fuller lives, businesses can work smarter, and society and the planet can flourish together.

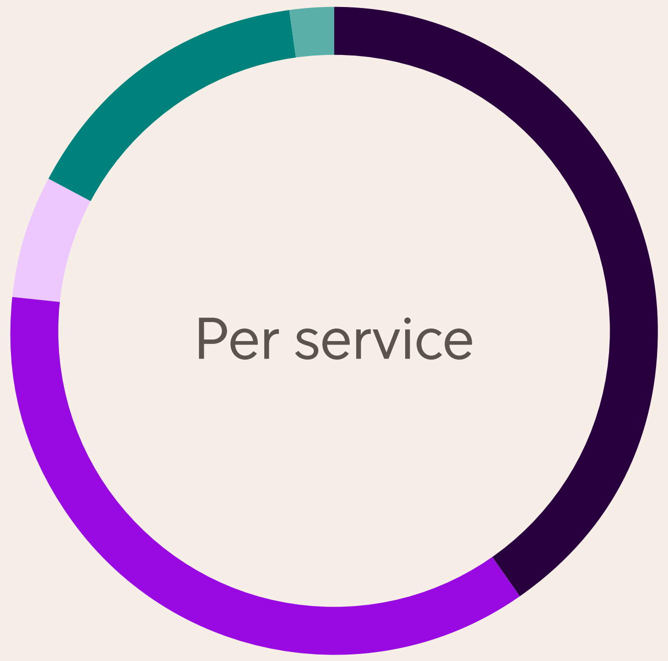
We provide

- Mobile voice and data
- Fixed voice and data
- TV and streaming
- ICT Services
- Media advertising
- Devices
- Value added services

Net sales 2021: 88.3 SEK billion



Sweden 39%
Finland 16%
Norway 16%
LED 15%
TV and Media 10%
Other 4%

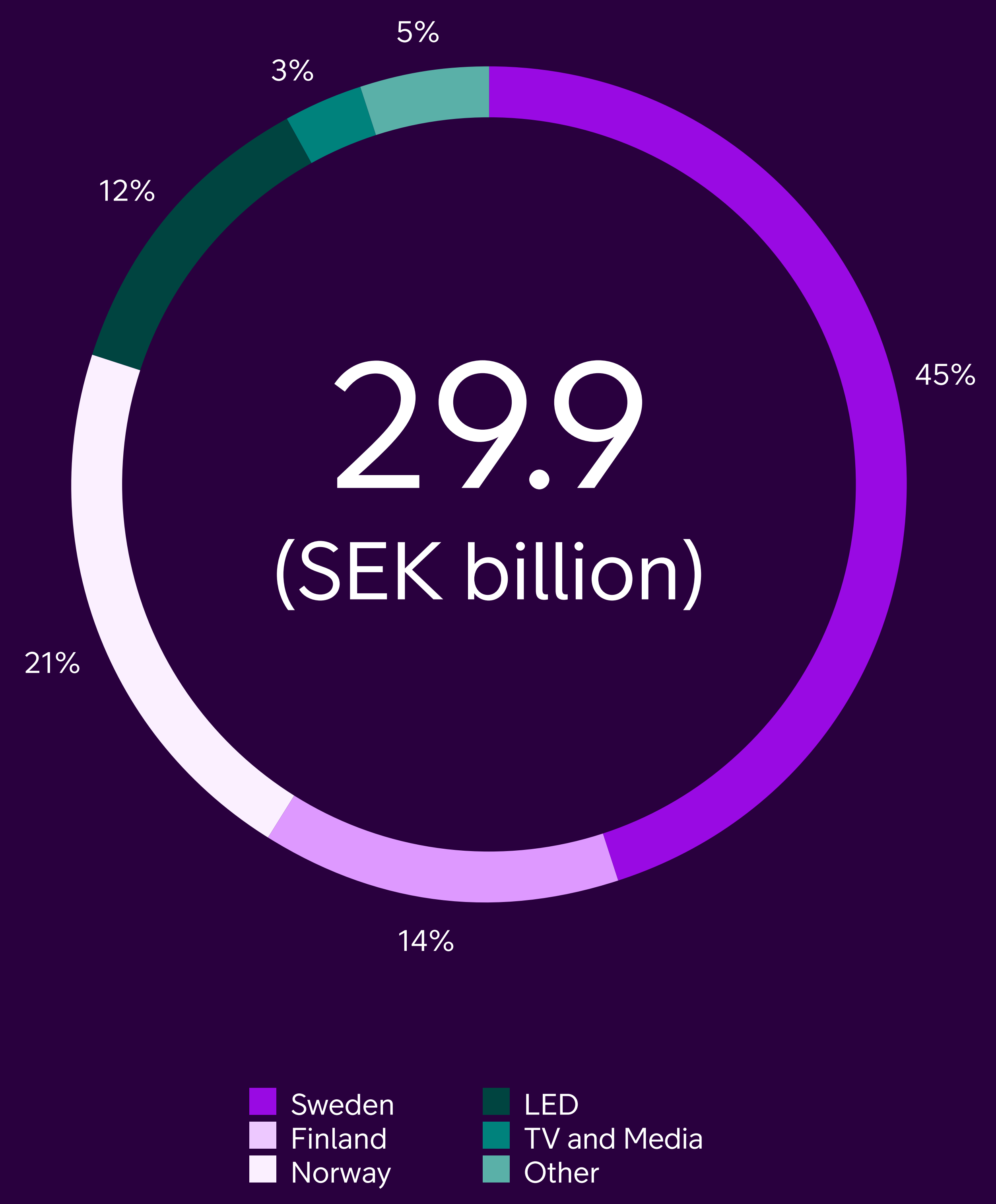


Mobile 40%
Fixed 36%
Advertising 6%
Equipment 15%
Other 3%

Market	Position (Mobile)	Position (Fixed)	Position (TV)	Brands
Sweden	#1	#1	#2	Telia, 4, C MORE, halebop, fello
Finland	#2	#2	#3	Telia, C MORE, mtv
Norway	#2	#2	#2	Telia, phonero, C MORE, OneCall, my call
Denmark	#3	#5	#4	Telia, call me, C MORE, MIT TELE
Lithuania	#2	#1	#1	Telia, ezys
Estonia	#1	#1	#2	Telia, diil, SUPER
Latvia	#1	n/a	n/a	Telia, lmt

2021 in review

Adjusted EBITDA



Financial

Service revenues (SEK billion)
75.2 (77.3)

Operational free cash flow (SEK billion)
10.4 (12.1)

Leverage (ratio)
2.14x (2.57x*)

2.05 (2.00)
Dividend** (SEK/share)

* Restated
** Proposal to AGM

Operational

Fixed broadband subscriptions (million)
2.9 (2.9)

TV subscriptions (million)
3.4 (3.2)

Fixed telephony (million)
1.0 (1.2)

18.1 (17.0)
Mobile subscriptions (million)

Sustainability

78% (79%) reduction of CO_2e emissions since 2018

27% (16%) of supply chain emissions covered by science-based climate targets

608,000 individuals reached through digital inclusion initiatives

74% of waste from own operations were reused or recycled

37% (38%) female leaders in the extended leadership team

76/100 (78/100) in employee engagement score

Selected highlights 2021

New purpose and strategy
Telia launched a transformative purpose and strategy, to galvanize the organization, return the company to growth, and help drive and define our next decade.

5G frequencies in Sweden
Telia Sweden secured spectrum in the 3.5GHz band which together with existing frequencies enables 5G rollout targeting >90% population coverage 2023.

Strategic public sector partnerships
Telia Sweden and Telia Norway signed their largest enterprise contracts ever. Sweden extended its agreement for connectivity, security and call center services with Region Skåne while Telia Norway gained the Norwegian postal services as client.

Best employer award in Lithuania
Telia Lithuania was named Best Employer among large companies by Lithuania's Ministry of Social Security and Labor.

Pan-Nordic tower partnership
Telia formed a TowerCo in partnership with Brookfield and Alecta contributing its towers in Finland and Norway (expanded in 2022 to also include Sweden, resulting in a total EV of EUR 2.6 billion).

Network sharing expansion
Telia Finland and DNA agreed to further expand network sharing in Finland, enabling increased population coverage and wider 5G deployment.

Champions League exclusivity
Telia Sweden launched Champions League football exclusively for Telia and C More customers.

Unique mobile and streaming offering
Telia Sweden launched a unique mobile offering combining unlimited data with popular streaming services Netflix and C More.

First 5G standalone network
Telia Finland launched the first commercial 5G standalone network in the Nordic and Baltic region.

Spectrum in Norway
Telia Norway secured frequencies in the 2.6 GHz band and 3.5 GHz bands, enabling Telia's target of launching the country's first nationwide 5G by 2023.

Return to growth
Both service revenue and adjusted EBITDA grew like-for-like for the first time in over 7 years.*

Eco rating for mobile phones
Telia and four of Europe's other leading operators together launched Eco Rating, a labelling scheme to help customers choose mobile phones with lower environmental impact.

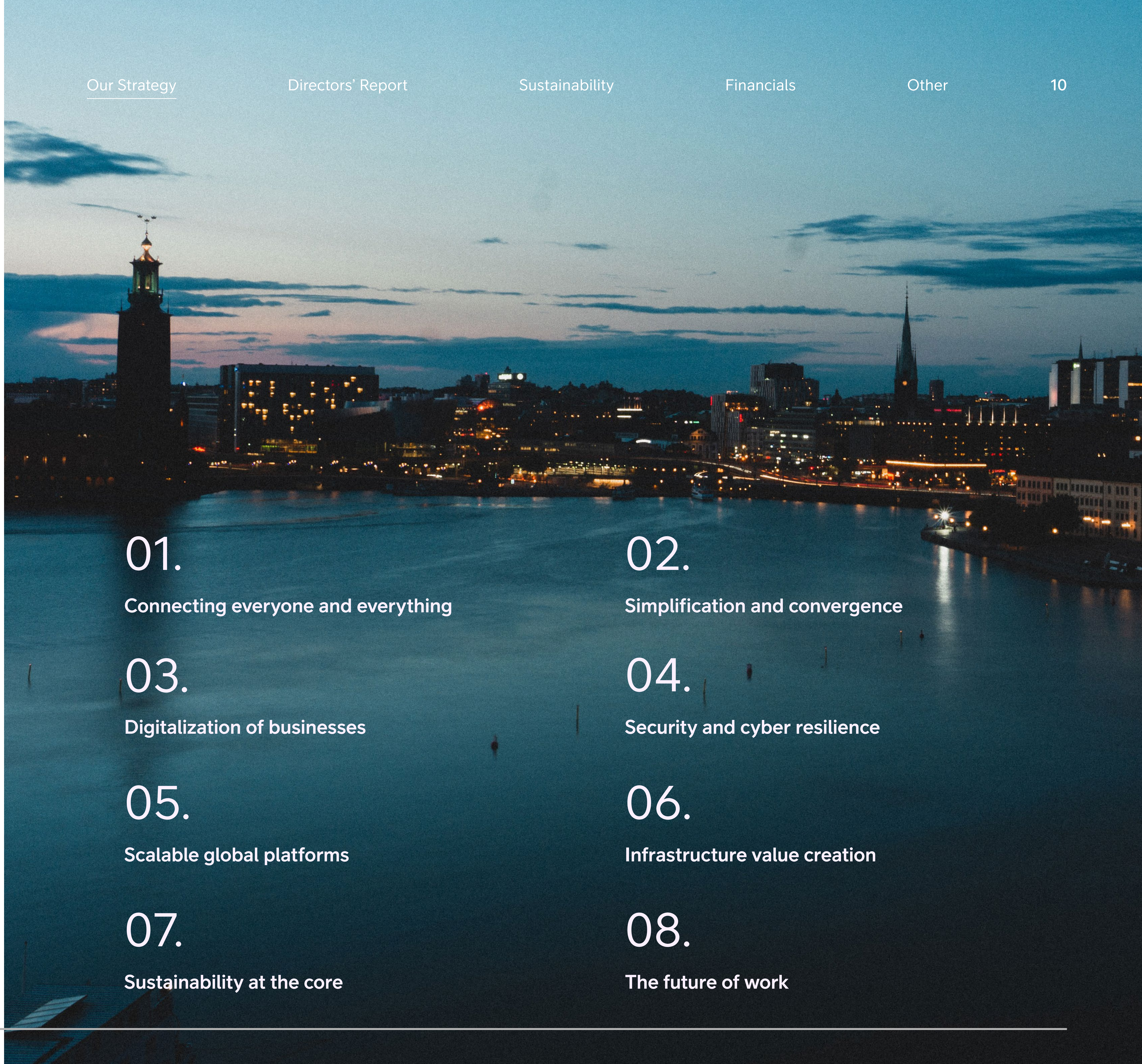
*Service revenue was implemented as a metric in 2014.

Trends

A world of connected opportunities

Telia operates in one of the world's most digitalized regions with the privilege to serve customers across the Nordics and the Baltics. The opportunities and challenges our customers and our societies face are at the core of the trends that influence our business strategy and our desire to continuously reinvent better connected living.

Read more ⟶



01\. Connecting everyone and everything

02\. Simplification and convergence

03\. Digitalization of businesses

04\. Security and cyber resilience

05\. Scalable global platforms

06\. Infrastructure value creation

07\. Sustainability at the core

08\. The future of work

01. Connecting everyone and everything

As we continue to move from connecting people and companies to increasingly connecting things and business critical processes, every point of connectivity can make a difference, and even minor downtimes or glitches can have far-reaching consequences. Connectivity is now an integral part of our daily lives and businesses that will keep growing in importance for the foreseeable future.

02. Simplification and convergence

Consumers increasingly demand digital products and services that entertain, simplify their daily routines, and enable a sustainable digital life. Continuous innovation by large global players as well as small start-ups is catering to these needs and desires. When buying and using aggregated offerings for a household, consumers expect seamlessness and flexibility. This drives the demand for simple and digital user experiences across channels, products and services.

03. Digitalization of businesses

Digitalized business models are proving superior in delivering high quality together with operational efficiencies, while enabling environmental benefits. They are fuelled by a combination of readily available platform services and software driven tools to create new innovative solutions. Enterprises desire simplicity driving the demand for well-orchestrated digital solutions where IoT and cloud, closely interlinked with connectivity, are essential components.

04. Security and cyber resilience

The need for secure and reliable infrastructure continues to grow in line with rising cyber threats, business continuity risks and privacy concerns. Digitalization has increased the vulnerability of businesses as illustrated by the increasing volume of cyber-attacks. Whereas speed and bandwidth might have formerly been key focal points, in a world of interconnectedness and hyper-automation, robustness, reliability and data integrity have inevitably become a high priority for businesses and consumers alike.

Read more ⟶

05. Scalable global platforms

Global hyperscalers (e.g. Microsoft, Google, Amazon, Netflix and Alibaba) continue to gain traction, leveraging their scale and enormous development resources to drive adoption of their cloud-based platforms. Increased use of hyperscaler platforms enables growth of asset light businesses and increases the speed of innovation. Hyperscalers skew local competitive dynamics while at the same time enabling local players to compete by utilizing their existing customer relationships and developing locally orchestrated solutions.

06. Infrastructure value creation

With the current abundance of capital, interest to invest in telecommunications infrastructure has increased. Predictable returns over time driven by increasing dependence on digital communication, as well as the potential upside available through increased utilization of infrastructure assets, has led to the emergence of companies specialized in active development and operation of infrastructure. This has resulted in several telecommunications companies separating out infrastructure to crystalize value from those assets and continuing to grow their networks in a more capital efficient manner.

07. Sustainability at the core

Sustainability increasingly impacts purchasing behaviour as customers and other stakeholders recognize the value of integrated sustainability strategies. Cherry picking sustainability projects will no longer suffice as the transition to thriving sustainable economies and societies require considerations across the entire human rights and environmental spectrum, both in own operations as well as extended to a company's suppliers, partners and beyond.

08. The future of work

Automation, fierce competition for skills, and shifting employee desires are influencing a rapidly changing labor market as well as work models. In a world increasingly driven by data, cloud, and standardized software-as-a service solutions, competition for talent is less industry-specific and local than previously as digital skills can be applied across sectors and remotely. Future competition for talent will be global and candidates discerning as to employers' propositions.

We reinvent better connected living

Through our...

Digital connectivity	Digital experiences	Digital infrastructure

By excelling at...

Inspiring customers	Connecting everyone	Transforming to digital	Delivering sustainably

So that we have the...

Most loyal customers	Most engaged employees	Most satisfied shareholders	Most empowered societies

Reinventing a better Telia

In January we launched a transformative purpose and strategy, to galvanize the organization, return the company to growth, and help drive and define our next decade.

Our ambition is to make Telia better for our customers, our employees, our owners and the societies of the Nordics and the Baltics. Led by our purpose we have chosen four strategic priorities that explain how our strategy will create value and be better for all our stakeholders.

- **Inspiring customers** with brands and experiences that go beyond connectivity
- **Connecting everyone** through the most trusted, reliable and efficient modern networks
- **Transforming to digital** to be simpler, faster, data driven and with lower cost
- **Delivering sustainably** through an accountable and empowered organization

Read more about the four strategic priorities ⟶

Inspiring customers

We work relentlessly to bring our customers better products and services to enable them to achieve, engage and experience more.

Providing seamless customer interactions...
...through frictionless customer-personalized touch-points and experiences across platforms

Catering for all the household's needs...
...with high-quality connectivity, sustainable devices and engaging media and entertainment offerings in the home and on the go

Being the preferred digitalization partner for businesses...
...by orchestrating services beyond connectivity - including cloud, IoT and security solutions as well as private networks dedicated to customers' specific needs

Innovating for the future...
...by putting sustainability at the center of product development to help businesses and societies solve pressing challenges such as climate change

Selected progress 2021

- **Telia ranked** #1 for most satisfied enterprise broadband customers in Sweden for 6 consecutive years
- **Halebop ranked** #1 for most satisfied mobile consumers in Sweden by SKI (#1 in 12 out of the 14 last years)
- Telia's OneCall again awarded the **best consumer brand in Norway** by EPSI
- Telia and Phonero awarded #1 and #2 of **best enterprise brands in Norwa**y by EPSI
- **Telia Sweden's TV service ranked best** by SKI for the 7th consecutive year
- Customers buying more than one service increased across our footprint, with Telia Life, our Swedish convergence product growing **13%**
- Digital and linear ad revenues growing strongly with digital up **>20%** in Sweden
- Launch of **Travel Emission Insights**, enabling public customers to reduce CO_2 emissions from car transports
» Sustainability section

Connecting everyone

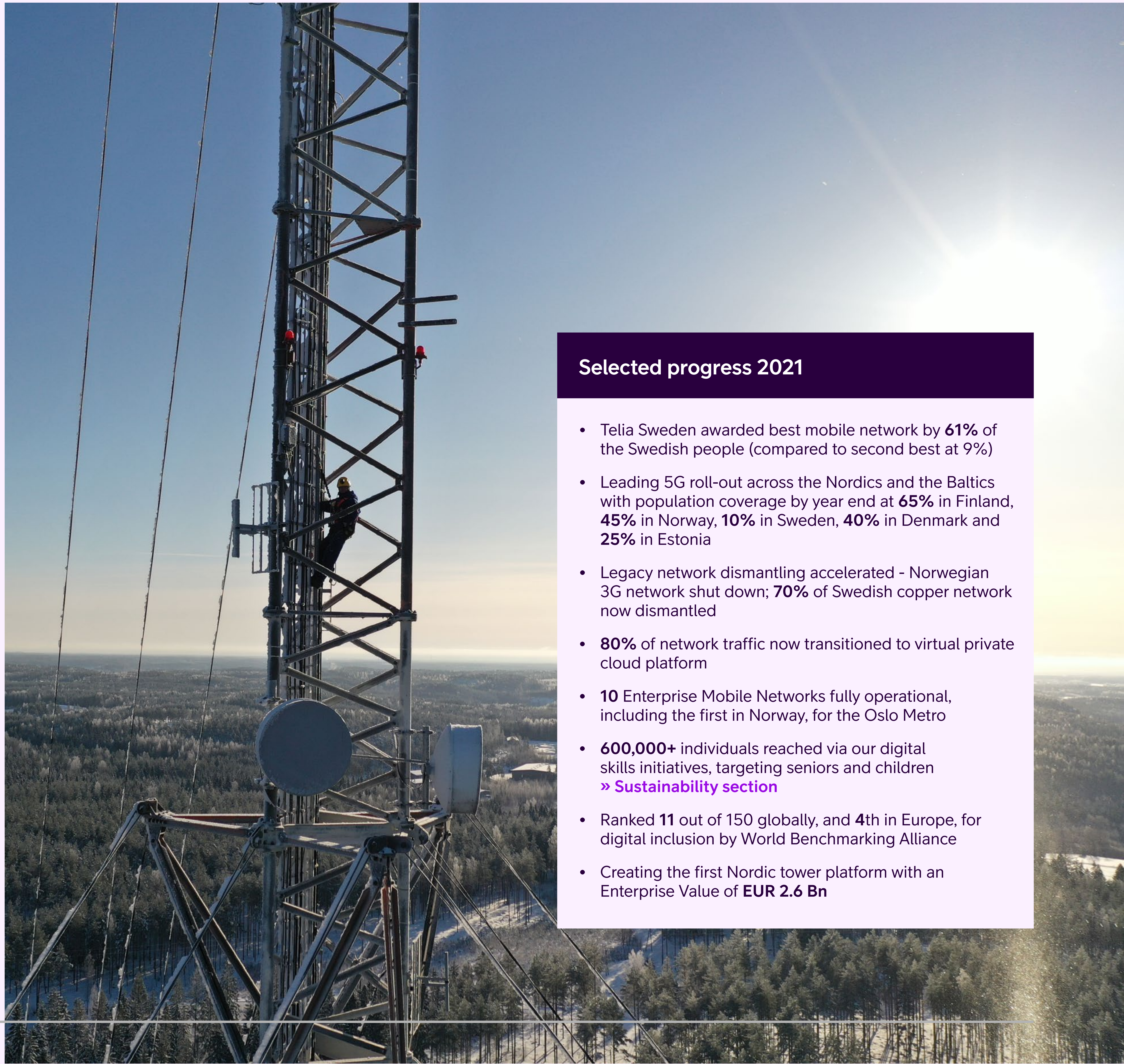
Connecting everyone over the most reliable and secure networks is imperative to deliver better and inclusive connected living.

Building and maintaining digital network leadership...
...through expanded reach, capacity and quality in high-speed fixed and 4G/5G mobile networks

Modernizing our networks...
...by retiring legacy and rolling out modern technology to introduce new functionality, improved reliability and operational efficiency

Driving digital inclusion...
...by providing access to reliable connectivity for all and empowering users with digital skills

Expanding and crystalizing infrastructure value...
...by partnering with strategic partners and investors who bring industry expertise and investment into our assets



Selected progress 2021

- Telia Sweden awarded best mobile network by **61%** of the Swedish people (compared to second best at 9%)
- Leading 5G roll-out across the Nordics and the Baltics with population coverage by year end at **65%** in Finland, **45%** in Norway, **10%** in Sweden, **40%** in Denmark and **25%** in Estonia
- Legacy network dismantling accelerated - Norwegian 3G network shut down; **70%** of Swedish copper network now dismantled
- **80%** of network traffic now transitioned to virtual private cloud platform
- **10** Enterprise Mobile Networks fully operational, including the first in Norway, for the Oslo Metro
- **600,000+** individuals reached via our digital skills initiatives, targeting seniors and children
» Sustainability section
- Ranked **11** out of 150 globally, and **4**th in Europe, for digital inclusion by World Benchmarking Alliance
- Creating the first Nordic tower platform with an Enterprise Value of **EUR 2.6 Bn**

Transforming to digital

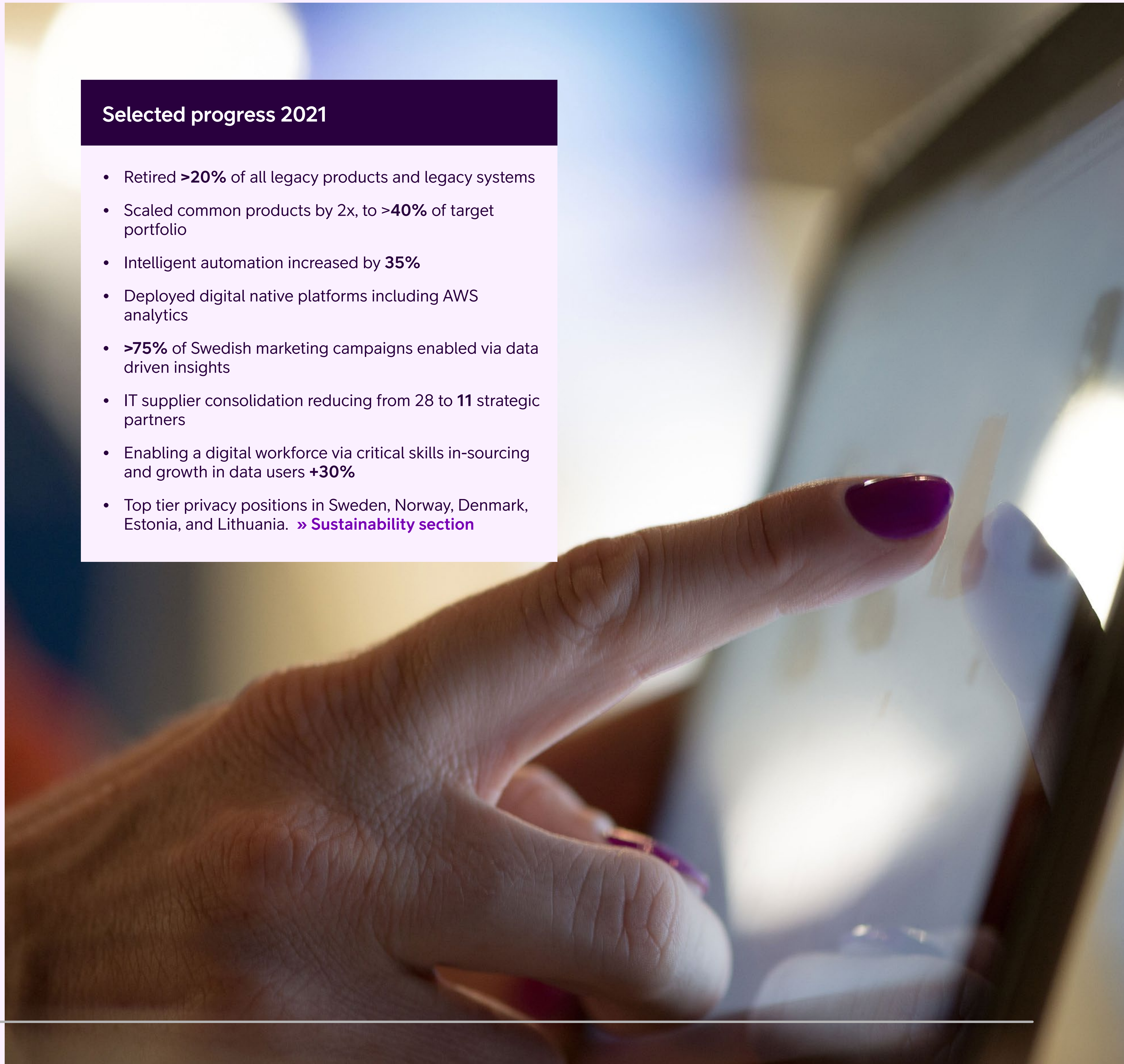
We are transforming to digital to simplify operations, act faster and, ultimately, enable a better customer experience.

Simplifying and automating products and processes...
...to reduce complexity, utilize scale, and enhance quality

Establishing business agile IT...
...by modernizing and standardizing our IT systems across the organization

Leveraging analytics and data driven operations...
...in our decision making and in value proposition creating processes to improve customer personalization

Maintaining a privacy and security focus...
...at the core of all our work with our own and our customers' digitalization journeys



Selected progress 2021

- Retired **>20%** of all legacy products and legacy systems
- Scaled common products by 2x, to >**40%** of target portfolio
- Intelligent automation increased by **35%**
- Deployed digital native platforms including AWS analytics
- **>75%** of Swedish marketing campaigns enabled via data driven insights
- IT supplier consolidation reducing from 28 to **11** strategic partners
- Enabling a digital workforce via critical skills in-sourcing and growth in data users **+30%**
- Top tier privacy positions in Sweden, Norway, Denmark, Estonia, and Lithuania. » Sustainability section

Delivering sustainably

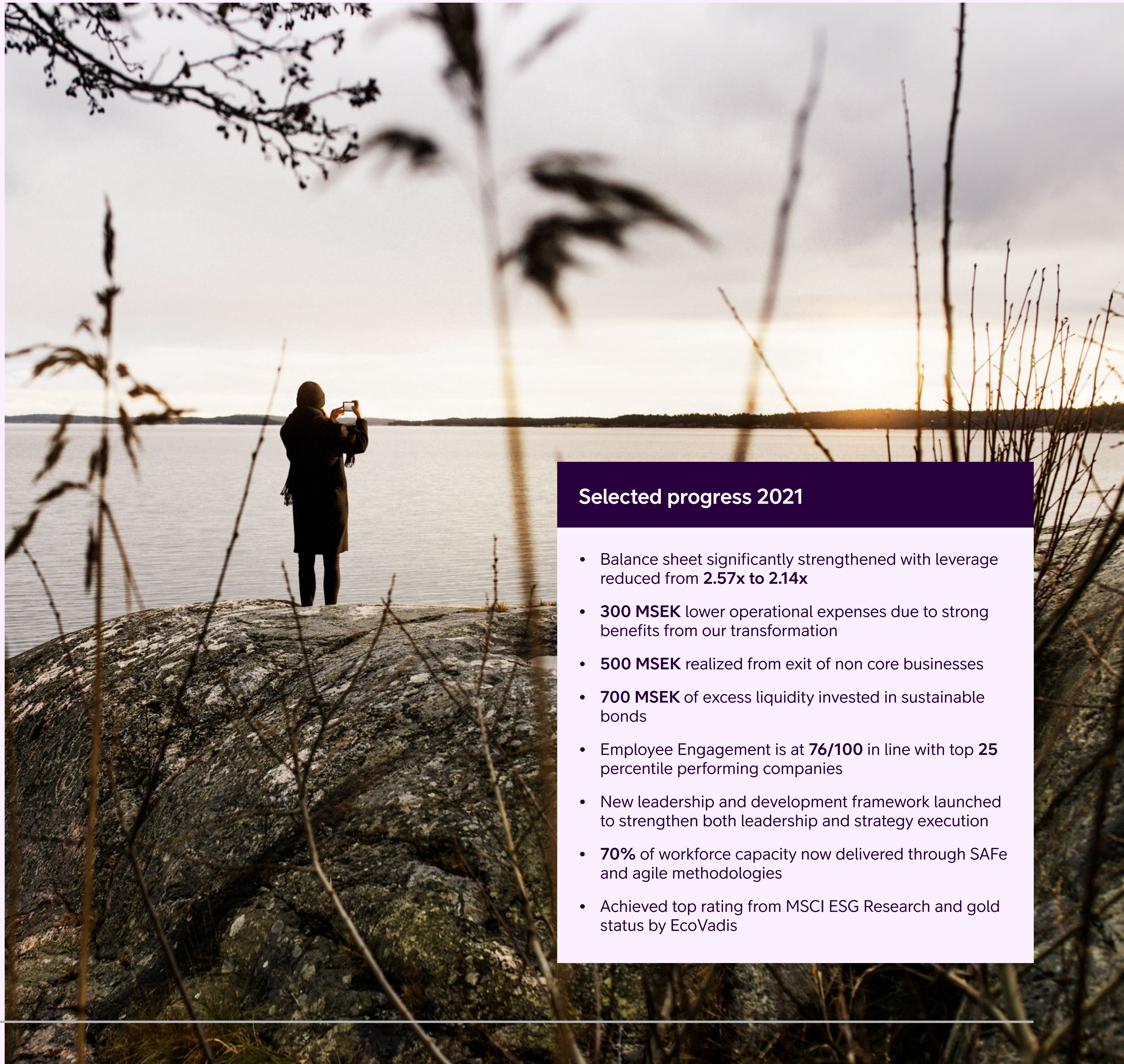
Creating value for all stakeholders and society rests on being a financially, socially and environmentally resilient company – the essence of our commitment to deliver sustainably.

Ensuring financial stability...
....through a return to growth, transformation of our cost base to improve productivity, improved structural cashflow, a strengthened balance sheet, and enabling a predictable and progressive shareholder remuneration policy.

Integrating ESG...
...into all material processes and strategies guided by a strong ethics and human rights agenda to reduce risks and maximize our positive impact on people and the planet

Securing execution excellence...
...by empowering employees to deliver on our purpose within a culture that values diversity and inclusion while promoting accountability and development

For detailed sustainability results, read more in the » Sustainability section



Selected progress 2021

- Balance sheet significantly strengthened with leverage reduced from **2.57x to 2.14x**
- **300 MSEK** lower operational expenses due to strong benefits from our transformation
- **500 MSEK** realized from exit of non core businesses
- **700 MSEK** of excess liquidity invested in sustainable bonds
- Employee Engagement is at **76/100** in line with top **25** percentile performing companies
- New leadership and development framework launched to strengthen both leadership and strategy execution
- **70%** of workforce capacity now delivered through SAFe and agile methodologies
- Achieved top rating from MSCI ESG Research and gold status by EcoVadis

Directors' Report

Comments from our Chair

Reinventing a better Telia for our customers and owners

At the beginning of 2021 I encouraged us all to buckle up for the eventful multi-year transformational journey that Telia Company was embarking upon to better serve our customers with leading connectivity and innovative products and services to match all their needs. I also mentioned that by making Telia more digital, faster, better and more cost efficient, we expected to return to growth.

One year on the road towards a "Better Telia" I am pleased to see such predictions starting to materialize as the company returned to both service revenue and EBITDA growth; maintained its network leadership; grew converged households, fiber, fixed wireless and C More customers; extended its commercial share of viewing in TV and Media; elevated connectivity with the region's first 5G stand-alone network; progressed a strong ESG agenda; executed on its cost transformation plans; and further moved towards becoming simpler, more agile and more digital. Efforts which combined underpin our ability to inspire, gain and maintain the trust of our customers, in both the consumer and enterprise segment.

Customer satisfaction, however, is never constant but must be earned every day. In a rapidly evolving landscape, where traditional competition is augmented by hyper scalers and shifting customer demands, the benchmark for quality customer experience is continuously evolving and we must evolve not only with, but ahead of it. Telia has all the pre-requisites in place to do so, particularly in its ambition to become a more digitally enabled, more customer friendly company to deal with. The company's purpose and strategy are clear with a solid focus on network leadership and network security underpinning our many innovative products and services that allow consumers both entertaining and more sustainable choices, and enterprises a path to more efficient and greener operations.

»Our resilience is a corner stone in our partnerships with governments and society more broadly who rely on the safety and reliability of our networks.«

Excellent customer experience is also driven by the ease of dealing with us as a provider, and our strategic priorities to transform to digital and deliver sustainably are hence as fundamental to our success. Implementation of Telia's internal transformation agenda and its effect on customer experience has been among the topics the Board has allocated time to during the year, as has been the company's efforts to become financially, socially and environmentally resilient.

Our resilience is a corner stone in our partnerships with governments and society more broadly who rely on the safety and reliability of our networks. Our responsibility in connecting everyone could not be clearer as last year has yet again shown. We seek out opportunities to crystalize the value of our digital infrastructure, operationally as well as financially, with such responsibility in mind. During the year this was exemplified by our partnership with Brookfield and Alecta, solidifying our long-term view of tower ownership while enhancing expert management of the same.

Our people are at the core of the ability of the organization to deliver on its goals. As the world is emerging into a post-pandemic setting, bringing with it unprecedented shifts in employee movements, the Board is pleased to see renewed focus and investment being put toward strengthening the company's talent, performance management and leadership program. We are glad also to see the company's management team being complemented by a new General Counsel, Stefan Backman, and Chief People Officer, Maria Ewerth Romberg, during 2022.

With the opportunity to meet and collaborate in person again returning, I have no doubt that strategy execution will continue to progress and deliver value for our shareholders whose trust and support the Board of Directors and I deeply value and appreciate. We extend our thank you also to President and CEO, Allison Kirkby, Telia's management team and all Telia employees for their commitment and work during the year.

The transformation towards a better Telia that serves customers, stakeholders and society as a true partner continues, and I am looking forward to the next year of our journey.

Stockholm, March 9, 2022

Lars-Johan Jarnheimer
Chair of the Board

In the Comments from our Chair, 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.

Telia Company's operating model is based on geographical areas except for the TV and Media segment. The group's operations are managed and reported by the following operating segments: Sweden, Finland, Norway, Lithuania, Denmark, Estonia and TV and Media. Included in Other operations are the operations in Latvia, Telia Finance as well as Group functions. Group functions include Group Strategy & Commercial, External Affairs, Governance and Trust, Corporate Affairs, Finance, Common Products and Services, Brand, People, Experience & Culture and Telia Asset Management. Telia Carrier was also included in Other operations and classified as held for sale from September 30, 2020 until June 1, 2021 when divested. For information on assets held for sale and discontinued operations, see Note C35. In this Report, comparative figures are provided in parentheses following the operational and financial amounts and refer to the same item in the full year of 2020, unless otherwise stated.

Group development in 2021

Financial highlights

SEK in millions, except key ratios, per share data and changes	Jan–Dec 2021	Jan–Dec 2020	Change (%)
Net sales	88,343	89,191	-1.0
Change (%) like for like[1]	3.2		
of which service revenues (external)[1,4]	*75,180*	*77,342*	*-2.8*
change (%) like for like	*1.5*		
Adjusted[2] EBITDA[1,5]	29,861	30,482	-2.0
Change (%) like for like	0.4		
Margin (%)	33.8	34.2	
Adjusted[2] operating income[1,5]	10,033	11,457	-12.4
Operating income[5]	15,232	-17,850	
Income after financial items[5]	12,598	-21,168	
Net income from continuing operations[5]	11,661	-22,558	
Net income from discontinued operations[3]	176	-279	
Total net income[5]	11,836	-22,837	
of which attributable to owners of the parent[5]	*11,680*	*-22,993*	
EPS total (SEK)[5]	2.86	-5.62	
Operational free cash flow	10,401	12,095	-14.0
CAPEX[1] excluding fees for license, spectrum and right-of-use assets[5]	15,885	13,421	18.4

1) See sections Alternative performance measures and Definitions.
2) See section Adjustment items.
3) For discontinued operations, see Note C35.
4) See Note C6.
5) Restated, see Note C1.

Net sales

Net sales decreased 1.0 percent to SEK 88,343 million (89,191) partly driven by Finland although mainly by the divestment of Telia Carrier in June 2021.

Net sales like for like increased 3.2 percent mainly due to increased service revenues in TV and Media as well as the Baltic operations and increased sale of equipment in most markets although primarily in Sweden.

Service revenues like for like increased 1.5 percent driven by a positive development for TV and Media as well as the Baltic operations, which more than compensated for lower service revenues in the Nordic markets.

Net sales SEK in millions	Jan–Dec 2021	Jan–Dec 2020	Change (SEK million)	Change (%)
Sweden[1]	34,451	33,732	719	2.1
Finland	14,504	15,260	-756	-5.0
Norway	13,788	13,373	415	3.1
Denmark	5,214	5,464	-251	-4.6
Lithuania	4,320	4,151	169	4.1
Estonia[1]	3,331	3,276	55	1.7
TV and Media	8,648	7,429	1,218	16.4
Other operations	5,723	8,715	-2,992	-34.3
of which Telia Carrier	*1,944*	*5,235*	*-3,291*	*-62.9*
of which Latvia	*2,562*	*2,381*	*182*	*7.6*
Eliminations & other[1]	-1,635	-2,211	576	-26.0
Total	**88,343**	**89,191**	**-848**	**-1.0**

1) Restated, see Note C1.

Operating expenses

Operating expenses decreased by 8.4 percent to 80,685 (88,041) mainly as last year was impacted by an impairment related to goodwill in Finland of SEK 7,800 million.

Goods and sub-contracting services purchased and change in inventories increased by 10.2 percent to SEK 27,558 million (25,016) driven mainly by increased equipment sales in Sweden and Norway as well as increased costs for film and program rights in TV and Media.

Interconnect and roaming expenses decreased by 28.8 percent to SEK 3,655 million (5,132) primarily because of the Telia Carrier divestment.

Personnel expenses decreased by 3.8 percent partly due to efficiencies realized although mainly by the divestment of Telia Carrier.

Amortization, depreciation and impairment losses decreased 27.8 percent to SEK 20,023 million (27,744) as last year contained a SEK 7,800 million impairment related to goodwill in Finland.

Operating expenses SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]	Change (SEK million)	Change (%)
Goods and sub-contracting services purchased and change in inventory	27,558	25,016	2,542	10.2
Interconnect and roaming expenses	3,655	5,132	-1,477	-28.8
Other network expenses	1,891	1,957	-66	-3.4
Personell expenses	14,166	14,720	-554	-3.8
Marketing expenses	3,265	3,343	-78	-2.3
Other expenses	8,584	8,851	-267	-3.0
Amortization depreciation and impairment losses	20,023	27,744	-7,721	-27.8
Subtotal	**79,141**	**86,763**	**-7,622**	**-8.8**
Other operating expenses	1,544	1,278	266	20.8
Total	**80,685**	**88,041**	**-7,356**	**-8.4**

1) Restated, see Note C1.

Adjustment items

Adjustment items[4] SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Within EBITDA	**5,290**	**-508**
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:		
Sweden	-227	-10
Finland	-48	-37
Norway	-112	-161
Denmark	-163	-17
Lithuania	-18	-13
Estonia	-6	-7
TV and Media	-86	-64
Other operations	-722	-164
Sub total	**-1,383**	**-473**
whereof personnel redundancy restructuring costs	*-561*	*-399*
whereof transformation and integration consultant costs	*-376*	*-109*
whereof other	*-446*	*35*
Capital gains/losses[1]	6,673	-35
Within Depreciation, amortization and impairment losses[2]	**-91**	**-7,910**
Within Income from associated companies and joint ventures[3]	**–**	**-20,889**
Total adjustment items within operating income, continuing operations	**5,198**	**-29,307**

1) 2021 includes a capital gain from the disposal of Telia Carrier and a capital gain from the disposal of the Alerta business, see Note C35.
2) 2020 includes an impairment of SEK -7,800 million related to goodwill in Finland and an impairment of SEK -110 million relating to remeasurement of the Finnish real estate companies disposed in 2020.
3) 2020 includes a capital loss of SEK -17,955 million from the disposal of Turkcell mainly related to reclassified accumulated foreign exchange losses and a net impairment of SEK -2,928 million related to the holding in Turkcell.
4) See sections Alternative performance measures and Definitions.

Following a balance sheet review in Denmark, a reassessment has been made of certain assets and liabilities, see Note C1.

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 section Definitions.

Adjusted EBITDA

Adjusted EBITDA declined 2.0 percent to SEK 29,861 million (30,482) due to mainly the deconsolidation of Telia Carrier and lower adjusted EBITDA generation in Finland which more than offset a positive development for primarily TV and Media as well as for Norway.

Adjusted EBITDA like for like, increased by 0.4 percent as a positive development for Norway, TV and Media as well as Other operations more than offset lower Adjusted EBITDA in mainly Finland and Denmark. In Sweden adjusted EBITDA decreased 0.4 percent due to lower service revenues related to mainly fixed telephony and partly also mobile as well as business solutions.

Adjusted EBITDA[1] SEK in millions	Jan–Dec 2021	Jan–Dec 2020	Change (SEK million)	Change (%)
Sweden[2]	13,359	13,418	-59	-0.4
Finland[2]	4,322	4,789	-467	-9.7
Norway[2]	6,240	5,971	269	4.5
Denmark[2]	906	1,015	-108	-10.7
Lithuania	1,511	1,497	14	0.9
Estonia	1,196	1,153	42	3.7
TV and Media	878	758	120	15.9
Other operations	1,449	1,881	-432	-23.0
of which Telia Carrier	*371*	*909*	*-539*	*-59.3*
of which Latvia	*840*	*778*	*62*	*8.0*
Other and eliminations	238	194	45	23.2
Eliminations	–	–	–	–
Total[1,2]	**29,861**	**30,482**	**-621**	**-2.0**

1) See sections Alternative performance measures and Definitions.
2) Restated, see Note C1.

Operating income

Operating income amounted to SEK 15,232 million (-17,850). 2021 was positively impacted by a capital gain of SEK 6,428 million related to the Telia Carrier disposal, whereas 2020 contained a negative impact from an impairment related to goodwill in Finland and a net impairment as well as a capital loss from the disposal of Turkcell mainly related to reclassified accumulated foreign exchange losses.

Operating income SEK in millions	Jan–Dec 2021	Jan–Dec 2020	Change (SEK million)	Change (%)
Sweden[2]	5,588	6,758	-1,170	-17.3
adjusted operating income[1,2]	*5,833*	*6,768*	*-935*	*-13.8*
Finland[2]	1,354	-6,320	7,675	
adjusted operating income[1,2]	*1,069*	*1,599*	*-529*	*-33.1*
Norway[2]	2,192	1,432	760	53.1
adjusted operating income[1,2]	*2,351*	*1,593*	*759*	*47.6*
Denmark[2]	-299	-34	-265	
adjusted operating income[1,2]	*-67*	*-17*	*-50*	
Lithuania	752	756	-4	-0.6
adjusted operating income[1]	*756*	*776*	*-19*	*-2.5*
Estonia	536	446	89	20.0
adjusted operating income[1]	*542*	*453*	*89*	*19.6*
TV and Media	13	-120	132	
adjusted operating income[1]	*99*	*-55*	*154*	
Other operations	5,096	-20,770	25,866	
adjusted operating income[1]	*-551*	*340*	*-891*	
Eliminations	–	–	–	–
Total operating income	**15,232**	**-17,850**	**33,082**	
Total adjusted operating income[1]	*10,033*	*11,457*	*-1,424*	*-12.4*

1) See sections Alternative performance measures and Definitions. 2) Restated, see Note C1.

Financial items, taxes and net income

Financial items totaled SEK -2,634 million (-3,318) of which SEK -2,625 million (-3,161) related to net interest expenses. 2020 was impacted by higher costs mainly related to buy-backs of issued debt whilst 2021 was impacted by refinanced debt at lower interest rates.

Income taxes amounted to SEK -937 million (-1,390). The effective tax rate was 7.4 % (-6.6). 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 non-deductible capital loss related to the disposal of Turkcell and non-deductible impairment related to goodwill in Finland.

Total net income amounted to SEK 11,836 million (-22,837) of which SEK 11,661 million (-22,558) from continuing operations and SEK 176 million (-279) from discontinued operations.

Financial position, capital resources and liquidity

Financial position

Goodwill and other intangible assets increased to SEK 89,943 million (85,942), mainly due to foreign exchange rate effects and investments in frequencies.

Long-term interest-bearing receivables decreased to SEK 9,244 million (11,233), mainly due to changes in derivatives.

Short-term interest-bearing receivables increased to SEK 8,841 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 91,637 million (100,239) mainly due to a reclassification to short-term borrowings, but also due to changes in derivatives.

Provisions for pensions and other long-term provisions decreased to SEK 7,001 million (11,787) mainly due to remeasurements of defined benefit pension plans.

Other long-term liabilities increased to SEK 1,914 million (757), mainly due to increased long-term frequency liabilities.

Short-term borrowings increased to SEK 10,017 million (8,345) due to a reclassification from long-term borrowings, partly off-set by repayment of matured debt.

See Consolidated statements of financial position and Consolidated statements of cash flows, Consolidated statements of changes in equity and related Notes to the consolidated financial statements for further details.

Condensed consolidated statements of financial position SEK in millions	Dec 31, 2021	Dec 31, 2020[1]	Change (SEK million)	Change (%)
Goodwill and other intangible assets	89,943	85,942	4,001	4.7
Property plant and equipment	72,741	70,893	1,848	2.6
Film and program rights, non-current	1,416	1,312	104	7.9
Right-of-use assets	15,485	14,814	671	4.5
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	4,749	3,445	1,304	37.8
Deferred tax assets	1,302	1,449	-147	-10.1
Long-term interest-bearing receivables	9,244	11,233	-1,989	-17.7
Total non-current assets	**194,879**	**189,088**	**5,791**	**3.1**
Film and program rights, current	3,005	2,706	299	11.0
Inventories	2,040	1,918	122	6.4
Trade and other receivables and current tax receivables	13,902	13,815	87	0.6
Short-term interest-bearing receivables	8,841	5,486	3,355	61.2
Cash and cash equivalents	14,358	8,133	6,225	76.5
Assets classified as held for sale	–	4,957	-4,957	-100.0
Total current assets	**42,146**	**37,014**	**5,132**	**13.9**
Total assets	**237,025**	**226,103**	**10,922**	**4.8**
Total equity	**83,544**	**63,496**	**20,048**	**31.6**
Long-term borrowings	91,637	100,239	-8,602	-8.6
Deferred tax liabilities	10,185	9,723	462	4.8
Provisions for pensions and other long-term provisions	7,001	11,787	-4,786	-40.6
Other long-term liabilities	1,914	757	1,157	152.9
Total non-current liabilities	**110,736**	**122,505**	**-11,769**	**-9.6**
Short-term borrowings	10,017	8,345	1,672	20.0
Trade payables and other current liabilities, current tax payables and short-term provisions	32,729	28,430	4,299	15.1
Liabilities directly associated with assets classified as held for sale	–	3,325	-3,325	-100.0
Total current liabilities	**42,746**	**40,101**	**2,645**	**6.6**
Total equity and liabilities	**237,025**	**226,103**	**10,922**	**4.8**

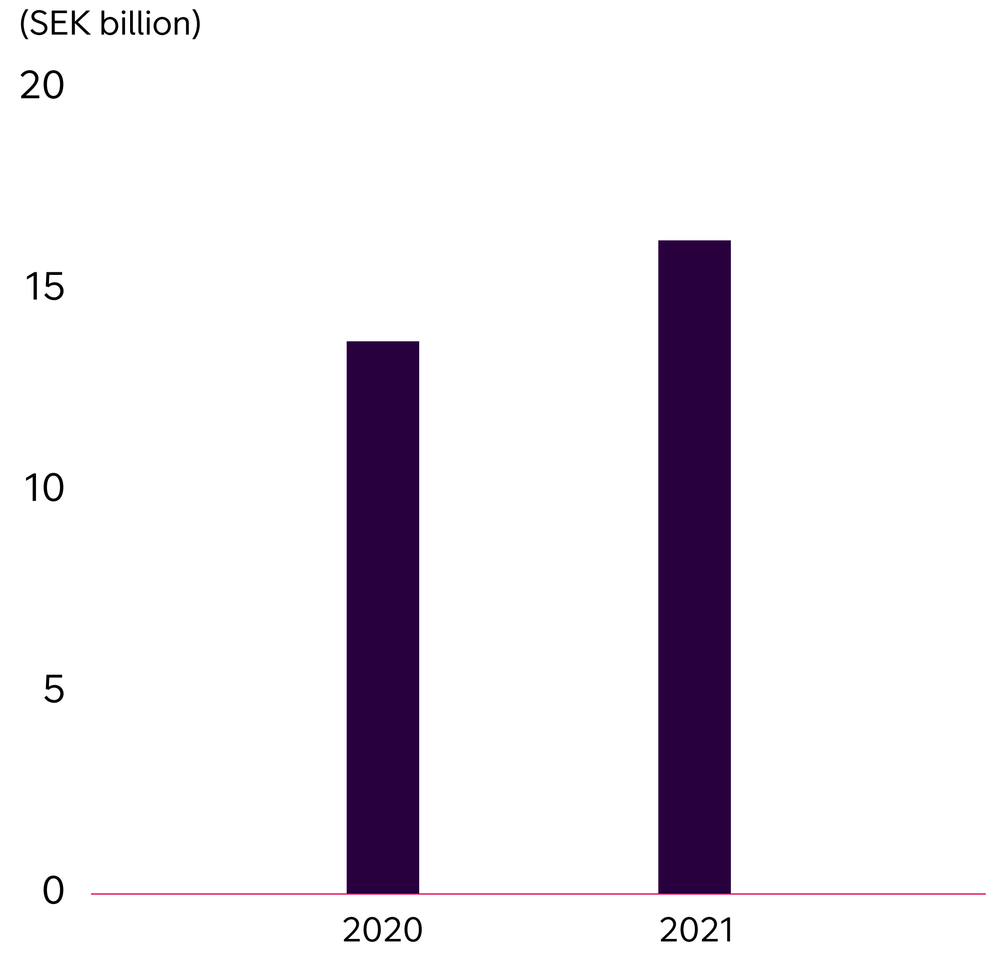
1) Restated, see Note C1.

CAPEX

CAPEX excluding right-of-use assets increased to SEK 18,001 million (13,563) and CAPEX, excluding fees for licenses, spectrum and right-of-use assets increased to SEK 15,885 million (13,421).

Main CAPEX components were related to investments in the mobile and fixed networks, roll-out of fiber and 5G as well as customer cases. Furthermore, telecom licenses and spectrum permits were acquired for a total amount of SEK 2.1 billion.

CAPEX excluding fees for licenses, spectrum and right-of-use assets



Credit facilities

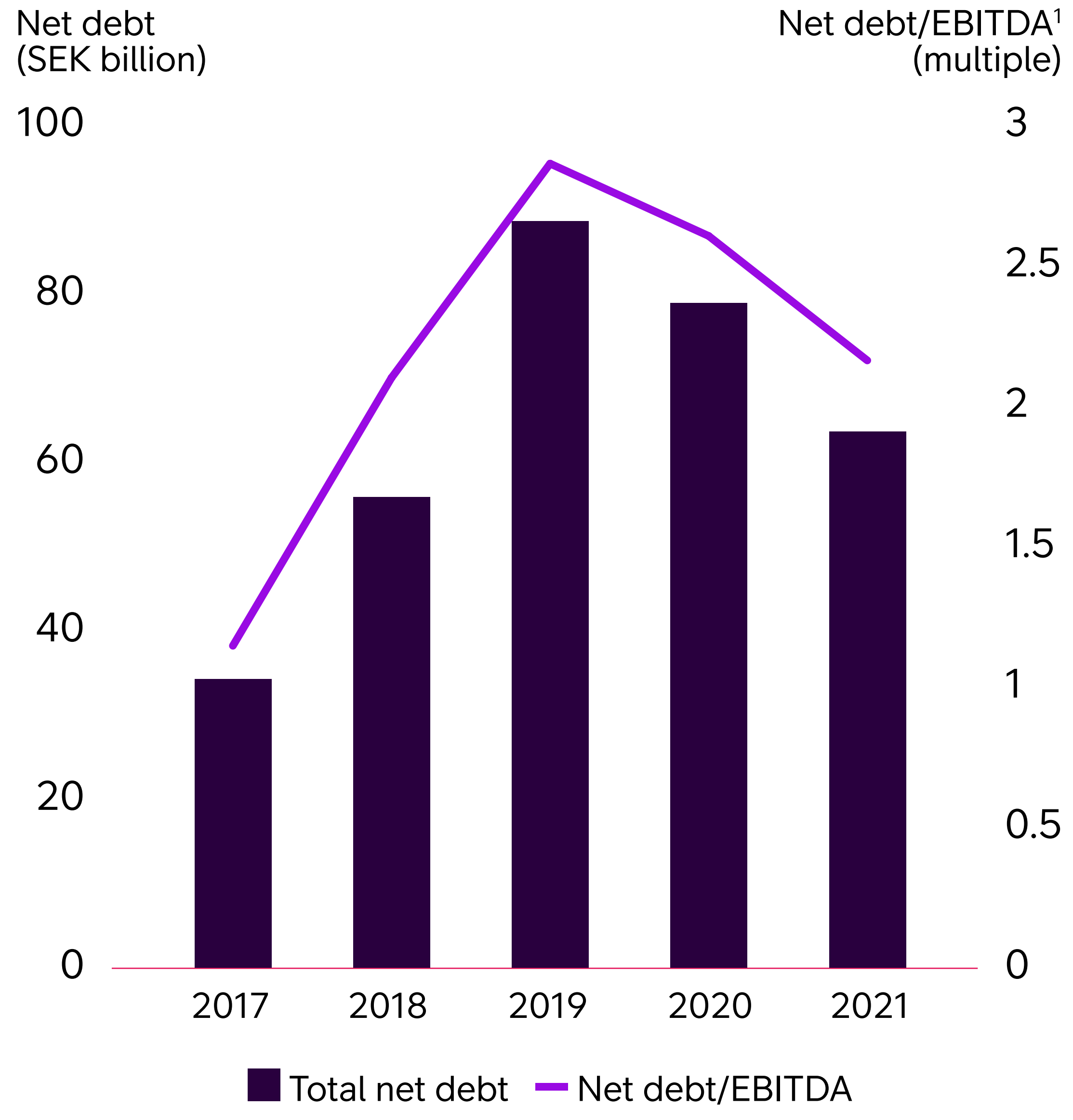
Telia Company believes its available bank credit facilities and updated open-market financing programs are sufficient for the present known liquidity requirements. Telia Company's surplus liquidity (short-term investments, cash and bank, and certain securities with maturities exceeding 12 months but convertible to cash within 2 days) was in total SEK 26.4 billion (16.3) at year-end. In addition, the total available unutilized amount under committed bank credit facilities as well as overdraft and short-term credit facilities at year-end was SEK 16.8 billion (16.4). Telia Company shall target a solid investment grade long-term credit rating, defined as A- to BBB+. The credit rating of Telia Company remained unchanged during 2021. Moody's credit rating of Telia Company for long-term borrowings is Baa1 with a stable outlook. Standard & Poor long-term credit rating is BBB+ and the short-term rating is A-2, both with a stable outlook. Telia Company operates under a leverage target of 2.0x-2.5x.

Telia Company normally arrange its financing through the parent company Telia Company AB. Most issuances are done under the company's existing EMTN (Euro Medium Term Note) program of EUR 12 billion. The primary means of external borrowing are described in Notes C21 and C27 to the consolidated financial statements. No senior bonds were issued by Telia Company under the existing EUR 12 billion EMTN (Euro Medium Term Note) program during 2021.

As part of its commitment to sustainability Telia Company AB has a Green Bond Framework since 2019, under which Telia Company may issue Green Bonds. The framework specifies what kind of projects that are eligible for the use of proceeds, how projects are selected, the management of proceeds and reporting. Telia Company published its first Green Bond Report on 4 February 2021. No new debt was issued under the Green Bond Framework in 2021. Issued debt at an amount of SEK 5.8 billion was repaid during the year.

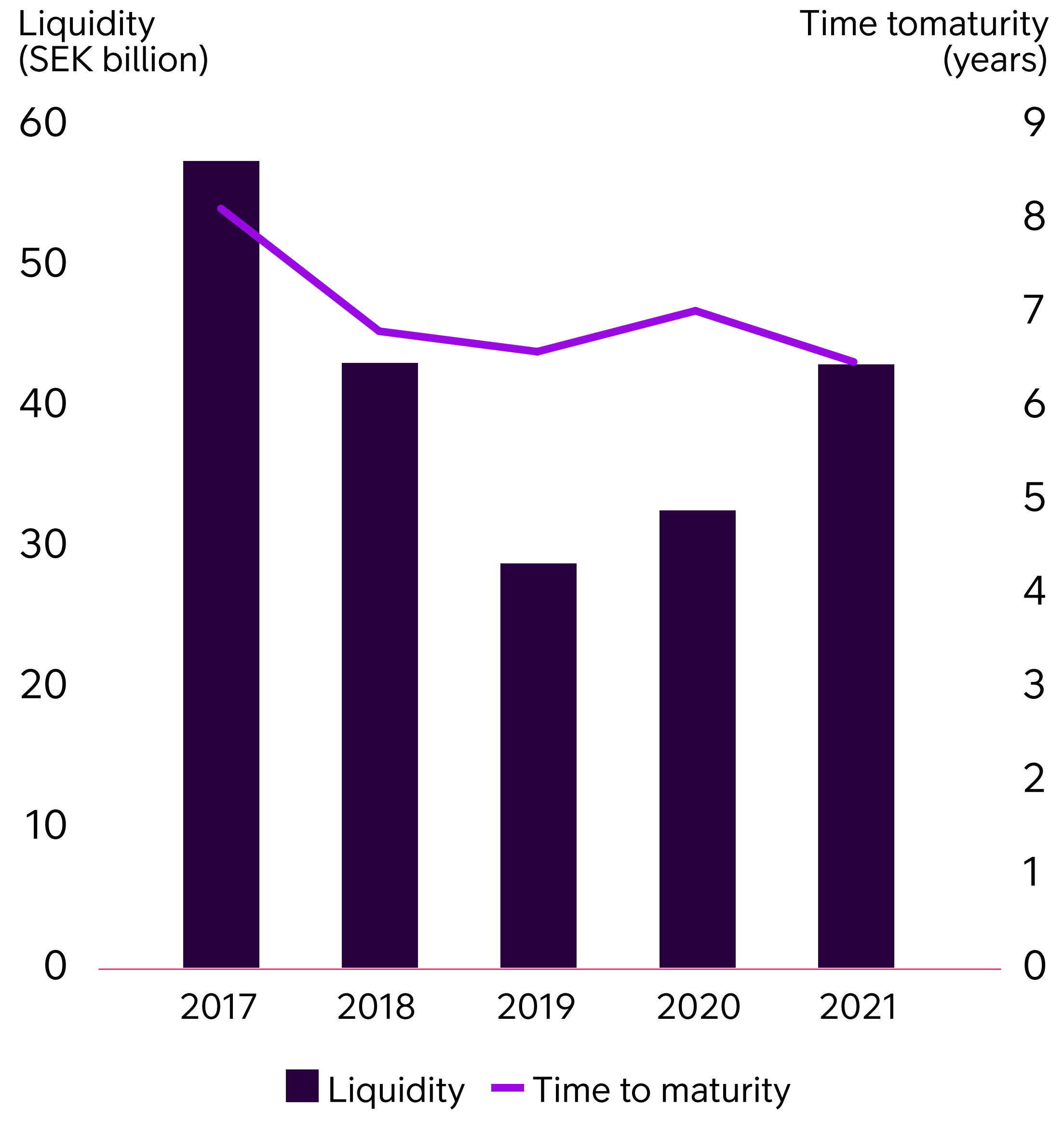
At year-end, the average time to maturity of Telia Company's overall debt portfolio was approximately 6.4 years (6.9).

Total net debt and Total net debt/EBITDA[1,2,3,4]



1) Refers to Adjusted EBITDA.
2) Including continuing and discontinued operations and assets held for sale.
3) 2017 and 2018 are not restated for IFRS 16 Leases implemented in 2019.
4) 2020 has been restated, see Note C1.

Liquidity and time to maturity[1]



1) Liquidity includes cash balances, deposits, investment bonds and unutilized credit facilities.

Debt portfolio maturity schedule – 2022 and onwards

Cash flow, continuing and discontinued operations

Cash flow from operating activities decreased to SEK 27,376 million (28,604) mainly impacted by lower adjusted EBITDA partly due to the deconsolidation of Telia Carrier and higher paid taxes offset by higher compensation from the pension fund. Free cash flow decreased to 11,729 million (15,114) and was in addition also negatively impacted by increased cash CAPEX. Operational free cash flow, from continuing operations, decreased to SEK 10,401 million (12,095).

Cash flow from investing activities amounted to SEK -10,908 million (-3,247). 2021 was mainly impacted by net investments in short term investments and higher Cash CAPEX partly offset by the disposal of Telia Carrier. 2020 was impacted by net divestments of short-term investments and the disposal of Turkcell.

Cash flow from financing activities amounted to SEK -10,600 million (-23,098) positively impacted by the partial disposal of the tower businesses in Finland and Norway as well as lower paid dividend and lower impact from repurchased treasury shares. See Consolidated statements of cash flows and related Notes to the consolidated financial statements for further details.

Condensed consolidated statements of cash flows SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]	Change
Cash flow from operating activities	**27,376**	**28,604**	**-1,228**
Cash CAPEX	-15,647	-13,490	-2,157
Free cash flow	**11,729**	**15,114**	**-3,385**
of which operational free cash flow	*10,401*	*12,095*	*-1,690*
Cash flow from other investing activities	4,739	10,243	-5,504
Cash flow from investing activities	**-10,908**	**-3,247**	**-7,661**
Cash flow from financing activities	**-10,600**	**-23,098**	**12,498**
Cash and cash equivalents opening balance	**8,332**	**6,210**	**2,122**
Cash flow for the period	**5,868**	**2,259**	**3,609**
of which continuing operations	*6,000*	*2,244*	*3,756*
Exchange rate differences	157	-137	294
Cash and cash equivalents closing balance	**14,358**	**8,332**	**6,026**
of which continuing operations	*14,358*	*8,332*	*6,026*

1) Restated, see Note C1.

Significant events in 2021

- 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.
- On April 1, 2021, Telia Company completed the sale of its alarm communication business Alerta in Finland. See Note C35.
- 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 CO2 and waste by 2030, reach one million people through digital inclusion initiatives by 2025 and implement winning privacy and security strategies by 2023 to gain and maintain customers' trust.
- On April 21, 2021, the Danish multiband auction was concluded and Telia Denmark secured via the joint operation TTNetværket 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 C20.
- On June 1, 2021, the divestment of Telia Carrier to Polhem Infra was completed. See Note C35.
- 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 C35.
- 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)
- 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 C34.
- On November 3, 2021, Telia Company announced that the new mobile phone Eco Rating scheme launched across Europe earlier this year was set to expand globally after the five operators behind the initiative expanded their initial agreement to encourage operators worldwide to participate.
- On November 10, 2021, Telia Company announced the launch of a 5G standalone (SA) core network in Finland – the first commercially available 5G SA network in the Nordic and Baltic regions.
- On December 29, 2021, Telia Company announced the completion of the sale of a minority stake in its Norwegian and Finnish tower businesses to Brookfield and Alecta. See Note C35.

Significant events after year-end 2021

- On January 4, 2022, Telia Company announced the divestment of SIA Telia Latvija to SIA Tet for an enterprise value of EUR 10.75 million (approximately SEK 110 million) on a cash and debt free basis. The transaction is expected to be closed during the second quarter of 2022. See Note C35.
- On January 27, 2022, Telia Company announced the launch of a pilot in partnership with the energy storage solution provider Polarium to develop energy optimization.
- On January 27, 2022, Telia Company announced a divestment of a 49% stake in its Swedish tower business to Brookfield and Alecta. The transaction price corresponds to an enterprise value for 100 percent of SEK 11,224 million on a cash and debt free basis. The transaction is subject to customary regulatory approvals and closing is expected in the third quarter of 2022. See Note C35.

Acquisitions and disposals

Telia Company's significant acquisitions and disposals during 2021 are summarized in the table below. For further information on acquisitions and disposals, see Notes C4, C34 and C35.

Closing date	Country	Comments
April 1, 2021	Finland	Telia Company completed the divestment of its alarm communication business Alerta.
June 1, 2021	Telia Carrier, multiple countries	Telia Company completed the divestment of Telia Carrier to Polhem Infra which included 34 subsidiaries in 34 countries.
October 8, 2021	Latvia	SIA Latvijas Mobilais Telefons acquired 100% of the Baltic data transmission network and IT security solutions enterprise group, Santa Monica Networks from Livonia Partners.
December 29, 2021	Norway, Finland	Telia Company completed the sale of a minority stake of 49% in its Norwegian and Finnish tower businesses to Brookfield and Alecta.

Outlook for 2022

- Service revenues, like for like, are estimated to grow by low single digit.
- Adjusted EBITDA, like for like, is estimated to grow by low single digit.
- Cash CAPEX, excluding fees for licenses and spectrum, is estimated to be in the range of SEK 14.0-15.0 billion.

Ambition for 2021–2023

- Service revenues, like for like, to grow by low single digit.
- Adjusted EBITDA, like for like, to grow by low to mid-single digit.
- Cash CAPEX, excluding fees for licenses and spectrum, to return to around 15% of net sales by 2023.

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[1] of operational free cash flow is expected to cover the minimum level of dividend from 2022.

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.

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+.

Telia Company share

The Telia Company share is listed on Nasdaq Stockholm and Helsinki. In 2021 the share price in Stockholm increased 4.3 percent and closed at year-end 2021, at SEK 35.41 (33.96). During the same period, the OMX Stockholm 30 Index rose 29.1 percent.

At year-end 2021, Telia Company's market capitalization was SEK 144.7 billion. Besides Nasdaq Stockholm and Helsinki, the share was traded at other platforms with the major trading volumes on Chi-X and BATS.

As of December 31, 2021, Telia Company's issued share capital totaled SEK 13,856,271,299.20 distributed among 4,089,631,702 shares with a quotient value of SEK 3.39 per share. For further information, see sections "Share capital" and "Treasury shares" in Note C20 to the consolidated financial statements. All issued shares have been paid in full and apart from treasury shares carry equal rights to vote and participate in the assets of the company. At the general meeting of shareholders, each shareholder is entitled to vote for the total number of shares she or he owns or represents. Each share is entitled to one vote.

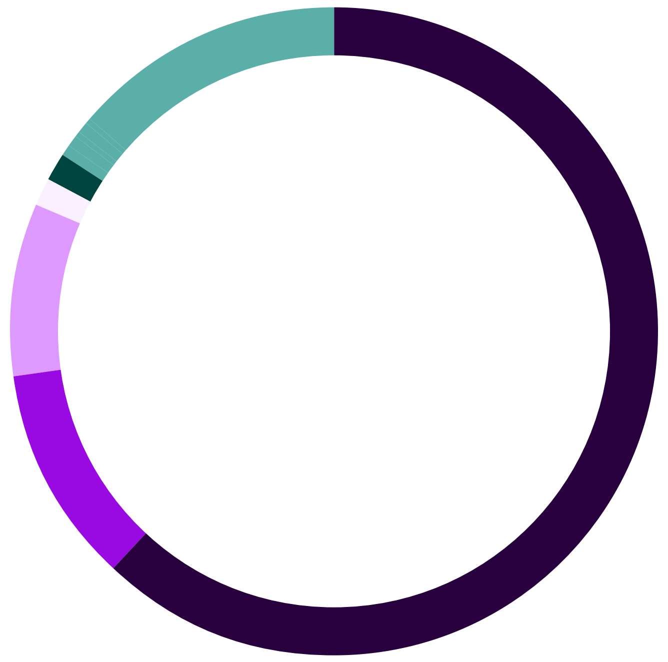
As of December 31, 2021, Telia Company's Finnish pension fund held 366,802 shares and its Finnish personnel fund 834,704 shares in the company, respectively, in total representing 0.03 percent of the outstanding shares.

There are no regulations in either the Swedish legislation or in Telia Company AB's Articles of Association that would limit the possibility to transfer Telia Company shares. Telia Company is not aware of any agreements between major shareholders of the company regarding the Telia Company shares.

Major shareholders, December 31, 2021	Total number of shares	Percent of total number of shares
Swedish State	1,614,513,748	39.48
BlackRock	122,792,622	3.00
Vanguard	78,029,664	1.91
Swedbank Robur Funds	68,420,837	1.67
Nordea Funds	58,909,498	1.44
Handelsbanken Funds	47,878,267	1.17
Norges Bank	32,053,860	0.78
SEB Funds	32,019,919	0.78
Mondrian Investment Partners	31,282,638	0.76
Folksam	30,948,065	0.76
Other shareholders	1,972,782,584	48.2
Total number of shares[1]	**4,089,631,702**	**100.0**

1) As of December 31, 2021, Telia Company had no treasury shares and the total number of issued and outstanding shares was 4,089,631,702

Shareholdings per country, december 31, 2021 (% of total number of shares)



The Board of Directors does not currently have any authorization by the general meeting of shareholders to issue new shares but has the authorization to repurchase a maximum of 10 percent of the company's total number of outstanding shares before the Annual General Meeting 2021. In order to continue to provide the Board of Directors with an instrument to adapt and improve Telia Company's capital structure, the Board of Directors proposes that the Annual General Meeting on April 6, 2022, resolves to authorize the Board of Directors to acquire the company's own shares. The authorization may be exercised on one or more occasions before the Annual General Meeting 2022. The maximum number of treasury shares held by the company may not exceed 10 percent of all shares in the company.

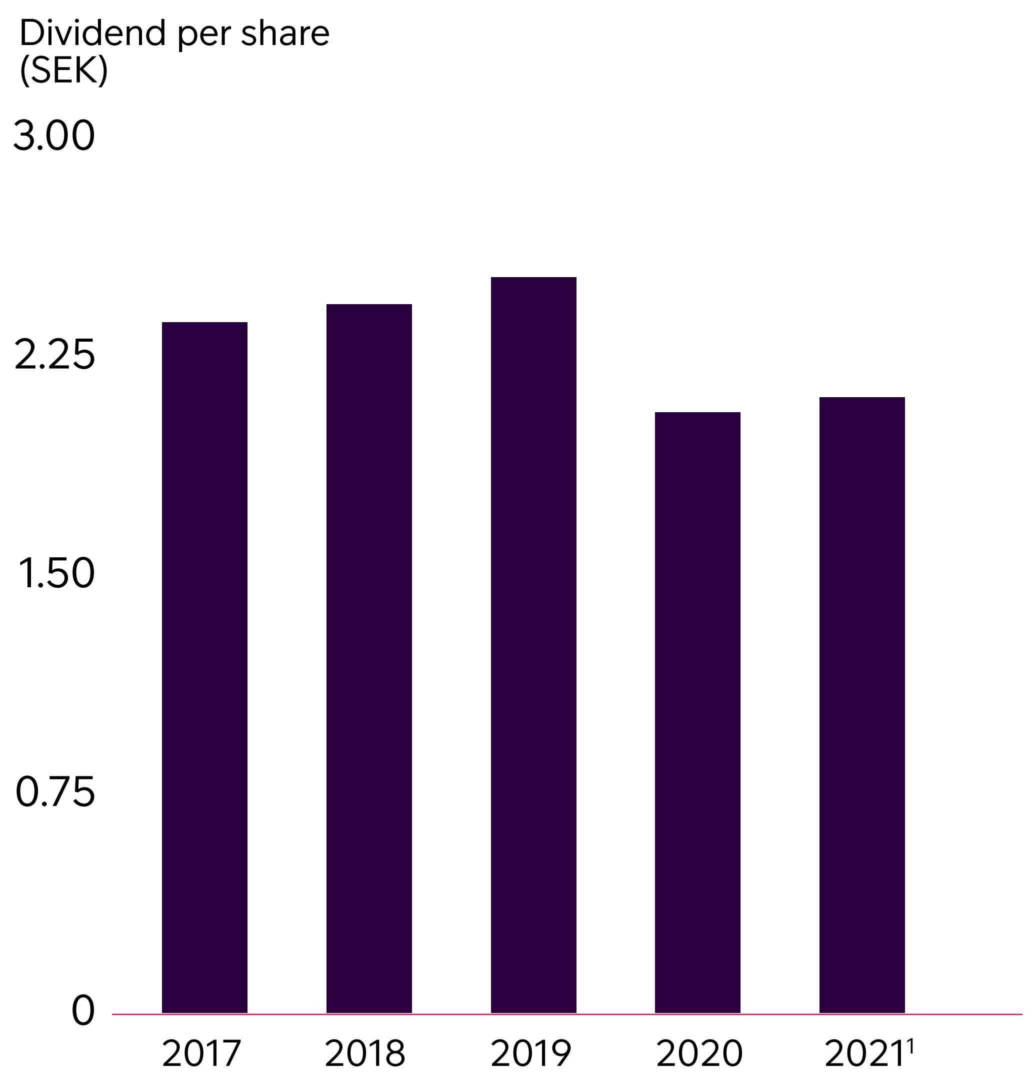
In case of a change of control in Telia Company, the company might have to repay certain loans at short notice, since some of Telia Company's financing agreements contain customary change-of-control clauses. These clauses generally also contain other conditions including, for example, that the change of control has to cause a negative change in Telia Company's credit rating in order to be effective.

For 2021, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 2.05 (2.00), equal to SEK 8.4 billion (8.2), The dividend is proposed to be split and distributed into two tranches of SEK 1.00 per share, in April 2022 and one of SEK 1.05 per share in November 2022. The proposed dividend is based on the total number of shares as of December 31, 2021, which amounted to 4,089,631,702. See also section Proposed appropriation of earnings.

Share data	2021	2020
Paid year-end	35.41	33.96
Highest paid during the year (SEK)	39.97	42.41
Lowest paid during the year (SEK)	33.75	30.29
Total number of shares at year-end (millions)	4,089.6	4,089.6
Number of shareholders at year-end	474,486	490,434
Earnings per share, total (SEK)	2.86	-5.62
Earnings per share, continuing operations (SEK)	2.81	-5.55
Dividend per share (SEK)[1]	2.05	2.00
Equity per share (SEK)	19.74	15.36

1) 2021 refers to proposal to AGM.

Ordinary dividend per share



Innovation, Research and Development

In Telia Company all employees, regardless of position have a responsibility to drive innovation. We want innovation to cut across businesses and operations, from development of new products and services to process improvements and tweaks to our ways of working.

Division X is the emerging business unit tasked with spearheading and accelerating activities in emerging business areas such as Internet of Things (IoT) and Data Insights. Together with the units Prototyping, Partnership and Corporate Venture, they serve as catalysts that support and facilitate innovation efforts in operating units across the group. We have during the year spun-off the earlier strategic innovation bets Telia Sense and Telia Health Monitoring.

Innovation initiative spectrum

Innovation initiatives represent a wide spectrum of applications meeting today's customer needs, from advanced connectivity solutions enabled by 5G to information services, all with focus on sustainability and security. Some examples from 2021 can be seen as below.

Key areas of innovation in Telia Company

Inspiring customers	Connecting everyone	Transforming to digital	Delivering sustainably
Smart home	Iot	Data insight	Sustainability
Health	Cloud	Cyber security	
Gaming	5G (edge/emn)	Digital experience	

5G (edge/emn)

The gradual 5G launches and roll out in our different markets leads to that customer driven innovation projects are more and more done in the public 5G network. Until now the 5G innovation initiatives have been done in more closed environments like mines and confined areas through separate and dedicated 5G networks. The 5G SA technology simplifies and increases the flexibility to create 5G services, for example to fulfil customer unique service demands within the Enterprise Mobile Networks and Private 5G networks and to still keep the mobility beyond the confined area.

An important milestone towards a future with remote controlled machines and more secure timber loading was reached in the research project Remote Timber during 2021. In a real environment a 5G connected and remotely controlled High-Lift Wheel loader was demoed in action.

5G connected autonomous vehicles has entered the precision farming. Pilot test has been done on a farm close to Västerås. 5G connectivity in combination with sensor-, video- and AI-technology paves the way for more sustainable and efficient farming.

Telia continues to provide test and development environments to enable early service development based on the latest 5G technology, before it reaches a commercial market. New 5G enterprise innovation networks are gradually opened, like for example recently the testbed at Digital Well Arena and Karlstad Universitet in Sweden and the private 5G network being built for Kalmar R&D (part of Cargotec) in Finland.

Internet of Things

Starting with the idea of simplifying global IoT deployments for our customers, we developed and launched Telia Global IoT Connectivity during 2021. The solution is a true game-changer and is already helping customers like Kumera Corporation to go beyond roaming when connecting their products around the world.

Crowd insights

Our Crowd Insights solutions are based on insights from anonymized mobility data have continued to develop. The analyses are used by different parties like in Public Health Agencies management of the pandemic counteractions, and in City planning of more sustainable and efficient cities and transports. Examples of development projects are more efficient usage of health care resources during the pandemic using AI technology to analyse health data and data from the mobile networks. Another example is the Travel Emission Insights that enables municipalities to measure CO2 emissions from different mode of transport before and after various improvement activities.

Patents and R&D expenses

As of December 31, 2021, Telia Company had 240 patent "families" and 1,264 patents or patent applications, with no significant changes compared to the previous year. In 2021, Telia Company continued to modernize the patent portfolio by focusing on emerging technologies, such as Smart Home, Security & Authentication and 5G/IoT.

Telia Company incurred R&D expenses of SEK 359 million (298) in continuing operations in 2021.

People

Our people ambition

The re-invention of Telia starts with our people. We have an ambition to relentlessly continue to build a Telia designed for generations to come. We have solid ground to stand on – building on almost 200 years of successful re-inventions and of focusing on people, business, and society. We will continue to move forward with our passion to create something more and something better for our employees and our customers. Our people strategy is essential to our journey ahead and to accelerate the transformation. Our ambition is to create a Telia where our people can grow and develop and a culture that is inclusive and empowering – with the opportunity for all Telia people to operate at their full potential and work in an environment where every person makes a difference every day.

Leadership

Leadership is key to the success of Telia's transformation, and significant focus and investment have been made into leadership this year. The first quarter saw the launch of Essentials of Leadership, an improved and updated virtual leadership training program for all leaders at Telia, delivered by internal facilitators. By year end 2021, close to 400 leaders have either completed the program or are currently in training, set to finish during Q1 2022.

Following that, and in a partnership with the Chemistry Group the 'Better Connected Leadership' initiative has been introduced, firmly based on our updated leadership framework of 4Es (Envision, Engage, Enable and Execute).

Since June, Telia Company's top 230 leaders ('ELT +') across the Telia footprint have participated in behavioural and motivational assessments, and individual coaching sessions, giving each leader individual leadership profiles and development areas. In addition, a subset of this group has been engaged in defining What Great Looks Like (WGLL) creating an ambition for leadership at Telia, as part of a development benchmark going forward.

Bridging over to 2022, team insight sessions will be conducted with the GEM management teams to further the understanding on leadership strengths and development areas on a team level against WGLL. During first half of 2022, more and wider initiatives including all our leaders, will be offered to help implement the new leadership framework, increase understanding and competence in key areas as well increase the general understanding of our leadership philosophy across our footprint.

YouFirst

YouFirst is our group-wide approach to employee performance and development; ensuring that we set clear expectations and priorities, coach our people to success, focus on growth and recognize and reward high performance. It is integrated in daily work through continuous dialogue between the employee and his/her leader, enabling regular performance coaching and feedback for all employees.

Performance excellence is key for us to successfully transform. Throughout the year we have worked to evolve YouFirst to ensure that the framework supports our employees to optimize their impact on company results – focusing performance with greater strategic alignment and personalised growth. The framework has now been updated and will be implemented for all employees and leaders across our footprint during 2022.

Diversity, inclusion and equal opportunity

At Telia Company we are committed to building a diverse and inclusive culture. As of 2021, Telia has a new D&I ambition as well as public employee diversity and inclusion targets. Our work to integrate equal opportunity into all People Processes such as rewards, recruitment, performance management and leadership is continuous. A big focus has been to continue to raise awareness, both through live and online trainings for managers as well as virtual common employee engagement activities on D&I topics. Read more about our progress of the public targets, our diversity data, inclusion engagement scores and our local initiatives in the Sustainability section on Diversity, inclusion and equal opportunity.

Engagement, well-being and future way of working

During the year we have continued to adapt our operations and implement measures to limit the spread of COVID-19, with the primary focus of helping people maintain psychological and physical well-being while preserving engagement and motivation. Read more in Sustainability, Health & Wellbeing.

Based on employee feedback, we launched our "Better connected working" model. The model is built on an office first approach that enhances flexibility in the workplace, enabling employees to thrive together physically whilst leveraging the opportunities of working from home.

Results from our employee engagement survey reflect an increase of employees being able to perform their job in a good way with the better-connected working model, in comparison to full remote working.

Building a sustainable workforce

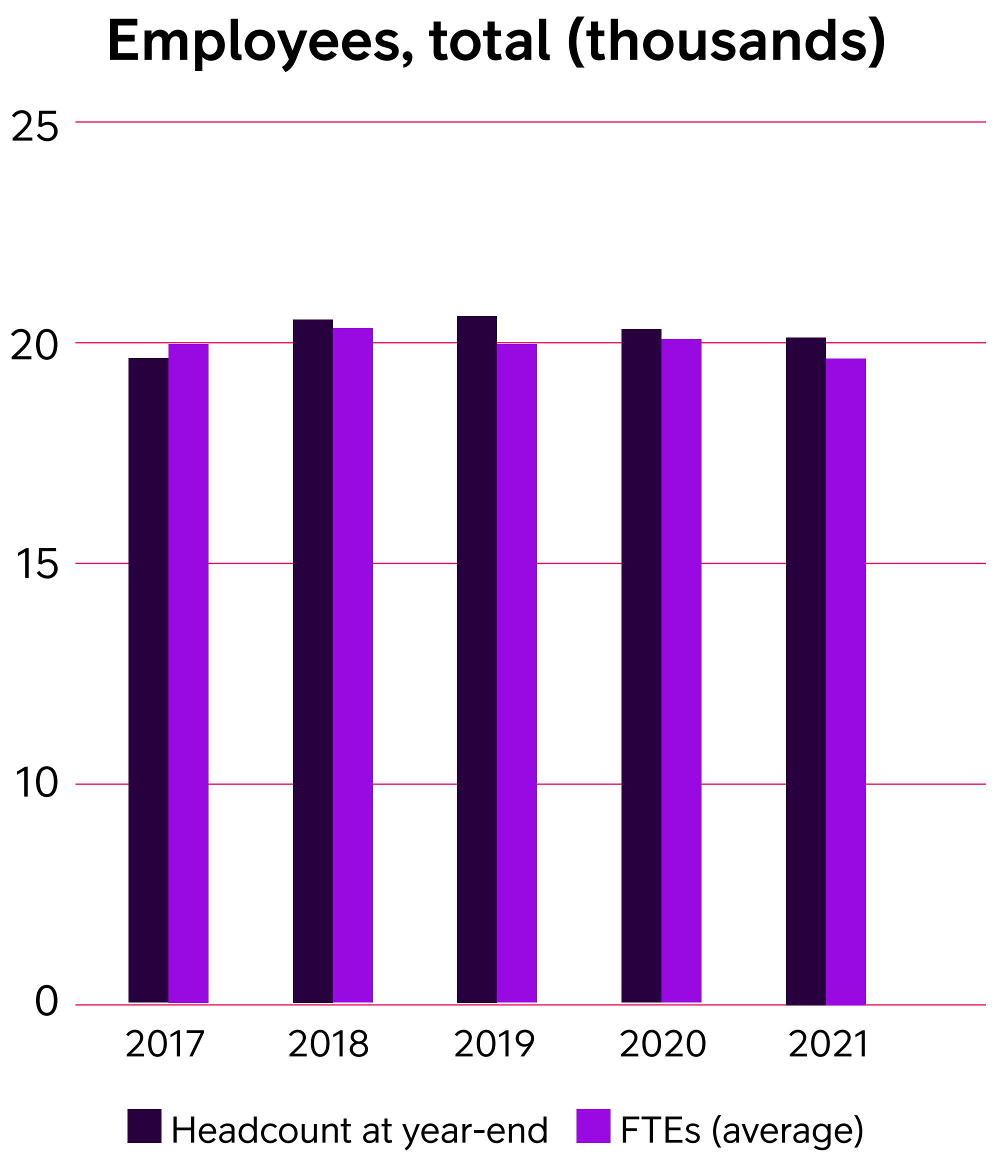
With a highly competitive talent market we are continuing to focus on attracting and retaining the right people today and going forward. We are actively and continuously working to future proof our workforce using strategic workforce planning in combination with targeted upskilling efforts to accelerate our shift towards skill profiles who are strong in automation, digital, and agile (among others).

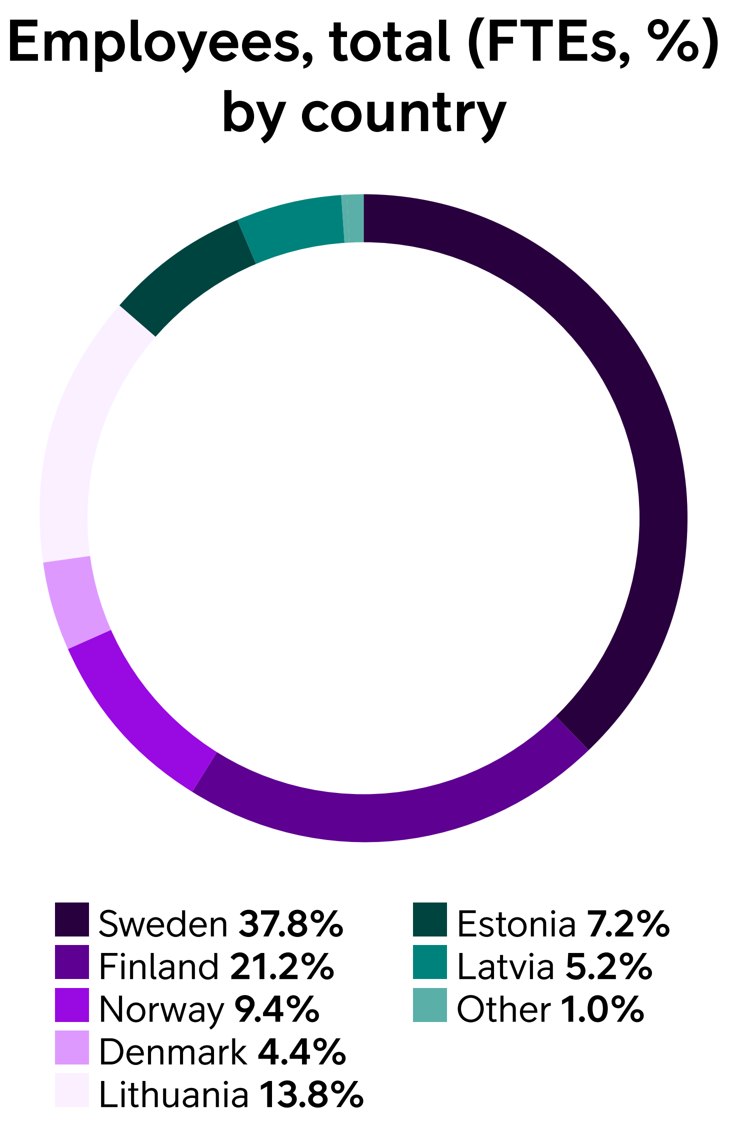
To be able to retain and increase the diversity of our tech workforce we have set as one of our public commitments that the reskilling and upskilling initiatives should be based on equal opportunity, open and inclusive for all. During the year we have also launched a new digital interface for learning as well as started collaborations with several acclaimed content providers.

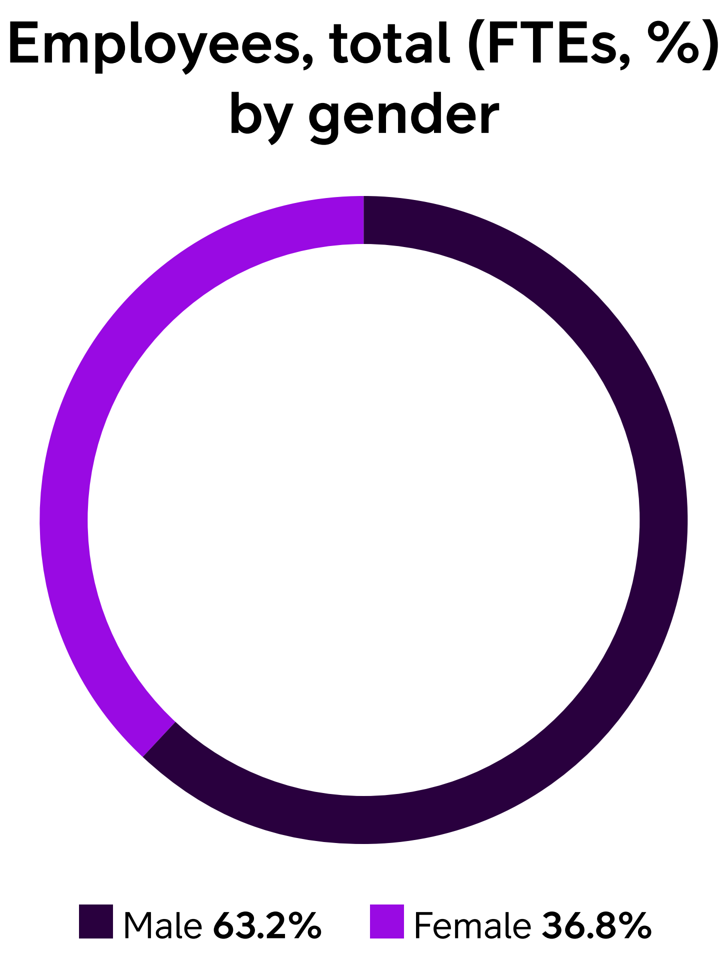
During the year, we have also established a baseline for one of our top people priorities; to define our future workforce and organizational design. Through analysis of our markets and units, we have an ambition for Telia's workforce size, shape and composition over coming years. Several initiatives to reach the ambitions have been identified and are in execution, both with indirect and direct impact on our workforce (e.g process excellence, product portfolio simplification, etc.). Workforce changes will be a part of the broader shift towards digitalization and automation and will follow the migration away from legacy networks and products.

Labor rights

According to the Group policy – People, all employees, regardless of location or employment type, have the right to choose to be represented by a trade union for the purposes of collective bargaining. No employee shall be discriminated against for exercising this right. These principles are also included in the Supplier Code of Conduct, which means that we also expect all suppliers to recognize these rights. Telia Company cooperates with employee representatives and national trade unions in accordance with both national legislation and applicable collective bargaining agreements. Together with employees in the Nordic and Baltic operations Telia Company has established a European Works Council (EWC) that serves as an employee representative forum for information and consultation with the Group Executive Management on transnational matters. In addition, local companies regularly engage with local trade unions. During the year, there were no labor disputes resulting in strikes or notices of strike. During the year, Telia Company carried out a number of reorganizations that impacted employees across Telia Company. In all cases, local companies complied with applicable legal obligations relating to union information and consultation.







Remuneration to executive management

Remuneration principles for Group Executive Management 2022

The Annual General Meeting on April 2, 2020, decided on guidelines for remuneration to Group Executive Management. The Board of Directors has not seen the need to propose any changes to the guidelines to the Annual General Meeting on April 6, 2022, and the previously adopted guidelines are therefore still applicable. Group Executive Management is defined as the President and the other members of the Management Team who report directly to the CEO. The guidelines shall be in force until new guidelines are adopted by the General Meeting and valid for a maximum of four years. A successful implementation of the guidelines will ensure that the Company can attract and retain the best people, enabling the Company to execute its business strategies and serve the Company's long-term interests, including its sustainability goals. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

Total reward approach

Remuneration to Group Executive Management should be built on a total reward approach and be market relevant, but not leading. The remuneration guidelines should enable international hiring and should support diversity within Group Executive Management. The market comparison should be made against a set of peer group companies with comparable sizes, industries and complexity.

The total reward approach should consist of fixed salary, pension benefits, conditions for notice and severance pay as well as other benefits. The Company does not offer any variable remuneration to Group Executive Management.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Fixed salary
The fixed salary of a Group Executive Management member should be based on competence, responsibility and performance. The Company uses an international evaluation system in order to evaluate the scope and responsibility of the position. Market benchmark is conducted on a regular basis. The individual performance is monitored and used as a basis for annual reviews of fixed salaries. These are reviewed in relation to fulfilment of annual pre-defined goals (including financial, employee and sustainability-based).

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account. This is done by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis for decision when evaluating if these guidelines and their limitations are reasonable. The Remuneration Committee regularly consults with the CEO and Head of People & Brand to be mindful of employee pay, conditions and engagement across the broader employee population.

Pension
Pension and retirement benefits should be based on a defined contribution model, which means that a premium is paid amounting to a certain percentage of the individual's annual salary, unless legal requirements and/or collective agreements state differently. When deciding the size of the premium the level of total remuneration should be considered. The level of contribution should be benchmarked and may vary due to the composition of fixed salary and pension. The retirement age is normally 65 years of age but can vary based on regulatory requirements. The pension premiums for defined contribution pension shall amount to not more than 40 percent of the fixed annual cash salary.

Other benefits
The Company provides other benefits and programs in accordance with market practice which may change from time to time. A Group Executive Management member may be entitled to a company car, health and care provisions, etc. Such benefits may amount to not more than 10 percent of the fixed annual cash salary.

Internationally hired Group Executive Management members and those who are asked to move to another country can be offered mobility related benefits for a limited period of time. Such benefits may not in total exceed 25 percent of the fixed annual cash salary.

Notice of termination and severance pay
The termination period for a Group Executive Management member may be up to six (6) months (twelve (12) months for the President) when given by the employee and up to twelve (12) months when given by the Company. In case the termination is given by the Company the individual may be entitled to a severance payment. Fixed cash salary during the notice period and severance pay may together not exceed an amount equivalent to the fixed cash salary for two years.

Severance pay shall not constitute a basis for calculation of vacation pay or pension benefits. Remuneration during termination period and severance pay will also be reduced if the individual will be entitled to pay from a new employment or if the individual will be conducting own business during the termination period or the severance period.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment amount to not more than 60 percent of the monthly income at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

The decision-making process to determine, review and implementation of the guidelines
The Board of Directors has established a Remuneration Committee. The committee's task includes preparing the Board of Director's decision to propose guidelines for executive remuneration. Proposal for new guidelines shall be prepared at least every fourth year and submitted to the General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company.

Remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration.

The CEO's total remuneration package is decided by the Board of Directors based on the recommendation of its Remuneration Committee within the confine of the guidelines. Total remuneration packages to other members of Group Executive Management are approved by the Remuneration Committee, based on the CEO's recommendation.

Deviation from the guidelines
The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if there in an individual case are special reasons where a deviation is necessary in order to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in the remuneration-related matters. This includes any resolution to deviate from the guidelines.

The 2021 remuneration guidelines are reproduced in Note C32 to the consolidated financial statements.

Long-term incentive program 2021/2024
The Annual General Meeting held on April 12, 2021, resolved to launch a long-term incentive program (LTI) comprising of approximately 200 key employees. This program is not available for the members of Group Executive Management. The purpose of the program is to strengthen the company's ability to recruit and retain talented key employees, create a long-term confidence in and commitment to the group's long-term development, align key employees' interests with those of the shareholders, increase the part of the remuneration that is linked to the company's performance and encourage shareholding. The program rewards performance measured over a three-year period, is capped to a maximum value of 60 percent of the annual base salary and is equity based (delivered in Telia Company AB shares). A prerequisite for pay-out from the LTI program is the continuous employment during the length of the program.

Financial targets are earnings before interest, tax, depreciation and amortisation (EBITDA), return on Capital Employed (ROCE) and total shareholder return (TSR). The final allotment of Telia Company AB shares will be based 25 percent on accumulated EBITDA, 25 percent on a third-year final target for ROCE and 50 percent on TSR compared to a corresponding TSR development of a pre-defined peer group of companies.

The maximum number of Performance Shares a participant can receive is based on 30 percent of the participant's annual salary and related to the share price.

Accumulated EBITDA represents 25 percent of the Performance Shares (or 7,5 percent of the participant's annual salary):
- If 100 percent (or above) of the EBITDA target is met, 100 percent of Performance Shares under the EBITDA part will vest.
- If between 97.5 and 100 percent of the target is met, a proportionate amount of Performance Shares under the EBITDA part will vest.
- If 97.5 percent (or less) of the target is met, 0 percent of Performance Shares under the EBITDA part will vest.

ROCE represents 25 percent of the Performance Shares (or 7.5 percent of the participant's annual salary):
- If 100 percent (or above) of the Company's ROCE target is met, 100 percent of Performance Shares under the ROCE part will vest.
- If less than 100 percent of the Company's ROCE target is met, no Performance Shares under the ROCE part will vest.

TSR part represents 50 percent of the Performance Shares (or 15 percent of the participant's annual salary):
- If the Company's TSR is ranked first or second compared to the defined peer group of companies, 100 percent of the Performance Shares under the TSR part will vest.
- If the Company's TSR is ranked third of fourth, 75 percent of the Performance Shares under the TSR part will vest.
- If the Company's TSR is ranked fifth or sixth, 50 percent of the Performance Shares under the TSR part will vest.
- If the Company's TSR is ranked seventh or lower, no Performance Shares under the TSR part will vest.

The program may be repeated annually. Similar programs were launched in 2010-2020. The prevalence of an LTI program is subject to the approval of the Annual General Meeting. For more information on Telia Company's LTI programs, see Note C32 to the consolidated financial statements.

Legal and administrative proceedings

In its normal course of business, Telia Company is involved in a number of legal proceedings. These proceedings primarily involve claims arising out of commercial law issues and matters relating to telecommunications regulations and competition law. For further information regarding legal and administrative proceedings see Note C30.

Parent company

The parent company Telia Company AB (Corporate Reg. No. 556103-4249), which is domiciled in Stockholm, comprises group executive management functions including the group's internal banking operations. The parent company has no foreign branches.

Net sales amounted to SEK 982 million (564), of which SEK 925 million (560) was billed to subsidiaries.

Financial income and expenses increased to SEK 13,708 million (-8,634) mainly impacted by the capital gains from the disposals of 49% in Telia Towers AB amounting to SEK 4,610 million and the Telia Carrier subsidiaries amounting to SEK 6,258 million, increased dividends from subsidiaries amounting to SEK 8,084 million (6,269) and reduced impairments of the subsidiary Telia Finland Oyj amounting to SEK 4,500 million (14,955).

Non-current assets decreased to SEK 163,412 million (178,700), mainly impacted by an impairment of the subsidiary Telia Finland Oyj, disposals of the Telia Carrier subsidiaries and 49% of Telia Towers AB as well as decreased other long interest-bearing receivables. Current assets increased to SEK 43,865 million (36,111) due to increased cash and short-term bonds impacted by proceeds from the disposals of the Telia Carrier subsidiaries and 49% of Telia Towers AB.

Equity increased to SEK 85,434 million (75,487) impacted by a positive Net income partly offset by distributed dividends. Long-term liabilities decreased to SEK 78,240 million (87,018) mainly impacted by reclassification of long-term borrowings to short-term borrowings. Short-term liabilities and short-term provisions decreased to SEK 36,455 million (44,747) mainly due to reduced intragroup current interest-bearing liabilities and matured short-term borrowings partly offset by a reclassification from long-term borrowings.

The equity/assets ratio was 39.7 (assuming dividend 2.05 per share) percent (33.9).

The average number of full-time employees was 254 (267).

Proposed appropriation of earnings

Proposed Appropriation of earnings:

	SEK
Non-restricted equity excluding net income	51,845,234,723
Net income	17,877,165,823
Total	**69,722,400,546**

The board proposes that this sum be appropriated as follows:

	SEK
SEK 2.05 per share ordinary dividend to the shareholders[1)]	8,383,744,989
To be carried forward	61,338,655,557
Total	**69,722,400,546**

1) Based on outstanding shares as per December 31, 2021.

The dividend is proposed to be split and distributed into two tranches of SEK 1.00 per share in April 2022 and SEK 1.05 per share in November 2022.

The Board of Directors is of the opinion that the proposed dividend, according to Chapter 18 Section 4 of the Swedish Companies Act, is justifiable. After distribution of the proposed dividend, the equity of the company and the group will be sufficient with respect to the nature, scope, and risks of the operations. Also, the company and the group are deemed to have a satisfactory level of liquidity, a consolidation need that is met and a satisfactory general financial position.

The full statement by the Board of Directors will be included in the AGM documentation.

AGM related documents are available at:
www.teliacompany.com/AGM

(Information on the Telia Company website does not form part of this Report)

Country development in 2021

Sweden

After securing a 120MHz frequency block in the 3.5GHz spectrum band auction early in the year, Telia gradually geared up the 5G network expansion and had by year-end implemented 5G in some 25 cities across Sweden, well on track towards the target of reaching a population coverage above 90% by the end of 2023. And in addition to proceeding well on the 5G roll-out Telia won again the award for best mobile network according to the independent benchmarking company umlaut. Telia also successfully delivered on the customer experience agenda and had according to SKI (Swedish quality index), like for the past six years, the most satisfied TV customers. Furthermore, Telia Enterprise and Halebop also secured the number one positions on mobile satisfaction after scoring well within key areas such as product quality, coverage, customer experience and reliability.

During the year Telia also took several important steps on the journey to continue improving the consumer customer experience. This by amongst other launching a unique mobile offering which combines unlimited data on Telia's superior network with the highly popular streaming services of Netflix and C More, as well as from making the crown jewel of football, UEFA Champions League, available to its TV customers. Telia was also successful on catering for the needs of Swedish enterprises something that amongst other was underpinned by the extension of current multiyear digitalization and connectivity contracts with amongst other Region Skåne, COOP and Nobina as well as from several new contracts under which Telia will be the communication provider and digitalization partner of choice.

In the consumer segment service revenues decreased by 0.9 percent as mainly a continued reduction of fixed telephony revenues more than offset a double-digit growth for TV revenues as well as a slight increase for fixed broadband revenues. In the enterprise segment competition remained challenging and even though the service revenue trend improved compared to previous years, service revenues still declined by 1.0 percent driven predominately by lower revenues from fixed telephony and partly also business solutions.

Net sales increased 2.1 percent to SEK 34,451 million (33,732) and like for like, net sales increased 2.1 percent as increased sale of equipment more than compensated for lower service revenues.

Service revenues like for like decreased 0.6 percent due to a continued pressure on mainly fixed telephony revenues, but partly also from business solutions and mobile revenues declining by 2.2 percent and 0.5 percent, respectively.

Adjusted EBITDA declined 0.4 percent to SEK 13,359 million (13, 418) and the adjusted EBITDA margin decreased to 38.8 percent (39.8). Adjusted EBITDA like for like fell 0.4 percent as efficiencies realized on the cost side was not enough to fully offset the negative impact from lower service revenues.

SEK in millions, except margins, operational data and changes	Jan–Dec 2021	Jan–Dec 2020	Change (%)
Net sales[1]	34,451	33,732	2.1
Change (%) like for like	2.1		
of which service revenues (external)	*29,582*	*29,734*	*-0.5*
change (%) like for like	*-0.6*		
Adjusted EBITDA[1]	13,359	13,418	-0.4
Margin (%)	*38.8*	*39.8*	
change (%) like for like	*-0.4*		
Adjusted operating income[1]	5,833	6,768	-13.8
CAPEX excluding fees for licenses, spectrum and right-of-use assets	3,685	2,806	31.3
Subscriptions (thousands)			
Mobile	*6,914*	*6,246*	*10.7*
of which machine to machine (postpaid)	*2,120*	*1,306*	*62.3*
Fixed telephony	509	665	-23.5
Broadband	1,248	1,242	0.5
TV	997	929	7.3
Employees[1]	4,352	4,508	-3.5

1) Restated, see Note C1.

CAPEX excluding licenses, spectrum and right-of-use assets, increased to SEK 3,685 million (2,806), mainly driven by increased investments associated with mobile network modernization and roll-out of 5G.

The number of mobile subscriptions increased during the year by 668,000 from an addition of 814,000 post-paid subscriptions used for machine-to-machine services. TV subscriptions increased by 68,000 and fixed broadband subscriptions increased by 6,000 during the year.

Finland

After securing a long-term agreement with Nokia last year for network modernization and 5G roll-out, Telia continued to execute on the network modernization agenda and exited the year with a 5G population coverage above 60 percent compared to 40 percent the year before. Furthermore, Telia also divested 49 percent of its Finnish tower business to Alecta and Brookfield (see Note C20) as well as agreed with DNA to expand the mobile network built through the existing jointly owned network-sharing company. Finally on the network side, Telia also received a great proof point of that the significant efforts put into improving the mobile network have yielded good results. This when Telia's mobile network was ranked by the benchmarking company Tutela as the best in Finland and as number six globally. During the year Telia also launched the first totally digital converged consumer offering, when bundling high-speed 5G access with C More content. And on the enterprise side Telia signed several multiyear ICT contracts as well as a contract for the implementation of the largest private 5G Enterprise Mobile Network in Northern Europe.

Net sales decreased 5.0 percent to SEK 14,504 million (15,260) and net sales like for like, decreased 1.5 percent as increased sale of equipment was more than offset by lower service revenues. The effect of exchange rate fluctuations was negative by 3.2 percent.

Service revenues like for like, decreased 2.5 percent as mobile and fixed revenues decreased by 1.4 percent and 3.8 percent, respectively. For mobile revenues the decline was driven by a lower ARPU, whereas fixed revenues declined driven by a negative development for most services.

Adjusted EBITDA declined 9.7 percent to SEK 4,322 million (4,789) and the adjusted EBITDA margin declined to 29.8 percent (31.4). Adjusted EBITDA like for like decreased 6.1 percent as efficiencies realized could not fully compensate for the negative impact from reduced service revenues.

CAPEX excluding licenses, spectrum and right-of-use assets, increased to SEK 1,833 million (1,689) mainly from an increased level of mobile network related investments including 5G deployment.

The number of mobile subscriptions increased by 69,000 and fixed broadband subscriptions increased by 12,000 during the year. TV subscriptions decreased by 6,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2021	Jan–Dec 2020	Change (%)
Net sales	14,504	15,260	-5.0
Change (%) like for like	-1.5		
of which service revenues (external)	*12,125*	*12,851*	*-5.6*
change (%) like for like	*-2.5*		
Adjusted EBITDA[1]	4,322	4,789	-9.7
Margin (%)	*29.8*	*31.4*	
change (%) like for like	*-6.1*		
Adjusted operating income[1]	1,069	1,599	-33.1
CAPEX excluding fees for licenses, spectrum and right-of-use assets	1,833	1,689	8.6
Subscriptions (thousands)			
Mobile	3,234	3,165	2.2
of which machine to machine (postpaid)	*309*	*277*	*11.6*
Fixed telephony	17	20	-15.0
Broadband	474	462	2.6
TV	552	558	-1.1
Employees[1]	2,860	3,023	-5.4

1) Restated, see Note C1.

Norway

In parallel to the important work around upgrading and modernizing the mobile network, the 5G roll out continued at a high pace, and by year end more than 40 percent of all Norwegians had access to Telia's 5G network where they live. Furthermore, Telia also secured attractive 5G 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. Finally 49 percent of the Norwegian tower business was divested to Alecta and Brookfield, see Note C20.

Also work regarding improving the customer offerings and experience was high during the year, resulting amongst other in the introduction of speed-based tariffs on Telia's unlimited offering, Telia X. This allows for customers to go with the price plan that best suits their individual needs, whether it be streaming, gaming or sharing mobile networks. Furthermore, Telia received some great acknowledgment in the EPSI survey which showed that Telia's OneCall brand remains the favourite within the consumer segment, while Phonero and Telia conquered the two top positions in the enterprise segment. On the enterprise side, Telia significantly strengthened its position following a solid development for the Phonero brand as well as from Telia securing several material contracts including the largest ever when signing a multiyear agreement with the Norwegian postal services. A contract under which Telia in addition to mobile subscriptions also will provide a wide range of digitalization and ICT services.

Net sales increased 3.1 percent to SEK 13,788 million (13,373) and net sales like for like, increased 1.1 percent as a slight decline in service revenues was offset by growth in equipment sales. The effect of exchange rate fluctuations was positive by 2.0 percent.

Service revenues like for like, decreased 0.5 percent as a slight growth in fixed service revenues attributable to a positive development for fixed broadband was offset by lower mobile service revenues driven by a significant decline in wholesale revenues.

Adjusted EBITDA increased 4.5 percent to SEK 6,240 million (5,971) and the adjusted EBITDA margin increased to 45.3 percent (44.6). Adjusted EBITDA like for like increased 1.7 percent as efficiency gains more than offset the negative impact from lower service revenues.

CAPEX excluding licenses, spectrum and right-of-use assets, increased to SEK 3,043 million (2,441).

The number of mobile subscriptions increased by 43,000 during the year. Fixed broadband subscriptions increased by 23,000 during and TV subscriptions increased by 8,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2021	Jan–Dec 2020	Change (%)
Net sales	13,788	13,373	3.1
Change (%) like for like	1.1		
of which service revenues (external)	*11,510*	*11,338*	*1.5*
change (%) like for like	*-0.5*		
Adjusted EBITDA[1]	6,240	5,971	4.5
Margin (%)	*45.3*	*44.6*	
change (%) like for like	*1.7*		
Adjusted operating income[1]	2,351	1,593	47.6
CAPEX excluding fees for licenses, spectrum and right-of-use assets	3,043	2,441	24.6
Subscriptions (thousands)			
Mobile	*2,289*	*2,247*	*1.9*
of which machine to machine (postpaid)	*125*	*107*	*17.2*
Fixed telephony	32	40	-20.0
Broadband	492	469	4.9
TV	477	469	1.7
Employees	1,412	1,633	-13.5

1) Restated, see Note C1.

Denmark

In a challenging market, Telia continued to work on realizing further operational efficiencies which resulted that several IT efficiency milestones were achieved, including implementation of a single billing system. Commercially Telia continued to work towards becoming the natural choice for families regarding connectivity and streaming services, and the Call me brand was rebranded to increase awareness in the market and position it as an uncomplicated 'value for money' brand. Furthermore, the process of upgrading and modernizing the existing 4G network and roll-out of 5G continued in Denmark's larger cities, including Copenhagen that by year end principally was covered by 5G.

Net sales declined 4.6 percent to SEK 5,214 million (5,464) and net sales like for like, decreased 1.6 percent driven partly by lower equipment sales although mainly by decreased service revenues. The effect of exchange rate fluctuations was negative by 3.0 percent.

Service revenues like for like, decreased 1.7 percent driven predominately by lower business solutions and fixed broadband revenues which more than offset a slight growth for the mobile service revenues.

Adjusted EBITDA decreased 10.7 percent to SEK 906 million (1,015) and the adjusted EBITDA margin decreased to 17.4 percent (18.6). Adjusted EBITDA like for like decreased 7.0 percent as a result of the reduction in service revenues.

CAPEX excluding licenses, spectrum and right-of-use assets, increased to SEK 462 million (288).

The number of mobile subscriptions increased by 125,000 during the year of which 140,000 attributable to subscriptions used for machine-to-machine services. Fixed broadband subscriptions decreased by 2,000 and TV subscriptions decreased by 5,000 during the year.

SEK in millions, except margins, operational data and changes	**Jan–Dec 2021**	**Jan–Dec 2020**	**Change (%)**
Net sales	5,214	5,464	-4.6
Change (%) like for like	-1.6		
of which service revenues (external)	*3,807*	*3,976*	*-4.2*
change (%) like for like	*-1.7*		
Adjusted EBITDA[1]	906	1,015	-10.7
Margin (%)	*17.4*	*18.6*	
change (%) like for like	*-7.0*		
Adjusted operating income[1]	-67	-17	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	462	288	60.5
Subscriptions (thousands)			
Mobile	1,620	1,494	8.4
of which machine to machine (postpaid)	*254*	*113*	*123.5*
Fixed telephony	62	66	-6.1
Broadband	66	68	-2.9
TV	24	29	-17.2
Employees	690	731	-5.6

1) Restated, see Note C1.

Lithuania

On the back of the strategic partnership with Ericsson announced last year, work around modernizing the mobile network and laying a solid foundation for future 5G, was high during the year. And by year end more than 20 percent of all base stations had been upgraded, which puts Telia in a great position to provide commercial 5G services to its customers once the 5G frequency auction has taken place.

Net sales increased 4.1 percent to SEK 4,320 million (4,151) and net sales like for like, increased 7.6 percent supported party by higher sale of equipment although mainly by increased service revenues. The effect of exchange rate fluctuations was negative by 3.5 percent.

Service revenues like for like, increased 6.0 percent supported by growth for both mobile as well as fixed service revenues. For mobile revenues the growth of 6.6 percent was the result of a customer base expansion coupled with also a growing ARPU, whereas fixed service revenues increased 5.9 percent from a strong development for fixed broadband, TV and business solutions revenues.

Adjusted EBITDA increased 0.9 percent to SEK 1,511 million (1,497) and the adjusted EBITDA margin decreased to 35.0 percent (36.1). Adjusted EBITDA like for like increased 4.3 percent attributable to the growth in service revenues.

CAPEX excluding licenses, spectrum and right-of-use assets, increased to SEK 669 million (383).

The number of mobile subscriptions increased by 121,000 during the year of which 105,000 attributable to subscriptions used for machine-to-machine services. Fixed broadband subscriptions increased by 4,000 and TV subscriptions increased by 2,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2021	Jan–Dec 2020	Change (%)
Net sales	4,320	4,151	4.1
Change (%) like for like	7.6		
of which service revenues (external)	*3,272*	*3,167*	*3.3*
change (%) like for like	*6.0*		
Adjusted EBITDA	1,511	1,497	0.9
Margin (%)	*35.0*	*36.1*	
change (%) like for like	*4.3*		
Adjusted operating income	756	776	-2.5
CAPEX excluding fees for licenses, spectrum and right-of-use assets[1]	669	383	74.9
Subscriptions (thousands)			
Mobile	1,518	1,398	8.6
of which machine to machine (postpaid)	*309*	*204*	*51.2*
Fixed telephony	201	230	-12.6
Broadband	*421*	417	1.0
TV	255	253	0.8
Employees[1]	1,599	1,614	-0.9

1) Restated, see Note C1.

Estonia

After launching 5G as the first operator in Estonia last year, the network roll-out continued at a high pace in 2021, resulting in that Telia by year end covered almost 150 locations across most cities with 5G. By far exceeding competition and putting Telia in a great position to continue providing mobile customers with a superior experience.

Net sales increased 1.7 percent to SEK 3,331 million (3,276) and net sales like for like, increased 5.1 percent driven mainly by increased service revenues and to some extent also higher equipment sales. The effect of exchange rate fluctuations was negative by 3.4 percent.

Service revenues like for like, increased 5.0 percent to some extent driven by mobile service revenues increasing 3.0 percent although predominately from strong development for fixed revenues that grew 6.3 percent. The latter mainly following a solid development for fixed broadband, business solutions and TV revenues.

Adjusted EBITDA increased 3.7 percent to SEK 1,196 million (1,153) and the adjusted EBITDA margin increased to 35.9 percent (35.2). Adjusted EBITDA like for like increased 7.2 percent attributable to the growth in service revenues.

CAPEX excluding licenses, spectrum and right-of-use assets, increased to SEK 417 million (374).

The number of mobile subscriptions increased by 79,000 during the year of which 43,000 attributable to subscriptions used for machine-to-machine services. Fixed broadband subscriptions increased by 1,000 and TV subscriptions decreased by 1,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2021	Jan–Dec 2020	Change (%)
Net sales[1]	3,331	3,276	1.7
Change (%) like for like	5.1		
of which service revenues (external)	*2,689*	*2,627*	*2.4*
change (%) like for like	*5.0*		
Adjusted EBITDA	1,196	1,153	3.7
Margin (%)	*35.9*	*35.2*	
change (%) like for like	*7.2*		
Adjusted operating income	542	453	19.6
CAPEX excluding fees for licenses, spectrum and right-of-use assets[1]	417	374	11.6
Subscriptions (thousands)			
Mobile	1,191	1,112	7.1
of which machine to machine (postpaid)	*396*	*353*	*12.1*
Fixed telephony	209	226	-7.5
Broadband	243	242	0.4
TV	207	208	-0.5
Employees[1]	1,306	1,359	-3.9

1) Restated, see Note C1.

TV and Media

After displaying a negative service revenue development last year due to the COVID-19 pandemic, service revenues recovered in 2021 and were back to pre-pandemic levels. The strong revenue development was attributable to both increased TV revenues as well as a recovery for advertising revenues driven by an increased demand from advertisers. In addition to the service revenue improvement, the development for digital consumption and share of viewing on linear TV also continued to improve in both Sweden and Finland. As an example, the time spent on TV4 Play increased by 35% compared to last year and the linear portfolio of TV4 increased its commercial share of viewing amongst the ages 15-64 to 54% compared to 52% in 2020.

Net sales increased 16.4 percent to SEK 8,648 million (7,429) and net sales like for like, increased 17.3 percent.

Service revenues like for like, increased 17.3 percent driven by increased TV as well as advertising revenues. TV revenues increased 22.5 percent driven by a positive development for the customer base as well as revenues last year containing a significant adverse impact from cancelled or postponed sports due to the COVID-19 pandemic. Advertising revenues increased by 15.6 percent driven by a good work on capitalizing on an improved demand for linear as well as digital advertising.

Adjusted EBITDA increased 15.9 percent to SEK 878 million (758) and the adjusted EBITDA margin remained unchanged at 10.2 percent. Adjusted EBITDA like for like increased 16.1 percent as the growth in service revenues more than compensated for higher content costs.

CAPEX excluding licenses, spectrum and right-of-use assets, decreased to SEK 263 million (333).

The number of direct subscriptions video-on-demand (SVOD) grew by 76,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2021	Jan–Dec 2020	Change (%)
Net sales	8,648	7,429	16.4
Change (%) like for like	17.3		
of which service revenues (external)	*8,647*	*7,429*	*16.4*
change (%) like for like	*17.3*		
Adjusted EBITDA	878	758	15.9
Margin (%)	*10.2*	*10.2*	
change (%) like for like	*16.1*		
Adjusted operating income	99	-55	
CAPEX excluding fees for licenses, spectrum and right-of-use assets[1]	263	333	-21.0
Subscriptions (thousands)			
TV	865	789	9.6
Employees[1]	1,378	1,427	-3.4

1) Restated, see Note C1.

Other operations

Included in Other operations are the operations in Latvia, Telia Finance as well as Group functions. Telia Company's shareholding in Turkcell Holding as well as the ownership in Telia Carrier were also included in Other operations. Turkcell Holding was divested in October 22, 2020 and Telia Carrier was divested on June 1, 2021. Santa Monica Networks in Latvia was acquired on October 8, 2021, see Note C34.

Net sales declined 34.3 percent to SEK 5,723 million (8,715), mainly due to the divestment of the Telia Carrier business and net sales like for like, increased 12.1 percent driven both by increased service revenues and sale of equipment.

Service revenues like for like, increased 8.4 percent mainly driven by increased mobile service revenues in Latvia and to some extent also positive development in the other businesses part of Other operations.

Adjusted EBITDA decreased 23.0 percent to SEK 1,449 million (1,881) and the adjusted EBITDA margin increased to 25.3 percent (21.6). Adjusted EBITDA like for like increased 14.9 percent driven largely by increased EBITDA generation in Latvia but also for the Group functions part of Other operations.

For Telia Carrier, net sales fell 62.9 percent to SEK 1,944 million (5,235) and adjusted EBITDA decreased 59.3 percent to SEK 371 million (909) following the divestment.

In Latvia, net sales increased 7.6 percent to SEK 2,562 million (2,381) and net sales like for like, increased 15.5 percent driven by increased sale of equipment as well as increased service revenues. Adjusted EBITDA increased 8.0 percent to SEK 840 million (778) and adjusted EBITDA like for like increased 13.1 percent as growing service revenues more than compensated for higher operational expenses. The number of mobile subscriptions increased by 40,000 during the year.

Income from associated companies improved to SEK 97 million (-20,073) as last year was impacted by a net impairment of SEK -2,928 million and a capital loss of SEK -17,955 million, both as a result of the divestment of Turkcell Holding.

CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased to SEK 5,512 million (5,104) of which SEK 0.5 billion related to Latvia, SEK 0.6 billion to Telia Finance and SEK 4.0 billion to the central function Common Products and Services, and referred to items such as IT systems, mobile networks, products and platforms, for the segments to benefit from.

SEK in millions, except margins, operational data and changes	Jan–Dec 2021	Jan–Dec 2020	Change (%)
Net sales	5,723	8,715	-34.3
Change (%) like for like	12.1		
of which Telia Carrier	*1,944*	*5,235*	*-62.9*
of which Latvia	*2,562*	*2,381*	*7.6*
Adjusted EBITDA	1,449	1,881	-23.0
of which Telia Carrier	*371*	*909*	*-59.3*
of which Latvia	*840*	*778*	*8.0*
Margin (%)	*25.3*	*21.6*	
Income from associated companies	97	-20,073	
of which Turkey	*–*	*-20,246*	*-100.0*
of which Latvia	*112*	*179*	*-37.4*
Adjusted operating income	-551	340	
CAPEX excluding fees for licenses, spectrum and right-of-use assets[1]	5,512	5,104	8.0
Subscriptions (thousands)			
Mobile Latvia	1,347	1,307	3.1
of which machine to machine (postpaid)	*380*	*341*	*11.4*
Employees[1]	5,969	6,446	-7.4

1) Restated, see Note C1.

Risks and uncertainties

Telia Company's Risk Universe

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 frame work 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. Our Risk Universe that consist of four categories, 13 principal risk areas and over 40 sub-risk areas are used to aggregate and categorize risks identified across the organization within the risk management framework. The four main risk categories and the most material risk and sub-risk areas are described below.

Four main risk categories

Strategic and emerging risks

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

Financial risks

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

Operational and societal risks

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

Legal and regulatory risks

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

Risk management is an integrated part of Telia Company's business planning process and monitoring of business performance.

Risks and uncertainties that could specifically impact Telia Company's operations include, but may not be limited to the following:

Risk	Description	Mitigating activities
Pricing, market and business model disruption	The traditional telecommunications markets are mature and under commoditization pressure and there is a need to innovate in how we conduct our business and ensure growth. Our industry is undergoing a historical transformation and is subject to new and substantially increasing competition, also from new type of competitors including e.g. hyperscalers in the entertainment business, communications business and ICT. In addition, there is continued price pressure on services driven by increasing competition in our B2B and B2C business. **Potential impact** Failure to anticipate and respond to industry dynamics, and to drive a change agenda to meet mature and developing demands in the marketplace, may affect Telia Company's customer relationships, service offerings and position in the value chain. Competition from a variety of sources, including current market participants, new entrants and new products and services, may also adversely affect Telia Company's results. Failure in business transformation and growth initiatives may defer revenue upside as well as delay efficiency gains.	• Actively monitor changes in customer and market behavior to create and execute mitigation plans • Business transformation programs and new business initiatives in line with our business strategy. Focused execution to ensure business transformation and cost savings. • Continuously exploring opportunities close to our core services to create new revenues and broaden customer relationships • Active focus on partner collaboration to drive value creation

Risk	Description	Mitigating activities
Transformation & Change Management	Telia Company invests in business transformation, improving agility and flexibility, reducing cost and complexity to increase competitiveness, customer attractiveness, and financial performance. Transformation and growth initiatives' success depends on complex project interdependencies, delivery of suppliers and partners, and the dynamics of fast-shifting customer behavior. Therefore, continuously managing risks, prioritizing the most important initiatives, and removing barriers to execute is key for success. **Potential impact** Our transformation initiatives set out a series of financial and non-financial benefits to be achieved across Telia Company. Failure in business transformation and growth initiatives will defer revenue upside and delay cost reductions and efficiency gains from transformed operations.	• Identification of immediate, medium and long term initiatives to simplify and digitalize Telia Company • A Transformation Program has been established to ensure transparency of all initiatives and their performance to foster a culture of openness and coordinated commitment to success. • New strategy to execution framework and process deployed to redefine and allocate, measure and track development of business objectives to realization/ benefit

Risk	Description	Mitigating activities
Cybersecurity, network quality, and resilience	Telia Company's ability to deliver high-quality, secure services and networks is fundamental to our customers and critical for our commercial success. Cyberattacks aimed directly at Telia Company and our customers are becoming more sophisticated and threats include loss of data and damage to our services. Preventive measures combined with preparedness and efficient continuity planning, incident management and crisis management are key to avoid unwanted consequences from incidents and disturbances. **Potential impact** Failure to meet our customers' security and quality requirements and expectations may have an adverse impact on our business leading to indirect sanction costs, fines, contract penalties, damage to our reputation, and/or churn. New security and national security regulatory requirements may impact how we build our infrastructure and our ways of working, potentially leading to cost increases.	• Investments in security skills, technology and processes to prevent, detect and monitor the different threat surfaces • Deploy operational processes, ensuring customer and authorities' security requirements are fulfilled • Strengthen security awareness and security culture through training • An external Security Maturity assessment was completed during Q4 2021 • ISO 27001 audit was conducted during 2021 leading to a certification of our Security Management System • Increased focus on service continuity management in architecture, service design, implementation, and maintenance Additionnal information in the Sustainability section, chapter **Privacy and security**.

Risk	Description	Mitigating activities
Capabilities, skills, competence and leadership	People are at the core of everything we do at Telia Company and their talents enable us to execute on our strategy. The demand and competition for talents in the ICT area is increasing. In order to secure the right talent and execute on our strategy Telia Company needs to retain highly skilled employees and continuously develop our capabilities and competencies. **Potential impact** Lack of access to relevant capabilities, skills and competences may limit progress on transformational change.	• Key initiatives in place driving Strategic Workforce Planning • Partnering and targeted recruitment efforts within specific competence areas • Providing internal growth, reskilling, and upskilling offerings • Thoroughly follow up and take action on recurring employee surveys • Adaptation of leadership offerings and toolbox to ensure needed capabilities

Risk	Description	Mitigating activities
Third-party management	Telia Company relies on a vast number of suppliers and subcontractors, some of which are located in countries or industries with challenges in upholding ethical business practices, human and labor rights, health and safety and environmental protection. Despite efforts to conduct due diligence and audits, suppliers and subcontractors may be in violation of Telia Company's supplier requirements and/or national and international laws, regulations, and conventions. Certain suppliers have access to sensitive information such as personal data related to Telia Company's customers, which increases risks related to security and privacy. **Potential impact** Failure of Telia Company's suppliers to adhere to relevant laws, regulations and supplier requirements may risk or violate the rights of their employees' or subcontractors' human and labor rights. Such failure or perceived failure may also damage customers' or other stakeholders' perception of Telia Company. Violations of laws, regulations or supplier requirements put suppliers and subcontractors at risk of needing to limit or terminate their operations, which may negatively affect how Telia Company is able to deliver its services. Severe violations of such requirements, or disruptions to supplier due diligence or operations caused by restrictions, may lead to Telia Company needing to seek new suppliers which could negatively impact sourcing costs or delivery times.	• The Supplier code of conduct, which stipulates Telia Company's expectations on sustainable business practices, is included in all supplier contracts. In addition, the Supplier security directive is included in contracts where suppliers handle sensitive information • A standardized risk-based supplier due diligence process implemented and performed prior to signing new or renewed contracts • Continuous monitoring through recurring due diligence of high-risk suppliers • On-site and off-site audits by Telia Company or through the industry collaboration Joint Audit Cooperation (JAC) Additionnal information in the Sustainability section, chapter **Responsible sourcing**.

Risk	Description	Mitigating activities
Customer privacy	Ensuring the privacy and security of our customers' data is vital for our business. Vast amounts of data are generated in and through Telia Company's services and networks and we have a responsibility to protect this data from misuse, loss, unauthorized disclosure, or damage. New ways of connecting as well as data-driven business models increase the complexity of understanding and retaining control over how data is collected and used. **Potential impact** Actual or perceived issues related to network integrity, data security and customer privacy may violate users' privacy rights and lead to an unfavorable perception of how Telia Company handles these matters, which in turn may impact business. Failing to meet national and EU legislation may cause significant financial penalties.	• Continuous compliance reviews of GDPR implementation • Ongoing implementation of common tools and processes to further improve quality and control of compliance with customer privacy requirements • Strengthen the organization and mandate for Data Protection Officers (DPO) and other privacy experts in the privacy organization • Mandatory training on data security and privacy awareness for all employees • More information is provided in the Sustainability section, chapter Privacy and Security Additionnal information in the Sustainability section, chapter **Privacy and security**.

Risk	Description	Mitigating activities
Corruption and unethical business practices	The telecommunications industry is particularly susceptible to a range of corrupt practices as it requires government approvals and necessitates large investments. In general, key areas where the threat of corruption is significant include the licensing process, market regulation and price setting, the supply chain, third-party management and customer relations. Mergers and acquisitions may pose risks of corruption, fraud and unethical business practices and require extensive buyer/seller due diligence. Some of the countries in which Telia Company historically have operated, mainly through Telia Carrier, are ranked by Transparency International's Corruption Perceptions Index as having high levels of corruption risk. In Telia Company's markets, in the Nordics and Baltics, the corruption risk is considered low or medium. **Potential impact** Actual or perceived corruption or unethical business practices may damage the reputation of Telia Company. Actual corrupt activity may result in loss of trust and customers, financial penalties and debarment from procurement and institutional investment processes. Fraud may significantly impact financial results. As corruption is often a barrier for human rights and equal opportunities, actual corruption or fraud may lead to Telia Company being associated with human rights violations.	• Anti-bribery and corruption (ABC) program implemented in all parts of the organization • Continuous development and testing of ABC-related controls, including implementation of measures to improve automatic controls • Due diligence and handover plans covering e.g., third-party due diligence, as part of mergers and acquisitions. • Education and communication efforts on ABC to targeted employees, specifically to high-risk roles and newly acquired businesses • During 2021, Telia Carrier was divested which significantly reduced our risk operating in countries with high levels of corruption • Additional information is provided in the Sustainability section, chapter Anti-Bribery and Corruption Additionnal information in the Sustainability section, chapter **Anti-bribery and corruption**.
Environment	Telia Company's operations and value chain generate negative environmental impacts, in particular greenhouse gas (GHG) emissions and different types of waste. The vast majority of GHG emissions (91%) are generated in the supply chain, while waste streams are associated with construction and maintenance of networks as well as end of life of electronic devices and equipment. We see increasing requirements and expectations from customers, policy makers, investors and others to manage these negative impacts. There is increasing regulatory and self-regulatory pressure in areas such as energy efficiency, circular approaches to close material loops and switch to circular business models. This is reflected in the EU Taxonomy Regulation and other upcoming legislation stemming from the EU Green Deal. Moreover, the increasing numbers of extreme weather events due to climate change, such as heat waves, flooding and thunderstorms, also pose risks to our infrastructures and services which, in turn, are vital for societies to function.	• Ambitious short, mid and long-term GHG emissions and waste-related goals, such as Science Based Targets, and related programs • 100 percent renewable electricity use and carbon offsetting • ISO 14001 environmental management system certification • Group-wide reuse and recycling program for network equipment • Offerings based on circular business models (e.g. pre-owned phones and Device as a Service and buy back initiatives to enable reuse and recycling) • Stringent supplier requirements and GHG maturity assessments ahead of purchasing to impact suppliers' environmental work

Risk	Description	Mitigating activities
Environment continues	**Potential impact** Failure to deliver on our commitments and goals and thereby not meeting stakeholders' requirements and/or expectations may lead to negative reputation, loss of revenues, inability to attract talents or limited access to "green capital". Increasing electricity prices, low availability of renewable energy certificates or introduction of carbon taxation could increase operational costs. Extreme weather may lead to operational disruptions and drive the need for additional investments to handle climate mitigation and building resilience in our operations. Negligence to implement circular business models such as leasing programs for consumer electronics (e.g. mobile phones and routers) and re-use of network equipment may lead to lost opportunities for cost savings and additional revenue.	• Physical climate risk assessment conducted to improve business continuity management processes and network planning For in-depth information on environmental risks and mitigations, please refer to the Sustainability section, chapter **Climate and circularity**.

Risk	Description	Mitigating activities
Regulation and licenses	Telia Company operates in a highly regulated industry, and regulations impose significant limits on Telia Company's flexibility to manage its business. New legislation and precedent are constantly being developed in the EU and by the European Court of Justice e.g., Terrorist content regulation, E-evidence regulation and net neutrality precedents which are cumbersome to fulfil. In a number of countries, Telia Company entities are designated as a party with significant market power in one or several telecom submarkets. As a result, Telia Company is required to provide certain services on regulated terms and prices, which may differ from the terms on which it would otherwise have provided those services. Effects from regulatory intervention may be both retroactive and prospective. **Potential impact** Changes in regulation affecting Telia Company's business activities, as well as decisions by regulatory authorities or courts, including granting or amending telecom licenses and spectrum permits and increasing national security requirements, may affect Telia Company's possibility of carrying out business and subsequently results of operations.	• Proactive work towards legislators and regulators when laws are adopted and implemented as well as when laws are applied on submarkets including intervention and remedies • Continuous legal and regulatory monitoring to provide timely advice and assistance throughout the organization • Work closely together with the line organization to build competence and ensure integration of analysis and advice early in all relevant processes

Risk	Description	Mitigating activities
COVID-19	The outbreak of COVID-19 has had an impact on Telia Company and its operations. Telia Company operates networks and services that are critical to society and our customers. The need for reliable and high-speed networks to support working from home has increased during the pandemic. Telia Company is highly dependent on a reliable supply chain to secure planned infrastructure development and a supply of spare parts. Financial market volatility may have an impact on Telia Company although financial markets have rebounded from pandemic lows. Telia Company's financial risk management is in all material aspects unchanged but with additional focus to maintain a continued strong liquidity position. **Potential impact** People's safety is key, and we are continuously monitoring the development of the pandemic to find a balance between staff working in the office and working from home. Business critical functions are primarily working from the office. COVID-19's impacts on the global transportation and production systems put further strain on our supply chain which may have an impact on planned infrastructure deliveries and supply of spare parts. Unplanned future restrictions in society may result in declining revenues (e.g. roaming) and an overall decline in the economy may lead to a negative impact on service revenues as well as increased credit losses, or even bankruptcies, leading to financial loss.	• Travel and meeting restrictions implemented • Strengthened workplace safety procedures have been implemented including increased cleaning, social distancing, availability of hand sanitizer, etc • Principals for a hybrid workplace have been deployed • Contingency plans for critical functions and services in place and maintained • Strengthened risk assessments and preparation of contingency plans to ensure supply of goods and services from key suppliers • Increased follow-up of key business KPI's to early mitigate the negative impact on financials
Impairment losses and restructuring charges	Factors generally affecting the markets Telia is operating in as well as changes in the economic, regulatory, business or political and societal environment may negatively change management's expectation of future cash flows attributable to certain assets. Telia Company may then be required to recognize asset impairment losses, including but not limited to goodwill and fair value adjustments recorded in connection with historical or future acquisitions. **Potential impact** Significant adverse changes in the economic, regulatory, business or political and societal environment, as well as in Telia Company's business plans, may affect Telia Company's financial position, and results of operations, impairment losses, restructuring charges, which may adversely affect Telia Company's ability to pay dividends.	• Management constantly reviews and refines the business plans, and may make exit decisions or take other actions in order to effectively execute on business strategy

Risk	Description	Mitigating activities
Human Rights	Human rights are universal, indivisible and interdependent making them challenging to rank and compare. In Telia Company we continuously work to identify human rights risks that are the most salient ones in our markets and value chain. We apply continuous human rights due diligence and conduct human rights impact assessments when there is a need for greater insight into the risk in question. We see growing stakeholder expectations from investors, business/public customers and regulators, including a development towards mandatory human rights due diligence and the upcoming EU Social Taxonomy. **Potential impact** Details on the most salient human rights risks and how we address these can be found in the Sustainability section, chapter **Human rights** on page 93.	**Mitigation activities** Our human rights due diligence strategy is described in the Sustainability section, chapter **Human rights** with additional information under sections on **Digital inclusion**. Theme-specific mitigation activities are found under sections on **Digital inclusion, Privacy and security**, **Freedom of expression and surveillance privacy, Diversity, inclusion and equal opportunity**, **Health and well-being** and **Responsible sourcing.**

Statement of Materiality and Significant Audiences

Telia Company AB is registered in Sweden and is bound by the Swedish Companies Act (2005:551). The Act requires the Board of Directors to govern the company in a way that is profitable and creates value for its shareholders. It is Telia Company's firm belief that integrating sustainable and responsible business practices in all aspects of business and strategy is a prerequisite for sustainable growth and profitability, which in turn creates long-term value for shareholders and supports sustainable development.

Telia Company plays a vital role in tackling current and future societal and environmental challenges; challenges which in turn increasingly define the playing field for economies of all scales. The company also has an obligation to manage risks and negative impacts. Therefore, Telia Company has adopted a stakeholder-based approach to sustainability. The approach is based on continuous engagement with key stakeholder groups to identify, understand and manage the most material current and future impacts on its stakeholders, society and the environment. These material impacts guide how Telia Company operates and are reflected in the commitment to make a substantial contribution towards reaching the UN Sustainable Development Goals. Telia Company regularly monitors and discloses progress through this combined Annual and Sustainability Report.

Significant stakeholder groups are defined as:

- Consumers
- Business customers
- Employees
- Shareholders and investors
- Suppliers and partners
- Society

Telia Company is committed to a number of international guidelines and initiatives related to anti-corruption, environmental responsibility, human rights and labor rights, including:

- The UN Universal Declaration of Human Rights
- The core conventions of the International Labour Organization (ILO)
- The OECD Guidelines for Multinational Enterprises
- The UN Global Compact
- The UN Guiding Principles on Business and Human Rights
- The Children's Rights and Business Principles

These guidelines form the foundation of the Code of Responsible Business Conduct which is approved by the Board. The requirements set by the Code, which go beyond legal compliance and apply to all employees, lay out how to engage with stakeholders in a way that ensures the highest degree of ethical business practices and behavior.

Corporate Governance Statement

Corporate Governance

This Corporate Governance Statement was adopted by the Board at its meeting on March 9, 2022. It was prepared according to the Swedish Corporate Governance Code and the Swedish Annual Reports Act and has been examined by the external auditors. The Statement presents an overview of Telia Company's corporate governance model and includes the Board's description of the internal control environment and risk management regarding financial reporting.

It is the opinion of the Board that Telia Company in all respects complied with the Swedish Corporate Governance Code during 2021. Further, there was no infringement of applicable stock exchange rules and no breach of good practice on the securities market reported by the Nasdaq Stockholm Disciplinary Committee or the Swedish Securities Council.

Governing Bodies

Telia Company's main governing bodies are:
- The Shareholders at the General Meeting
- The Board of Directors
- The Chief Executive Officer (CEO), assisted by the Group Executive Management

Updated information required by the Swedish Corporate Governance Code is available at ***www.teliacompany.com/en/about-the-company/corporate-governance/*** *(Information on the Telia Company website does not form part of this Statement)*

Shareholders

Telia Company is a Swedish public limited liability company and is bound by the Swedish Companies Act, the Nordic Main Market Rulebook for Issuers of Shares, the Swedish Corporate Governance Code and the company's Articles of Association as well as other relevant Swedish and foreign laws and regulations. The General Meeting is the company's highest decision-making forum where the owners exercise their shareholder power.

For further information see Swedish Companies Act (2005:551), Annual Reports Act (1995:1554), Securities Market Act (2007:528) at www.riksdagen.se/en, **www.government.se** *– Nasdaq Stockholm (issuer rules and surveillance) at* **www.nasdaq.com/solutions/rules-regulations-stockholm** *– Swedish Corporate Governance Code and specific features of Swedish corporate governance at* **www.corporategovernanceboard.se**

Telia Company has one type of share. Each share represents one vote at the General Meeting. As of December 31, 2021, Telia Company had 474,486 shareholders.

The Swedish State is the largest shareholder, owning 39.5 percent of the total shares at year-end 2021. For companies with State ownership, the Swedish Government has issued an ownership policy, which sets forth requirements related to, inter alia, responsible business, diversity and gender balance. In companies where the State does not have majority ownership, the State acts in dialogue with other owners to promote the application of the policy.

The Telia Company share is listed on Nasdaq Stockholm and Nasdaq Helsinki. For more information on the Telia Company share and the shareholder structure, see the **Directors' Report**.

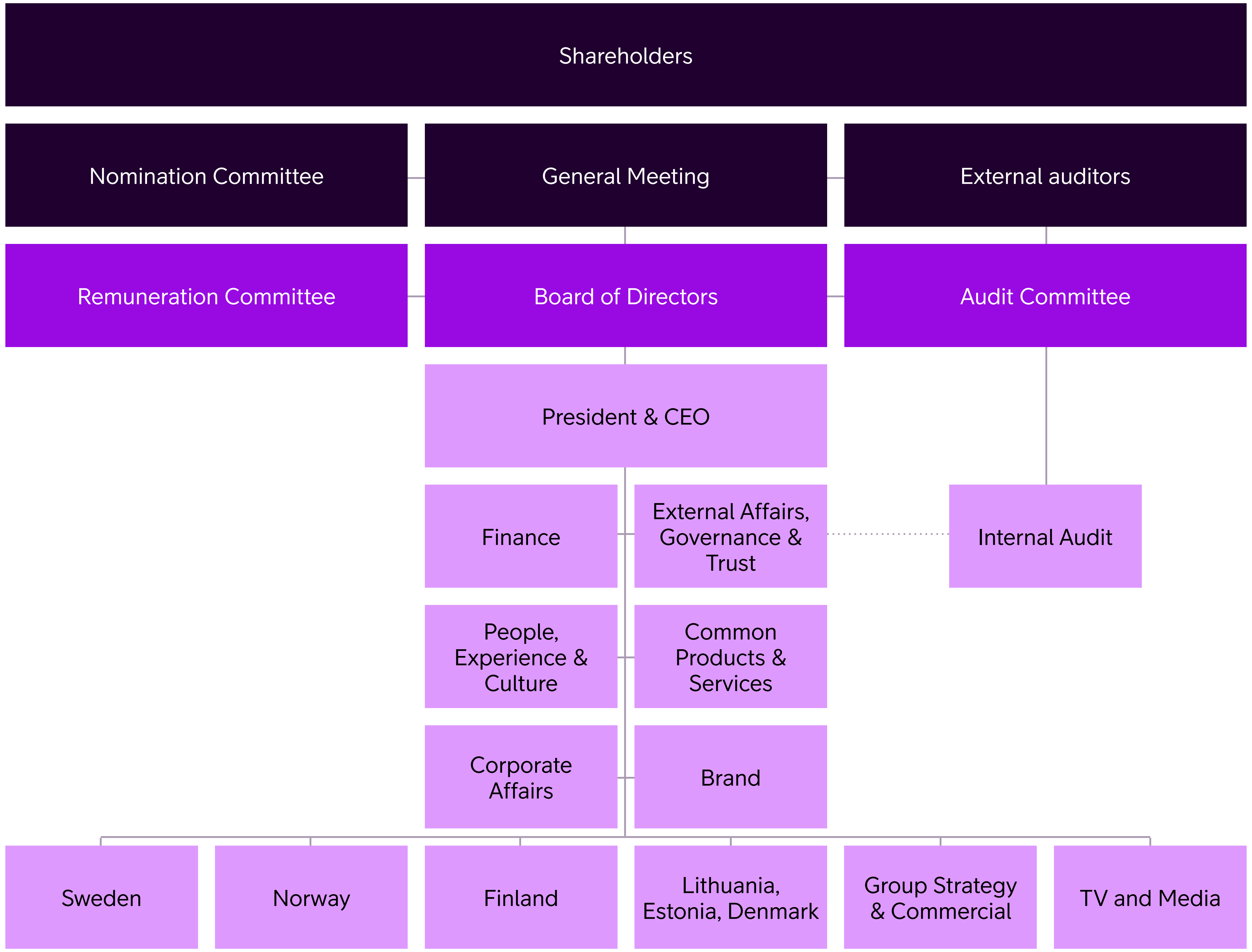
Annual General Meeting 2021

The Annual General Meeting 2021 was held as a postal voting meeting only, in accordance with temporary legislation due to the pandemic, and took place in Stockholm on April 12, 2021. The Annual General Meeting decided, among other things, on the following:

- Approval of the income statement and balance sheet
- Discharged the board members and CEO from liability
- Election of board members
- Election of auditors
- Appropriation of earnings
- Adoption of Remuneration Report
- Long-term incentive program for key employees and transfer of own shares
- Authorization for the Board to decide on repurchase of the company's own shares, within certain limits, and transfer of the same shares

Telia Company's Articles of Association is available at **www.teliacompany.com/en/about-the-company/corporate-governance/articles-of-association/** *and AGM and EGM minutes and related documents at* **www.teliacompany.com/en/investors/annual-general-meeting/** *(Information on the Telia Company website does not form part of this Statement)*

Telia Company's Governing Bodies



Nomination Committee

The Nomination Committee shall, in accordance with the instruction for the Nomination Committee, be nominated by the four (4) shareholders that are largest in terms of votes at the end of July of the year before the Annual General Meeting, and who wish to participate in the Committee's work for the period up to the Annual General Meeting. The Nomination Committee of Telia Company for the Annual General Meeting 2022 has been appointed based on the ownership structure as of July 31, 2021, and consists of:

- Daniel Kristiansson, Chair (the Swedish state)
- Jan Andersson (Swedbank Robur Funds)
- Erik Durhan (Nordea Funds)
- Lilian Fossum Biner (Handelsbanken Funds)

In addition, Lars-Johan Jarnheimer (Chair of the Board of Directors) has been appointed as a co-opted member of the committee.

The Annual General Meeting 2021 has adopted instructions for the work of the Nomination Committee, which includes to:

- Propose the number of board members elected by the Annual General Meeting
- Nominate the Chair, the Vice-Chair and other board members
- Propose the board remuneration that is divided among the Chair, the Vice-Chair and other board members, and remuneration for serving on committees
- Nominate the Chair of the Annual General Meeting
- Nominate the external auditors and propose remuneration payable to the auditors

The Nomination Committee performs interviews and receives information from the Chair of the Board, other board members, including employee representatives and the CEO on internal work of the Board, Telia Company's position and strategic direction and other relevant circumstances and receives an internal evaluation of the Board. Based on this information, the Nomination Committee assesses the functioning of the Board and the competences needed in the Board as a whole. The Nomination Committee has concluded that competences currently needed are experiences from:

- The telecommunications industry and industries closely related to it
- Digitalization
- Relevant markets
- Consumer-oriented operations and markets
- Sustainability work
- Board work in listed companies
- Media
- Executive leadership
- Transformation and change processes
- Finance

On the basis of the competence needs identified, the Nomination Committee evaluates the competences of the present board members and the aggregated composition of the Board. Taking into account the competences and experiences needed in the future, diversity, including gender as well as professional background of the Board and the competences of present board members, the Nomination Committee nominates board members to the Annual General Meeting.

The Nomination Committee has reported that it complies with the provisions of the Swedish Corporate Governance Code and that it intends to report its activities on the company's website. In its work, the Nomination Committee applies rule 4.1 of the Swedish Corporate Governance Code as its diversity policy. The Nomination Committee has considered the importance of a well-functioning composition of the Board with diversity and breadth of qualifications, experience and background. The Nomination Committee has specifically discussed gender diversity as part of its efforts to strive for gender balance in the Board and to compose the most competent Board. The Board currently consists of four female and four male members, elected by the Annual General Meeting.

The Annual General Meeting 2021 resolved to appoint board members in accordance with the Nomination Committee's proposals. The Nomination Committee reviews its instruction annually and as necessary proposes changes thereto to the Annual General Meeting.

Shareholders are welcome to send nomination proposals to the Nomination Committee. Proposals can be sent by e-mail to **forslagtill-styrelseledamot@teliacompany.com**

Board of Directors

Responsibilities

The Board is responsible for the organization of the company and the administration of the company's affairs. The Board regularly assesses the company's and the group's financial position and ensures that the company is organized so that accounting, management of funds and the company's financial conditions, in general, are controlled in a satisfactory manner.

The tasks of the Board include, among other things, to:
- Establish business objectives and strategy
- Appoint, continuously evaluate and, if required, remove the CEO from office
- Ensure that there are effective systems in place for monitoring and controlling of the company's operations and financial position compared to its stated objectives
- Ensure that there is satisfactory control of the company's compliance with laws and other regulations applicable to the company's operations
- Ensure that policies to govern the company's ethical conduct are adopted
- Ensure that the company's external disclosure of information is marked by openness and is correct, relevant and reliable

Instructions for the work of the Board are set forth in its rules of procedure, which are reviewed and adopted annually. The rules of procedure set out the number of ordinary board meetings, agenda items and matters to be addressed at ordinary board meetings, the duties of the Chair of the Board and the allocation of responsibilities between the Board and the CEO, including the CEO's reporting to the Board. It also includes instructions for the work in Board Committees, inter alia, stipulating the Committees' duties, the number of Committee meetings, matters to be addressed at the meetings and reporting to the Board.

Members and independence

The Board consists of eight members elected by the Annual General Meeting, serving one-year terms, and three employee representatives (with three deputies) from the Swedish operations. Lars-Johan Jarnheimer is the Chair of the Board. The other board members, elected by the Annual General Meeting 2021, are Ingrid Bonde (Vice-Chair), Luisa Delgado, Rickard Gustafson, Jeanette Jäger, Nina Linander, Jimmy Maymann and Martin Tivéus. Anna Settman and Olaf Swantee were not available for re-election at the Annual General Meeting 2021.

In accordance with the guidelines of the Swedish Corporate Governance Code, all board members elected by the General Meeting are considered independent in relation to the company, to the Group Executive Management of the company and to major shareholders.

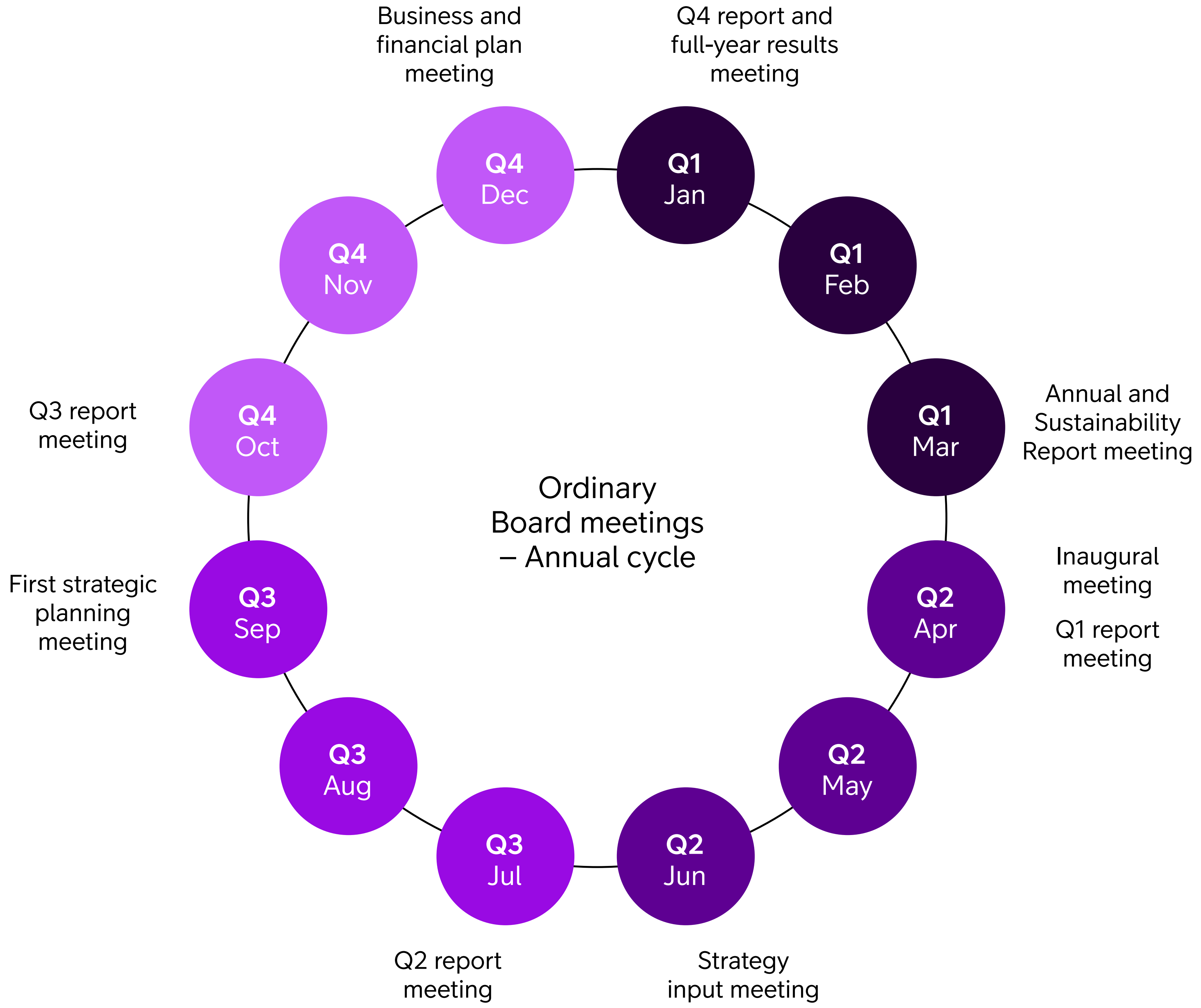
The board members are presented in more detail, including meeting attendance, remuneration and holdings of Telia Company shares, at the end of this Statement.

Annual work cycle

The work of the Board follows an annual cycle, enabling the Board to appropriately address each of its duties and to keep strategic issues, risk assessment and value creation high on the agenda.

Board meetings are normally held in Solna, Sweden, but the Board's ambition is to hold at least one meeting elsewhere to be able to discuss local issues more deeply, make specific site visits, etc.

The Board's Annual Work Cycle



Board meetings

The annual board cycle starts and ends at the Annual General Meeting. During the year approximately nine ordinary meetings are held, including the inaugural meeting and a two-day strategy meeting. The meetings address, among other things:

- Approval of financial reports and the Annual and Sustainability Report
- Review and assessment of financial forecasts, investments, business plans and progress towards sustainability goals
- Budget review and approval
- Strategy review and evaluation
- Review and approval of key policies as well as governance documents
- Dividend proposal
- Issues that shall be referred to the Board, in accordance with, i.e. laws and governance documents
- Self-assessment of board work and board members
- Target setting
- Risk reports
- Performance review of the CEO
- Organization and management issues
- Discussion with the auditor of the group without the presence of the CEO or Group Executive Management

Board work in 2021

In 2021, the Board held nine (9) ordinary meetings (whereof one inaugural meeting) and two (2) extra meetings. Due to COVID-restrictions, the meetings partly moved to digital during the course of 2021. In addition to following up on the day-to-day business of the group, the Board paid special attention to:

- Strategic options, with specific review of the changing business environment in the telecom industry
- Follow-up of major strategic initiatives within the business operations
- Follow-up on the integration work related to the Bonnier Broadcasting acquisition
- Strategic 5G partnerships and launch of the 5G network throughout the footprint
- Operating model and organizational issues
- Approval of further integration of sustainability in the company business strategy, including endorsement of updated sustainability targets
- COVID-19 related issues
- M&A activities including the reaching of an agreement to sell 49 percent of Telia Company's towers business in Finland and Norway and the completion of the sale of Telia Carrier
- Review of efficiency initiatives and cost-reduction programs
- Regulatory developments in the telecom industry
- Potential acquisitions and joint ventures
- Investments in telecom licenses and spectrum permits
- Follow-up of CAPEX, in particular, related to network investments
- Capital structure of the group
- Human resources related issues, in particular, succession planning and performance management

Further, the Board evaluated its internal work during 2021 and the result was reported to the Nomination Committee.

Board Committees

To improve board work efficiency, the Board has appointed a Remuneration Committee and an Audit Committee. The Committees prepare recommendations for the Board and make proposals on matters that require the Board's approval. The Committees also continuously give reports to the Board in relation to its work.

Remuneration Committee
The Remuneration Committee, among other things, assists the Board by preparing proposals on remuneration and monitor and evaluate on a regular basis the structures and levels of remuneration for the CEO, other members of the Group Executive Management, as well as the current remuneration structures and levels in the company.

Audit Committee
The Audit Committee assists, among other things, the Board in fulfilling its responsibility in relation to financial reporting, internal control, internal and external audit, enterprise risk management and the company's process for monitoring compliance with laws and regulations within financial reporting, accounting standards and other requirements for listed companies, as well as monitoring the company's risk and compliance work. The Committee shall further approve the appointment and dismissal of the Head of Internal Audit.

Remuneration Committee work in 2021

Lars-Johan Jarnheimer is the Chair of the Remuneration Committee. In 2021, the Committee

Organization of the Board

Board of Directors
12 members (of which 3 employee representatives)

- Lars-Johan Jarnheimer, Chair of the Board

Remuneration Committee
3 members

- Lars-Johan Jarnheimer (Chair)
- Luisa Delgado
- Rickard Gustafson

Audit Committee
3 members

- Nina Linander (Chair)
- Ingrid Bonde
- Jimmy Maymann

held three (3) meetings. Its work included, among other things:

- Guidelines for remuneration and evaluation of remuneration policies and programs as well as to prepare a remuneration report
- Variable pay and long-term incentive programs
- Succession planning and talent management
- Performance management
- Remuneration to the CEO and Group Executive Management
- Approval of recruitments of officers at senior management level

Audit committee work in 2021

Nina Linander is the Chair of the Audit Committee. In 2021, the Committee held seven (7) meetings. Its work included, among other things:

- Supervise and review the company's financial reporting process and procedures for financial information and annual accounts
- Review and approval of accounting principles pertaining to financial reporting
- Review of annual accounts, the Board's Report, the Corporate Governance Statement and reporting within the sustainability area
- Review of assessments concerning asset valuation, treasury and operational risks (including assessment of, and actions taken in response to, whistle-blower reports)
- Monitor the financial statements and interim reports and give recommendations and proposals to ensure accurate reporting
- Monitor the efficiency of the internal control and risk management systems with respect to financial reporting
- Review of risks and risk management issues to be presented in the Annual and Sustainability Report and financial statements
- With regards to the external auditors: Monitor and review the audit of the financial statements and follow-up of recommended actions, review and approval of audit plans, review impartiality, independence and performance of the external auditors and submit recommendation on the election of the external auditors as well as closed sessions with external auditors without management present
- With regards to the internal auditors: Review and approval of the internal audit charter and internal audit plan, review of audit reports and the follow-up process of monitoring the implementation, review of the performance of Internal Audit and closed sessions with Head of Internal Audit without management present
- With regards to Risk and Compliance: Review of the company's risk appetite, the enterprise risk management system, the risk portfolio and its development, the Governance, Risk and Compliance function and related programs, the reports on investigations, including speak up cases, the reports on Risk and Compliance, including the company's risk control report (containing all prioritized risk areas) and top risk portfolio

The Remuneration Committee and the Audit Committee evaluated its internal work during 2021 by self-assessment.

CEO and group executive management

The CEO is responsible for the company's business development and leads and coordinates the day-to-day operations in accordance with the Board's instructions for the CEO and other decisions made by the Board.

Headed by the CEO, the Group Executive Management comprises of the CEO, CFO, Chief Operating Officer, General Counsel and Head of Corporate Affairs, Head of People Experience & Culture, Chief Strategy & Commercial Officer, Chief External Affairs, Governance & Trust Officer, Head of Brand, CEO of Telia Sweden, CEO of Telia Norway, CEO of Telia Finland, Head of Lithuania, Estonia and Denmark and Head of TV and Media.

Group Executive Management meets monthly, and the meetings are devoted to follow-up on strategic and business performance, including sustainability, major change programs, risks and other issues of strategic nature and group-wide importance.

Allison Kirkby is the President and CEO of Telia Company. The members of Group Executive Management are presented in more detail, including remuneration and holdings of Telia Company shares, at the end of this Statement.

Jonas Bengtsson, General Counsel and Head of Corporate Affairs, left the company at the end of 2021. Stefan Backman has been appointed new General Counsel and Head of Corporate Affairs and will take up his position no later than summer 2022.

Cecilia Lundin, Head of People Experience & Culture, left the company in September 2021. Maria Romberg Ewerth has been appointed Chief People Officer and will take up the position during the first quarter of 2022. Until then the position is held by Interim Chief People Officer Therese Torstensson.

Group-wide Governance Framework

Group-wide governance framework

Customer Promises and key stakeholder obligations

Deciding what we shall achieve
• Purpose
• Key strategic pillars
• Financial, operational and sustainability targets

Setting the boundaries for how we act
• Set of Values
• Policy framework and corresponding steering documents
• Delegation of obligations and authority
• Code of conduct

Delivering on our promises
• Business processes
• Organization and resources
• Strategy to execution

Following up our performance
• Business reviews
• Risk and compliance reviews
• Individual performance managemet

Telia Company's group-wide governance framework is approved by the Board. Its purpose is to ensure that:

- the company has the understanding and prerequisites to fulfil promises and commitments to our customers, shareholders and employees
- operational results correspond to decisions made, and are structured to encourage all employees to strive, within set boundaries, towards the same goals
- there is a common, clear understanding of the group's purpose, values, roles, responsibilities and authority to act

Customers promises and key stakeholder obligations

The customers are our champions in everything we do. The promises and obligations we make to our customers, shareholders and other stakeholders are the foundation for deciding what we shall achieve and the values we want to create.

Deciding what we shall achieve

We are building a Better Telia – our goal is to make Telia better for customers, better for our employees, better for our owners and better for the societies in the Nordics and the Baltics.

Purpose
In order to provide overall guidance to employees, the Board has approved a purpose statement: "Reinvent better connected living". The purpose is a clear direction for the strategy to create a Better Telia, grow business and deliver sustainable value creation.

Key Strategic Priorities
Led by our purpose to "Reinvent better connected living" we aim to grow our business and deliver sustainable value creation to our shareholders through four key strategic pillars.

Inspiring customers
We work relentlessly to bring our customers better products and services to enable them to achieve, engage and experience more.

Connecting everyone
Connecting everyone over the most reliable and secure networks is imperative to deliver better and inclusive connected living.

Transforming to digital
We are transforming to digital to simplify operations, act faster and, ultimately, enable a better customer experience.

Delivering sustainably
Creating value for all stakeholders and society rests on being financially, socially and environmentally resilient.

For more information on the strategy, see **Our Strategy**.

Operational, financial and sustainability targets

The Board is setting the direction for the coming years for operational, financial and sustainability matters. The targets are set for the group as a whole and for each country and business unit.

For more information on Telia Company's sustainability work, targets and governance, see the **Sustainability section** and the **Director's Report.**

Setting the boundaries for how we act

The Board and Group Executive Management set the boundaries for how employees shall act. Key elements are Telia Company's values, policy framework and the corresponding steering documents, Delegation of Obligations and Authority and the Code of Conduct.

Set of values

Telia Company's values – "Dare, Care and Simplify" – are the compass for how to act and behave in daily work.

Policy framework

The policy framework consists of the steering documents group policies and group instructions which are core elements in managing and directing Telia Company. The heads of group functions secure that necessary group policies

Group policy	Description
Anti-Bribery and Corruption	To set the standards for ethical business practices throughout the operations.
Enterprise risk management	To describe the enterprise risk management framework.
Environment	To ensure that we proactively manage environmental impacts throughout the full lifecycle of delivering our products and services.
Financial management	To set the rules for managing financial risks and for counterparty credit ratings.
Freedom of expression and surveillance privacy	To define our commitments in relation to requests or demands with potentially serious impacts on freedom of expression and surveillance privacy.
Inside information and Insider trading	To ensure a high standard of ethical behavior towards the capital markets by defining trading and reporting rules.
Human rights	To respect and support human rights, to avoid complicity in human rights abuse and violations and to seek to provide for or cooperate in their remediation.
People	To provide our employees with an overview of our company values and expectations in relation to people, health, safety and well-being. It also gives employees at all levels the prerequisites to act in line with these values and expectations.
Privacy and data protection	To respect and safeguard privacy and data protection by setting high and consistent standards.
Quality	To define our commitment to consistently provide products and services with high quality that meet customer needs.
Remuneration	To set the strategic direction and clarify the approach on designing and implementing remuneration practices for employees at all levels.
Security	To describe the governance as well as control, facilitation and implementation of security measures.
Media Owner Commitments	To define Telia Company's commitments in relation to a free flow of information, freedom of expression, freedom and independence of mass media and an open and democratic society. As media owner, we confirm that all mass media content shall be protected by traditional editorial integrity principles, established journalistic practices and the sovereignty of the responsible publisher pursuant to constitutional law regarding freedom of expression.

and group instructions are issued within their respective area of responsibility. All group policies and group instructions are binding for all entities in which Telia Company has management responsibility. Group policies are approved by the Board, at least on an annual basis, after being reviewed at a Group Governance, Risk, Ethics and Compliance committee (GREC) or Group Executive Management meeting. The Board has delegated to the CEO to issue instructions for more detailed governance in areas of overall importance for the operations. Group instructions are reviewed, and updated if considered necessary, annually. The group instructions are approved by the CEO or the head of the relevant group function after being reviewed at a Group GREC or Group Executive Management meeting.

All group policies and group instructions are stored and published in a common database available to all employees and certain categories of contingent workers. Group policies are listed to the left.

Group policies are publicly available at: **www.teliacompany.com/en/about-the-company/public-policy** *(Information on the Telia Company website does not form part of this Statement)*

Delegation of Obligations and Authority

The CEO has issued a Delegation of Obligations and Authority (DoA), which defines how the CEO delegates obligations and authority to Group Executive Management and describes its governance principles. The document also provides general descriptions of obligations and authority and expectations on the Group Executive Management.

Telia Company´s Code of Conduct

The Code of Conduct, issued by the Board, provides high-level guidance on the framework of policies and instructions. It helps creating a Telia way of doing by defining a common ethical compass, setting clear standards and expectations on how to act and helps in recognizing that doing business with integrity is a shared responsibility. The different chapters of the Code reflect the group policies and group instructions and they provide practical and instructional information with reference to where to find more information. The Code applies to everyone at Telia Company – employees, directors, members of the boards, contractors, consultants and freelancers. The Code is made accessible for all internal and external stakeholders.

The Code of Conduct is reviewed on an annual basis and is currently being revised and modernized to reflect Telia Company´s new markets and geographical footprint. The review is led by Group Governance, Risk and Compliance in collaboration with appropriate subject matter experts and is expected to be finalised during 2022.

Delivering on our promises

We always strive to deliver what we say that we will, in the right time and in the right way to build trust, reliability and key stakeholders and customer satisfaction.

Business processes

Processes are at the heart of how to transform the value we deliver to the customer. The business processes set the foundation for being an effective overall company and meet the business and customer expectations with more agility. Telia Company Business Process Management consists of six main areas, which together enable Telia Company to align its business processes to its business strategy, fulfil legal compliance and provide customer value.

Organization and resources

The group's operations are managed and reported by the following operating segments: Sweden, Finland, Norway, Lithuania, Denmark, Estonia and TV and Media. Included in other operations are Telia Finance, the operations in Latvia as well as group functions. Group functions include External Affairs, Governance and Trust, Corporate Affairs (including Telia Asset Management), Finance (including Sourcing and Real Estate), Common Products & Services, Strategy & Commercial (including Division X and Global Business) and People, Experience & Culture.

Group functions are responsible for driving developments within their respective areas to ensure efficiency and cross-border synergies. All countries and group functions work in close cooperation with each other, providing advice and guidance in order to maintain high technical and commercial skills, ensure good management and regulatory compliance, use of economies of scale, as well as achieve a business that is sustainable in the long term. Resources, in terms of financial and human capital, network assets, social and relationship capital as well as natural resources, are allocated to ensure successful execution.

Business Area TV and Media operations are characterized as mass media operations and protected by the constitutional law on Freedom of Expression. In accordance with the constitution and the Group Policy on Media Owner Commitments, all editorial decisions are solely taken by personnel within the editorial operations and at the absolute discretion of the Editor-in-Chief. Editorial operations are separate from other parts of Telia Company and we respect the editorial integrity of the mass media, including the confidentiality of sources and source material and the integrity and confidentiality of editorial work, decisions and necessary professional integrity. The group policy guarantees that independent publishing is upheld vis-à-vis e.g. the owners, governments, public authorities, political parties, the board and management of Telia Company, external financial power spheres, and other organized social interests.

Strategy to Execution

A new strategy to execution framework and process is deployed to redefine and allocate, measure and track development of business objectives to realization/benefit.

Follow-up of our performance

Performance follow-up is essential in order to be able to take corrective measures and plan for the future. Performance follow-up is applied to organizational units as well as individuals.

Business reviews

The CEO sets goals for the operations based on the direction of the Board.

To ensure performance, managers have annual targets for their respective operation. The plan for each unit is followed-up in business review meetings held on a monthly basis and includes financial and operational reviews for the reporting period. The review meeting also includes a review of scorecards including operational, commercial, financial and people performance metrics as well as tracking of business initiatives. The business reviews allow for frequent follow-up of operational key performance indicators (KPIs) on country and business unit level. The operational KPIs are a key part of the follow-up and consist of several measurements that give management a good overview of current state and progress over time. The Net Promoter Score (NPS®) framework is used to monitor and improve the customer experience that Telia Company provides. At the business review meetings, the CEO, CFO, COO, Head of Business Finance, Head of Investor Relations, and selected members of Group Executive Management attend, in addition to the respective country management. The Board receives reports on operational performance monthly, and at each ordinary board meeting, the group's operational and financial performance is presented in detail by the CEO and the CFO, respectively. See also section **Board of Directors**.

Risk and compliance reviews

The Governance, Risk, Ethics and Compliance (GREC) committee is the primary governing body for risk and compliance follow-up. For further information, see section Governance, Risk, Ethics & Compliance meetings.

Individual performance management

YouFirst is the group-wide approach to employee performance and development. It guarantees that expectations and priorities are connected to the strategy, setting challenging goals and creating personal accountability for results. YouFirst is integrated in daily work through continual leader-employee conversations that include coaching and feedback with all employees.

Individual performance management is also described in the Directors' Report, section **People**.

Enterprise Risk Management (ERM) and Compliance Framework

During 2021 risk assurance was further strengthened by forming a group wide Governance, Risk and Complience (GRC) function through a merger of the Enterprise Risk Management and Ethics and Compliance organizations. A common risk and compliance assurance framework has been deployed to better align risk and compliance activities throughout the organization.

Risks and uncertainties

Operating in a broad range of geographical product and service markets in the highly competitive and regulated telecommunications industry, Telia Company is subject to a wide variety of risks and uncertainties. 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 current or future operations or activities.

Risks and uncertainties related to business and sustainability as well as to shareholder issues are described in the Directors' Report section Risks and uncertainties and financial risks in Note C27 to the consolidated financial statements.

Risk management – the three lines model

Telia Company's risk management is a fundamental component of the well-established three-lines model for managing and controlling risks. Risk management is an integral part of the group's operational activities, business planning process and monitoring of business performance. Risks are continuously identified and assessed, and measures are implemented to mitigate and monitor these risks.

The roles and responsibilities of the three lines include:
- **First line**: The line organization owns its operational risks and is responsible and accountable for assessing, controlling and mitigating the risks as well as for internal control activities and assurance.
- **Second line**: Comprises the group-level Governance, Risk and Compliance (GRC) function incorporating Enterprise Risk Management (ERM) function and Group Compliance function, the group risk area coordinators, the internal controls function within Group Finance, the Chief External Affairs, Governance & Trust Officer and the GREC meetings.
- **Third line**: The Group Internal Audit function provides independent and objective assurance and advisory services of governance, risk and internal control.

In addition, external parties, such as the external auditors and regulatory bodies, provide assurance related to specific statutory requirements, e.g. information presented in the consolidated financial statements or reported to the Swedish Financial Supervisory Authority.

The objective of the continuous risk management process is to ensure all risks that may help or hinder the achievement of Telia Company's objectives are regularly assessed, managed and monitored. The risk management process promotes transparency, feasibility and traceability and Telia Company strives to fully integrate risk management into all business processes. Management shall ensure that a personal sense of responsibility and common view on, and awareness of, risk is established among the employees, as well as facilitate accountability for risks in daily decision making. Risk reporting is integrated into the business planning process and risks shall be reviewed at business reviews and escalated through the line organization.

Management proactively conducts risk and compliance evaluations and assessments, on a regular basis and in a timely manner, in order to ensure that all employees are aware of and take steps to comply with the relevant requirements. Compliance indicates the conformance to external as well as internal requirements, such as:
- Applicable legislation and regulation
- International standards and norms
- Group policies and group instructions

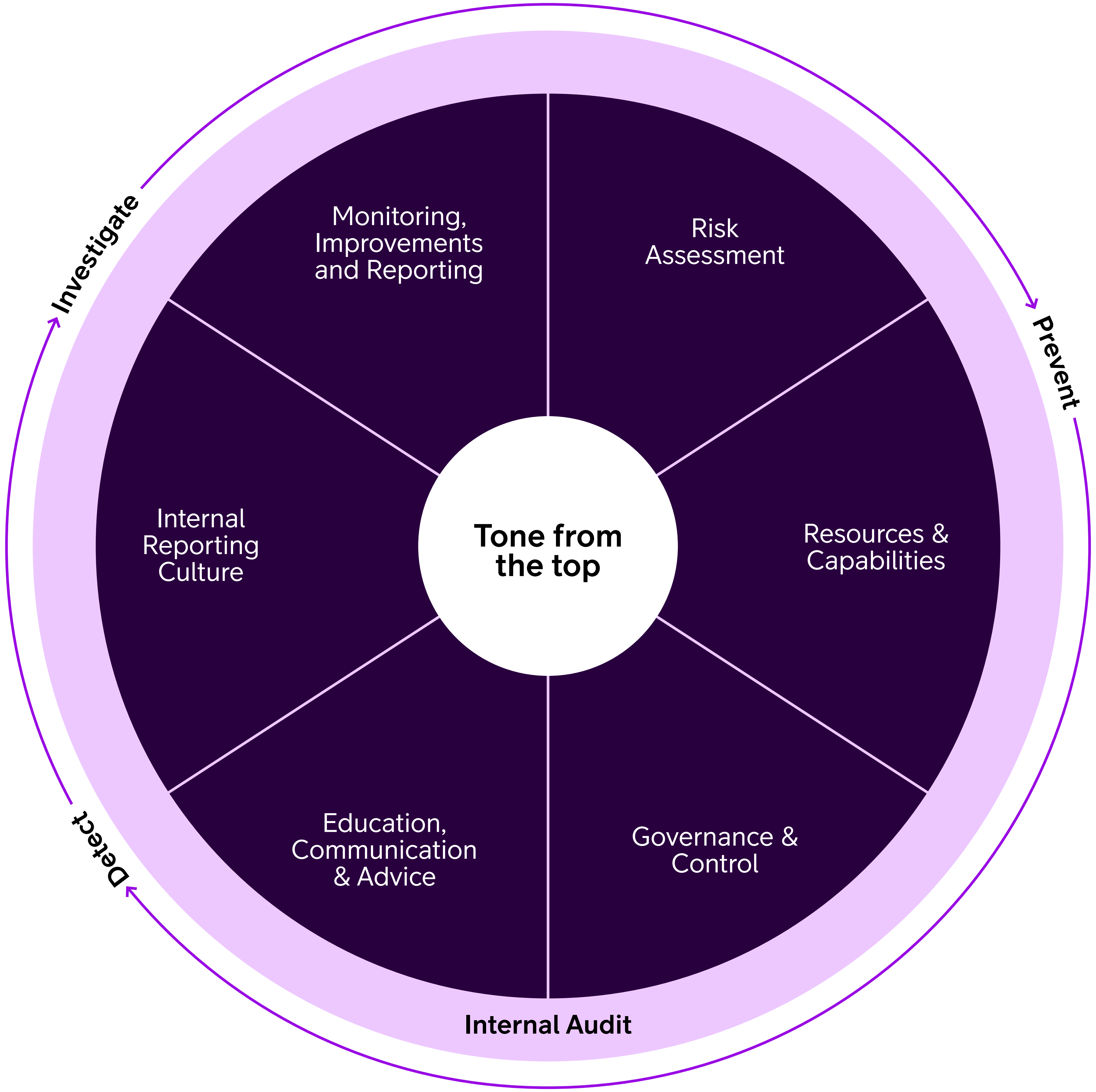
Aligned assurance

Telia Company has adopted an aligned assurance way of working where the Enterprise Risk Management, Ethics & Compliance and Group Internal Audit communities align planning, executing and reporting assurance activities. Fundamental objectives of Aligned Assurance are to ensure that risks are being managed within the company's risk appetite, as well as provide holistic visibility and assurance to the Board, management, regulators and customers.

Information gathered through the assurance activities are aligned and provided to GREC and the Audit Committee. The aligned approach from assurance functions supports management's decision making with comprehensive views of the company's overall risks, current levels of control and effectiveness of mitigating activities.

Assurance framework

A risk and compliance assurance framework has been developed to support an aligned and systematic approach to assurance. The assurance framework consists of six elements that are founded on a sound and clear tone from the top. It is designed to adhere to international standards and is based on the principles of prevent, detect and investigate. The framework is used to establish assurance of the appropriate management of key risks in our risk universe.



Bi-yearly risk reporting

A risk report is consolidated on a bi-yearly basis and delivered to the Audit Committee and the Board, in alignment with the Board's annual work cycle. Risks are presented as group-wide, country or group perspectives within the following four categories:
- Strategic and emerging risks
- Financial risks
- Operational and societal risks
- Legal and regulatory risks

In addition, the Audit Committee quarterly receives a consolidated litigation report with short-form details of ongoing, pending and threatened major legal and administrative proceedings. Each case description also includes nominal and estimated financial impact when possible, and a probability grading. The Board receives a summary of major litigations.

Group-level enterprise risk management function (ERM)

The Chief Risk Officer (CRO) is Head of the GRC function and reports to the Chief External Affairs, Governance & Trust Officer and acts as the owner of the group-common ERM process to ensure a structured approach towards risk management, compliance and reporting within the group. Function responsibilities include:
- Own, govern, coordinate and monitor the ERM process to ensure a structured approach towards risk management, compliance and reporting in the group
- Own the group framework for ERM, policies and instructions within his/her areas of responsibility and to monitor compliance herewith and support group-wide implementation
- Oversee the operational effectiveness of the ERM processes across the group and propose actions for improvement
- Monitor the risk level as well as the nature of specific risk matters across the group. As part of that responsibility, the Head of the ERM will collect and aggregate the respective reports from countries and group functions in order to give the CEO and the Board a consolidated and holistic view on the group's risk level and individual, material risks
- Facilitate and organize the governance forum for risk management and compliance (GREC) on group level

Group Compliance function

The purpose of Telia Company's Group Compliance function is, inter alia, to promote a culture that encourages ethical conduct and commitment to compliance as well as to assist, advise and provide objective and reasonable assurance that the company manages Compliance risks in an appropriate way.

The Senior Compliance Officer reports to the Head of the GRC function and escalates issues to the Chief External Affairs, Governance and Trust Officer. To secure independence the Senior Compliance Officer also has an unconditional right to issue Compliance reports and/or escalate issues/questions or other matters that are deemed necessary, directly to the Audit Committee, the CEO, Group Executive Management members or Group GREC.

Governance, Risk, Ethics & Compliance (GREC) committee

The purpose of the Group GREC committee is to act as the primary governing body for risk management and compliance throughout Telia Company.

GREC committees are also established on a country level and in selected group functions and subsidiaries (Common Products and Service).

GREC meetings, on all levels, are held at least quarterly and provide a forum for management updates, discussion, decisions and follow-up on risk and control mitigation activities and initiatives within the different risk areas and sustainability focus areas.

On group level, the GREC meeting is chaired by the CEO and consists of Group Executive Management, the Head of GRC as well as the Head of Group Internal Audit. The purpose, agenda and participants of local GREC meetings mirror the group-level meetings.

Whistle-blowing and Speak-up line

2021 was the seventh year of operation of Telia Company's speak-up line, the whistle-blowing tool available in 11 languages, enabling employees and others to anonymously and confidentially report violations of proper accounting, reporting or internal controls, as well as non-compliance with local laws or breaches of Telia Company's Code of Responsible Business Conduct, group policies and group instructions. Telia Company has a group-wide standard for performing internal investigations. The guiding principle is to ensure that investigations are conducted objectively and impartially; are carried out in a way to swiftly establish the facts with minimum disruption to the business or the personal lives of employees; and to make sure that confidentiality and non-retaliation are respected at all times. Consolidated case reports have been presented to the Audit Committee throughout the year. The reports included allegations of certain significance, the progress of investigations and the final results of the investigations.

For more information about whistle-blowing reports, internal investigations and disciplinary decisions during 2021, see **Note S16** in the Sustainability notes.

To the reader of this Statement: If you believe there are deficiencies in Telia Company's financial reporting or if you suspect any misconduct within the Telia Company group, you may report your concerns at:
www.speakupline.ethicspoint.com

Internal controls over financial reporting

In accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for internal controls over financial reporting. The Board continuously reviews the performance of internal controls and initiates activities to foster continuous improvement of internal controls.

Telia Company's risk management framework includes internal controls over financial reporting and is in line with the COSO framework for internal controls. It consists of inter-related areas, which are control environment, risk assessment, control activities, information and communication, and monitoring. To establish a consistent approach to, and a group-common view of, risks related to incorrect financial reporting, group-wide risk catalogues have been implemented in all major entities in which Telia Company has management responsibility. The internal control function within Group Finance is responsible for developing and maintaining the IT-based tool for managing the risk catalogues.

Internal control is an integral part of Telia Company's corporate governance and enterprise risk management which involves the Board, Group Executive Management and employees on all organizational levels. It is a process that includes methods and processes to:
- Safeguard the group's assets
- Ensure the reliability and correctness of financial reporting
- Secure compliance with applicable legislation and guidelines
- Ensure that objectives are met and continuous improvement of operational efficiency

The objective of Telia Company's financial reporting is to be in line with the highest professional standards and to be full, fair, accurate, punctual and understandable.

Control environment

The most essential elements of Telia Company's control environment are the group policies with related group instructions as well as detailed group directives. Management at all levels is responsible for ensuring that the organization complies with the Delegation of Obligations and Authority issued by the CEO, the financial governing documents, the reporting framework and other group requirements.

Group Finance is responsible for monthly monitoring and, if significant, communication of changes in legislation, listing requirements and financial reporting standards affecting financial group instructions or directives.

Management in each entity or group function is responsible for ensuring that:
- Monthly and quarterly financial statements comply with Telia Company's accounting policies
- Financial reports are delivered on time
- Activities to mitigate the risks, as specified in the group risk catalogues, have been implemented and are performed
- Material business and financial risks are identified and reported

The financial shared services unit of Telia Company supports harmonized and standardized financial accounting processes and controls across large wholly-owned business units.

Risk assessment

Telia Company has a risk-based approach towards internal controls over financial reporting. Risk management related to financial reporting is incorporated in the group-common risk management framework as described in Enterprise Risk Management (ERM) framework. As such, assessment and management of risks that may result in inaccurate financial reporting is a natural part of the daily work, where the group risk catalogues are used as a baseline. Risk assessments are performed from both a top-down and a bottom-up perspective. The results of the risk assessments are documented in the group risk catalogues.

Control activities

All business processes across Telia Company include controls regarding the initiation, approval, recording and accounting of financial transactions. Major processes, including related risks and key controls, are described and documented in a common and structured way, based on the requirements set in the group risk catalogues. Controls are either automated or manual and designed to ensure that necessary actions are taken to either prevent or detect material misstatements and to safeguard the assets of the company. Controls for the recognition, measurement and disclosure of financial information are included in the financial closing and reporting process, including controls for IT applications used for accounting and reporting.

Information and communication

Group policies, instructions and directives, the reporting framework guidelines and other requirements regarding accounting and reporting as well as performing internal controls are made accessible to all employees concerned, through the use of Telia Company's regular internal communication channels. Employees at group level continuously engage in internal training activities to ensure harmonization within important areas such as revenue recognition, distinction between capital and operating expenditure, etc.

Telia Company promotes an open, honest and transparent flow of information, especially regarding the performance of internal controls. Control performers are encouraged to disclose any issues concerning their controls in the reporting, so that a problem can be taken care of before it, possibly, causes misstatements.

Monitoring

Telia Company has implemented a structured process for performance monitoring of internal controls over financial reporting. This process includes countries and group functions and consists of self-assessments of the risk-mitigating activities. The internal controls function within Group Finance monitors the process on a monthly basis.

On behalf of Group Executive Management, the internal control function carries out an annual risk-based compliance review of key risks in order to evaluate the quality of self-assessments, risk mitigation and the overall internal control environment.

The results of the self-assessments and the compliance review are communicated to the management of all relevant entities and to the Audit Committee. The Committee also receives reports directly from both external and internal auditors. The reports are discussed, and follow-up observations are made by the Committee. Both the external and internal auditors are present at the Committee meetings.

At least once a year, the entire Board meets with the external auditors, in part without the presence of management.

Group internal audit

The Group Internal Audit function provides independent, and objective assurance and advisory services designed to add value and improve Telia Company's operations. Internal Audit assists Telia Company in accomplishing its objectives by bringing a systematic, disciplined and agile approach to evaluate and improve the effectiveness of the organization's governance, risk management and internal control.

The direction of the work of the internal audit function is stated in the audit plan. In order to reflect the overall business objectives and risks, the audit plan is aligned with the group strategy and business plans. The audit plan determines priorities and resource allocation. It is approved by the Audit Committee and presented to the external auditors on a regular basis. Quarterly, the audit assignments are discussed with the external auditors in order to share risk assessments and audit findings.

In 2021, audits were performed in group functions, as well as in the countries. Important audit themes were:

- Transformation
- Information and IT security
- Customer interfaces
- TV and Media

The Head of Group Internal Audit reports functionally to the Audit Committee and administratively to the Chief External Affairs, Governance and Trust Officer. The results from each specific audit assignment are reported to the line manager responsible for the audited area or unit, to relevant members of Group Executive Management, and to the external auditors. A summary of audit findings is reported to the Committee on a quarterly basis.

Auditors

Number of auditors and duties

According to its Articles of Association, Telia Company AB shall have no less than two and no more than three auditors and no more than the same number of deputy auditors. The Annual General Meeting can also appoint only one auditor if the auditor in question is a public accounting firm. The auditors' report to the shareholders at General Meetings.

The task of the external auditor is to examine Telia Company's annual accounts and consolidated accounts, as well as to review the Board and the CEO's administration of the company. The duties of the auditors include among others:

- Presenting the audit plan, scope and content of the annual audit to the Audit Committee,
- Review the interim report for the second quarter,
- Audit of the financial statements in accordance with international standards on auditing and generally accepted auditing standards in Sweden,
- Conducting a statutory examination of the Corporate Governance Statement, and
- Conducting an examination of the statutory **Sustainability Report**.

In addition, the auditors perform an annual limited assurance of the Telia Company **Sustainability Report**.

The auditors present the results of their audit in the Auditors Report, as well as provide an opinion on whether the guidelines for remuneration to senior executives have been complied with, which is presented at the Annual General Meeting. Furthermore, the auditors, on a quarterly basis, report to the Audit Committee and Group Executive Management regarding the audits performed and observations made.

For further information on the contacts between the Board and the auditors, see sections Board of Directors and Internal controls over financial reporting, respectively.

When the auditors are retained to provide services other than audit services, it is done in accordance with rules decided by the Audit Committee pertaining to pre-approval of the nature of the services and the fees. The auditors present the non-audit services performed, the consideration paid and other issues determining the auditors' independence to the Audit Committee on a quarterly basis.

Current auditors and fees

At the Annual General Meeting 2021, Deloitte AB was elected as auditor until the end of the Annual General Meeting 2022. Deloitte AB has appointed Peter Ekberg (born 1971), Authorized Public Accountant, to serve as auditor in charge. Deloitte AB is often engaged by Telia Company's largest shareholder, the Swedish State, for both audit and advisory services. Peter Ekberg does not hold any shares in Telia Company.

For information on fees paid for audit-related and other services, see **Note C33** to the consolidated financial statements.

Board of Directors

Chair of the Board

Lars-Johan Jarnheimer

First elected at the EGM on November 26, 2019.

Born: 1960

Nationality: Swedish

Board Chair: Ingka Holding B.V (IKEA), Egmont International Holding AS, Arvid Nordqvist HAB

Board Member: SAS AB, Point Properties AB, Elite Hotels and Millicom International Cellular S.A.

Work experience and other assignments: Chair of the Board of Directors of Qliro Group, BRIS and Eniro AB. Board member of MTG Modern Times Group AB, Invik and Apoteket AB. CEO of Tele2 (1999–2008), deputy CEO and CEO of Comviq and various positions within H&M

Education: MBA

Shares in Telia Company: 80,097

Vice-Chair of the Board

Ingrid Bonde

First elected at the AGM in 2020.

Born: 1959

Nationality: Swedish

Board Chair: Alecta, Apoteket AB and tbd30

Board Member: Husqvarna AB, Securitas AB and Ersta Diakoni.

Work experience and other assignments: Chief Financial Officer and deputy Chief Executive Officer of Vattenfall. Chief Executive Officer of AMF. Director General of Finansinspektionen (Sweden's financial supervisory authority). Deputy Director General of the Swedish National Debt Office. VP Finance of SAS.

Education: MBA

Shares in Telia Company: 10,000

Board member

Agneta Ahlström

Appointed as employee representative in 2007.

Born: 1960

Nationality: Swedish

Board Chair: Local chapter of Unionen, the largest white-collar trade union in the private labour market, Telecommunications section (Unionen-klubben).

Shares in Telia Company: 200

Board member

Stefan Carlsson

Appointed as employee representative in 2009.

Born: 1956.

Nationality: Swedish

Board Member: Deputy chair of the local chapter of Unionen, the largest trade union for white-collar workers in the private labour market, Telecommunications section (Unionen-klubben). The Unionen National Executive Committee.

Work experience and other assignments: Second deputy chair of SIF and Unionen.

Shares in Telia Company: 0

All shareholdings reported as per February 28, 2022. Shareholdings refer to any holdings of shares in Telia Company owned by the person or it's related natural or legal persons.

Board member

Luisa Deplazes De Andrade Delgado (Luisa Delgado)

First elected at the AGM in 2021.

Born: 1966

Nationality: Swiss

Board Chair: Schleich GmbH

Board Member: Barclays Bank Switzerland, a board member of DIA Group and Ingka Holding (IKEA) (supervisory board).

Work experience and other assignments:. CEO of Safilo Group. Executive board member and Chief HR Officer SAP. CEO of Procter & Gamble for the Nordic region and previously VP for Human Resources Western Europe.

Education: Holds a Bachelor of Laws from the University of Geneva, a Master of Laws from King's College/University of London, a Postgraduate Diploma of European Studies from Universidade Lusiada in Lisbon and the FT Non-Executive Director Diploma.

Shares in Telia Company: 0

Board member

Rickard Gustafson

First elected at the AGM in 2019.

Born: 1964

Nationality: Swedish

Board Member: SKF AB and Confederation of Swedish Enterprise.

Work experience and other assignments: President and CEO of SKF since 2021. Previously President of SAS (2011-2021). Various executive positions in GE Capital in Europe and the US. President of Codan/Trygg-Hansa (2006–2011).

Education: Master of Science

Shares in Telia Company: 14,075

Board member

Jeanette Jäger

First elected at the AGM in 2020.

Born: 1969

Nationality: Swedish

Work experience and other assignments: CEO of Enento Group Plc from 1 January 2022. Previously CEO of Bankgirot. Several executive roles at Tieto and Product- and Marketing Director of TDC.

Education: Bachelor of Science in Business Administration and Economics with a major in Business Administration.

Shares in Telia Company: 4,000

Board member

Nina Linander

First elected at the AGM in 2013.

Born: 1959

Nationality: Swedish

Board Chair: Awa Holding AB and GreenIron H2 AB.

Board Member: Swedavia AB, Suominen Corporation and Asker Healthcare Group.

Work experience and other assignments: Partner at Stanton Chase International 2006-2012. SVP and Head of Treasury at Electrolux AB 2001–2005.

Education: Bachelor of Science in Economics and an MBA (IMD).

Shares in Telia Company: 5,700

Board member

Jimmy Maymann

First elected at the AGM in 2018.

Born: 1971

Nationality: Danish

Board Chair: TV2 Denmark and The Museum for the United Nations - UN Live Online.

Work experience and other assignments: Currently investor specializing in digital advertising, digital technology and new media strategy. Board member of Maternity Foundation and Pitzner Group. Previously Executive Vice President and President at AOL Content & Consumer Brands and as CEO of the Huffington Post.

Education: EMBA and a Master of Science.

Shares in Telia Company: 0

Board member

Martin Tivéus

First elected at the AGM in 2018.

Born: 1970

Nationality: Swedish

Work experience and other assignments:. Currently CEO of Attendo. Previously Chief Commercial Officer Nordics at Klarna, CEO of Avanza and Glocalnet.

Education: Bachelor of Science

Shares in Telia Company: 5,000

Board member

Rickard Wäst

Appointed as employee representative in 2021.

Born: 1964

Nationality: Swedish

Board Chair: Union of Service and Communication, local Telia chapter, Seko (Teliaklubben).

Shares in Telia Company: 0

Remuneration and attendance during 2021

			Meeting attendance			
Name	**Elected year**	**Position**	**Board**	**Remuneration Commitee**	**Audit Committee**	**Total remuneration (SEK thousand)[1]**
Lars-Johan Jarnheimer	2019	Chair of the Board and Chair of the Remuneration Committee	11/11	3/3		1,958
Ingrid Bonde	2020	Vice Chair of the Board	10/11		7/7	1,045
Luisa Delgado	2021		8/11	2/3		454
Rickard Gustafson	2019		9/11	3/3		699
Jeanette Jäger	2020		11/11			631
Nina Linander	2013	Chair of the Audit Committe	11/11		7/7	913
Jimmy Maymann	2018		11/11		6/7	788
Anna Settman[2]	2016		3/11			173
Olof Swantee[3]	2016		3/11			173
Martin Tivéus	2018		10/11			631
Agneta Ahlström	2007	Employee representative	10/11			
Stefan Carlsson	2009	Employee representative	10/11			
Rickard Wäst	2021	Employee representative	7/11			

1) See also Note C32 to the Consolidated financial statements.
2) 3) Left in April

All Board members elected by the Shareholders' General Meeting are considered to be independent in relation to the company, to the administration of the company and to major shareholders.

Group Executive Management

President and Chief Executive Officer

Allison Kirkby

Born 1967. Allison Kirkby took on the position as President and Chief Executive Officer in May 2020. Until October 2019, she was President and Group CEO of TDC Group. From 2014 to 2018 she held the positions of President and Group CEO (2015–2018) and Group CFO (2014-2015) at Tele2 AB. She has worked in the technology, media and telecom sector since 2010, initially joining Virgin Media and then as CFO of Shine Group, a division of 21st Century Fox. Between 1990–2010, she held various senior financial and operational positions at Procter & Gamble.

Allison Kirkby also serves as an Non-Executive Director on the board of BT Group plc, the UK's multinational provider of communication services. She is a Fellow of the Chartered Institute of Management Accountants.

Shares in Telia Company: 220,000

Senior Vice President,
Head of TV and Media

Casten Almqvist

Born 1962. Head of TV and Media since December 2019. Before joining Telia Company Casten Almqvist was CEO of Bonnier Broadcasting from 2013 and CEO of TV4 from 2011. Prior to that he was CEO and President of business areas Bonnier Business Press and business daily Dagens Industri. In addition Casten Almqvist has extensive experience from various leading positions within the television industry. Casten Almqvist holds a degree in journalism. Casten Almqvist serves as Chairman of the Board at Bonnier Books. Casten Almqvist serves as Chairman of the Board at Bonnier Books.

Shares in Telia Company: 20,000

Senior Vice President,
Head of Brand

Per Carleö

Born 1976. Per Carleö took on the position Head of Brand in January 2021. Per Carleö has 25 years of experience within branding, marketing, communications, strategy, leadership and management in the automotive industry as well as from media and advertising agencies. The last 15 years he has held several senior global, regional and local positions at Volvo Car Group and most recently as Marketing Director of Volvo Car Sweden. Per Carleö holds a Master's degree in Business administration and Economics from Stockholm University.

Shares in Telia Company: 3,000

Senior Vice President,
Group Chief Operating Officer

Dr Rainer Deutschmann

Born 1970. Dr. Rainer Deutschmann took on the position as Group Chief Operating Officer in September 2020. Rainer Deutschmann has built and led businesses across digital sectors, including Telecommunications, B2B & IT Services, TV and Media & Entertainment, FinTech & InsurTech in both mature and emerging markets. Previously he served as Group COO at Dialog Axiata, as Chief Product & Innovation Officer at Reliance Jio in India and senior executive leadership positions in Deutsche Telekom AG and McKinsey. From 2017–2020 he served as a Non-Executive Director at Rain (Pty) Ltd. He holds a PhD in Physics from the University of Technology in Munich.

Shares in Telia Company: 40,000

Interim Chief People Officer *

Therese Torstensson

Born 1974. Therese Torstensson joined Telia in 2021 as Head of Talent, Performance and Leadership and since October 1st has in parallel assumed the role of Interim Chief People Officer. Therese has more than 20 years of HR experience from a range of industries and has lived and worked in several European countries. Before joining Telia she worked at Tele2, Ericsson, Deutsche Bank and Deloitte.

Therese Torstensson holds a Masters of Science, Business Administration and Management from Lund University.

Shares in Telia Company: 0

* Maria Romberg Ewerth has been appointed Chief People Officer and will commence during the first quarter of 2022.

All shareholdings reported as per February 28, 2022. Shareholdings refer to any holdings of shares in Telia Company owned by the person or it's related natural or legal persons.

Senior Vice President,
Chief Strategy & Commercial Officer

Markus Messerer

Born 1981. Dr. Markus Messerer took on the position as Chief Strategy & Commercial Officer in December 2020. Prior to joining Telia Company he was CEO of Alltron AG, between 2013 to 2018 he was Head of Corporate Strategy at Swisscom AG and before that he was Head of Strategy at Telekom Austria AG from 2009 to 2013. Markus Messerer has worked within technology and digitalization since 2005 when he joined Accenture to support global corporations with strategic direction and growth.

He holds a PhD in International Management and an Executive MBA. He is a CFA charterholder and an alumnus of Harvard Business School.

Shares in Telia Company: 10,000

Executive Vice President,
Group Chief Financial Officer

Per Christian Mørland

Born 1979. Chief Financial Officer since August 2020. Per Christian Mørland was CFO of Telia Norway since October 2015 and previously Senior Financial Advisor for region Europe in Telia Company. Prior to that, he was CFO of Telenor Denmark and he has held several senior positions in Telenor in Malaysia, Thailand and Norway. Per Christian Mørland holds a Master of Science from Norges Handelshoyskole.

Shares in Telia Company: 9,389

Executive Vice President,
Head of Telia Sweden

Anders Olsson

Born 1969. Head of Telia Sweden since June 2018. Joined Telia Company in 2016 as COO and Head of Global Services & Operations. Prior to joining Telia Company, Anders Olsson spent 19 years at Tele2, including 14 years in the Group Executive Management. He had several managerial positions at Tele2 including Executive Vice President, CCO and Head of Region Central Europe and Benelux. He holds a Master of Science in Business Administration and Economics.

Shares in Telia Company: 205,000

Senior Vice President,
Head of Telia Finland

Heli Partanen

Born 1972. Heli Partanen was appointed Head of Telia Finland in April 2020. She has worked at Telia since 1998 in various leadership positions, most recently as Head of Consumer Business in Finland since 2016. Heli has since November 2019 been acting Vice CEO and head of daily operations of Telia Finland.

Heli Partanen holds an exam from Helsinki Business College.

Shares in Telia Company: 11,364

Senior Vice President, Chief External Affairs,
Governance and Trust Officer

Rachel Samrén

Born 1974. Chief External Affairs, Governance and Trust Officer, with responsibility for public affairs, communications, sustainability, ethics,ompliance, risk management and internal audit functions of Telia Company since October 2020. Prior to joining Telia Company she was Chief External Affairs Officer at Millicom. Before that she was Head of Business Intelligence at The Risk Advisory Group and held various corporate banking roles at Citigroup. Rachel Samrén holds a BSc in International Relations from the London School of Economics and an MLitt in International Security Studies from the University of St Andrews.

Shares in Telia Company: 3,000

Senior Vice President,
Head of LED and CEO Telia Lithuania

Dan Strömberg

Born 1958. Senior Vice President, Head of LED (Lithuania, Estonia and Denmark) and CEO of Telia Lithuania since 2018. He was CEO of Telia Eesti 2016–2018, CEO of Omnitel in Lithuania 2013–2015 and CEO of Telia Denmark 2009-2012. Dan Strömberg has held several senior management positions in Telia Company since the late 1990s.

Shares in Telia Company: 51,606

Senior Vice President,
Head of Telia Norway

Stein-Erik Vellan

Born 1965. Head of Telia Norway since December 2019, prior to that Head of Telia Finland 2017–2019. He has worked for Telenor Group from 2001 in various managerial positions in Norway and internationally, including as CEO of Telenor's operations in India, Serbia and Bulgaria. Stein-Erik Vellan is a marketing candidate.

Shares in Telia Company: 0

General Counsel and Head of Corporate Affairs

Group General Counsel and Head of Corporate Affairs Jonas Bengtsson left Telia on December 10, 2021. Stefan Backman has been appointed General Counsel and Head of Corporate Affairs and will commence during the second quarter of 2022.

Remuneration and other benefits during 2021, capital value of pension commitments

SEK thousand	Base salary	Other remuneration	Other benefits	Pension expense	Total remuneration and benefits	Capital value of pension commitment
Allison Kirkby, CEO	18,000	602	75	7,069	25,746	-
Other members of Group Executive Management (11 members)	57,525	1,899	5,534	13,598	78,556	24,804

See also Note C32 to the Consolidated financial statements.

Sustainability

Sustainability

We reinvent better connected societies

Telia Company's sustainability agenda and ambitions are thoroughly integrated in the company's business strategy, as described in the beginning of this report (see **Our Strategy**). Our new corporate purpose reflects a commitment and willingness to contribute to more resilient and equitable societies. Simply put, by reinventing sustainably, we reinvent better connected societies and improve the lives of our customers in very concrete ways. In this section we present our most material impact areas, what we have achieved so far and challenges we face along the way.

Overview of sustainability content:

How we prioritize

Telia's products and services are vital in creating more sustainable societies. The connectivity and digital solutions that we provide are catalysts for innovation and competitiveness. They pave the way for reducing inequalities and sustainable management of natural resources. When we put people and planet at the centre of this development, we can minimize risks and maximize contributions to the UN Sustainable Development Goals.

Telia regularly engages with stakeholders to understand impacts and external views to make sure that we capture both existing and emerging risks and opportunities.

In January 2021, based on a deepened materiality assessment, we identified ten impact areas that create or protect value for us as a business and for our stakeholders. As illustrated to the right, we have selected three impact areas as our main focus, which reflect our core business: Climate and Circularity, Digital Inclusion and Privacy and Security. The remaining seven impact areas are essential building blocks of an ethical and rights-respecting culture. All impact areas are embedded in our **Business strategy**.

More information about stakeholder engagement and materiality determination is presented in **Sustainability note S3**.

Telia regularly engages with stakeholders to understand impacts and external views to make sure that we capture both existing and emerging risks and opportunities.

Our material impact areas

Priority impact areas

- Climate and circularity
- Digital inclusion
- Privacy and security

Other material impact areas

- Human rights
- Children's rights
- Freedom of expression and surveillance privacy
- Diversity, inclusion and equal opportunity
- Health and well-being
- Responsible sourcing
- Anti-bribery and corruption

What matters to our stakeholders

Topics considered relevant for our key stakeholder groups include those listed here (in alphabetical order).

Employees

- Diversity and equal opportunity
- Health and well-being
- Non-discrimination

Business customers

- Anti-bribery and corruption
- Environmental responsibility
- Privacy and security
- Responsible sourcing
- Sustainable digital solutions

Consumers

- Children's safety online
- Privacy and security
- Recycling and re-use of mobile phones
- Reliable connectivity
- Responsible sourcing

Policy makers

- AI ethics
- Climate and circularity
- Digital inclusion
- Diversity and equal opportunity
- Privacy and security
- Responsible sourcing
- Sustainable digital solutions

Shareholders and investors

- Anti-bribery and corruption
- Climate and circularity
- Digital inclusion
- Digital solutions for sustainability
- Privacy and security

Telia is committed to a number of international guidelines and initiatives whose content affects what we prioritize and how we shape theme-specific programs. The most important ones include:

- The UN Universal Declaration of Human Rights
- The core conventions of the International Labour Organization (ILO)
- The OECD Guidelines for Multinational Enterprises
- The UN Global Compact and the UN Sustainable Development Goals
- The UN Guiding Principles on Business and Human Rights
- The Children's Rights and Business Principles

Read more in the Board of Director's Statement of Materiality

Collaborations that shape our work

We have selected collaborative initiatives that enable us to better understand our impacts, learn from experts and affected parties and pool resources to maximize outcome and leverage. Partners we work with help us to determine what is material and select efficient approaches. Selected examples are presented here.

GSMA

The global industry association for mobile operators is engaged in developing sustainability-related guidance for several areas, most notably human rights and climate. GSMA was the driving force behind the development of the telecommunications sector pathway for setting science-based targets, the first sector pathway that was aligned with a 1.5°C ambition. Together with Ericsson, Telia provided some of the underlying research for the sector pathway.

ETNO

The European telecommunications industry association, in which Telia is a board member, has taken a forward-leaning position in driving policy development related to the EU Green Deal. This includes areas such as developing telecommunications guidance in the EU taxonomy and feedback on various circularity initiatives. We also contribute to ETNO's workstreams and position papers related to other sustainability topics.

Nordic CEOs for a Sustainable Future

This initiative was founded in 2018 and consists of 13 of the largest Nordic companies. Through a personal commitment from their CEOs, the initiative aims to transform businesses to contribute to the UN SDGs while showcasing the experience and values of the Nordic region. Telia is actively engaged in implementing members' commitments in the areas of diversity and climate change.

GNI

The Global Network Initiative is a multi-stakeholder organization that brings together ICT companies, human rights and freedom of press groups, academics, and investors to protect and advance global free expression and privacy in the ICT industry. Shared learnings and joint leverage when governments risk acting in violation of freedom of expression and privacy are at the core of its work. Telia is a member of the board.

Exponential Roadmap Initiative

This is a cross-sector collaboration with the purpose of scaling initiatives to halve greenhouse gas emissions by 2030. Telia has been active in the creation of the initiative's **1.5°C Business Playbook**, which provides a framework for companies when they adopt an exponential trajectory to halve their emissions by 2030.

1.5°C supply-chain leaders

This initiative was founded by Exponential Roadmap Initiative and business partners, including Telia, to advance climate work in global supply chains. In 2021, the **SME Climate Hub** was launched with the purpose of enabling emission reductions by companies with less resources.

World Childhood Foundation

Childhood is an organization that works to end exploitation, sexual abuse and violence against children. Telia has partnered with Childhood to continuously develop its strategy to combat child sexual abuse materials online. The organization also supports in other child rights areas.

Joint Audit Cooperation

The Joint Audit Cooperation (JAC) is an association of telecom operators collaborating to verify, assess and develop the implementation of sustainability standards in their supply chains. JAC members share resources and best practices to further progress.

Sustainability governance

Sustainability is integrated into several of our key processes, including strategy development, risk management and oversight mechanisms.

The ultimate responsibility for sustainability oversight lies with **the Board** which also decides on the overall sustainability direction and policy commitments. The Board receives updates on sustainability performance twice a year and more often if needed as part of the CEO's monthly updates to the Board. The Audit Committee of the Board receives risk reports from management twice a year, covering 13 principal risk areas that incorporate our sustainability impact areas, and decides on acceptable risk levels (further information is available in the section about **Telia Company's risk universe**).

Group Executive Management (GEM) and **Governance, Risk, Ethics and Compliance (GREC) meetings** are the primary decision-making forums at management level for sustainability-related topics. GEM adopts and follows up on Telia's sustainability goals, while GREC monitors sustainability-related risks via Telia's risk management model.

Within GEM and GREC, the **Chief External Affairs, Governance and Trust Officer** has the overall responsibility for sustainability-related topics.

The **Group Head of Sustainability** reports to the Chief External Affairs, Governance and Trust Officer and has the overall responsibility for proposing strategic content, goals, required actions and follow up of work that has been integrated across the organization.

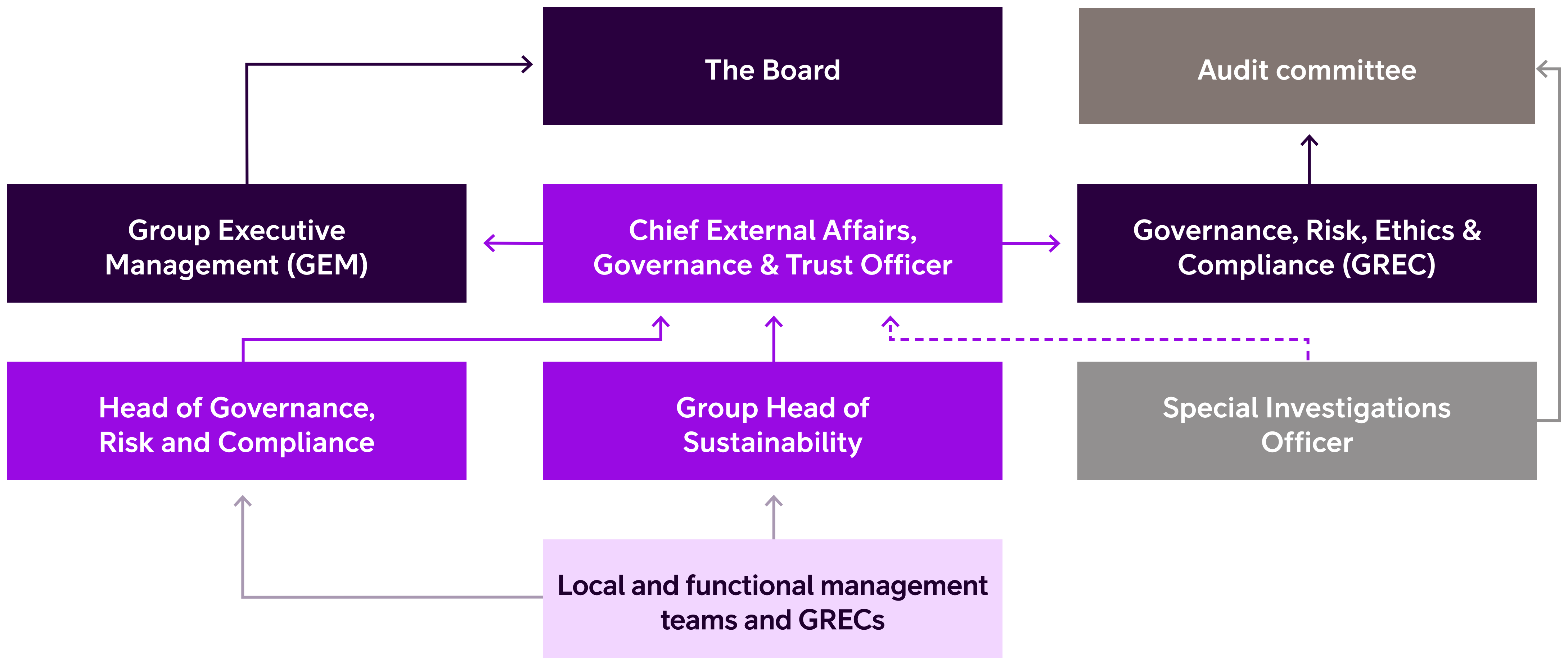
The **Head of Governance, Risk and Compliance** is in charge of the company's risk management model and has operational responsibility and oversight over the anti-bribery and corruption program.

The **Special Investigations Officer** manages the company's whistle-blowing system (the Speak Up Line) and carries out investigations together with other functions.

At the local level, **local management teams and local GRECs** have similar responsibilities as the GEM and Group GREC.

There are also specific coordination and decision-making forums related to the respective sustainability impact areas, as reported separately in each impact area chapter.

Read more in the **Enterprise Risk Management (ERM) and Compliance Framework** including information on **Whistle-blowing and Speak-up line**.



Code of Responsible Business Conduct

The Code of Responsible Business Conduct, issued by the Board, provides high-level guidance on the essence of the company's policies and instructions. It should therefore be seen as the company's ethical compass and training in the Code's content is mandatory. The Board approves all underlying policies which can be further elaborated through instructions approved by the CEO or responsible GEM member. The Code applies to everyone at Telia – employees, members of the board, contractors, consultants, and free-lancers. By year end 2021, 88% of all employees had completed the code training.

Overview of 2021 achievements

Here we provide an overview of our main achievements during the year and how our impact areas are contributing to the UN SDGs. On the following pages we provide more detailed information on each impact area with further data found in the **Sustainability notes**. For additional navigation, please use the **Sustainability index**.

Strategic pillar	Impact area	SDGs	2021 Achievements
Inspiring customers	Climate and circularity	7, 9, 11, 12, 13	• Achieved 78% GHG emissions reductions in own operations compared to 2018 • Suppliers representing 27% of supply chain emissions have set science-based targets • 74% of waste in own and network operations reused or recycled
Connecting everyone	Digital Inclusion	5, 9, 10	• Reached 608,000 individuals with digital skills building initiatives targeting seniors, children, SMEs and others
Transform to digital	Privacy and security	16	• Achieved top tier positions on privacy in 5 out of 6 markets, according to Telia consumer survey
Delivering sustainably	Human Rights	3-5, 8, 10-12, 16	• Assessed human rights impacts associated with e.g. specific smart watches for children, COVID-19 pandemic effects on employees and 5G (ongoing)
	Children's rights	4, 16	• Engaged with approximately 5,000 children via the Children's Advisory Panel on their experiences with misinformation online
	Freedom of expression and surveillance privacy	16	• Took measures to respect users' rights in relation to high-risk requests (~20) from governments or local authorities
	Diversity, inclusion and equal opportunity	5, 8, 10	• 37% females in the Extended Leadership Team • Telia included in Bloomberg Gender Equality Index
	Health and well-being	3, 8	• Extensive efforts to handle COVID-19 employee impacts
	Responsible sourcing	8, 12, 16	• All supplier non-conformities closed within due date • Extensive engagement activities related to forced labour risks in China
	Anti-bribery and corruption	16	• Completed anti-bribery and corruption risk assessments and program maturity assessments in all markets

Direct impact Indirect impact

Climate and circularity

Goals	2021 progress
Science Based Targets[1] [2025] (baseline is 2018)	
• Halve emission in own operations[2]	• 78% of GHG emissions reductions in own operations compared to 2018 (2020: 79%)
• Customer use, downstream[3]: Reduce emissions related to use of sold and leased products by 29%	• 13% of emission reductions from the use of sold and leased products compared to 2018 (first time reported)
• Supply-chain, upstream[4]: Engage with suppliers so that 72% of suppliers by emissions have set science-based targets.	• Suppliers representing 27% of supply chain emissions have set science-based targets (2020: 16%)
• 100% renewable electricity use [2022]	• Achieved since 2020
• Reduce energy consumption/subscription equivalent by 5% [2022]	• 4% achieved (2020: 1%)
• 84% of materials from our own and network operations to be re-used or recycled [2025]	• 74% achieved (first time reported)
• Significantly increase sales of pre-owned/re-used mobile phones (B2B and B2C) [2023]	• Pre-owned represented 3% of total mobile phone sales in B2C (2020: 2%)
• Significantly increase sales of mobile phones provided as "Device as a Service" (B2B) [2023]	• DaaS represents 21% of total mobile phone sales (2020: 17% [5])

1) Approved by the Science Based Targets initiative
2) Scopes 1 and 2 (market-based)
3) Scope 3 categories 11, 13
4) Scope 3 categories 1, 2
5) Data updated compared to 2020 A&SR (data from Denmark included)

Our approach

To forcefully address the climate crisis and the unsustainable use of natural resources, Telia adopted two ambitious environmental goals in 2019: to achieve zero CO_2 emissions and zero waste by 2030.

- The zero CO_2 ambition focuses on creating a climate-neutral value chain by 2030 while also enabling our customers to reduce their greenhouse gas (GHG) emissions. We are committed to at least halving absolute GHG emissions by 2030 and offset the rest while continuing to move towards net zero.
- The work toward zero waste focuses on our operations (including network construction and maintenance done by contractors), while enabling a circular economy through our products and services.

To make the 2030 goals more concrete, we have set more detailed goals to be reached by 2022 and 2023, as well as **science-based targets**, aligned with the 1.5° C pathway for the ICT industry, to be reached by 2025 (see table to the left).

Our approach is proactive and structured. Four out of six markets are covered by ISO 14001 certification (**Sustainability note S18**). Environmental impact assessments covering energy efficiency, waste and GHG emissions are conducted ahead of investment decisions which in turn affects e.g. product development. During the year, 800 employees within functions such as product development and sourcing were trained in eco design.

We acknowledge that we cannot achieve our goals alone. Therefore, we extensively collaborate and co-create with our suppliers, customers, and other partners to accelerate progress. During the year we engaged with policy makers in various arenas, including in relation to the global climate summit COP26 in Glasgow, **urging them to act in a way that matches the situation's urgency**, including **adopting effective and fit-for-purpose carbon pricing instruments.**

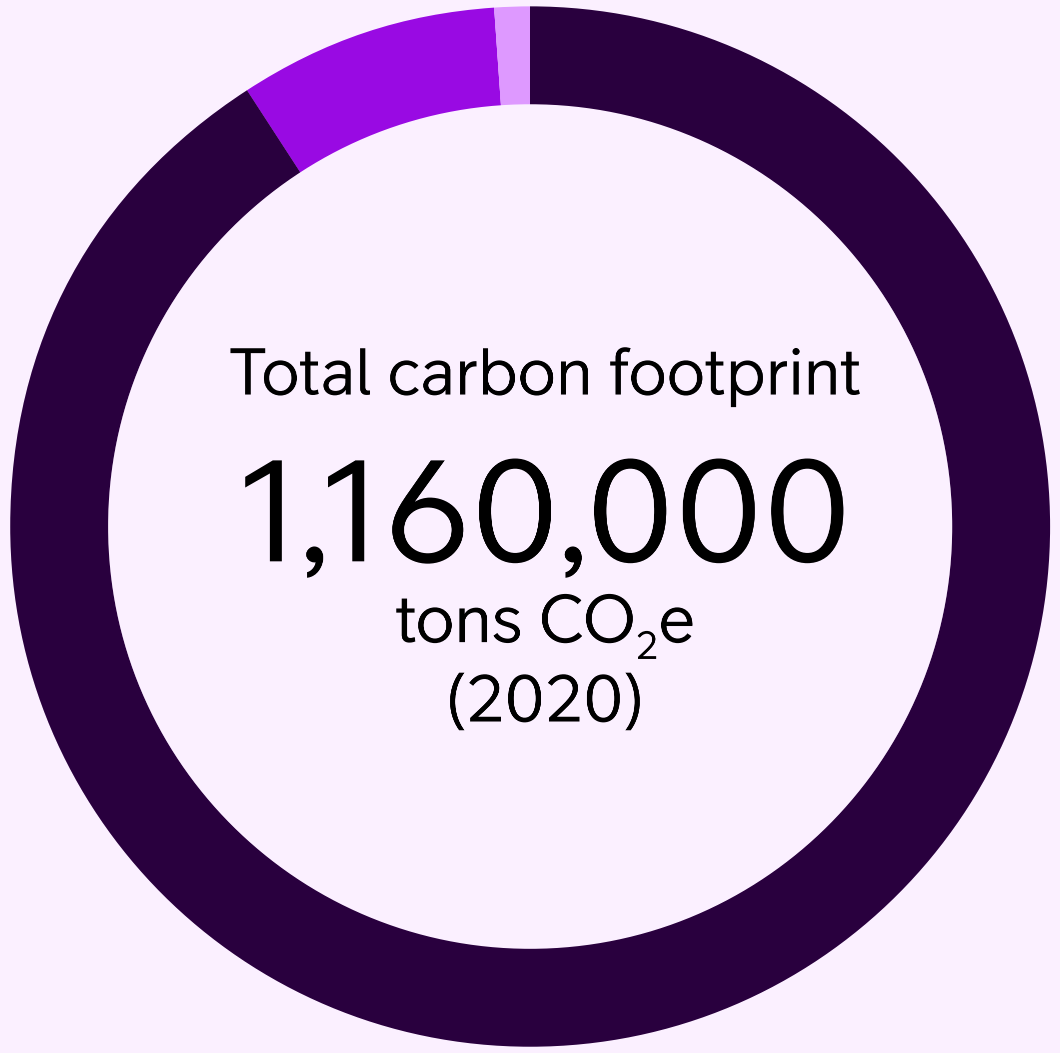
Our work is governed by the Group Policy-Environment.

Work during the year

01. CLIMATE

Creating a climate-neutral value chain
In the past few years, we have significantly reduced GHG emissions from our own operations: -78% since 2018. We will, in the coming years, continue our efforts to reduce remaining emissions which are generated by diesel backup power, district heating and business travel. Meanwhile, we are offsetting remaining emissions through carbon credits, resulting in us being **climate neutral in our own operations since 2020**.

Climate highlights



- Suppliers **91%**
- Customers **8%**
- Own operations **1%**

78%
of absolute emission reductions in own operations since 2018

27%
of total supply chain emissions covered by Science Based Targets

100%
renewable electricity throughout our own operations since 2020

Climate neutral
in own operations since 2020

Additional climate data is presented in **Sustainability note S4**.

As illustrated to the left, most of our total value chain emissions – an estimated 91%– are generated in the supply chain, compared to only 1% generated in our own operations. Hence, working closely with suppliers to enable them to transition to a low-carbon reality is key to be able to at least halve emissions and achieve a climate-neutral value chain by 2030. In the procurement process we assess suppliers' climate maturity to reward the best ones and use our opportunity to influence them. In 2021, we continued to engage with suppliers, asking them to set science-based targets, and by year end, 27% of total supply chain emissions were covered by such targets. An additional 16% have committed to set such goals within two years. Reaching our goal – 72% by 2025 – will require accelerated collaboration within the industry as well as policy measures such as efficient carbon pricing mechanisms. For more information on what we request from suppliers, visit our **website**.

Our total value chain GHG emissions in 2020 amounted to 1,160 ktons of CO_2e (2018: 1,270 ktons). Reductions are mainly due to the shift to 100% renewable electricity in our own operations and reductions in supply chain emissions. To date, we largely depend on calculations based on spend, in combination with generic emission factors when calculating the supply chain emissions. Only a smaller part could be calculated based on supplier-specific data. Hence, steps taken by suppliers are still difficult to capture. In 2021, we therefore initiated collaboration with peers and our industry association, GSMA, to push for increased emissions data availability within the telco supplier base.

Collaboration to scale climate action

Telia is committed to align its business activities to a 1.5°C pathway and we are asking suppliers to do the same. In 2020, we became a member of the **1.5°C Supply Chain Leaders initiative** where we are joining forces with Ericsson, BT, IKEA, Unilever and others to create efficient methods for transforming supply chains to a low-carbon reality. The **Exponential Roadmap's 1.5°C Business Playbook** forms the starting point for the work – a useful tool that enables suppliers to quickly understand what measures they need to take. In 2021, the **1.5°C Supplier Engagement Guide** was developed, a collaborative platform with practical guidance for 1.5°C aligned targets and actions. Through this collaboration, we also support the **SME Climate Hub**, a one-stop-shop for small- and medium-sized suppliers to set climate goals and access tools and resources to facilitate progress.

Managing energy while digitalizing societies
Electricity consumption is one of our most significant environmental aspects. During the year we consumed approximately 1 TWh electricity in our own operations. This represents 93% of the total purchased energy while the remaining share consist of district heating and district cooling, fuels, and natural gas. Since 2020 we only use electricity coming from renewable sources, covered by Guarantees of Origins. Compared to 2018, energy use per subscription equivalent decreased by 4%.

Our strategy to manage our energy impacts and costs consist of several parts, including:

- Increasing energy efficiency through new network hardware and power saving features.
- Managing power consumption through decommissioning legacy networks and modernizing sites for example by placing relevant units outdoors to reduce the need of cooling.
- Using 100% renewable electricity when powering our operations and looking for alternatives to remaining fossil-based energy sources.

Additional energy data is provided in **Sustainability note S4**.

Enabling other sectors to reduce emissions and energy

Several reports, such as the **Exponential Roadmap report**, show the potential of connectivity and digital solutions when it comes to improving resource efficiency and reducing GHG emissions in other industries. Opportunities include energy and fuel optimization in logistics, grids and buildings, and replacements of travel or physical products. Consciously applied, 5G will enable societies to further scale such effects.

Since 2020, we track "enablement effects" for some of our products and services: remote meetings and IoT for buildings, transports and utilities. Based on products and services delivered during and before 2021, we estimate that these categories enabled GHG emission reductions by approximately 590,000 tons in 2021, the equivalent of over 4.3 million return trips by air between Stockholm and Helsinki.

Many of the markets Telia operates in have domestic electricity production with a high share of renewables. Hence, for some applications the carbon enablement effect may be lower than in other geographies. However, electricity savings for such services is just as important to achieve, to enable the full phasing out of fossil fuels in the grid systems and limiting other types of environmental impacts. We estimate that in 2021 we enabled electricity savings of approximately 800 GWh through IoT solutions for smart buildings and utilities, equivalent to the annual consumption of 90,000 average Swedish households.

In addition to the above, the underlying connectivity we provide enables further reductions that are indirect or more distant and thus more difficult to capture. For example, as a connectivity provider we enable various digital solutions provided by other digital players, including new sharing economy business models that significantly reduces both GHG emissions and resource use.

Currently, no standards exist for enablement calculations. During the year, we therefore participated in the work of the **European Green Digital Coalition**, launched to advance reporting methodologies for ICT

Green bonds

As the first telco in the Nordics, Telia issued its first green bond in 2020 – one hybrid bond of EUR 500 million was issued, followed by a SEK 750 million senior bond. The proceeds have been used to finance more energy efficiency networks when we transform from copper to fiber in Sweden, and green digital solutions that enable customers to reduce emissions and save energy. Read more in **the green bond report**.

Case

Enabling smart transports

Transport represents almost a quarter of Europe's greenhouse gas emissions and has not seen the same gradual emissions decline as several other sectors have. Since transport emissions remain a challenge in all Telia's core markets, we have selected smart transport as one of our prioritized areas within IoT and crowd insights.

In 2021, we launched a new service to enable cities and municipalities to more forcefully bend the emission curve. **Telia Travel Emissions Insights** makes it possible for municipalities and regions to understand citizen's travel patterns and determine CO_2 emissions from road passenger transport. This in turn enables city and community planners to make better-informed decisions about specific measures that can help reduce emissions the coming years.

In essence, data driven services can enable informed decision-making to reduce costs and emissions. One example is Telia's eco-driving service, which is used by a Nordic public transport company, Nobina. According to Nobina's measurements, the use of this driving service has resulted in up to 15% fuel reductions.

technologies, aiming for standardization. Read more about our current enablement methodology and the results in **Sustainability note S4**.

02. CIRCULARITY

Today's take-make-waste approach together with a growing population and improving living standards are pushing the environmental limits of our planet. During the next decade, a shift from a linear to a circular economy will be critical if we are to tackle climate change and start existing within planetary boundaries that are safe for humanity. In a circular economy, natural resources are used consciously and efficiently, and digitalization can enable such a shift.

On the back of this reality, we are committed to reach zero waste in our own operations including network construction and maintenance by 2030. This means applying the principle of prevent, reduce, reuse and recycle (in that order) across all material streams, and scaling circular business models. We are equally committed to enable circularity through our offerings.

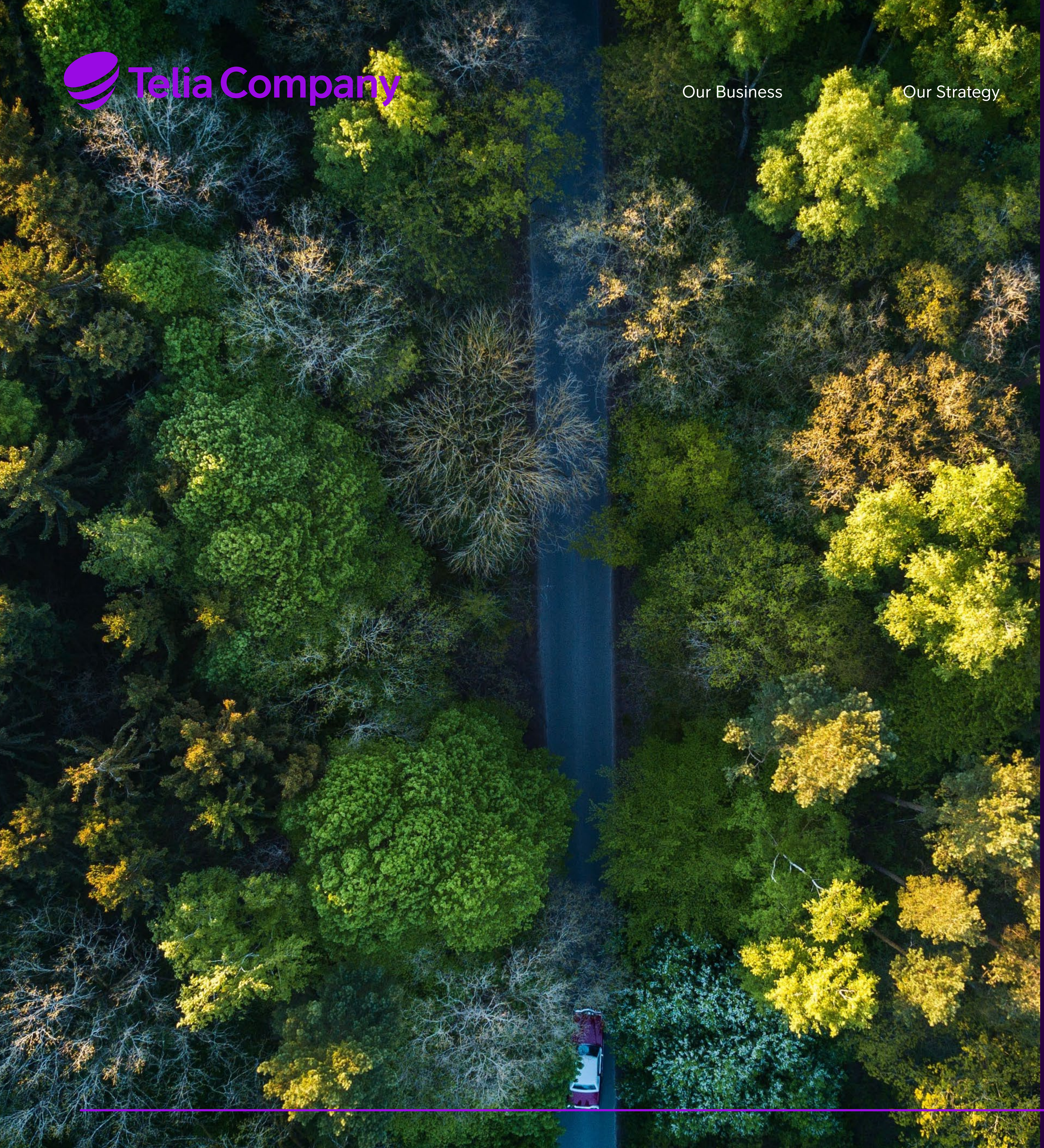
Embedding circularity in our own operations
In total, 85,000 tons of waste were generated from our own operations and through network construction and maintenance. Out of the total, 74% was either reused or recycled during the year, 25% incinerated with energy recovery and 1% directed to landfill.

Recycling and reuse opportunities vary across our markets and across diverse waste types. The decommissioning of telephony poles generates a big share of the waste sent to incineration, as these poles are impregnated and therefore classified as hazardous waste (hence they cannot be reused or recycled). However, we expect that the poles will disappear from our waste streams in the middle of this decade. Additional waste data is presented in **Sustainability note S4**.

Offering circular products and services
During the year we scaled up our circular offerings, such as sales of pre-owned phones and phones offered as a service, to extend the lifetime of electronics and increase recycling rates. Such circular business models require consumer mindshifts but are increasingly interesting for our customers and generate new types of revenue streams for Telia when we add value to customers for example by providing hardware support and insurance instead of just delivering a product. In 2021, we also launched **Eco rating of mobile phones** to drive circular principles within the mobile phone manufacturing industry (see further on page 86).

Enabling circularity in other sectors
As demonstrated in the previous page, digitalization can accelerate the circular shift by enabling various sectors to use energy, fuel, water, and other resources in more efficient ways. As a connectivity provider, we enable various circular business models, such as sharing platforms, blockchain technologies for traceability etc. In many cases, like cloud services, we enable dematerialization. These effects are sometimes indirect but reflect the importance of our core business.

Circularity highlights and additional information is presented on the next page and in **Sustainability note S4**.



Circularity highlights

74%
of waste reused or recycled

19%
of routers and TV set up boxes delivered to customers were reused

21%
of mobile phones sold to B2B customers “as a service” to enable reuse and recycling

Telia IoT services enabled customers to save energy equivalent to annual consumption of
90,000
Swedish households

Eco Rating launched in
5
Telia markets

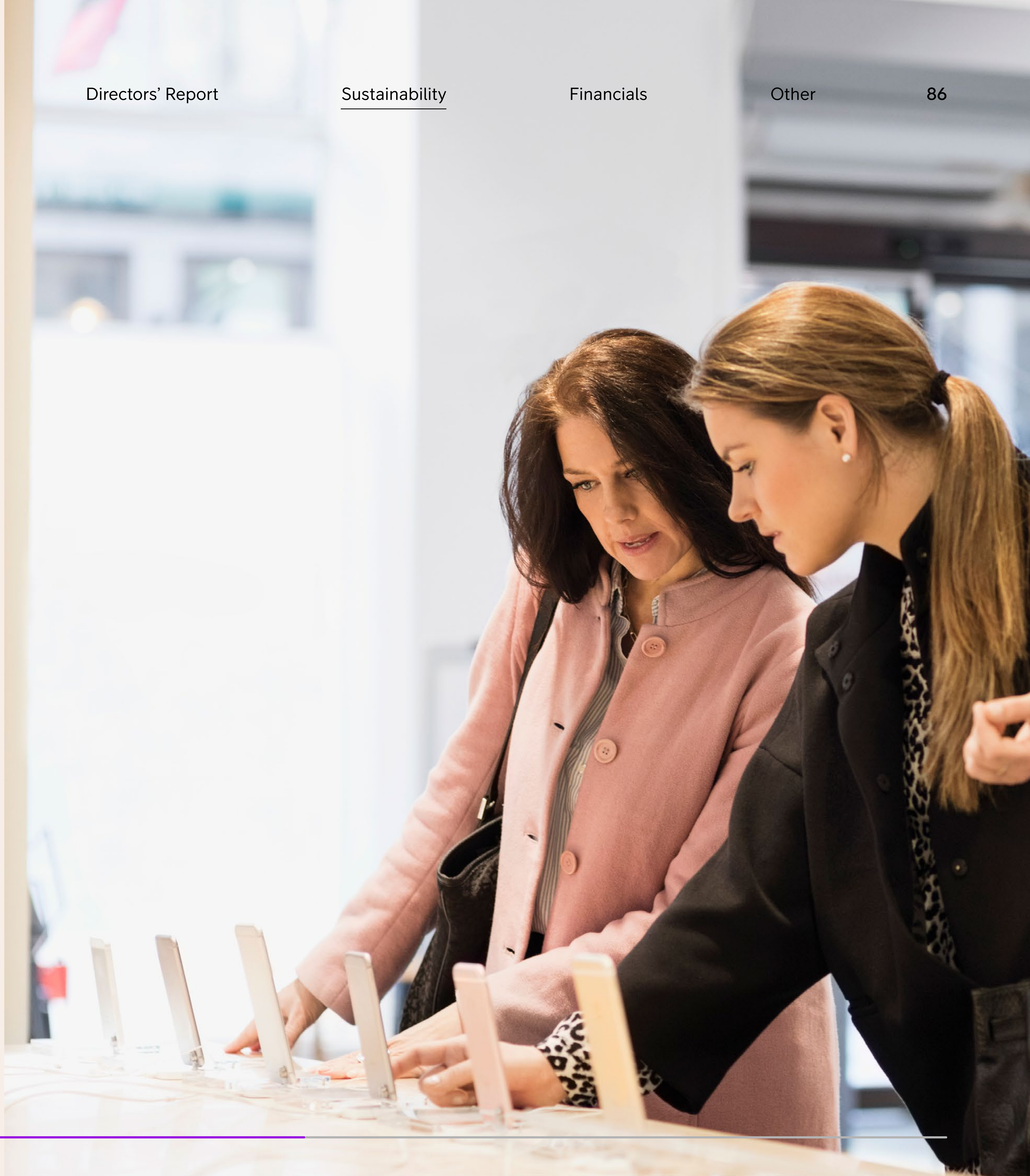
Telia published The Shift report

In 2021, Telia published **The Shift report** to illustrate why circular economy is a must-win for humanity and how it can help our industry – and the societies that we support – to unlock untapped values. The report forms the basis for our own circularity strategy that we launched the same year.

Case

Eco Rating of mobile phones to drive circular change

Up until now it has been hard for consumers to understand the environmental performance of mobile phones. To change that, the Eco Rating initiative was launched in 2021 by five operators– Telia, Vodafone, Deutsche Telekom, Telefónica and Orange. The rating scheme, which is based on circular principles, drives transparency and comparability to help consumers identify the most environmentally sustainable mobile phones while encouraging suppliers to reduce the environmental impact of their devices already in the design phase. By year end, the rating had been launched in 28 markets either to private consumers or business customers, including five of Telia's markets; Sweden, Finland, Denmark, Estonia and Lithuania. Read more on **our website**.



Digital inclusion

Goals	2021 progress
• Reach 1 million individuals by digital inclusion initiatives [2025]	• 608,000 individuals reached (2020: 120,000 individuals)

Our approach

Telia is committed to connecting everyone to the most trusted, reliable, and efficient modern networks. Securing that everyone has access to reliable connectivity and the right digital skills are key to make sure that no one is left behind. Our work within this area focuses on contributing to equality and inclusion, to make sure that individuals and societies in the Nordics and Baltics capture the full potential of digitalization.

Digitalization is currently transforming societies – bringing both new opportunities and risks. Those who are digitally included can make the most of new opportunities, while those who are not risk being left behind when services such as healthcare, banking and education are digitalized, and many social arenas are moving online.

Work during the year

Reliable Access
At the end of 2021, Telia Company provided 4G coverage to between 95% to 99% of the population in all markets. During 2019 and 2020 we launched our commercial 5G services in all countries (Denmark, Finland, Estonia, Norway and Sweden) except Lithuania, where we are still waiting for frequency allocation. At the end of 2021, 5G coverage was the highest in Finland and Norway with 65% and 45% of the population, respectively. The aim is to reach over 90% of the population with 5G coverage in all Nordic markets by 2023.

During 2021 we made significant efforts and investments in developing 5G and 4G networks and in transformation from copper-based to fiber access. In total, approximately 4.5 million homes across all markets now have fiber access. In areas where fiber access is not viable, we are providing Fixed Wireless Access (FWA) using the 4G and 5G networks.

We are committed to provide high-quality services to our customers. Stakeholder concerns in 2021 regarded differences in quality between urban and rural areas, and effects due to the shutdown of the copper network. Differences in quality between urban and rural areas exist but we have committed to improve network coverage across our markets. The shut-down of copper networks represents risks but is carefully managed in coordination with municipalities and relevant authorities to prevent negative effects on individuals or communities.

Access + Digital Skills = Digital inclusion

We operate in highly digitalized countries with extensive access to connectivity and technology. In our markets, “digital inclusion” is therefore less about having access to basic digital services and devices, and more about the quality of connectivity and securing proper digital skills.

Securing access for all is also about making it possible for individuals with disabilities to use our service. In collaboration with the expert organization Axess Lab we trained 200 employees in Sweden and Finland about digital accessibility. An additional 100 employees were trained in role-specific accessibility topics. An internal Accessibility Center of Expertise was set up during the year with the aim to increase collaboration and information sharing around accessibility and ensure we test and align to accessibility requirements.

Building Digital Skills

Initiatives to build digital skills have existed in our local markets for several years, but in 2021 we decided to combine and further develop our efforts by making digital inclusion a prioritized group-wide impact area, embedded in our business strategy. This is because both risks and opportunities are increasing as societies digitalize, which was also highlighted in our stakeholder dialogues in 2020.

During the year, all countries analyzed local needs and digital exclusion aspects to shape the content of existing and new initiatives. We also analyzed where Telia could add value since some areas are already well-covered either by other parties or the state.

We aim to reach one million individuals through digital inclusion initiatives by 2025. At the end of 2021 we had reached 608,000 individuals in various target groups, primarily children, parents, and seniors.

More information on how we calculate "reach" and conduct impact assessments is available in **Sustainability note S5**. Examples of ongoing initiatives are presented here.

Making digital lives safer

Mobile Driving License

In 2021 Telia Sweden launched a mobile driving license for children together with the child rights organization Friends. The aim of the driving license is to facilitate conversations about mobile phone use and online life, and to provide a safe and secure start for youngsters wanting to explore digital life. The mobile driving license is intended for children aged 6–9 and their parents, and is offered to families across Sweden.

Digital Parenting Package

Telia Finland's collaboration with Save the Children resulted in the launch of a digital parenting package during 2021, which was used by more than 11,000 parents. The package guides family customers to support their children in their online lives.

Improving the digital skills of seniors

Mer Digital

Launched in 2018, the "More digital" initiative has so far helped approximately 10,000 senior citizens in over 30 municipalities in Sweden and Norway to improve their digital skills and confidence. The sessions, where young people teach the elderly new skills, also enable meetings across generations. In 2021 – in the midst of the pandemic – Telia Sweden also launched printed guide materials for seniors to build their digital skills. The material was shared with 200,000 Telia customers aged 75+.

Empowering women and girls

Women Go Tech

Telia Lithuania has joined the Women Go Tech initiative "Discover Technology". It is a 7-week remote program organized to help women gain basic knowledge about the IT and engineering sector. The purpose of the initiative is to help them discover and plan the first clear steps for reskilling in the tech sector. In 2021, 3,263 women participated in the program and one third of them received economic support to join the program. From the 2020 survey, 92% of participants said they would recommend the program to others and one quarter of women who graduated from the program stated the training had a significant impact on their careers.

Unicorn Squad

In Estonia, Telia supported a technology program for girls, reaching 1,500 girls aged 7–14. The program is designed to inspire and encourage girls to explore and take an interest in technology, robotics, and science through practical assignments.

Helping small businesses and startups to digitalize

One Hub webinars and trainings

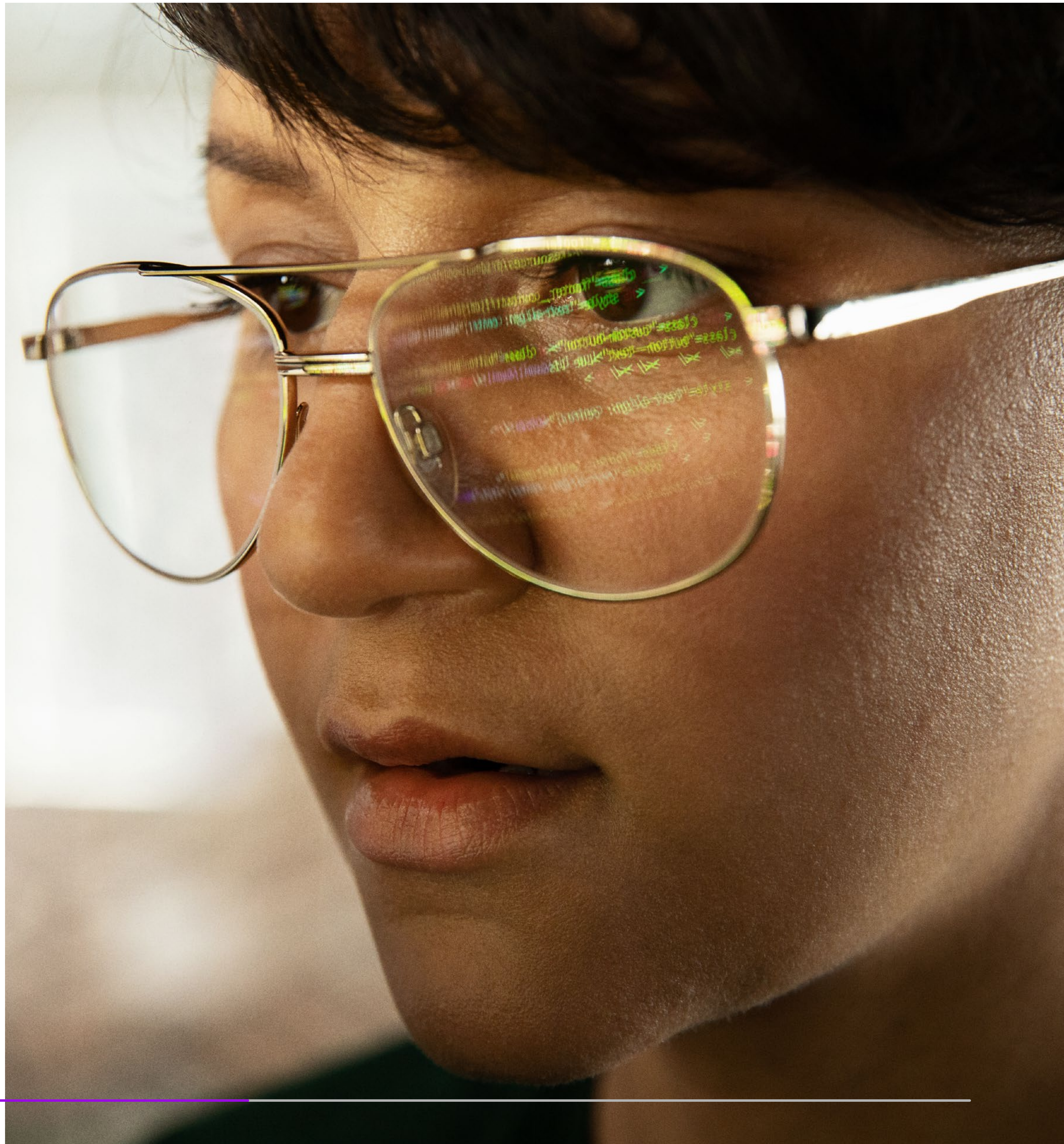
Telia Finland recognized the need for SMEs to build digital skills and capabilities. In 2021 they reached 3,200 SMEs through training efforts to help them digitalize their businesses. Video trainings on various IT and technology topics are available for entrepreneurs at the **ONE Hub website**.

Startup Refugees Mentoring Program

In partnership with the Startup Refugees network, Telia Finland created a mentoring program to help refugees, asylum seekers and immigrants to gain employment in the IT industry. In 2021, as part of the mentoring program, we also piloted a webinar that introduced reskilling opportunities for immigrants who are interested in working in the tech sector in Finland and Sweden.

Digital Inclusion Benchmark

The World Benchmarking Alliance encourages greater action towards achieving the UN Sustainable Development Goals, through its Digital Inclusion Benchmark which assesses 150 global digital technology companies on actions to strengthen digital inclusion. In its second benchmark report released in December 2021, Telia ranked 11 out of 150 global companies, and number four among companies in Europe. The Digital Inclusion Benchmark tracks how companies are supporting and promoting a more inclusive digital economy and society by assessing companies' efforts in improving access, enhancing skills, building trust to foster beneficial use, and innovating openly, sustainably, and ethically. Main findings from 2021 are available on **our website**.



Case

Telia Gaming Center makes the gaming experience inclusive for everyone

In Sweden, over one million people regularly play different forms of computer and video games. What used to be an arena for already established gamers and e-sports players is now in demand by an increasing number of businesses, as an integrated solution for workplaces, sports halls, and community centers.

In 2021, Telia launched the Telia Gaming Center, a unique solution that can be hired and adapted to meet the needs and wishes of the business and offer customers or employees a gaming experience with the latest games. Telia Gaming Center can be offered with customized tools for people with disabilities, making the gaming experience inclusive for everyone and helping organizations that support people with disabilities to get started with gaming and e-sports, for example day centers for youth with disabilities.

Privacy and security

Goals	2021 progress
• Continuous implementation of privacy and security by design approach	• Achieved
• Top-tier positions on customer privacy in all markets [2023]	• Ranked 1st or 2nd (positions sometimes shared) by consumers in 5 out of 6 markets
• Preferred supplier, responsive to and proactively addressing customer needs [2023]	• Several contract wins with elevated security requirements during the year

Our approach

We are committed to respecting the privacy rights of our customers and keeping their information safe. This requires a proactive approach as well as providing transparent information to users to ensure that we are handling personal data on customers' terms.

Today, societies and individuals depend on our network infrastructure to function. We put significant efforts into securing service continuity and protecting our systems from cyber-attacks. We also provide customers with knowledge and tools to protect themselves and their businesses against various forms of cyber threats.

Our 2023 goal is to have top tier positions with regards to privacy in all markets and be a preferred supplier due to the measures we take regarding security. This requires robust processes, the right competencies and interaction with our customers to understand their expectations and needs.

Our work is governed by Group policy - Security and Group policy - Privacy and data protection.

01. PRIVACY

Our processes

Telia has adopted a "privacy by design" approach to ensure GDPR compliance and transparent management of personal data in all new products and services. The key components of our approach are:

- Embedding data protection into our business including products, processes, and IT systems from the initial design-stage and then throughout their lifecycle
- Analyzing data protection parameters from the initial planning stages of a data processing operation by carrying out privacy screenings
- Conducting a Privacy Review and when needed a Data Protection Impact Assessment (DPIA) before carrying out data processing where the processing is likely to result in a high risk to the rights and freedoms of individuals.

Continuous testing of processes, routines, and controls

We continuously review and update privacy documentation based on evolving best practices, applicable legislation, case law and government recommendations. Information on how we process customer data is provided through transparency notices available in all relevant languages.

Responsibility for customer privacy is divided between a Privacy Legal Team and the Data Protection Officer's (DPO) Office. The Privacy Legal Team provides legal advice and pro-actively supports the business in the "privacy by design" work. The DPO Office has a special role due to GDPR requirements and is independent to avoid conflict of interest. The DPO Office carries out reviews and tests compliance with the GDPR and e-Privacy Directives, responds to individuals' requests in data protection cases and interacts with data protection authorities in customer privacy-related matters. The Group DPO reports regularly to the GREC management forum and the Board of Directors.

Work during the year

Strong privacy position

Consumer studies conducted by SB Insights show that privacy is among the top three sustainability topics that consumers want us to focus on. We regularly track how consumers perceive our privacy work compared to competitors through an external survey conducted by Telia. By end of the year, 5 out of 6 markets were ranked first or second, sometimes with shared positions.

Going forward, we focus on continued work to strengthen our processes, build competencies, and enhance transparency in customer facing channels. The latter is important to increase customers' awareness about how we use their data and which rights they have (examples are provided below).

Securing the rights of users

Individuals can exercise their GDPR rights such as providing and withdrawing consent, objecting to certain processing purposes, and they can easily ask for the right to be forgotten. This can be done for example by turning to customer service, Telia stores or online customer self-service portals, where individuals can access their accounts easily and make requests.

During 2021, we received around 3,200 Right of Access requests from customers who wanted to obtain a copy of their personal data. This helps customers understand how and why we are using their data, as well as to check that we are handling it in accordance with the law.

To secure safe handling of personal data, privacy training is conducted via an e-learning course which is mandatory for all employees. There are also specific courses for employees who handle personal data directly and have direct customer contact, such as customer care and retail staff as well as IT system owners.

Work to identify and prevent data breaches
Telia entities follow a common investigation and reporting process in all suspected personal data breach cases. We report all personal data breaches to supervisory authorities and notify individuals in a timely manner, when applicable. In 2021, we improved our process by making sure that when a data breach occurs, mitigating actions are shared and implemented across the group in all subsidiaries at risk of making similar breaches.

In 2021, we confirmed 743 personal data breaches across our markets. Most cases related to human errors or technical errors which caused personal data to be disclosed or accessed in an unauthorized way, for example if the customer data was accidentally sent to the incorrect customer.

Privacy risks related to state surveillance is reported under the **Freedom of expression and surveillance privacy** chapter.

02. SECURITY

Our processes

Increasing risks associated with cyberattacks are a challenge for our industry and society at large. To manage these risks, we take both proactive and reactive measures with focus on continuous improvements in constantly and rapidly changing security environments.

- **Proactive measures:** Our security framework is developed in alignment with ISO 27001 and other relevant standards. The management system is certified according to the ISO 27001 standard and includes key parts such as security governance and information security risk management processes, including their supporting systems, and specifies requirements on information security and related risk management across all Telia functions and local organizations. External audits are carried out annually to ensure that proper security measures are in place as well as to ensure continuous improvement of the management system related to the ISO 27001 certification.

We also carry out information security-specific audits on suppliers that manage customer and other business sensitive data. Read more about supplier management in **Responsible sourcing**.

Key proactive measures include implementing a "security by design" approach. This ensures that products, systems, and infrastructures are developed and implemented with security controls from the beginning to minimize potential cybersecurity risks. A security by design procedure is applied continuously for systems under the ISO 27001 certification scope and when new systems are developed.

The foundation of creating and maintaining a culture of security awareness is supported by our security e-learning course that is mandatory for all employees. The training provides hands-on information about topics including password management, security incident reporting, IT security and physical security.

- **Reactive measures:** Our Global Security Operations Centre (GSOC) is responsible for reactive measures, by monitoring and handling cybersecurity incidents around the clock. The GSOC is a member of the Forum of Incident Response and Security Teams (FIRST) and is a Trusted Introducer (TF-CSIRT).

The work is coordinated by the Group security function and implemented throughout the organization by local security leads. The Head of Group Security reports regularly to the Governance, Risk, Ethics and Compliance (GREC) and the Board of Directors.

Work during the year

Winning contracts with elevated security requirements
Our ambition is to stay close to customers' security needs and be a preferred supplier. In 2021, we won several government contracts with far-reaching security requirements, like WAN services for 100 Swedish and 30 Norwegian embassies, consulates and similar entities across the world, WAN services for the Government ICT Centre Valtori in Finland, and a contract with the State Infosystems Authority in Estonia.

ISO 27001 certification
Our ISO 27001 certification is an important part in continuously strengthening information security practices while meeting new customer demands. During the year, the scope was extended to include our Global Security Operations Center (GSOC) processes (Monitoring, Incident Response, Vulnerability Scanning, Threat Mitigation). At year end, the Group certification covered key processes such as Information Security Governance, Enterprise Information Security Risk Management, key business processes handling customer information such as Incident Management and Change Management, SOC services, contact center services, and cloud-based communication services. In addition to the Group ISO 27001 certificate, local certification needs of the operations in Sweden, Finland, Estonia and Lithuania, each with a specific scope, were maintained, either as an integrated part of the Group certificate or as local certificates. More information regarding management systems is available in **Sustainability note S18**.

Work to secure business continuity

As digitalization proceeds, our customers as well as society increasingly depend on the services we provide. Therefore, we focus on the robustness and performance of the design and life cycle of our services. We take a risk-based approach and have continuity and recovery plans in place to build resilience and counteract unexpected disruptions.

Our Business Continuity Management (BCM) framework is applied to critical services, functions, processes, and resources. It identifies important dependencies and risks, and secures an effective response to disruptive events. It also drives implementation of continuity measures and solutions. The framework is aligned with the ISO 22301 standard and is our platform to meet regulatory requirements in the markets where we operate.

Human rights

Goals	2021 progress
• Consolidation of human rights due diligence strategy [2021]	• Completed
• Continuous application of Human Rights Impact Assessments in relevant business decisions	• HRIAs associated with e.g. specific smart watches for children, COVID-19 pandemic effects on employees and 5G (ongoing)

Our approach

In line with the UN Guiding Principles for Business and Human Rights, Telia is committed to respect human rights throughout its value chain by applying human rights due diligence. Our products and services also enable the realization of certain human rights such as facilitating access to health care, education, and jobs. Research results from the **GSMA's Mobile Economy 2021 report** shows that connectivity and digitalization can accelerate progress in relation to all 17 UN Sustainable Development Goals.

Policy: Our work is governed by the Group policy- Human Rights

In 2021, Telia fully exited its operations in Eurasia and completed the divestment of global operations (Telia Carrier). These exits reduced the risk level regarding certain human rights, such as the rule of law in relation to government surveillance requirements and labour issues in local suppliers' operations. At the same time other risks, such as those relating to privacy, are increasing due to rapid technological development. As a result of the Bonnier Broadcasting acquisition in 2019, media freedoms are also now part of our risk universe.

The most important human rights areas to address
Human rights are universal, indivisible, and interdependent. Therefore, human rights risks are difficult to rank and compare. Still, we try to continuously identify human rights issues that we believe are the most salient ones in our markets and value chain.

Area	Most salient issue
Children's rights	Availability of child sexual abuse material online
Customer privacy	Privacy compliance when using customer data for advanced business insights
Discrimination	Discrimination related to e.g. gender, gender expression, ethnicity, sexual orientation, disability or age in recruitment, promotion and redundancy processes
Freedom of expression and surveillance privacy	Government surveillance of individuals through direct access to Telia's networks and systems
Labor rights	Labor rights violations in parts of our supply chain, including forced and child labor
Media freedoms	Government restrictions on independent journalism and freedom of expression

In addition to the above listed issues, there are other areas with human rights implications such as corruption, environment, AI, supply chain issues including conflict minerals, and trade sanctions.

When furthering digital inclusion, we have the opportunity to enable the realization of a broad set of human rights. On the other hand, if the digital divide is deepening, our technologies can increase existing inequalities. For more information on how we define and determine salience, see **Sustainability note S7**.

Work during the year

Human rights due diligence
In 2021 we consolidated our human rights practices into a human rights' due diligence strategy. We strengthened governance and implementation processes by further clarifying division of roles within the organization and improving oversight mechanisms. Salient human rights risks are covered through some of the 13 principal risk areas of the new enterprise risk management framework, which was launched in the beginning of the year. See **Risk and uncertainties** section. During the year, we also rolled out a human rights training module that complements the Code of Conduct training.

We are committed to undertake more in-depth human rights impact assessments (HRIAs) on topics and areas identified in our continuous due diligence process. Throughout 2021 we performed the following impact assessments:

- A 5G HRIA produced by Ericsson and human rights experts at Shift was used as starting point for further analysis from a telco perspective (ongoing).
- A Children's Advisory Panel was conducted to assess young people's experiences of misinformation online to better understand impacts and coping strategies.
- Implications of specific smart watches used by children were assessed through Telia's Children's Rights Impact Assessment Tool (developed in partnership with BSR and World Childhood Foundation).
- Overall implications of the COVID-19 pandemic for employees, including issues related to vaccinations.
- Impact assessments are included in our day-to-day work on privacy and security-related risks (more information available in the **Privacy and security** chapter) and we also do risk analyses of varying depth ahead of mergers, acquisitions and divestments (more information in **Sustainability note S17**).

In 2022 we will further develop proactive assessments of human rights risks when developing products and services.

Grievance mechanism
Telia's Speak-Up Line, which serves as a grievance mechanism, is open for both employees and external stakeholders to raise concerns without fear of retaliation or reprisal and to provide fair investigation. Reports related to children's rights and freedom of expression and surveillance privacy are handled by human rights specialists. No such reports were filed in 2021. Reports related to employee matters such as harassment and fair employment are handled by the HR function. Read more about these cases in the **Diversity, inclusion and equal opportunity** chapter.

AI/data ethics

In 2019, Telia developed the **Guiding Principles on Trusted AI Ethics**, a document which has played an instrumental role in the process of developing data-driven services (Telia Crowd Insights). In 2021, we mapped other Artificial Intelligence (AI) application areas within the company to estimate risk levels of additional use cases, informed by the European Commission draft Regulation to harmonize ethical rules on AI.

The vast majority is associated with no or very limited risk. However, three higher risk areas were identified – credit scoring, voice authentication and workplace analytics.

We plan to proceed our work in 2022 by e.g. developing more detailed steps on how to include additional screening questions in existing processes, and a more developed governance process.

Children's rights

Goals	2021 progress
• Continuous blocking of child sexual abuse material in our networks	• Achieved for the year across all networks
• Continuous detection of child sexual abuse material in own IT systems	• Achieved for the year
• Provide child safeguarding services to our customers	• Child safeguarding services available in all markets
• Engage with children through meaningful child participation	• Engaged with ~5,000 children via the Children's Advisory Panel on misinformation online

Our approach

Children and young people are active users of our services. We believe that internet access enriches children's lives and provides them with opportunities to improve their digital skills as well as to socialize, play and learn. However, children are particularly vulnerable to online threats such as cyber bullying and inappropriate content.

Keeping children safe online requires collaboration within and beyond our industry. Close collaboration with children's rights organizations enables us to better understand how we impact children – directly or indirectly - and inform our approaches. We have worked closely with World Childhood Foundation for many years to for example develop our work against the spread of Child Sexual Abuse Materials (CSAM) online.

We are a signatory to several industry initiatives such as the GSMA Mobile Alliance against Child Sexual Abuse Content, the ICT Coalition for Children Online and the Alliance to better protect minors online, where knowledge and best practices are exchanged.

We have adopted the UN's Children's Rights and Business Principles as guidance for our work, to integrate children's rights and children's perspectives into our operations and offerings. The work focuses on protecting children but also on empowering and listening to them as we shape our work.

Our work is governed by the Group policy – Human rights. Requirements related to child labor in the supply chain are governed by the Supplier Code of Conduct.

Work during the year

Integrating and promoting children's rights in business
As part of our family offering, we provide software that enables parents and guardians to set limits on children's screen time and block harmful content. Our TV service is equipped with a PIN code functionality that enables parents to restrict access to, for example, programs featuring adult content material or movie rental services.

Based on the UN Guiding Principles on Business and Human Rights and the Children's Rights and Business Principles, we have developed a tool for children's rights impact assessments together with non-for profit consultancy BSR. The tool is used when developing products and services that target children, to identify actual and potential human rights impacts, risks, and opportunities. In 2021, we used the tool to carry out children's rights impact assessments for various smart watches for children.

To educate our employees about children's rights we continued to promote the Children's Rights e-learning created in collaboration with World Childhood Foundation. In addition, in 2021 we launched an e-learning on Human Rights, which includes a chapter focusing on children's rights.

Fighting child sexual abuse material (CSAM)
We actively participate in the fight against CSAM online through blocking measures and cooperation with industry peers, law enforcement agencies and NGOs such as ECPAT and World Childhood Foundation. We block websites identified by law enforcement as illegal for hosting CSAM. While we stand for and promote an open internet, this is the only area where we have taken an active stand for voluntary blocking.

Within Telia's own IT systems, we apply a technical solution that provides alerts if CSAM is detected in hardware used by employees, trainees, or contractual workers. If such material is detected, a police report is filed, and a criminal investigation is carried out. If a person is proven guilty, the employment relationship is terminated. During the year, one detection and subsequent police report was filed, resulting in criminal investigation.

Children's Advisory Panel (CAP)
To further integrate children's rights in our business and provide guidance for parents, we must understand children's own experiences. For this reason, we regularly organize a Children's Advisory Panel (CAP) together with children's rights organizations and in collaboration with schools to ask young internet users about their lives online. During 2021 we engaged with 500 children across our Nordic and Baltic markets in workshops to learn about their experiences with misinformation online. In addition, 5,000 children participated in a digital survey on the topic. The Children's Advisory Panel is part of our work to build digital skills across our markets, aiming to give children a voice about their online lives and to let their views shape our work and advocacy efforts. For more information on this year's CAP results, visit our **website**.

Pandemic support to protect children

During the year, children across our markets experienced increased vulnerability due to the pandemic. Several of Telia's markets continued efforts to protect and empower children online and to support children affected by COVID-19. Examples include:

- Support to Bris, a Swedish children's rights organization, for the second consecutive year to enable more children to contact and get help from their child helpline thanks to extended opening hours. Telia's provision of services amounts to SEK 2 million to date.

- Collaboration with Clanbeat, a platform that supports young people's mental health and reduces isolation in schools. Since the launch of the platform in January 2021, 40% of schools in Estonia have been using Clanbeat. In addition, Telia Company in collaboration with Tallinn Music Week carried out a mental health hackathon, where young people created digital solutions to help solve mental health related issues in society.

Please note that our work to build young people's digital skills is covered under *Making digital lives safer* in the **Digital inclusion** chapter.

Freedom of expression and surveillance privacy

Goals	2021 progress
• Continuous implementation of policy and Global Network Initiative's (GNI's) principles and implementation guidelines	• Completed for the year - GNI's independent assessment process started
• Continuous transparency as to government requests	• Law Enforcement Disclosure Reports published

Our approach

The networks and services – provided by us as a telco and a TV and Media provider – give access to information and the exchange of ideas in a way that supports freedom of expression, openness, transparency, and democracy. At the same time policymakers introduce new surveillance measures to fight crime, terrorism, hate speech and more. These are measures that can potentially limit the freedom of expression and privacy of users and the trust in what we provide.

Telia is committed to respect the freedom of expression and right to privacy of users while meeting legal requirements in the countries where we operate. We have clear policy commitments in place and have shaped implementation processes based on input from the Global Network Initiative (GNI), a multi-stakeholder organization that brings together ICT companies, human rights and freedom of press groups, academics and investors to protect and advance global free expression and privacy in the broadening ICT industry sector (see further next page). To ensure transparency and confirm compliance, our work is regularly reviewed through independent assessments.

States define the scope of surveillance and limitations to the free flow of information based on legislation and requests from authorities. We abide by such legislation but challenge requests that have no or unclear legal grounds. When there is a conflict between internationally recognized human rights and local legislation, we seek for ways to raise the issue with relevant authorities or inform consumers and other stakeholders about the issue through public communications.

Our work is governed by the Group policy – Freedom of expression and surveillance privacy.

Our processes

In our work we differ between two types of requests from governments/authorities:

- Conventional requests are day-to-day requests that are typically of lower risk, such as secret real-time wiretapping and monitoring by the police based on court orders. Such requests are received and handled by dedicated local teams.
- Unconventional requests are such which may have serious impacts on the freedom of expression and privacy of users. Examples include demands to shut down internet access, blocking of websites or requirements to retain data for surveillance when legislation is unclear.

Our group instruction sets out practical steps regarding assessments and escalation to be performed for unconventional requests. Such requests are to be assessed by the local company and escalated to group level for the final decision regarding which measures to take to mitigate human rights risks. We adhere to local legislation while also implementing measures that respect and support the rights of individuals. In addition, we aim to publicly share as much information as possible about unconventional requests. While our process is intended to identify and mitigate potential violations of individuals' rights, the actual outcome significantly depends on local legislation.

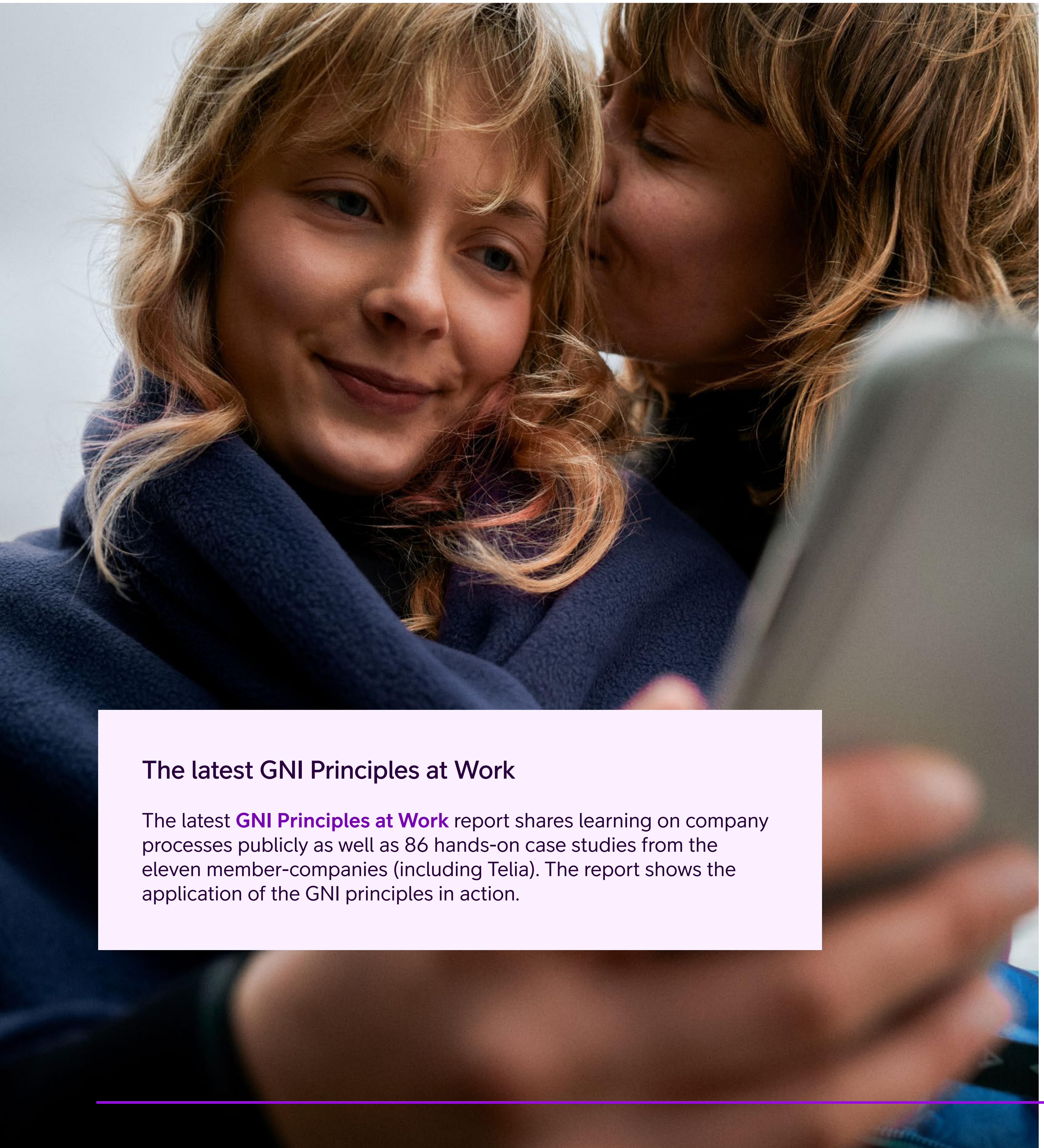
Work during the year

Unconventional requests during the year

During 2021, we closed almost 20 unconventional requests or demands across our markets. To ensure consistency, group-level experts facilitated local assessments and escalations. Requests included proposals for new legislation, blocking of content or services, mass surveillance, and requests for voluntary measures. In more than 80% of cases, Telia took some kind of measure to promote freedom of expression and surveillance privacy or mitigate risks in some way, through for example comments to the lawmaker, transparency, appeal of court decision, or asking for the rule of law to apply declining to act on a voluntary basis. Such actions were defined jointly by local companies and representatives of Group Executive Management.

Promoting transparency

We believe that transparency on governments' surveillance and actions to limit freedom of expression contribute to protecting users' rights. Making such information more easily accessible has the potential to inform groups whose rights are at risk, including civil society groups working to protect these rights. We therefore publish Law Enforcement Disclosure Reports (LEDR) which include detailed statistics on conventional as well as the approximate number of unconventional requests. The reports also refer to some of the most relevant legislations. A main element in our reporting on countries' local laws is carried out through contributions to the **GNI database on Country Legal Frameworks Resource**.



The latest GNI Principles at Work

The latest **GNI Principles at Work** report shares learning on company processes publicly as well as 86 hands-on case studies from the eleven member-companies (including Telia). The report shows the application of the GNI principles in action.

Further information about the 2021 LEDR report and the latest statistics are available in **Sustainability note S8**.

Participation in the Global Network Initiative
To understand our impacts and successfully mitigate risks, we depend on input from stakeholders and experts within this field. Therefore, Telia is an active member of the Global Network Initiative (GNI). Shared learnings and joint leverage when governments act in ways that risk violating freedom of expression and privacy, are at the core of its work. Telia is a member of the board and participates in various committees and task forces.

GNI's public advocacy work during the year included:

- **Defining 'direct access'**, calling for greater transparency and dialogue around mandatory, unmediated government access to data
- **Content regulation**, addressing what the global wave of content regulation means for human rights
- **Privacy and AI**, addressing risks and opportunities for privacy and other human rights

GNI independent assessment of our work
As part of our membership, we have committed to implement the GNI principles by putting concrete measures in place to promote and improve freedom of expression and the right to privacy. All GNI companies regularly undergo independent assessments of their implementation every two to three years. Results of these assessments are shared with the GNI's multi-stakeholder board which makes a final determination of the member companies' progress in implementing the GNI principles improving over time.

The first assessment of Telia's work was conducted in 2018/2019. Based on the assessor's report, the GNI Board in 2019 determined that Telia was making good-faith efforts to implement the GNI Principles with improvement over time. More information about the previous assessment and outcome can be found on **our website**. In 2021, a new assessment cycle started, and a new outcome will be announced in the first half of 2022.

The most significant area for improvement noted in the independent assessor's report in 2019 was regarding implementing a formalized process to identify potential risks related to freedom of expression and privacy connected to new products and services. Privacy dimensions are currently included in our "privacy by design" process with attention to how we as a company collect, handle and purge data. These measures are important also to protect users' rights in the contexts of government surveillance requests. Read more in the **Privacy and security** chapter. Our new **Enterprise Risk Management** model explicitly includes freedom of expression and surveillance privacy.

Diversity, inclusion and equal opportunity

Goals	2021 progress
• 50/50 gender balance in the Extended Leadership Team [2025]	• 37% female, 63% male (2020: 38% / 62%)
• Continuously decrease the raw gender pay gap[1]	• Raw gender pay gap decreased by 2 percentage points, compared to 2020
• All managers trained in unconscious bias and inclusive recruitment practices [2023]	• 20% and 38% of managers trained, respectively
• Conduct a voluntary diversity, belonging and equality survey to understand a wider set of workforce diversity aspects and needed interventions [2024]	• Pilot diversity and inclusion survey performed. Disclosure of age, gender and region of birth for various target groups
• Increase diversity in Telia and in the tech sector through continuous partnerships focusing on digital and tech re- and up-skilling	• Virtual meet-up with immigrants to showcase job opportunities through vocational tech and IT-reskilling, together with external organizations specializing in reskilling
• Ensure that diversity and inclusion aspects permeate our TV and Media business, on and off-air	• Awareness raising seminars and workshops on biases for TV4 staff reached ~900 participants

1) The raw gender pay gap (also known as unadjusted pay gap) is defined as the difference between average earnings of men and women relative to average earnings of men.

Our approach

At Telia, we are committed to building a diverse and inclusive culture to encourage and enable everyone to be their best, most brilliant, and authentic selves, and ensure every talent is seen and every voice is heard. We strive to provide equal opportunities to ensure employee rights and that our employees reflect the diversity of the customers and societies we serve. No employee shall be discriminated or treated differently because of their gender, gender identity or expression, ethnicity, religion, age, disability, sexual orientation, social background and/or other characteristics protected by applicable law.

Our approach is built on three elements:

- **Employee and leadership engagement:** Increasing awareness and engagement through trainings and events for managers and employees and engaging with internal diversity network groups as sounding boards to constantly improve our work.
- **Processes:** Eliminating bias and discrimination and integrating diverse, inclusive, and equal opportunity perspectives into company processes.
- **Initiatives and partnerships:** Actively engaging and contributing to shared learnings in local Diversity Charters, our own Telia Diversity Talks and other relevant organizations/arenas.

Work is coordinated by a steering group that reports to Group Executive Management. The Group Diversity and Inclusion Lead coordinates a network of country leads responsible for implementation.

Our work is governed by the Group Policy - People.

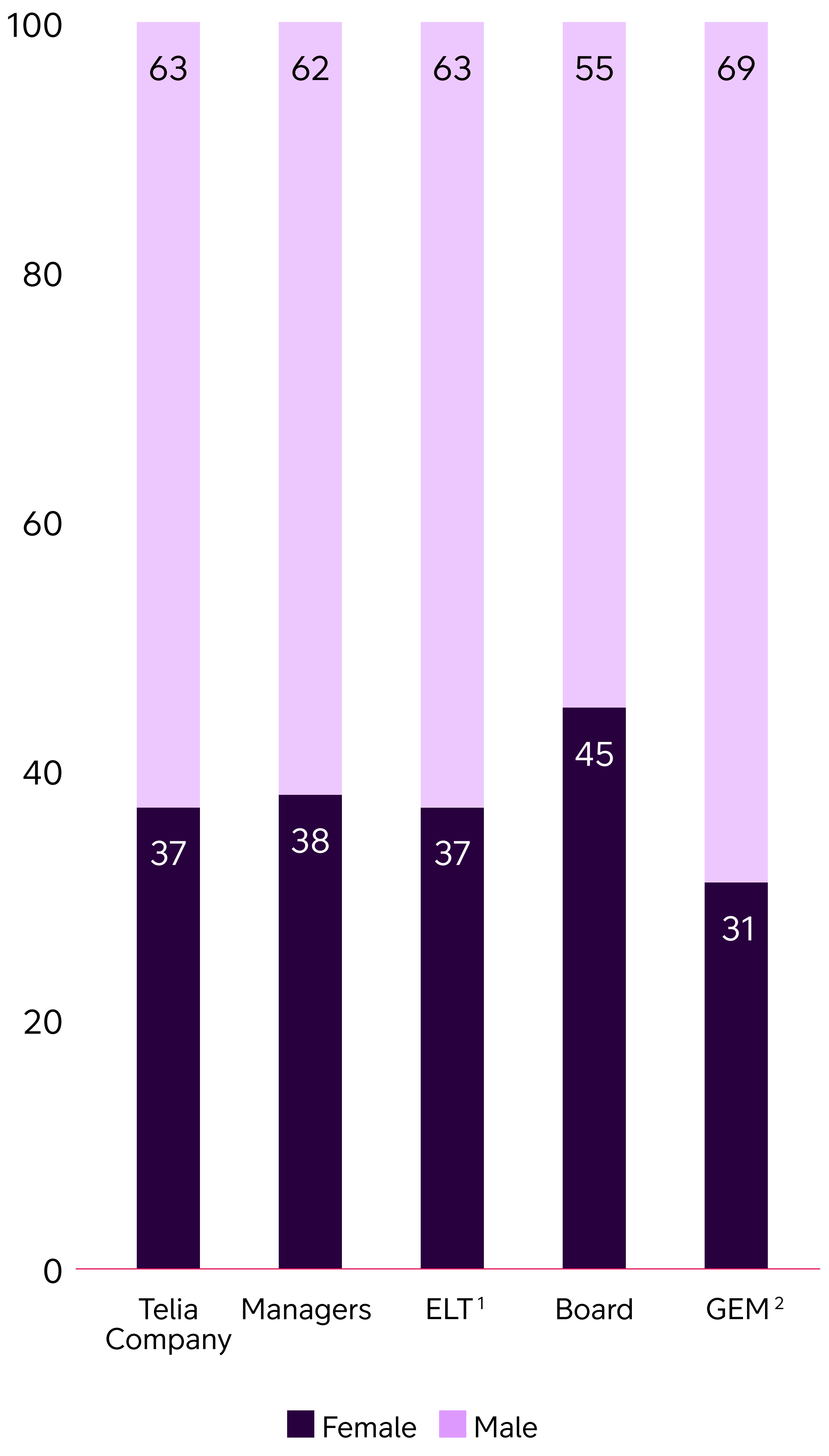
Work during the year

The diversity of Telia
For many years Telia has measured various parameters to understand the barriers that need to be addressed to provide equal opportunity for all employees. We regularly track gender and age data. In 2021 we explored new ways to move beyond those parameters, by collecting additional data and doing a pilot survey on diversity demographics and perceived inclusion with a sample of employees within the company. This prepared us for an upcoming, voluntary equality data survey that we will do across the whole company in the coming years.

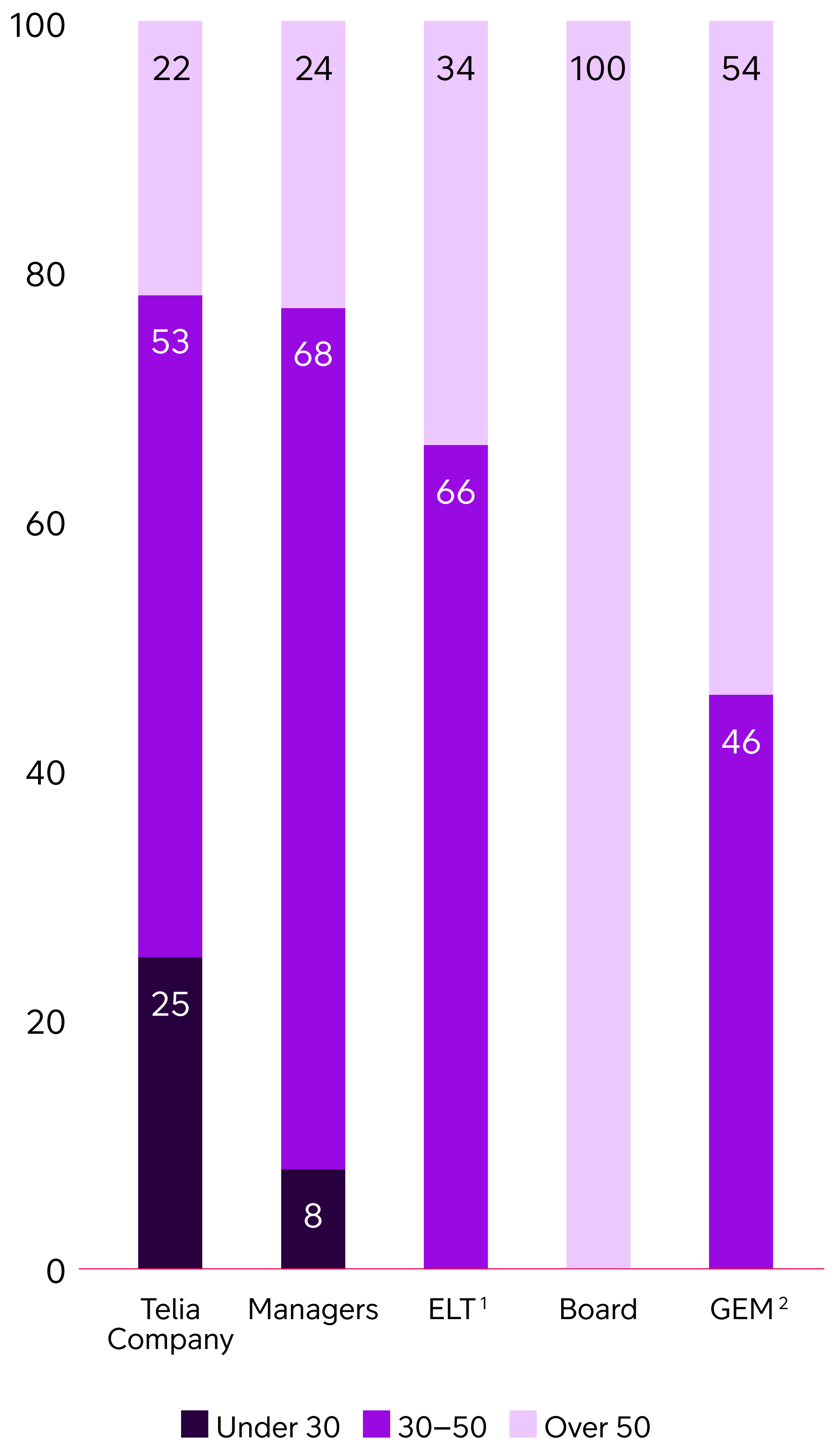
In many of our markets, we are not allowed to track the region of birth of our employees. However, in Sweden we can get aggregated data by sending personal identity numbers to the Central Bureau of Statistics (SCB) to identify the region of birth. The outcome is presented on the next page.

Diversity statistics

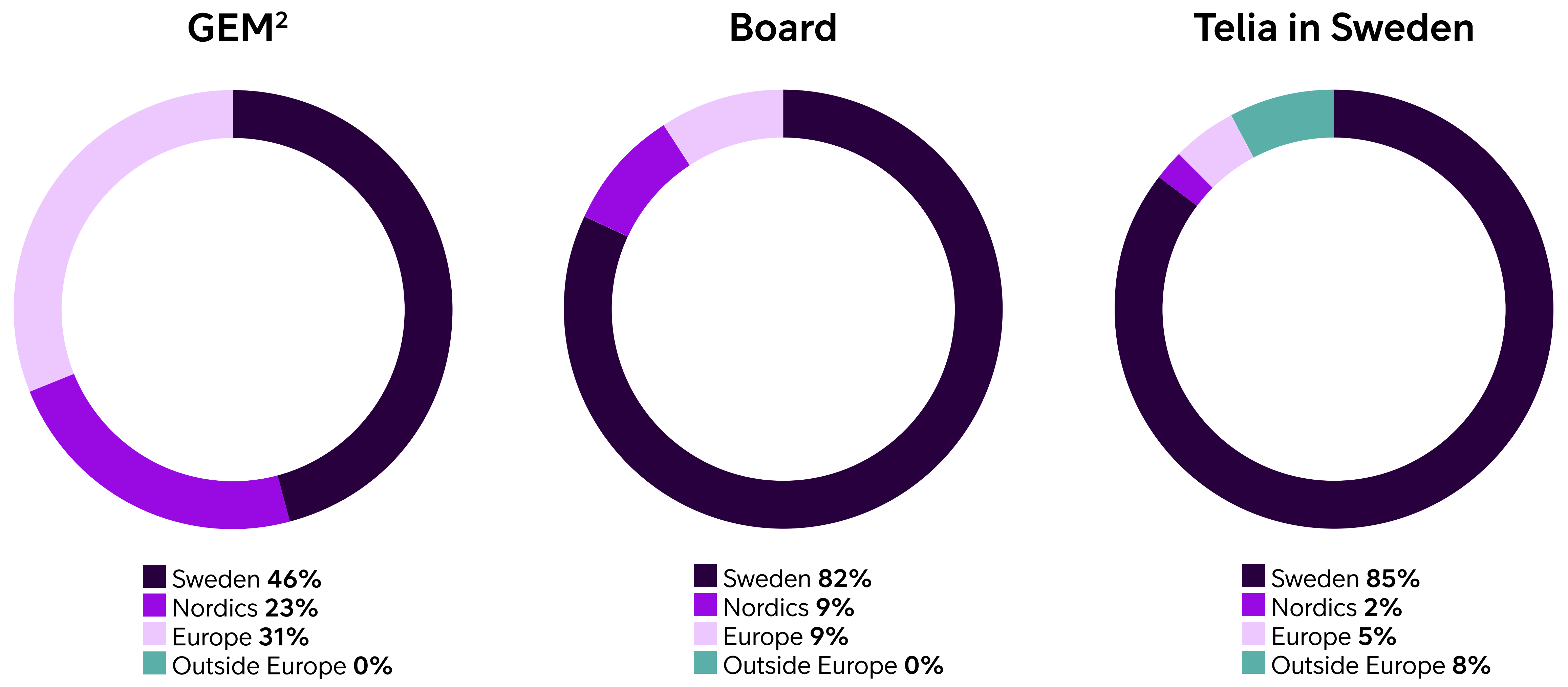
Gender



Age



Region of birth



For more information on how we determine region of birth, see **Sustainability note S9**.

How is inclusion perceived?

86%
of employees feel respected

89%
consider their manager creates an environment where everyone can be themselves

Source: Telia's employee survey, Nov 2021

1) ELT - Extended Leadership Team (~130 individuals)
2) GEM - Group Executive Management
Statistics are based on headcount data as of December 31, 2021

Continuous improvements of HR processes
Key HR processes such as recruitment, performance evaluation, leadership, on- and off-boarding, talent management and compensation and benefits were refined in 2021 to better support diversity, gender equality and equal opportunity. One example is the team performance reviews at all levels of the company, where managers are provided with a data dashboard on the gender and age balance of their teams as well as eventual differences regarding performance scores between men and women, and employees of different age groups. Trained facilitators ask questions during the process to identify possible unconscious bias in ratings. In addition, all new managers undergo mandatory leadership training that includes diversity and inclusion modules. During 2021, the Leadership Framework which forms the basis of Telia's leadership culture was restructured, to incorporate inclusive leadership as one of the pillars. More information is available in the **People** section.

Training
In 2021, we had a strong focus on training in inclusive recruitment and unconscious bias.

- By the end of 2021, 20% of managers had been trained in unconscious bias and 38% had been trained in inclusive recruitment practices.
- All Telia recruitment specialists were trained in inclusive recruitment practices, to ensure bias free recruitment and advertising and to secure a diverse pipeline of talents into our company.

Efforts to reduce the gender pay gap
As part of refining our equal pay framework, that aims to have zero pay inequality, a pay gap and gender parity analysis is carried out once a year in all markets. The 2021 results showed an overall raw gender gap decrease of 2 percentage points in comparison to 2020. Much of the remaining differences can be attributed to gender segregation of professions (for example more men in technology and more women in support functions) and an imbalance in vertical career development between male and female employees. To further reduce the pay gap, we are strengthening our initiatives to recruit, promote and retain female managers and decrease gender segregation within Tech, IT, and commercial roles by actively recruiting more women to such roles. Individual unexplainable pay inequalities for equal roles is handled according to a process with clear deadlines for corrections.

Activities to raise awareness
Through various internal and external initiatives, we discussed challenges and let a multitude of voices share their experiences and propose ways forward to reach our end goal. During the year we reached 4,250 people with events on topics such as Women in tech, Race and ethnicity, Disability and accessibility, LGBTQI+ rights and the importance of Allyship. As an example, we hosted the Diversity Charters Sweden's Signatory Event and the global virtual Business Pride, for the second year in a row.

We engage in particular activities to address inclusion in the tech sector. Examples from the year include:
- Participation in Women go Tech events in most countries, to engage women of all ages and backgrounds to join the tech industry. Several countries also have external sponsorships, as well as internal development, sponsor or mentorship programs for female leaders and employees.
- Events to enable immigrants and refugees in the Nordics to reskill into tech by showcasing vocational reskilling opportunities as well as jobs available in tech and IT.
- Telia Sweden, Finland and Norway enabled unemployed immigrants with higher education to enter the tech job market by offering internships at Telia and mentorships by Telia employees. In total, 32 internships and 12 mentorships resulted in 13 offers of employment within Telia.
- Telia internal and external user experience design was updated according to the Web Content Accessibility Guidelines (WCAG), allowing all employees with disabilities to engage and use Telia's digital office environment on equal terms.
- Telia Lithuania offered a work shadowing program for seniors and Telia Sweden a leadership program for senior employees. Telia Sweden offered a flexi-pension program from the age of 62 to be able to retain and include employees that are close to retirement.
- TV4 conducted 7 awareness raising activities with external experts on ethnic biases and minority communication aimed for news and broadcasting staff, approximately 900 participants attended the workshops. TV4 also conducted a survey using data from SCB to identify current composition of workforce from a region of birth perspective. This survey was conducted for all Telia employees in Sweden.

Please note that our digital inclusion work targeting customers and other external stakeholders is covered under the **Digital inclusion** chapter.

External recognition

- Telia was included in the Bloomberg Gender Equality Index.
- Telia was ranked among the "Leaders in Diversity 2021" by Financial Times and Statista.
- Telia Estonia was awarded "Rainbow Hero" (most LGBTQI-friendly employer of the year) by Human Rights Center of Estonia.
- According to the Baltic Salary Survey, Telia Lithuania was announced as one of the top five companies in the Baltics that pay most equal renumeration to men and women.

Discrimination and harassment

We work to counter discrimination and have processes in place to handle breaches of our clear position in this regard. During the year, around 30 discrimination and/or harassment-related reports were filed. Subsequent investigations resulted in 15 minor disciplinary actions and three terminations.

Health and well-being

Goals	2021 progress
• 78% of employees state that they are able to successfully balance work and personal life[1] [2023]	• 73% (2020: 74%)
• All markets covered by ISO 45001 management system [2023]	• 4 out of 6 markets covered by certification, other 2 have management systems based on the same principles

1) Measured in our internal employee engagement survey

Our approach

Health and well-being form the basis for a great employee experience. We strive to ensure employees' right to health and that employees can perform at their best in their everyday work. A healthy workplace, good work-life balance and flexible ways of working are key aspects to achieve this.

Our work is governed by the Group policy – People. Health and safety requirements for suppliers are outlined in the Supplier Code of Conduct.

Our most significant health risks

Our employees generally work in offices and retail environments where health risks relate mainly to mental well-being and ergonomics. Our biggest challenges relate to ensuring employees have a good work-life balance and sufficient recovery between intense work periods.

Significant health and safety risks close to our core operations include working at heights or performing electrical work related to network construction and maintenance activities that are generally carried out by contractors. To mitigate these risks, suppliers are required to comply with the Supplier Code of Conduct, which includes health and safety requirements, and should report any relevant incidents to Telia's whistle-blowing tool. As a preventive measure, we have a continuous dialogue with our main suppliers regarding improved health and safety practices and we carry out onsite audits to check that contractors meet our safety requirements. More information is available in the **Responsible sourcing** chapter.

Telia's health and well-being model

Our internal health and well-being model is based on the following key elements:

- A continuous improvement approach to occupational health and safety through the use of the ISO 45001 management system standard
- Preventive actions such as risk assessments and employee surveys
- Health and well-being included in regular performance check-ins between managers and employees
- Health and well-being training for all managers

Work during the year

COVID-19 measures

To comply with the public health authorities' recommendations to limit the spread of COVID-19, many employees worked from home during much of the year. Efforts in relation to the pandemic focused on two main targets:

- **Reduce spread of COVID-19**
  Telia issued guidelines including when and how to use personal protective equipment and trainings for employees who had to be physically present at work and employees who returned to work at office facilities later in the year. In addition, office facilities were adapted to ensure social distancing.

- **Promote good mental health**
  We increased communication and availability to psychological health-support channels. In addition, digital employee engagement activities were offered to encourage employees to take regular breaks away from the computer.

Better connected working

As our countries and offices reopened after the lifting of COVID-19 restrictions, we launched our "better connected working" model, based on employee feedback. The model is built on an office first approach that enhances flexibility in the workplace, enabling employees to thrive together physically whilst leveraging the opportunities of working from home. Results from our employee engagement survey show an increase in employees that can perform their job in a good way with the better-connected working model, compared to full remote working.

Measuring health and well-being

Overall health and well-being are measured as part of the employee engagement survey. Results indicate a decrease by one percentage point in experienced overall personal work-life balance, in comparison to 2020. 73% of respondents were able to successfully achieve a good personal work-life balance and 75% identified as having good overall well-being. Our main challenges regarding health and well-being are increased stress, increased workload, and physical discomfort.

ISO 45001 certification

Telia views the ISO 45001 health and well-being management system standard as a valuable tool to ensure systematic assessments and follow-up on risks. During the year, local companies in Finland, Norway, Estonia and Lithuania maintained their ISO 45001 certifications. At year end, 39% of all employees were covered by the ISO 45001 certification. Local companies in Sweden and Denmark are not ISO 45001 certified but have implemented management systems based on the same principles. Additional information about management systems is available on **Sustainability note S18**.

Incidents

During the year, no major injuries or fatalities were registered for our staff or contractors. 29 cases were reported regarding minor injuries from contractors.

For more information about health and well-being data, see **Sustainability note S10**.

Responsible sourcing

Goals	2021 progress
• All new and renewed supplier contracts screened according to the due diligence process [2022]	• 95% of total spend were covered
• Carry out at least 100 audits annually	• Carried out 126 audits based on risk assessment
• All supplier non-conformities closed within due date	• Achieved for the year

Please refer to Sustainability note S19 for information about the scope of Telia's goals within this area.

Our approach

We rely on a global supply chain to deliver products and services to our customers. In our sourcing processes we look at various aspects, such as price, quality, the supplier's sustainability standards and ability to innovate, to assess the full value of their deliveries before we decide which supplier to select.

A dedicated due diligence process is in place to evaluate suppliers' sustainability performance. The responsible sourcing function is responsible for the supplier sustainability risk assessment, including due diligence and audits. Local or group level subject matter experts also lend support in auditing and dialogue meetings.

Due diligence coverage

- Anti-corruption
- Environment
- Human rights
- Labor rights
- Management
- Occupational health and safety
- Ownership
- Privacy
- Security
- Trade sanctions

Our supplier requirements are set out in the Supplier Code of Conduct

Responsible sourcing process

Supplier requirements
Our suppliers shall align and comply with the requirements stated in our Supplier Code of Conduct. In addition, suppliers handling personal or sensitive data must comply with the security and privacy requirements stated in Telia's Supplier Security Directive. Suppliers are expected to apply these requirements throughout their own supply chain.

Supplier due diligence
The objective of the due diligence process is to ensure that Telia only engages with suppliers who meet our standards and require the same from their own suppliers. The process has a risk-based approach that allows us to focus on those suppliers that could potentially expose individuals, the environment, and Telia to elevated risks. As part of the due diligence process, an up-front risk assessment is carried out to identify high-risk triggers. If risks are deemed high, the supplier undergoes an in-depth due diligence assessment consisting of a self-assessment against the Supplier Code of Conduct and other relevant requirements as well as screening covering, for example, ultimate beneficial ownership (UBO) and sanctions. Results from the in-depth due diligence assessment can result in high, medium and low risk grading. Potential high risks and serious violations identified in the due diligence process, for example those that relate to labor rights, or other human rights, could trigger a supplier audit. High-risk suppliers identified during the in-depth due diligence assessment and suppliers with critical non-conformities identified through audits are reported to the Group sourcing management team for decision-making regarding supplier selection and monitoring.

Supplier audits
Supplier audits play a key role in supplier assessment and continuous development through Corrective Action Plans (CAPs) follow up and supplier dialogue. We take a risk-based approach when selecting which suppliers to audit each year. Audits are concluded in the form of Audit Reports with identified non-conformities and mutually agreed CAPs with due dates. If a supplier fails to meet a CAP for a critical non-conformity, the termination of the supplier relationship is considered.

In addition, to increase audit scope and leverage, we collaborate with other telecom operators through the Joint Audit Cooperation (JAC), to assess sustainability practices in lower tiers in the supply chain. Members of the JAC share resources and best practices to coordinate supplier audits using common requirements in five areas: Labor, Health and Safety, Environment, Ethics and Management Systems.

Supplier Development and Engagement
As part of supplier management, we maintain a continuous dialog with suppliers to increase their awareness about our expectations. Non-conformities, as well as challenging areas that require a joint approach, are raised at supplier meetings where top management from both sides engage to address topical issues. Information on selected engagement areas is presented on the next page.

Work during the year

Due diligence and audits

Supplier due diligence and audits contributed to deliver products and services to our customers. Here are some of the annual results:

- Around 2,000 suppliers went through the up-front risk assessment, covering 95% of the total spend with our suppliers. This resulted in 918 (46%)
- in-depth due diligence assessments.
- 2% of suppliers that underwent the in-depth due diligence assessment were associated with high risks and therefore subject to additional procedures (as described on the previous page).
- 126 audits were conducted by Telia and 482 non-conformities identified during supplier audits were closed in 2021.
- An additional 71 audits were conducted by JAC reaching approximately 129,000 workers in total.

First tier audited suppliers scored relatively high in the areas of labor rights and human rights. The identified largest gap for the suppliers was enforcing Telia's Supplier Code of Conduct requirements in their own supply chains. Results from audits conducted by JAC in lower tires showed working hours, and health and safety as the main challenges.

2021 engagement focus

Throughout the year, three topics were prioritized for engagement: forced labor, climate, and circularity.

Forced labor: Media and research institutions have presented reports about links between the ICT industry and violation of the rights of the Uighur minority in China.

Telia takes these reports seriously and has therefore engaged with 25 suppliers mentioned in public reports to understand and evaluate their responses. We have also been in dialogue with human rights and China experts, responsible business initiatives in other sectors and policymakers to better understand our impact and steps to take for proper due diligence and mitigation. At the end of the year, we had received satisfactory responses from 18 suppliers and further engaged with the other 7 suppliers.

Climate: In 2021 we continued assessing the maturity level of our suppliers in terms of climate action. We selected suppliers for engagement, to reach our goal of having 72% of our supply chain GHG emissions covered by science-based targets by 2025. By the end of the year, six out of the ten suppliers that emit the most carbon dioxide in our supply chain had set, or committed to set, science-based targets. This helps us make progress towards a climate-neutral value chain by 2030 (more information in the **Climate and circularity** chapter).

Circularity: During the year we launched the Eco Rating initiative which measures the environmental performance of various mobile phone models. The rating guides consumers in their purchasing decisions but also works as a useful tool for engagement with manufacturers to drive circular principles in the production of mobile phones. More information about Eco Rating is available in the **Climate and circularity** chapter.

Work to counter supply disruptions

Global supply chains make companies vulnerable to supply disruptions. This became evident in 2021 as our industry experienced shortages of semiconductors, jeopardizing our 5G roll-out and the supply of various devices needed by our customers. At the end of 2021 we could conclude that we mitigated these risks well, thanks to intensive interactions with our suppliers. This experience, however, demonstrates the need to promote resilience in the supply chain. Disruptions may arise from various factors in the coming years – be it climate change effects, pandemics, or other reasons.

Today we try to build a resilient supply chain through the sustainability requirements for our suppliers, work to diversify our supplier base and by assessing critical suppliers' business continuity capabilities. We see that especially smaller suppliers will require more attention in the coming years and that the issue needs to be addressed already in our supplier selection phase. In the years ahead we will continue developing this work further to increase resilience and avoid disruptions of supply.

2021 Renewed Supplier Code of Conduct and Supplier Security Directive

We have renewed our Supplier Code of Conduct and Supplier Security Directive to best align with our commitment to accelerate action in contribution to the UN Sustainable Development Goals. Requirements related to our impact areas, such as Climate and circularity, Digital inclusion, Human rights, and Privacy and Security, have been strengthened to reflect our ambition level. Expectations regarding these topics are outlined in the new versions of the **Supplier Code of Conduct and Supplier Security Directive.**

Anti-bribery and corruption

Goals	2021 progress
• Annual Anti-Bribery and Corruption risk assessments performed in all markets.	• Achieved for the year
• Annual completion of Anti-Bribery and Corruption program maturity assessments in all markets along with plans to close maturity gaps	• Achieved for the year

Our approach

We conduct business with zero tolerance for corruption. Corruption risk is treated as one of Telia's principal risk areas and an Anti-Bribery and Corruption (ABC) program is in place to mitigate this risk. The program provides a systematic way to effectively detect and prevent corruption and violations of anti-corruption laws. It is implemented and continuously developed using a risk-based approach through:

- Regular ABC risk assessments to identify and manage key risks
- Annual maturity assessments to follow up on progress and identify areas for improvement
- Training to ensure awareness of ABC risks
- Supply chain risk management by screening, monitoring, and auditing suppliers
- Mandatory Conflicts of Interest disclosure for the extended leadership team

Our exposure to corruption risks significantly decreased the past few years due to the divestments of subsidiaries in Eurasia and our global operations through Telia Carrier. Today, some of our markets are defined as low-risk markets by Transparency International Corruption Perceptions Index (Sweden, Finland, Norway, and Denmark) and some as medium risk markets (Estonia and Lithuania). Our supply chain, however, is global with suppliers operating within a wide risk spectrum. Hence, anti-bribery and corruption requirements are covered in our Supplier Code of Conduct and practices are monitored in the due diligence process and through auditing of high-risk suppliers. More information is available in the **Responsible sourcing** chapter.

Our work is governed by the Group policy – Anti-Bribery and Corruption

Ethics and compliance network
The ABC program is managed by the Group Governance, Risk and Compliance unit. It is responsible for the program design and for coordinating activities. Local Ethics and Compliance Officers are responsible for local implementation.

The Special Investigations Office (SIO), which is part of the Security Office, handles special investigations related to potential corruption, fraud, and other significant related risks such as retaliation. Read more about cases during the year in **Sustainability note S16**.

Work during the year

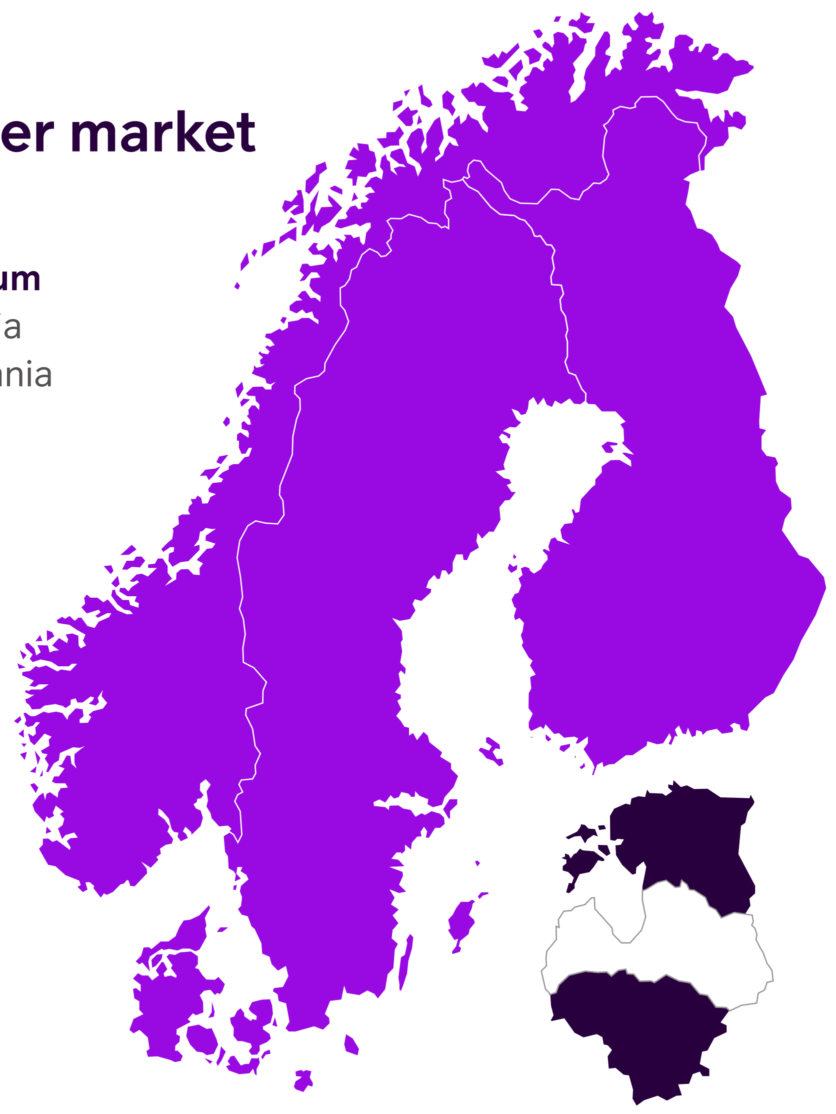
ABC program maturity
In 2019, Telia introduced a maturity assessment methodology to enable holistic and credible evaluation and follow-up of key risks. Since then, the methodology has been used to assess the maturity of the ABC program throughout the Group and the markets. 2021 results indicate an overall well-established program, which makes us well-equipped to identify and manage ABC risks.

ABC risk assessments
Throughout 2021, ABC risk assessments were implemented and performed in all countries. These risk assessments are used to identify focus areas and set plans for the ABC work in the coming years. The 2021 risk assessments did not identify any medium, high, or very high risks. The conclusion was that there is high awareness and attention to ABC both on country and Group level and the likelihood of overall ABC risk is low, but the financial impact may potentially be high. Areas of improvement have been identified regarding third party management and plans are being developed to address this during 2022.

Training
All employees at Telia are required to do an e-learning on the Code of Conduct which includes a specific part on anti-corruption. In addition, around 800 employees with risk exposure such as those working with sales, public officials, and sourcing, completed ABC-specific awareness training.

Risk levels per market

Low	Medium
Sweden	Estonia
Norway	Lithuania
Finland	
Denmark	



Source: Transparency International

Sustainability notes

S1 General information

The Board of Directors' Report, section Sustainability together with the Sustainability notes constitute Telia Company's statutory sustainability report according to the requirements in the Swedish Annual Accounts Act. It also serves as Telia Company's and all subsidiaries' Global Compact Communication on Progress (CoP). In addition, sustainability content is also integrated into other sections of this report, e.g. in the description of Telia's business strategy, the underlying trends analysis and in the Corporate Governance section.

The report has been prepared according to Telia's Sustainability Reporting Framework which is based on various frameworks such as Global Reporting Initiative, Integrated Reporting Framework, Global Compact Communication on Progress, EU Non-Financial Reporting Directive, UN Guiding Principles Reporting Framework and Task Force on Climate-related Financial Disclosures, to facilitate comparability. Telia's Sustainability Reporting Framework contains reporting principles, content guidance, detailed information on basis for preparation of information, and definitions. It is available at **www.teliacompany.com/sustainability/reporting**. To facilitate reading and comparability, please refer to the Sustainability Index on pages 121 and 122.

Please note:
- This sustainability report shall not be considered prepared strictly in accordance with any of the supporting frameworks.
- The scope of information provided covers our operations in Denmark, Estonia, Finland, Lithuania, Norway, and Sweden. In addition, our associated company LMT in Latvia is included in our environmental reporting to align with the Greenhouse Gas Protocol accounting standard. Historical data for discontinued operations is included where relevant to present a complete picture of the company's historical performance.
- Material omissions or limited scope of information are explained in the respective note.

Deloitte has been engaged to provide limited assurance of the sustainability report, see **Auditors' Limited Assurance Report** in the Sustainability section for more information. All disclosures which constitute the sustainability report are covered by the limited assurance engagement.

Comments and feedback help us develop our sustainability work and reporting. You are welcome to contact us at **sustainability-group@teliacompany.com**.

S2 Sustainability governance

See **Sustainability Governance** in the Sustainability section. Additional information, including more information on the governance of the company's overall risk management process, is available in the **Corporate governance** and **Risk and uncertainties** section.

The Code of Responsible Business Conduct and other governing documents can be found at **Telia's website**. The **Statement of Materiality and Significant Audiences**, lists international frameworks that Telia has adhered to.

S3 Stakeholder engagement and materiality determination

Through our stakeholder-based approach, Telia continuously assesses stakeholder views to help us determine what is material to address and report on. In regular intervals we do materiality deep dives, for example during a business strategy review (like in 2020) or if there are other major business or societal changes around us. In between such deep dives we act on our "materiality maintenance plan" which includes monitoring of various research, industry, and media reports, as well as surveys or conversations with particular stakeholder groups on specific topics. Stakeholders are generally selected for engagement either because they represent the opinions of a stakeholder group as a whole (e.g. a consumer organization or a union) or because we consider them knowledgeable due to their expertise and/or experience.

Information on the final outcome is presented in sections about **How we prioritize** and **What matters to our stakeholders**, with more detailed information in each impact area section.

Main sources for determining materiality and reporting scope in 2021 included:
- Our own 2020 materiality deep dive based on desktop research validated through internal and external stakeholder dialogues. An AI-based global materiality check in 2021 to confirm 2020 analysis or identify changes.
- Ongoing telco materiality study conducted by Yale University in 2021 on behalf of industry association GSMA which also included stakeholder engagement to validate final outcome. To be published in 2022.
- SB Insight's 2021 consumer trend studies which identify how consumers in our markets think a telco should prioritize.
- Topics covered by ESG rating firms, including how topics are weighted.
- Engagement with collaborative partners (some of them listed on page 78) to get deeper understanding of theme-specific impacts and topic boundaries.
- Concerns raised by stakeholders.
- Continuous monitoring of policy development.

Information on determination of salient human rights issues are provided in **Sustainability note S7**.

S4 Climate and circularity

See the **Climate and circularity** chapter for more information. For more details on calculation methods, emission factors and more, see the **Telia's Sustainability Reporting Framework**.

Energy consumption

Total energy and emissions data is reported for continuing (current) operations and discontinued operations (i.e. divested operations outside the Nordics and Baltics). Discontinued operations are included in the tables below as they constituted a significant share of the group's historic total environmental footprint). The last company under discontinued operations was divested early 2020, hence the last reporting year is 2019.

Direct energy consumption (scope 1), GWh	2021	2020	2019
Continuing operations	22	21	26[1]
Discontinued operations	-	-	2
Total	**22**	**21**	**28**

1) Improved data quality compared to the 2019 Annual and Sustainability Report

Direct energy consumption (table above) is based on non-renewable energy sources, of which approximately 80% is related to fossil fuel use for cars, and the remaining is related to the use of back-up diesel generators for emergency situations.

Indirect energy consumption (scope 2), GWh	2021	2020	2019
Continuing operations	1,147	1,195	1,144
Discontinued operations	-	-	20
Total	**1,147**	**1,195**	**1,164**

Around 93% of scope 2 energy consumption (table above) consist of electricity, 100% of which was renewable. The remaining 7% is mainly non-renewable district heating.

Greenhouse gas (GHG) emissions

Telia has been climate neutral in own operations since 2020. This is achieved through absolute emission reductions (mainly through the use of 100 percent renewable electricity via Guarantees of Origins) and carbon offsetting of remaining emissions (scope 1, scope 2 market-based and scope 3 business travel).

To be able to track absolute emission reductions, scope 1 and 2 market-based emissions are reported in the following tables, excluding carbon offsetting. Our emission reporting is aligned with the GHG protocol. GHG emissions are reported as ktons CO_2e.

Direct and indirect GHG emissions - Scopes 1 and 2

Direct GHG emissions (scope 1), ktons CO_2e	2021	2020	2019
Continuing operations	7	7	7
Discontinued operations	-	-	0
Total	**7**	**7**	**7**

From 2020 and onwards, 100% of scope 1 emissions are offset through **carbon credits**.

In 2020, refrigerants were added to the scope 1 emissions reporting. The total amount of refilled refrigerants in 2021 was 840 kg of various types. Related emissions amounted to approximately 1 (2) ktons CO_2e, which constituted 15% of total scope 1 emissions.

Indirect GHG emissions (scope 2, market-based), ktons CO_2e	2021	2020	2019
Continuing operations	6	6	37[1]
Discontinued operations	-	-	10
Total	**6**	**6**	**47**

1) Improved data quality compared to the 2019 Annual and Sustainability Report

From 2020 and onwards, 100% renewable electricity was used. Remaining market-based scope 2 emissions are offset through carbon credits.

Indirect GHG emissions (scope 2, location-based), ktons CO_2e	2021	2020	2019
Continuing operations [1]	110	132	125
Discontinued operations	-	-	10
Total	**110**	**132**	**135**

1) Data updated after finding of error in external reporting tool

Other indirect GHG emissions – Scope 3

During 2020, we carried out a full value chain assessment using 2018 data, to further understand our total carbon footprint and to set Science Based Targets covering all scopes. The Corporate Value Chain (Scope 3) Standard was applied to calculate all 15 categories of scope 3 emissions. Full update of all categories is provided every second year.

The most relevant categories are:

- Purchased goods and services (category 1) – OPEX including purchased mobile devices
- Capital goods (category 2) – CAPEX including network equipment
- Use of sold products and downstream leased assets (categories 11 and 13) – GHG emissions related to the use of sold or leased products, e.g phones and routers

"Other material categories" includes the remaining nine categories considered material such as upstream transportation, fuel and energy related activities, employee commuting, leased cars and business travel, waste handling and end-of-life treatment of sold products, franchises, and investments.

Scope 3 data is presented in the table below.

Other indirect GHG emissions (scope 3)[1]	2020 ktons CO_2e	2019 ktons CO_2e	2018[2] ktons CO_2e	2020 vs. baseline year 2018 (%)
Purchased goods and services; capital goods (categories 1 and 2)	956	995	1,005	-5%
Use of sold products; downstream leased assets (categories 11 and 13)	88	102	100	-13%
Other material categories, total	107	-	100	+7%
Total	**1,151**	**-**	**1,205**	**-5%**

1) Includes only continuing operations. Scope 3 emissions are reported with one year delay
2) The implementation of an improved methodology enabled a more granular calculation of the 2018 baseline (compared to the 2019 Annual and Sustainability Report)

Business travel GHG emissions (scope 3, category 6), ktons CO_2e	2021	2020	2019
Total	**1**	**2**	**6**

From 2020 and onwards, 100% of business travel emissions, are offset through carbon offsetting.

Waste

Waste is a key environmental aspect, and through our zero target we are committed to reducing our total waste footprint from own operation including network construction and maintenance. To meet our new targets, we have expanded waste data collection throughout 2020 and 2021. Work is ongoing to improve data collection and quality, as contractors and waste management suppliers are adapting to provide us with Telia-specific data.

Waste tons	2021
Construction waste*	**80,340**
Stone, gravel, asphalt	54,270
Impregnated wooden poles*	20,140
Metals	3,320
Cables	2,160
Wooden material from construction	450
Electronic waste*	**1,420**
Batteries*	**820**
Office waste	**2,170**

* Includes hazardous waste fractions

Read more about recycling, re-use and take-back programs in the **Climate and circularity** chapter.

Water and biodiversity
Water is not regarded a key environmental aspect for our own operations. Some data center facilities have water-based cooling, where water is re-circulated in closed systems. Water consumed in the offices and in other locations is used for sanitary purposes and kitchen/canteen activities only. All Telia facilities, including data centers, are located in built areas with connection to municipal water infrastructure.

Biodiversity is not regarded a key environmental aspect for our own operations since our land holdings are limited. All infrastructural interventions, like towers and landlines, are constructed according to local construction and environmental legislations.

Water and biodiversity aspects are important in parts of our supply chain, e.g. in certain manufacturing processes of electronics and mineral extraction. Suppliers are required to identify and manage all significant environmental aspects associated with their operations, apply the precautionary principle and put the same requirements on their sub-contractors. These requirements also apply for water and biodiversity, when relevant.

Carbon and energy enablement
The methodology for Telia's carbon enablement calculations has been developed together with the consultancy firm Carbon Trust. The starting point for developing our model was the **GSMA Enablement Effect Report**. Today we focus on calculating the enablement effect of our remote meetings and IoT offerings. We are not capturing the broader sets of enablement effects, such as home working, online shopping, accommodation sharing etc, which our underlying connectivity services provide opportunities for. Moreover, no eventual rebound effects are captured in our calculations.

Read more about the methodology including underlying assumptions in the methodology paper available on **Telia's website**. Regarding the results, please note:

- Reporting of enablement effects is still new and methods are under development as research on the impacts of digitalization continue advancing. Hence reported data are estimates based on available research and data.
- Carbon enablement factor calculations are generally based on assumptions from market reports or other studies, not Telia customer-specific data.
- Data presented in our 2020 Annual and Sustainability Report is not fully comparable to the 2021 numbers since both data capture and certain calculation methods were improved during the year.
- Due to the limited scope of our model and the conditions in our markets (e.g. national electricity grid emission factors), the results should not be considered directly comparable to the results based on other telcos' similar models.

Carbon and energy enablement data	Carbon (ktons CO_2e)	Energy (GWh)
Smart buildings	26	304
Smart utilities	28	504
Smart transports	22	-
Remote meetings	516	-
Total	**592**	**808**

CDP
Telia's CDP score changed from B to C in 2021. After dialogue with CDP, our interpretation is that the decrease is due to reporting technicalities. Hence, all aspects of our climate work have not been assessed. We therefore recommend stakeholders to read the **Climate and circularity** chapter and note of this report.

Taxonomy reporting

The European Commission has worked with experts in business, civil society, and academia during the past years to create a common language and definitions of what is sustainable (an "EU taxonomy"). This is important to be able to meet the EU's climate and energy targets and scale up sustainable investments. On July 6, 2021, the Delegated Act supplementing Article 8 of the Taxonomy Regulation was adopted by the Commission to specify information that must be disclosed by companies to show the proportion of environmentally sustainable economic activities in their businesses. For 2021, companies report eligibility linked to economic activities that the Commission has listed in the act to date for climate mitigation and adaptation. For 2022 and onwards, economic activities connected to alignment will also be reported.

As illustrated below, Telia Company reports a limited percentage of Taxonomy eligible activities since our networks are not included. Together with industry peers we have highlighted this issue to the Commission and argued that networks should be included as an economic activity in future Taxonomy delegated acts with dedicated alignment criteria. Please note that complete environmental data for Telia is provided in the **Climate and circularity chapter** and **Sustainability note S4** in this report, including the total carbon and energy footprint of our business, energy source used and circularity initiatives.

Assessment of eligible economic activities
Telia Company has assessed all economic activities within the group to determine which activities should be eligible under the Taxonomy definitions. The following activities have been deemed eligible for Telia Company in 2021:

8:1 Data processing, hosting and related activities
8:2 Data-driven solutions for GHG emissions reductions

Economic activities that do not generate direct external revenues, have been excluded. For TV and Media-related activities (8:3 and 13:3 in the Taxonomy) eligibility has been deemed insignificant to date for Telia Company.

Taxonomy KPIs	Total 2021 (SEK million)	Taxonomy eligible part of economic activities	Taxonomy non-eligible part of economic activities
Turnover	88,343	1%	99%
OPEX	2,373	10%	90%
CAPEX	22,607	1%	99%

Interpretations with respect to eligible activities

8:1 Data processing, hosting and related activities

Telia Company has made the following interpretation of 8:1 in order to capture eligible activities. We focus on data centers, i.e., facilities used for centralized storage, management or processing of data together with all the infrastructures and equipment necessary to do so. The following additional interpretations are applied:

- Data center facilities are either owned or operated by the company. Space leased from other data center operators should be reported by that entity.
- Non-revenue generating data center activities are excluded (i.e. data centers that do not generate direct external revenues).
- Telco sites, i.e. technical sites below a specified energy consumption threshold in the network, are excluded.

8:2 Data-driven solutions for GHG emission reductions

8:2 focuses on ICT solutions and activities that are predominantly aimed at GHG emission reductions. Since ICT products generate a range of benefits, our interpretation is to include products and services with significant enabling effects. Telia Company is currently providing the following solutions with significant enablement effects for customers:

- Remote meeting services
- Internet of Things solutions for smart buildings and transportation

Telia Company regularly measures the enablement effect both for carbon and energy, see the **Climate and circularity** chapter. Energy consumption reductions are key in enabling a full phase out of fossil fuels in the markets where we operate.

Accounting principles

The Taxonomy KPI definitions of Turnover, Operating expenditure (OPEX) and Capital expenditure (CAPEX) are not fully aligned with similar measures used in Telia Company's consolidated financial statements. For Taxonomy reporting purposes some adjustments have therefore been made to Telia Company's financial measures. Telia Company's interpretations of the Taxonomy KPI definitions are based on guidance in the Taxonomy publications, guidance from FAR (Institute for the Accountancy Profession in Sweden – FAQ on the EU Taxonomy), and consultations with external sustainability experts. The interpretations of the KPI definitions might change in the future as the Taxonomy reporting guidance is clarified, and/or the Taxonomy reporting practices are developed.

The three Taxonomy KPI denominators have been defined as follows by Telia Company in 2021:

- Turnover is defined as the external revenue under IFRS, which corresponds to external net sales in Telia Company's consolidated statements of comprehensive income.
- CAPEX is defined as the additions to property, plant and equipment, intangible assets and right-of-use assets during the financial year before depreciation, amortization and impairments. Additions to goodwill and film and program rights are not included in CAPEX. Additions are defined as investments during the financial year (net of any government grants received) and includes additions resulting from business combinations as well as gross increases of asset retirement obligations (costs of dismantling and restoration). (Telia Company's CAPEX measure used in the consolidated financial statements excludes additions resulting from business combinations and asset retirement obligations but includes advances and pre-payments).
- OPEX KPI is defined as direct non-capitalized costs that relate to research and development, building renovation measures, short-term leases, maintenance and repair, and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment by the undertaking or third party to whom activities are outsourced that are necessary to ensure the continued and effective functioning of such asset. Direct non-capitalized costs related to research and development corresponds to the amount for research and development expenses in Telia Company's consolidated statements of comprehensive income, excluding amortization, depreciation and impairment expenses in that function. Telia Company has adopted a strict interpretation of day-to-day servicing expenditures and has for example only included costs if required for maintenance of servicing property plant and equipment.

Since Telia Company's reporting structures and systems have not yet been fully adjusted to mirror the economic activity definitions of the Taxonomy, some assumptions have been made in order to establish the numerator for certain parts of the KPIs. For some of the Data Centre activities, estimates have been made to calculate the share of OPEX and CAPEX related to external customers. These estimations have been made on a market level, based on local circumstances. As a general note, Telia Company has applied a conservative approach both in identifying eligible activities and when estimating CAPEX and OPEX associated with such activities.

TCFD

Telia sees climate change management as a vital factor for future business success and acknowledges the importance of providing investors and other stakeholders with information about how we address both climate risks and opportunities. We take the TCFD recommendations not only as reporting recommendations, but as useful guidance to continuously structure and improve our work.

Governance

Board oversight and management's role

The Board of Directors has strategic oversight and ultimate responsibility for sustainability governance, including climate-related risks and opportunities, and tracks how the company makes progress towards set goals. In 2019, the Board approved Telia's 2030 climate and circularity goals. In 2021, the Board approved the new Telia purpose and updated business strategy, where the sustainability agenda, which encompasses the environmental agenda, has been thoroughly integrated to future-proof the company. In the business strategy, climate and circularity were selected as one out of the three most prioritized impact areas. The Board receives half year and full year updates on climate-related risks as well as progress towards the goals to exercise oversight.

The Group Head of Sustainability has strategic and operational responsibility and oversight of implementation across the organization related to climate-related risks and opportunities. The Group Head of Sustainability reports to the SVP, Chief External Affairs, Governance & Trust Officer who is a member of Group Executive Management (GEM). GEM is responsible for strategic business decisions, including goal setting. The Group Governance, Ethics & Compliance (GREC) forum - which all GEM members attend - receives updates about environmental risk management twice a year as part of the company's overall risk management process.

For more information see **Sustainability governance** in the sustainability section and the **Group-wide Governance Framework** section.

Strategy

Climate-related risks and opportunities identified

We continuously develop our processes to identify and manage climate-related risks as part of our enterprise risk management process and in our day-to-day work. In 2021, we updated our climate risk assessment including both transition and physical risks – see the **Climate Risk Assessment** table – using 2025 as timeframe for transition risks and longer timeframes for physical risks. Further information below.

Transition risks: Transition risks are continuously assessed as part of our monitoring of e.g. policy and technological development (legal, policy and technological risks), the development of the energy market and customer trends (market risks), and stakeholder and media discussions (reputational risks). No scenario analyses have been conducted yet.

During 2021 we experienced increased legislative activity related to climate (e.g. the Taxonomy Regulation and preparations for mandatory environmental due diligence legislation coming from the EU) as well as growing investor expectations and interest in our climate work both related to reductions of our negative carbon footprint and our ability to enable customers to reduce emissions through digitalization. Results from the annual SB Insights B2C study and interactions with business customers showed high attention to climate-related topics and demands for sustainable products, with certain differences between the Nordic and Baltic markets (Nordic customers having the highest expectations on climate performance). In some of our markets, such as Sweden and Finland, circular business models became more common within consumer-facing industries, including electronics. We experienced increasing demands for services driving efficiencies and enablement effects, such as IoT, as business customers try to reduce both GHG emissions, energy use and costs through digitalization and Industry 4.0 is emerging. We expect these transitional trends to intensify up until 2025 (our timeframe for current transitional analysis). The ongoing trends confirm the importance of Telia's climate and circularity goals and workstreams described in the **Climate and circularity** chapter.

Physical risks: During 2021 we carried out physical climate risk assessments in all our markets based on analysis provided by the Swedish Meteorological and Hydrological Institute (SMHI). The analysis involved climate modelling of three RCP (Representative Concentration Pathways) by the UN Intergovernmental Panel on Climate Change (IPCC) through three reference periods (2011-2040, 2041-2070 and 2071-2100). The selected scenarios (RCP2.6, RCP4.5 and RCP8.5) cover a wide range of variations regarding future concentrations of GHG in the atmosphere and its effect on indicators such as annual average temperature and heatwaves, annual maximum wind speed, annual average precipitation and daily maximum precipitation.

The analysis shows differences among the various reference periods and scenarios for the indicators analyzed. A few conclusions:

- The yearly average temperature is rising globally and will increase all over the Nordic/Baltic region, especially in northern Sweden. Warmer yearly average temperatures will also increase the frequency, duration and intensity of heatwaves in the summer. Generally, the northern regions are projected to warm more than the southern regions, and inland regions are projected to heat more than coastal regions. The results consistently show a higher temperature increase for the later time periods.
- Annual maximum wind speed is affected by a complex set of variables that control the storms' paths, strength and frequency, resulting in greater uncertainty in comparison to other climate indicators.
- Changes in precipitation are expected to be small in the earlier timeframes with increasing risks in the later one.

Potential implications of the changes outlined above are in most cases related to disruptions (power outages and connection losses). The findings confirm the importance of further integrating climate risks into our ongoing Business Continuity Management work, complementing these high-level analyses with continuous local monitoring, as well as deepened region- or site-specific analyses to adjust mitigation activities.

An overview of transition and physical climate risks mentioned above, including mitigation activities, are presented in the **Climate Risk Assessment** table, which we revise on a regular basis to continuously evaluate our focus and the effectiveness of mitigations.

Impact on strategy and financial planning

As mentioned before, the climate and circularity area is thoroughly integrated in Telia's business strategy, selected as one out of three prioritized impact areas to inform and support the execution of the business strategy. The overarching climate goal is to reach a climate-neutral value chain by 2030. This means that we have committed to at least halving absolute GHG emissions by 2030 and offset the rest while continuing to move towards net zero. The circularity goal of zero waste by 2030, has an impact beyond climate change but will enable Telia to reduce GHG emissions when applying circular principles and circular business models such as extending the lifetime of devices and network equipment through re-use.

Both risks and opportunities have been factored into the new business strategy, affecting various aspects of our business such as product and service development, selection of suppliers, investments, and day-to-day operations.

- *Supply chain management:* The impact of our supply chain plays a significant role in our commitment to reach climate neutrality by 2030.

Hence, engaging with suppliers and assessing suppliers' climate performance is critical in the supplier selection process.

- *Product development:* In our pursue to reduce climate impact, a range of offered products and services are low-carbon and/or enable our customers to reduce GHG emissions. In 2021, the carbon enablement effect for selected products and services that we offer was calculated for the second consecutive year, to enable business to better understand and describe environmental benefits to customers.
- *Investments*: Investment decisions are preceded by environmental screening covering impact on emissions, energy, and waste.
- *Day-to-day operations:* Significant progress within our own operations has been made using 100% renewable electricity (emissions reductions of 78% achieved since 2018). We strive to further reduce absolute emissions and our overall environmental impacts from our own operations.

See further in the **Climate and circularity** chapter.

Financial planning is affected by initiatives to reduce GHG emissions and the development of new products and offerings. Examples include extra costs for renewable energy and carbon offsetting that must be factored into budgeting. Contrarily, on the product development and offering side cost reductions or new revenue streams are emerging through e.g. circular business models like re-used devices and Device as a Service (DaaS). Similarly, investments into IoT offerings that are generating enablement effects add value to our connectivity offerings and support our ambition to be a digital partner of choice for our customers. Moreover, climate aspects affect work to continuously identify CAPEX that meets the requirements of our Green Bond Framework used to assess opportunities for issuing green bonds.

Risk management

Processes for identifying and assessing climate-related risks, and integration in overall risk management

In 2018/19 we conducted a materiality assessment that preceded the adoption of our 2030 climate and circularity goals. In 2020 and 2021, we further mapped and calculated our climate and waste impacts to better understand risks and opportunities and to be able to set more detailed environmental goals for 2023 and 2025.

An environmental steering committee is in place to regularly review progress towards goals, risks and opportunities, consisting of four members of the General Executive Management team, Group Head of Strategy and Group Head of Sustainability. This steering committee gives guidance to Head of Group Sustainability and makes additional proposals to the full GEM when needed.

Climate risks are included in the overall **Enterprise Risk Management (ERM) Framework**, used to regularly identify, analyse, assess, and report business, financial, ethical and sustainability risks and uncertainties. From a selected risk universe, Environment has been chosen as one of 13 principal risks, where both transitional and physical climate risks are covered. Based on the ERM work, a risk report is delivered on a half-yearly basis to the Audit Committee and the Board, in alignment with the Board's annual work cycle. Risks are presented as group-wide, country or group specific.

Processes for managing climate-related risks

Transition risks are managed through Telia's comprehensive environmental program and ongoing initiatives to integrate environmental and climate perspectives into key processes such as Enterprise Risk Management, sourcing and product development. Regular mapping of our environmental footprint enables us to prioritize actions. Stakeholder engagement enables us to understand changes in expectations and emerging trends.

Physical risks are managed as part of business continuity management (BCM) processes, with input from the scenario analysis mentioned earlier. The scenario analysis showed that financial implications of physical risks are in most cases related to disruptions (power outages and connection losses). In most of the climate scenarios (e.g., for heatwave, precipitation and storms) the risk for power outages is pointed out. We also note that cooling needs are expected to increase. Although the Nordic and Baltic countries share similar overall risks, such as rising temperature and increasing precipitation, the analysis shows that some regions are expected to be more affected which may require extra attention and certain local adaptions to the risk management approach. The conducted analysis enables us to better prioritize actions the coming years based on the assumptions that extreme weather events will increase in number and intensity.

Current mitigation activities for each transition and physical risk area are listed in the **Climate Risk Assessment** table.

In the coming years we will both expand and deepen our work to identify and manage transitional and physical climate risks by e.g. increasing the granularity of risk identification, looking into scenario analyses for transitional risks, further understanding the financial impacts of identified risks and opportunities, and going deeper into management of physical climate risks locally.

Metrics and targets

Metrics used to assess climate-related risks and opportunities in line with strategy and risk management

Telia has set short-, medium- and long-term climate-related goals, including KPIs such as Science Based Targets. In addition, we use external assessments such as the Sustainable Brand Index and CDP to track how we are assessed and perceived by external stakeholders. In 2022, we will look into a net zero goal based on standards launched in 2021.

Scope 1, 2 and 3 GHG emissions

See previous pages in this note.

Targets and performance

See the **Climate and circularity** chapter.

Climate-related performance in remuneration

In 2021, performance evaluation and incentive models for the extended leadership team were under review. Please note that GEM members are excluded from any variable pay schemes.

Climate Risk Assessment

	Most material risks and potential impacts	Ongoing mitigating activities
Transition risks		
Policy and legal	Higher taxes and fees on fossil energy and carbon-intensive products and services – may lead to increased costs	Continuous implementation of measure for energy efficiency and GHG emissions reduction in our own operations and supply chain
	Unclear EU Taxonomy technical screening criteria– may lead to different interpretations in our industry and hence complicate investor efforts to evaluate our work. Moreover, networks are not covered	Proactive engagement with peers and industry efforts to create alignment and include criteria for networks
Technology	Regulation on energy efficiency and circularity of hardware - may require technology replacement Lack of low-carbon and circular alternatives for products and services that drives GHG emissions - may impact our ability to reach our environmental goals	Environmental criteria included in relevant procurement processes Continuous dialogue with current and potential suppliers to spur innovation Industry collaboration to influence the environmental performance and offerings of hardware suppliers, e.g. through Eco Rating for mobile phones and GSMA for network equipment
Market	Increasing costs for energy due to changing dynamics regarding supply and demand Increasing overall demand of renewable energy – may lead to increasing costs of purchasing Guarantees of Origin	Group-wide energy projects and coordination initiatives to optimize energy use, reduce costs and facilitate strategic decisions
	Increasing customer expectations and demands to provide low-carbon products and services, and products and services to reduce customers' own emissions – may lead to loss of current business or increasing/new revenue streams	Continuous market research and customer engagement Innovation, research and development of products and services with a clear environmental benefit Participation in The European Green Digital Coalition to create joint methods for calculating the carbon enablement effect
Reputation	Increasing stakeholder expectations and demands on reducing GHG emissions - may lead to loss of business, weaker brand perception and reduced access to capital	Implementation of Science Based Targets Climate neutrality reached in own operations in 2020 through significant emissions reductions, using only renewable electricity and offsetting remaining emissions Supplier requirements, engagement and collaborative initiatives in place to influence our supplier base
	Incorrect information or perception of the ICT industry's actual energy and GHG emissions footprint - may lead to unfavorable views of ICT's actual environmental footprint and "greening of" potential	Participation in academic and industry research, proactive engagement with key stakeholders such as policy makers
Physical risks		
Annual average temperature increase (chronic) and heatwaves (acute)	Longer and more frequent heatwaves - may lead to higher energy consumption for cooling, reduced quality of wireless communication, reduced back-up battery lifetime and increased equipment defects due to thunderstorms	Include climate risks into new data center and technical site design (cooling, ventilation, and emergency power), increase risk level on critical sites, evaluate new back-up battery solutions
Annual maximum wind speed increase (acute)	Increase in storm/ice storm frequency and severity - may lead to increased risk for power outage and damage on critical infrastructure causing disruptions in our services	Continuous risk assessments for critical infrastructure and continuity planning to minimize the consequences following a disruption. Secure emergency power at core sites
Annual average precipitation increase (chronic)	Increase in annual precipitation, both snow and rain - may lead to damage of low-lying infrastructure and underground facilities causing disruptions in our services.	Continuous risk assessments for critical infrastructure and continuity planning to minimize the consequences following a disruption
Daily maximum precipitation increase (acute)	Increase in daily precipitation, both snow and rain - may lead to flooding at core sites, access holes and tunnels causing damage to our infrastructure and disruptions in our services. Heavy rain and snow will also increase the risk for power outages.	Continuous risk assessments for critical infrastructure and continuity planning to minimize the consequences following a disruption. Secure emergency power at core sites, estimate the need for water pumps for core sites

S5 Digital inclusion

See the **Digital inclusion** chapter for more information.

The key pillars of Telia's Digital inclusion strategy are 1) Providing reliable access to connectivity and 2) Building digital skills.

Providing access
We operate in highly digitalized countries with extensive access to connectivity and technology. "Digital inclusion" is therefore less about having access to basic digital services and devices, and more about the quality of connectivity and proper digital skills. Progress with regard to ensuring access is measured through KPIs for population coverage. We also work to increase access to our services for individuals with disabilities.

Building digital skills
Our goal is to reach one million individuals through digital inclusion initiatives by 2025. Reach refers to the number of individuals that we have reached via our digital inclusion initiatives or products. Individuals calculated are those who risk being digitally excluded, vulnerable or disadvantaged (for example seniors, children, immigrants or persons with disabilities). The initiative in question builds digital skills, empowers or breaks the isolation of the individual.

In addition, we have conducted impact assessments for three initiatives, More Digital in Sweden (2018, with university partner), Greatest Courage in Estonia (2021, with a consultancy specializing in social impact measurement) and Women Go Tech in Lithuania (2021, by WGT itself), to better understand impact and evaluate the initiatives in question. We will look further into such opportunities in 2022.

S6 Privacy and security

See the **Privacy and security** chapter for more information.

Personal data and *Personal data breach* are defined as per Article 4 GDPR, data breach notification obligations are outlined in Article 33.

Right of access request refers to Article 15 GDPR.

As the processes from some business units (TV4, C More and MTV Oy) differ from Group processes (regarding e.g. right of access requests and personal data breaches), such reported statistics do not include cases from these units.

S7 Human rights

See the **Human rights** chapter for more information.

Salient human rights issues – listed in the Human rights chapter of this report – are defined as per the UN Guiding Principles Reporting Framework as "the issue at risk of the most severe negative impact through the company's activities and business relationships." Identification of the most salient issues focuses on risk to people based on likelihood and severity. The latter is defined by:

- Scale (gravity of human rights impact)
- Scope (number of people who have or could be impacted)
- Remediability (can the impact be put to right or not)

Salience is reviewed as part of our broader process to determine materiality (see **Sustainability note S3**) and further analysis conducted by Telia's Human Rights Core Team, which includes internal experts on various human rights areas. These experts regularly consult and receive input from external partners and networks we participate in. Examples include:

- Child rights organizations such as World Childhood Foundation (for topics related to children's rights including the spread of child sexual abuse materials)
- The Global Network Initiative (on freedom of expression and privacy)
- Union representatives (on labour rights including risks for discrimination)
- Audit results through Joint Audit Cooperation (on labour rights in supply chains including forced and child labour)
- Continuous interactions with other experts as needed, including authorities such as local data protection boards on privacy matters
- The global non-profit organization BSR for sustainability expertise

S8 Freedom of expression and surveillance privacy

See the **Freedom of expression and surveillance privacy** chapter for more information. Definitions of the authority request categories are available in **Telia's Sustainability Reporting Framework**.

In our Law Enforcement Disclosure Reports (LEDR), we publish detailed statistics on conventional requests as well as the approximate number of unconventional requests. The March 2022 LEDR report includes statistics regarding conventional requests from 2019, 2020 and 2021. A summary of the findings is presented below as part of the external assurance.

Figures both below and in the LEDR show the number of day-to-day conventional requests from authorities, not the number of individuals to whom they relate. Comparisons between markets should be avoided due to differences in market shares as well as working methods of both authorities and Telia locally. For more information about definitions, data sources and main challenges, see Appendix 2 in the LEDR. For statistics before 2019, please see our **resource page** for Law Enforcement Disclosure Reports.

Authority requests

NB: Direct access is not included in the statistics.

Denmark

	2021	2020	2019
Lawful interception	4,310	5,871	8,457
Historical data	1,745	1,947	2,229
Subscription data	7,386	8,924	12,895
Challenged/ rejected requests	0	0	0

Estonia

	2021	2020	2019
Lawful interception[1]	No statistics	Direct access – no statistics	Direct access – no statistics
Historical data	8,835	19,269	16,827
Subscription data[2]	695,335	1,078,670	851,301
Challenged/ rejected requests	20	24	19

1) Telia Estonia is not able to provide statistical information to the number of Lawful Interception requests because intercepted numbers as well as the log of requests are encrypted as mandated by the Electronic Communication Act.

2) The category 'Subscription data' includes all requests for Subscription data. For other countries the corresponding figure covers only requests that are handled by authorized personnel, as well as automated requests that refer to criminal cases.

Finland

	2021	2020	2019
Lawful interception[3]	6,414	5,218	4,767
Historical data	4,885	3,230	2,951
Subscription data	10,023	10,647	10,950
Challenged/ rejected requests[4]	64	88	71

3) In Finland the system for logging of lawful intercept requests has been changed. Until March 2021 one individual Lawful interception request was registered as one request, even if it included many types of surveillance measures upon a person. With the system change, the number of requests counted include all surveillance measures. This leads to an increased number in the statistics.

4) Note that 'Challenged/rejected requests' are in most cases related to erroneous target information from the Police.

Lithuania[5]

	2021	2020 (July-Dec)
Lawful interception[6]	No permission to publish	No permission to publish
Historical data	110,138	43,649
Subscription data	96,638	55,780
Challenged/ rejected requests	34	22

5) Telia Company and Telia Lithuania had not, until H2 2020, been granted permission to publish statistics as to any of the categories regarding how many requests were received in Lithuania.

6) Telia Company and Telia Lithuania have not been granted permission to compile and publish our own statistics regarding how many requests we have received in Lithuania for the Lawful interception category. See page 10 in the full LEDR report for further information.

Norway[7]

	2021	2020	2019
Lawful interception	1,067	1,603	1,239
Historical data	9,444[8]	6,282	5,051
Subscription data	9,419	9,496	10,426
Challenged/ rejected requests[9]	14	31	37

7) Telia Norway acquired the operator Get in 2018. Get is included in the statistics since July 2020.
8) Telia Norway from H2 / 2021 onwards includes manual emergency positioning requests, in accordance with the applicable definition of 'Historical data'. Numbers might therefore be slightly higher than before.
9) As to the 'Challenged/rejected requests' category, these are invalid requests due to administrative form errors.

Sweden

	2021	2020	2019
Lawful interception	3,258	3,695	3,658
Historical data	7,142	7,137	5,308
Subscription data	3,074	2,599	1,736
Challenged/ rejected requests	190	212	361

Unconventional requests and demands
Information reported about unconventional requests in the **Freedom of expression and surveillance privacy** chapter is also externally assured.

S9 Diversity, inclusion and equal opportunity

See the **Diversity, inclusion and equal opportunity** chapter for more information. Complementary information is available in the **People** section of the Board of Directors' Report.

Region of birth, as defined by the Sweden's Central Bureau of Statistics (SCB), is determined by the individuals' place of birth and the parents place of birth. This defines Swedish background as an individual born in Sweden with one or two parents born in Sweden, and Non-Swedish background as an individual born outside of Sweden or born in Sweden with two foreign born parents.
Data for Telia in Sweden is represented according to the definition provided by SCB. Notice that data for GEM and Board, only considers where the individual was born.

S10 Health and well-being

See the **Health and well-being** chapter for more information.

As a result of different HR systems, sickness absence figures are not available for Lithuania. For more information about calculation methods and definitions, see **Telia's Sustainability Reporting Framework**.

Sickness absence

The sickness absence figure represents the percentage ratio of absence days related to sickness per days of total contractual work time.

Sickness absence rate (%)	2021	2020
Denmark	2.8	2.6
Estonia	1.8	1.4
Finland	2.4	2.1
Norway	4.7	4.2
Sweden	2.4	2.6
Other countries[1]	N/A	0.9
Weighted average, all countries	**2.6**	**2.5**

1) Telia Carrier operations outside the above countries.

Lost-time injuries

The lost-time injury frequency figure represents the number of injuries resulting in absence from work per million theoretical work hours.

Lost-time injury frequency	2021	2020
Denmark	0.50	0.00
Estonia	1.25	0.27
Finland	0.11	0.00
Lithuania	0.50	0.60
Norway	0.00	0.97
Sweden	0.00	0.06
Other countries[1]	N/A	0.00
All countries	**0.21**	**0.21**

S11 Legal compliance

For information about legal cases and proceedings, see **Note C30** in the Consolidated financial statements. This includes significant legal cases and proceedings relating also to for example business ethics, environmental and socio-economic compliance if such cases exist.

S12 Child, forced and compulsory labor

Supplier requirements regarding child, forced and compulsory labor are included in the Supplier Code of Conduct and a mandatory part of the supplier risk assessment process. Suppliers are expected to enforce and verify compliance with Telia's requirements within their own operations and through their supply chain.

Independent human rights impact assessments carried out for one of our operations in the Nordics (Telia Sweden) and one in the Baltics (Telia Lithuania) in 2017 indicated a high unlikelihood of child, forced and compulsory labor related to our own geographical contexts.

Continuous supplier risk assessments carried out by Telia and the Joint Audit Committee indicate child labor issues are rare. In 2021, Telia had 6 minor findings in audits, which were closed accordingly, and JAC had 4 findings (the respective JAC members sponsoring the audits are responsible for following up and closing such non-conformities).

During 2020 and 2021, reports linked our industry and some of Telia's suppliers to forced labor (see the **Responsible sourcing** chapter).

Up until the completion of the divestment of Telia Carrier on June 1st, 2021, Telia had operational presence in the UK through a Telia Carrier subsidiary. A general statement regarding the UK Modern Slavery Act is available at **Telia's website**. The statement provided on the website is not part of the sustainability report and has not been subject to limited assurance.

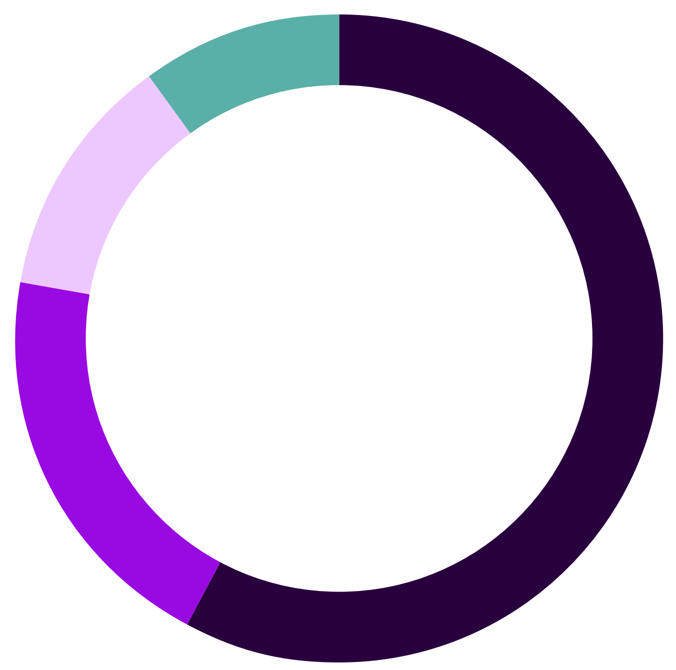
S13 Responsible tax practices

Transparent, fair, and ethical tax practices form part of Telia's basis for business operations. Telia works according to internal control procedures, such as our Group tax instruction, and complies with local legislation and internationally accepted principles, to pay the amount of taxes legally due in any territory.

In addition to corporate income tax payments, Telia generates billions of SEK in other tax payments throughout its footprint. The total tax contribution in 2021, including both taxes borne and taxes collected, amounted to SEK 19.3 billion (19.1).

Corporate income taxes paid SEK million	2021	2020	2019
Denmark	-7	2	-15
Estonia	49	67	79
Finland	30	15	23
Latvia	7	1	1
Lithuania	68	62	79
Norway	585	496	250
Russia	2	5	4
Sweden	1,211	743	415
Turkey	1	1	10
Other countries	0	-18	28
Total, continuing operations	**1,946**	**1,374**	**875**
Other countries	0	0	36
Total, discontinued operations	**0**	**0**	**36**
Total	**1,946**	**1,374**	**911**

Total tax contribution



Net VAT paid **58%** [2]
Employee taxes paid **20%**
Employer taxes paid **12%**
Corporate income taxes paid **10%**

1) If a Telia entity was in a recovery position regarding VAT or other indirect taxes, this would reduce the total amount of net VAT paid. The net VAT paid, or the total tax contribution as such, does not capture our irrecoverable VAT.

S14 Electromagnetic fields (EMF)

When we build our mobile networks, the health and safety of the general public, employees, and contractors come first. Our work is governed by the Group policy - Electromagnetic fields (EMF). We adhere to local norms issued by authorities based on the World Health Organization (WHO), and the International Commission on Non-Ionizing Radiation Protection (ICNIRP) guidelines when constructing radio networks and for the mobile devices we sell.

In the current 5G deployment across the Nordics and Baltics, we follow the ICNIRP guidelines which were updated in 2020 to include 5G frequencies, also called 5G spectrum. 5G technology is to a large extent built on the same infrastructure as previous generations of mobile networks, such as 3G and 4G, and the equipment used adheres to the same strict EMF requirements and exposure limits. During network planning, we ensure that equipment is placed in such a way that we meet applicable regulations on exposure limits. If needed, we carry out on-site measurements to verify that regulations are met.

We continuously engage with key stakeholders such as local and national authorities, on our own and through industry organizations, to clarify concerns or questions from the general public and make sure authorities have relevant information about how we build our networks according to EMF guidelines. More information on EMF is provided on local websites and **Telia Company's website**.

S15 Sponsorships, donations and disaster relief

Sponsorships

To ensure sponsorships and donations are conducted in an ethical and compliant manner, these are governed by our Group Instruction – Sponsorships and donations. As sponsorships and donations can be used to facilitate corrupt practices, the Instruction includes strict requirements; all sponsorships and donations must be documented to reflect their purpose and recipients undergo documented due diligence. Political donations are strictly forbidden. The general principle is to sponsor or partner with organizations to support long-term activities, linked to digitalization and our geographical presence.

Donations

Telia provides short-term philanthropic donations such as financial or in-kind support for disaster relief or other extraordinary circumstances. In addition, long-term sponsorships and donations are granted for institutions contributing and adding to Telia's sustainability work. Substantial financial donations during the year included donations to Swedish children's rights organizations Bris and World Childhood Foundation. Read more in the **Children's rights** chapter.

Disaster relief

Telia and local companies are constantly prepared to support in disaster relief or crisis support, primarily through the use of our networks, products and services. Common measures are zero-rating traffic or supporting with additional network capacity.

S16 Whistle-blowing cases

For more information about the whistle-blowing process and channel, see the **Whistle-blowing and Speak-up line** chapter in the Enterprise Risk Management (ERM) and Compliance Framework section.

During the year, 103 (96) reports were recorded in the whistle-blowing channel Speak-up line, of which 60 (55)% were filed non-anonymously. The most common reported issues related to allegations of poor leadership, harassment and fraud. Reports were received through the Speak-up line portal or e-mail address (which are available to both employees and third parties), through direct contact with group or local ethics and compliance officers and via line managers.

Consolidated case reports were presented to the Audit Committee throughout the year. The reports included allegations of certain significance, progress, and the final results of the investigations.

A summary of cases is provided below. The TV and Media business unit uses a different provider for whistle-blowing reports in order to protect the dividing line between editorial work and Telia as a media owner. Reporting and investigations within the TV and Media unit are carried out in line with Telia's defined whistle-blowing process but Telia does not have any insight into the conducted investigations. All whistle-blowing reports from the TV and Media business unit are however included in the below statistics.

Number of whistle-blowing case reports	2021	2020
Business ethics-related (e.g fraud, corruption), handled by the Special Investigations Office	31	43
Human resources-related (e.g harassment, poor leadership), handled by Group or local Human Resources investigators	43	28
Other or incorrectly reported (e.g. customer or supplier complaints), sent to be handled by the relevant function	29	25
Total	**103**	**96**

Reporting channel (%)	2021	2020
Speak-up line portal	79	70
Sent to the Speak-up line e-mail address	18	16
Direct contact with ethics and compliance officers at Group or local level	0	12
Line managers	3	2

Internal investigation KPI (%)	Target	2021	2020
Whistle-blowing cases closed within eight weeks*	80	88	69

* Investigations are considered closed when a final report has been delivered by the case manager or lead investigator such as local ethics and compliance officers or the Group Special investigations office to appropriate management (determined on a case-by-case basis).

S17 Mergers and acquisitions

Mergers and acquisitions (M&As) are guided by the M&A Instruction and by the M&A handbook, which describes the M&A process in majority transactions, both acquisitions and divestments. The handbook includes general guidance on ethics and compliance related topics.

Significant divestments during the year

▶ *Telia Carrier* - Signed and announced 2020, closed in 2021

Telia divested its 100% ownership of Telia Carrier to Swedish Polhem Infra. Standard KYC due diligence was carried out, as risks were considered low. As part of a handover meeting with Polhem Infra, the new owner was provided a briefing on Telia's policy framework and ongoing work related to for example third party due diligence and human rights-related projects. Since Telia plans to use Telia Carrier as a supplier, it will be subject to the same supplier due diligence as other suppliers going forward. The transaction was closed on June 1st, 2021.

▶ *Telia Towers* – Norway and Finland – Signed, announced and closed in 2021

Telia divested 49% of its ownership of Telia Towers Norway and Finland to a consortium of Canadian Brookfield (80%) and Swedish Alecta (20%). Standard KYC due diligence was carried out, as counterparties were reputable firms regulated by financial supervisory authorities in low-risk jurisdictions, although complemented with interviews of potential investors to assure that they share Telia's view on how to run the business. Telia Towers Norway and Finland will continue being subsidiaries to Telia and its group policies will be fully applicable also in the future. Since Telia will continue using Telia Towers as a supplier, it will be subject to the same supplier due diligence as other suppliers according to an agreement between Telia and Telia Towers.

No significant acquisitions were made during 2021.

S18 Management systems

The Telia Management System is developed in accordance with several international standards, primarily for Quality, Sustainability, Information Security and Occupational Health and Safety. The management system is certified according to several ISO standards; however, certificate scopes vary according to market requirements. By year end, the following certificates were available for each market. More information is provided on **Telia's website**.

	ISO9001 (Quality)	ISO14001 (Environment)	ISO45001 (Occupational Health & Safety)	ISO27001 (Information Security)
Telia Company AB	✓	✓		✓
Telia Denmark				
Telia Estonia	✓	✓	✓	✓
Telia Finland	✓	✓	✓	✓
Telia Lithuania	✓	✓	✓	✓
Telia Norway			✓	
Telia Sweden	✓	✓		✓

S19 Responsible sourcing

The process described in the chapter about Responsible sourcing covers parts of our TV and Media unit. Purchases connected to editorial operations are however managed by the TV and Media unit, in a separate process, in order to protect the dividing line between editorial work and Telia as a media owner.

Telia's sustainability index

To facilitate comparability and robust reporting, communicated information in this report is based on **Telia's Sustainability Reporting Framework**. The index below provides an overview of sustainability reporting areas with references to specific content in the report.

Standard sustainability information

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Stakeholder engagement approach and outcome	76-78, 108

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Effluents and waste	50, 109
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Human rights, due diligence and impact assessments	93-94, 115
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UN Global Compact

UN Global Compact ten principles	Page reference
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1. Businesses should support and respect the protection of internationally proclaimed human rights in the spheres they can influence	93-94, 115
2. Businesses should make sure that they are not complicit in human rights abuses	93-94, 115, 118
Labour	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	34
4. Businesses should work to eliminate all forms of forced and compulsory labour	103-104, 118
5. Businesses should work to abolish child labour	118
6. Businesses should eliminate discrimination in respect of employment and occupation	99-101, 115
Environment	
7. Businesses should support a precautionary approach to environmental challenges	110
8. Businesses should undertake initiatives to promote greater environmental responsibility	81-85, 108-114
9. Businesses should encourage the development and diffusion of environmentally friendly technologies	83-84, 110-111
Corruption	
10. Businesses should work against corruption in all its forms, including extortion and bribery	105, 119

EU Non-Financial Reporting Directive

Matter	Page reference
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Social matters and treatment of employees	99-102, 117
Respect for human rights	93-94, 115
Anti-corruption and bribery	105
Diversity on company boards	99-100, 117

Financials

Consolidated statements of comprehensive income

SEK in millions	Note	Jan–Dec 2021	Jan–Dec 2020[1]
Continuing operations			
Net sales	C5, C6	88,343	89,191
Cost of sales	C7	-58,311	-57,138
Gross profit		**30,031**	**32,053**
Selling and marketing expenses	C7	-13,985	-15,051
Administrative expenses	C7	-6,500	-6,353
Research and development expenses	C7	-359	-298
Other operating income	C8	7,471	1,080
Other operating expenses	C8	-1,531	-9,202
Income from associated companies and joint ventures	C15	104	-20,080
Operating income	**C5**	**15,232**	**-17,850**
Finance income	C9	283	275
Finance costs	C9	-2,916	-3,593
Income after financial items		**12,598**	**-21,168**
Income taxes	C10	-937	-1,390
Net income from continuing operations		**11,661**	**-22,558**
Discontinued operations			
Net income from discontinued operations	C35	176	-279
Total net income		**11,836**	**-22,837**

SEK in millions, except per share data	Note	Jan–Dec 2021	Jan–Dec 2020[1]
Items that may be reclassified to net income:			
Foreign currency translation differences from continuing operations	C11	3,030	10,947
Foreign currency translation differences from discontinued operations	C11, C35	–	433
Other comprehensive income from associated companies	C11, C15	–	-111
Cash flow hedges	C11	61	14
Cost of hedging	C11	143	-100
Debt instruments at fair value through OCI	C11	-40	32
Income taxes relating to items that may be reclassified	C10, C11	52	-125
Items that will not be reclassified to net income:			
Equity instruments at fair value through OCI	C11	126	63
Remeasurements of defined benefit pension plans	C11, C22	6,654	-7,166
Income tax relating to items that will not be reclassified	C10, C11	-1,360	1,457
Associates' remeasurements of defined benefit pension plans	C11, C15	–	-12
Other comprehensive income		**8,666**	**5,433**
Total comprehensive income		**20,502**	**-17,405**
Net income attributable to:			
Owners of the parent		11,680	-22,993
Non-controlling interests	C20	156	156
Total comprehensive income attributable to:			
Owners of the parent		20,321	-17,307
Non-controlling interests		181	-99
Earnings per share (SEK), basic and diluted, total	C20	2.86	-5.62
Earnings per share (SEK), basic and diluted, continuing operations		2.81	-5.55
Earnings per share (SEK), basic and diluted, discontinued operations	C35	0.04	-0.07

1) Restated, see Note C1.

Consolidated statements of financial position

SEK in millions	Note	Dec 31, 2021	Dec 31, 2020[1]	Jan 1, 2020[1]
Assets				
Goodwill	C12	66,302	63,313	75,696
Other intangible assets	C12	23,641	22,629	25,751
Property, plant and equipment	C13	72,741	70,893	78,163
Film and program rights, non-current	C14	1,416	1,312	1,063
Right-of-use assets	C28	15,485	14,814	15,640
Investments in associated companies and joint ventures	C15	971	950	10,153
Deferred tax assets	C10	1,302	1,449	1,849
Pension obligation assets	C22	1,347	158	2,234
Long-term interest-bearing receivables	C16	9,244	11,233	10,869
Other non-current assets	C16	2,431	2,338	2,168
Total non-current assets		**194,879**	**189,088**	**223,585**
Film and program rights, current	C14	3,005	2,706	1,990
Inventories	C17	2,040	1,918	1,966
Trade and other current receivables and assets	C18	13,764	13,722	16,648
Current tax receivables		137	92	90
Interest-bearing receivables	C19	8,841	5,486	12,300
Cash and cash equivalents	C19	14,358	8,133	6,116
Assets classified as held for sale	C35	–	4,957	875
Total current assets		**42,146**	**37,014**	**39,984**
Total assets		**237,025**	**226,103**	**263,568**

SEK in millions	Note	Dec 31, 2021	Dec 31, 2020[1]	Jan 1, 2020[1]
Equity and liabilities				
Equity attributable to owners of the parent		80,731	62,378	90,646
of which capital		*26,328*	*26,336*	*26,881*
of which reserves and retained earnings		*54,403*	*36,042*	*63,765*
Equity attributable to non-controlling interests	C20	2,812	1,118	1,409
Total equity		**83,544**	**63,496**	**92,055**
Long-term borrowings	C21	91,637	100,239	99,899
Deferred tax liabilities	C10	10,185	9,723	11,544
Provisions for pensions and employment contracts	C22	2,682	7,428	3,334
Other long-term provisions	C23	4,319	4,359	5,073
Other long-term liabilities	C24	1,914	757	1,377
Total non-current liabilities		**110,736**	**122,505**	**121,227**
Short-term borrowings	C21	10,017	8,345	19,779
Short-term provisions	C23	316	555	658
Current tax payables		761	886	959
Trade payables and other current liabilities	C25	31,652	26,990	28,286
Liabilities directly associated with assets classified as held for sale	C35	–	3,325	604
Total current liabilities		**42,746**	**40,101**	**50,287**
Total equity and liabilities		**237,025**	**226,103**	**263,568**

1) Restated, see Note C1.

Consolidated statements of cash flows

SEK in millions	Note	Jan–Dec 2021	Jan–Dec 2020[1]
Net income		11,836	-22,837
Adjustments for:			
Amortization, depreciation and impairment losses		20,023	27,744
Amortization and impairment losses for film and program right assets		4,977	4,057
Capital gains/losses on sales/disposals of non-current assets and operations		-6,614	400
Income from associated companies and joint ventures, net of dividends received	C15	48	20,298
Pensions and other provisions		-1,353	-1,235
Compensation from the pension fund		1,300	500
Financial items		94	615
Income taxes		-1,008	16
Miscellaneous non-cash items		30	-70
Cash flow before change in working capital		**29,333**	**29,488**
Increase (-)/Decrease (+) in film and program right assets		-388	-1,021
Increase (+)/Decrease (-) in film and program right liabilities		698	-127
Increase (-)/Decrease (+) in operating receivables		259	2,909
Increase (-)/Decrease (+) in inventories		-92	4
Increase (+)/Decrease (-) in operating liabilities		2,544	1,409
Change in working capital		**3,020**	**3,173**
Adjustment for amortization and impairment losses for film and program rights		-4,977	-4,057
Cash flow from operating activities		**27,376**	**28,604**
of which from discontinued operations		*-131*	*22*
Intangible assets and property, plant and equipment acquired		-15,647	-13,490
Intangible assets and property, plant and equipment divested		117	20
Business combinations and other equity instruments acquired	C34	-394	-717
Operations and other equity instruments divested		9,353	5,285
Loans granted and other similar investments		-12,731	-3,704
Repayment of loans granted and other similar investments		11,584	2,739
Net change in short-term investments		-3,191	6,620
Cash flow from investing activities		**-10,908**	**-3,247**
of which from discontinued operations		*–*	*-5*

SEK in millions	Note	Jan–Dec 2021	Jan–Dec 2020[1]
Cash flow before financing activities		**16,468**	**25,358**
Repurchased treasury shares including transaction costs		-21	-1,002
Acquisition of non-controlling interests		-12	–
Disposal of non-controlling interests		7,861	–
Dividends paid to owners of the parent		-8,179	-10,020
Dividends paid to holders of non-controlling interests		-209	-240
Capital contributions non-controling interests		7	–
Proceeds from borrowings		9	12,026
Repayment of borrowings		-9,550	-15,132
Net change in short-term borrowings		301	-8,175
Settlement of derivative contracts for economic hedges and CSA		-806	-555
Cash received for repurchase agreements		7,979	18,233
Cash paid for repurchase agreements		-7,979	-18,233
Cash flow from financing activities		**-10,600**	**-23,098**
of which from discontinued operations		*–*	*-2*
Net change in cash and cash equivalents		**5,868**	**2,259**
of which from discontinued operations		*-131*	*15*
Cash and cash equivalents, opening balance		**8,332**	**6,210**
Net change in cash and cash equivalents for the year		5,868	2,259
Exchange rate differences in cash and cash equivalents		157	-137
Cash and cash equivalents, closing balance	C19	**14,358**	**8,332**
of which from continuing operations		*14,358*	*8,332*
of which from discontinued operations		*–*	*–*

1) Restated, see Note C1.
For more information on cash flow, see Note C31.

Consolidated statements of changes in equity

SEK in millions	Note	Share capital	Other contributed capital	Hedging reserve	Cost of hedging reserve	Fair value reserve	Foreign currency translation reserve	Revaluation reserve	Inflation reserve	Equity transactions in associates	Retained earnings	Total owners of the parent	Non-controlling interests	Total equity
Closing balance, December 31, 2019		**13,856**	**13,025**	**-175**	**123**	**1,380**	**-5,330**	**266**	**3,099**	**-2,943**	**67,745**	**91,047**	**1,409**	**92,455**
Change in accounting principles in associated companies		–	–	–	–	–	–	–	–	–	-12	-12	–	-12
Change in accounting principles[1]	C1	–	–	–	–	–	–	–	–	–	-388	-388	–	-388
Reclassification from Revaluation reserve to Retained earnings		–	–	–	–	–	–	-266	–	–	266	–	–	–
Adjusted opening balance, January 1, 2020		**13,856**	**13,025**	**-175**	**123**	**1,380**	**-5,330**	–	**3,099**	**-2,943**	**67,611**	**90,646**	**1,409**	**92,055**
Dividends	C20	–	–	–	–	–	–	–	–	–	-10,020	-10,020	-192	-10,212
Share-based payments	C32	–	16	–	–	–	–	–	–	–	–	16	–	16
Acquisition and transfer of treasury shares	C20	–	-956	–	–	–	–	–	–	–	–	-956	–	-956
Cancellation of treasury shares		-395	395	–	–	–	–	–	–	–	–	–	–	–
Bonus issue		395	–	–	–	–	–	–	–	–	-395	–	–	–
Reclassification of Inflation reserve		–	–	–	–	–	–	–	-3,099	–	3,099	–	–	–
Total transactions with owners		–	*-545*	–	–	–	–	–	*-3,099*	–	*-7,315*	*-10,959*	*-192*	*-11,151*
Net income[1]	C20	–	–	–	–	–	–	–	–	–	-22,993	-22,993	156	-22,837
Other comprehensive income[1]	C11, C20	–	–	-8	-160	89	11,487	–	–	–	-5,720	5,688	-255	5,433
Total comprehensive income		–	–	*-8*	*-160*	*89*	*11,487*	–	–	–	*-28,713*	*-17,307*	*-99*	*-17,405*
Effect of Turkcell's acquisition of treasury shares	C15	–	–	–	–	–	–	–	–	-2	–	-2	–	-2
Closing balance, December 31, 2020		**13,856**	**12,480**	**-183**	**-37**	**1,469**	**6,157**	–	–	**-2,945**	**31,582**	**62,378**	**1,118**	**63,496**
Dividends	C20	–	–	–	–	–	–	–	–	–	-8,179	-8,179	-178	-8,357
Share-based payments	C32	–	13	–	–	–	–	–	–	–	–	13	–	13
Repurchased treasury shares	C20	–	-21	–	–	–	–	–	–	–	–	-21	–	-21
Change in non-controlling interests	C20	–	–	–	–	–	–	–	–	–	6,219	6,219	1,691	7,910
Total transactions with owners		–	*-8*	–	–	–	–	–	–	–	*-1,960*	*-1,968*	*1,513*	*-455*
Net income	C20	–	–	–	–	–	–	–	–	–	11,680	11,680	156	11,836
Other comprehensive income	C11, C20	–	–	48	114	95	3,090	–	–	–	5,294	8,641	25	8,666
Total comprehensive income		–	–	*48*	*114*	*95*	*3,090*	–	–	–	*16,974*	*20,321*	*181*	*20,502*
Closing balance, December 31, 2021		**13,856**	**12,472**	**-134**	**76**	**1,564**	**9,247**	–	–	**-2,945**	**46,595**	**80,731**	**2,812**	**83,544**

1) Restated, see Note C1.

Notes to consolidated financial statements

Contents

C1. Basis of preparation

General

The annual report and consolidated financial statements have been approved for issue by the Board of Directors on March 9, 2022. The income statement and the balance sheet of the parent company and the statement of comprehensive income and the statement of financial position of the group are subject to adoption by the Annual General Meeting on April 6, 2022.

Telia Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). In addition, concerning purely Swedish circumstances, the Swedish Financial Reporting Board has issued standard RFR 1 "Supplementary Accounting Rules for Groups" and other statements. The standard is applicable to Swedish legal entities whose securities are listed on a Swedish stock exchange or authorized equity marketplace at the end of the reporting period and specifies supplementary rules and disclosures in addition to IFRS requirements, caused by provisions in the Swedish Annual Accounts Act.

Measurement bases and accounting policies

The consolidated financial statements have been prepared mainly under the historical cost convention. Other measurement bases used, and applied accounting policies are described in Note C3.

Amounts and dates

Unless otherwise specified, all amounts are in millions of Swedish kronor (SEK) or other currency specified and are based on the twelve-month period January 1 to December 31 for items related to comprehensive income and cash flows, and as of December 31 for items related to financial position. Rounding differences may occur.

Changes in 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 700 million in 2021 and for 2022 they are estimated to be approximately SEK 350 million. 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 remaining 2021 of total SEK 30 million was partly offset by derivatives hedging the liquidity portfolio from the second quarter.

Denmark balance sheet adjustments

Following a balance sheet review in Denmark, a reassessment has been made of certain assets and liabilities which resulted in increased costs of SEK 186 million in the fourth quarter 2021, whereof SEK 111 million mainly related to changes in estimated amounts for accounts receivables, inventories and accounts payables and SEK 75 million related to impairment of property, plant and equipment and intangible assets. The major part of the balances originates from previous years. The increased costs are classified as adjustment items, see Directors' Report section Adjustment items.

Change in accounting principles

Cloud computing costs

In April 2021, International Financial Reporting Interpretations Committee published an agenda decision on accounting for cloud computing costs. The new guidance addresses configuration and customization costs on a supplier's application in a cloud arrangement. The guidance should be applied retrospectively and implies that depending on facts and circumstances, some costs should be recognized as operating expenses when the work is performed. Telia Company has applied the new guidance from the fourth quarter 2021 and has concluded that some of the related costs in previous periods have been recognized as intangible assets and the comparative figures has therefore been restated. The restatement effects, for the twelve-month period ended December 31, 2020, and first tree previously published quarters of 2021 are presented in the restatement tables below.

Restatement effects on Consolidated statements of comprehensive income[1]

SEK in millions, except per share data	Jan-Dec 2020			Jan-Mar 2021			Apr-Jun 2021			Jan-Jun 2021			Jul-Sep 2021			Jan-Sep 2021		
Continuing operations	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**
Net sales	89,191	–	89,191	21,814	–	21,814	21,877	–	21,877	43,691	–	43,691	21,271	–	21,271	64,962	–	64,962
Cost of sales	-57,035	-103	-57,138	-14,455	-26	-14,481	-13,944	-36	-13,980	-28,399	-62	-28,461	-13,834	-27	-13,861	-42,233	-90	-42,322
Gross profit	**32,156**	**-103**	**32,053**	**7,359**	**-26**	**7,333**	**7,933**	**-36**	**7,897**	**15,292**	**-62**	**15,230**	**7,437**	**-27**	**7,410**	**22,729**	**-90**	**22,640**
Selling, admin. and R&D expenses	-21,701	–	-21,701	-5,261	–	-5,261	-5,468	–	-5,468	-10,729	–	-10,729	-4,640	–	-4,640	-15,369	–	-15,369
Other operating income and expenses, net	-8,122	–	-8,122	-300	–	-300	6,578	–	6,578	6,278	–	6,278	-165	–	-165	6,113	–	6,113
Income from associated companies and joint ventures	-20,080	–	-20,080	24	–	24	23	–	23	47	–	47	29	–	29	76	–	76
Operating income	**-17,747**	**-103**	**-17,850**	**1,821**	**-26**	**1,795**	**9,067**	**-36**	**9,031**	**10,888**	**-62**	**10,826**	**2,661**	**-27**	**2,634**	**13,549**	**-90**	**13,460**
Finance costs/ income, net	-3,318	–	-3,318	-688	–	-688	-678	–	-678	-1,366	–	-1,366	-677	–	-677	-2,043	–	-2,043
Income after financial items	**-21,065**	**-103**	**-21,168**	**1,133**	**-26**	**1,107**	**8,389**	**-36**	**8,353**	**9,522**	**-62**	**9,460**	**1,984**	**-27**	**1,957**	**11,506**	**-90**	**11,417**
Income taxes	-1,412	22	-1,390	-159	6	-154	-460	8	-453	-619	13	-606	-341	6	-335	-960	19	-941
Net income from continuing operations	**-22,477**	**-81**	**-22,558**	**974**	**-21**	**953**	**7,929**	**-28**	**7,900**	**8,903**	**-49**	**8,854**	**1,643**	**-21**	**1,622**	**10,546**	**-71**	**10,476**
Discontinued operations																		
Net income from discontinued operations	-279	–	-279	–	–	–	176	–	176	176	–	176	–	–	–	176	–	176
Total net income	**-22,756**	**-81**	**-22,837**	**974**	**-21**	**953**	**8,104**	**-28**	**8,076**	**9,078**	**-49**	**9,029**	**1,643**	**-21**	**1,622**	**10,722**	**-71**	**10,651**
Other comprehensive income	**5,422**	**11**	**5,433**	**5,646**	**-3**	**5,643**	**-453**	**-3**	**-456**	**5,193**	**-6**	**5,187**	**578**	**-3**	**575**	**5,771**	**-9**	**5,762**

1) The new guidance was applied from the fourth quarter 2021, Oct-Dec and full year 2021 is therefore not restated.

Cont. Restatement effects on Consolidated statements of comprehensive income[1]

SEK in millions, except per share data	**Jan-Dec 2020**			**Jan-Mar 2021**			**Apr-Jun 2021**			**Jan-Jun 2021**			**Jul-Sep 2021**			**Jan-Sep 2021**		
Continuing operations	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**
Of which foreign currency translation differences from continuing operations	*10,936*	*11*	*10,947*	*2,619*	*-3*	*2,616*	*-922*	*-3*	*-925*	*1,698*	*-6*	*1,692*	*318*	*-3*	*315*	*2,016*	*-9*	*2,007*
Total comprehensive income	**-17,335**	**-70**	**-17,405**	**6,620**	**-24**	**6,596**	**7,651**	**-32**	**7,620**	**14,271**	**-55**	**14,216**	**2,221**	**-25**	**2,197**	**16,493**	**-80**	**16,413**
Total net income attributable to:																		
Owners of the parent	-22,912	-81	-22,993	965	-21	944	8,068	-28	8,039	9,033	-49	8,983	1,597	-21	1,575	10,629	-71	10,558
Non-controlling interests	156	–	156	9	–	9	37	–	37	46	–	46	47	–	47	93	–	93
Total comprehensive income attributable to:																		
Owners of the parent	-17,237	-70	-17,307	6,589	-24	6,565	7,627	-32	7,595	14,216	-55	14,160	2,167	-25	2,142	16,383	-80	16,303
Non-controlling interests	-99	–	-99	31	–	31	25	–	25	56	–	56	54	–	54	110	–	110
Earnings per share (SEK), basic and diluted	-5.60	-0.02	-5.62	0.24	-0.01	0.23	1.97	-0.01	1.97	2.21	-0.01	2.20	0.39	-0.01	0.39	2.60	-0.02	2.58
Of which from continuing operations, basic and diluted	*-5.53*	*-0.02*	*-5.55*	*0.24*	*-0.01*	*0.23*	*1.93*	*-0.01*	*1.92*	*2.17*	*-0.01*	*2.15*	*0.39*	*-0.01*	*0.39*	*2.56*	*-0.02*	*2.54*
EBITDA from continuing operations	30,194	-220	29,974	6,845	-67	6,778	14,083	-76	14,006	20,928	-143	20,784	7,544	-68	7,476	28,472	-211	28,261
Adjusted EBITDA from continuing operations	30,702	-220	30,482	7,245	-67	7,179	7,731	-76	7,655	14,977	-143	14,833	7,806	-68	7,738	22,782	-211	22,571
Depreciation, amortization and impairment losses	-27,861	117	-27,744	-5,047	40	-5,007	-5,039	40	-4,999	-10,087	81	-10,006	-4,911	41	-4,871	-14,998	121	-14,877
Adjusted Operating income from continuing operations	11,560	-103	11,457	2,222	-26	2,195	2,732	-36	2,696	4,953	-62	4,891	2,923	-27	2,896	7,877	-90	7,787

1) The new guidance was applied from the fourth quarter 2021, Oct-Dec and full year 2021 is therefore not restated.

Restatement effects on Consolidated statements of financial position

SEK in millions	Dec 31, 2019 Reported	Change in accounting principles in associated companies	Cloud computing effects	Jan 1, 2020 Restated	Dec 31, 2020 Reported	Cloud computing effects	Dec 31, 2020 Restated
Assets							
Goodwill	75,696	–	–	75,696	63,313	–	63,313
Other intangible assets	26,242	–	-491	25,751	23,208	-580	22,629
Investments in associated companies and joint ventures	10,165	-12	–	10,153	950	–	950
Other non-current assets	111,985	–	–	111,985	102,198	–	102,198
Total non-current assets	***224,088***	***-12***	***-491***	***223,585***	***189,668***	***-580***	***189,088***
Total current assets	***39,984***	–	–	***39,984***	***37,014***	–	***37,014***
Total assets	**264,072**	**-12**	**-491**	**263,568**	**226,683**	**-580**	**226,103**
Equity and liabilities							
Equity attributable to owners of the parent	91,047	-12	-388	90,646	62,836	-458	62,378
Equity attributable to non-controlling interests	1,409	–	–	1,409	1,118	–	1,118
Total equity	**92,455**	**-12**	**-388**	**92,055**	**63,954**	**-458**	**63,496**
Deferred tax liabilities	11,647	–	-103	11,544	9,845	-122	9,723
Other non-current libilities	109,683	–	–	109,683	112,782	–	112,782
Total non-current liabilities	***121,330***	–	***-103***	***121,227***	***122,627***	***-122***	***122,505***
Total current liabilities	***50,287***	–	–	***50,287***	***40,101***	–	***40,101***
Total equity and liabilities	**264,072**	**-12**	**-491**	**263,568**	**226,683**	**-580**	**226,103**

Restatement effects on Consolidated statements of cash flow[2]

	Jan-Dec 2020			Jan-Mar 2021			Apr-Jun 2021			Jan-Jun 2021			Jul-Sep 2021			Jan-Sep 2021		
SEK in millions	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**	**Reported**	**Cloud computing cost**	**Restated**
Net income	-22,756	-81	-22,837	974	-21	953	8,104	-28	8,076	9,078	-49	9,029	1,643	-21	1,622	10,722	-71	10,651
Adjustments for amortization, depreciation and impairment losses	27,861	-117	27,744	5,047	-40	5,007	5,039	-40	4,999	10,087	-81	10,006	4,911	-41	4,871	14,998	-121	14,877
Income tax	37	-22	16	-584	-6	-589	-40	-8	-48	-624	-13	-637	125	-6	119	-499	-19	-517
Other adjustments	24,565	–	24,565	1,439	–	1,439	-6,280	–	-6,280	-4,841	–	-4,841	1,090	–	1,090	-3,751	–	-3,751
Cash flow before change in working capital	**29,707**	**-220**	**29,488**	**6,877**	**-67**	**6,810**	**6,824**	**-76**	**6,747**	**13,700**	**-143**	**13,557**	**7,770**	**-68**	**7,702**	**21,470**	**-211**	**21,259**
Change in working capital	**3,173**	**–**	**3,173**	**1,736**	**–**	**1,736**	**387**	**–**	**387**	**2,123**	**–**	**2,123**	**-74**	**–**	**-74**	**2,049**	**–**	**2,049**
Adjustment for amortization and impairment losses for film and program rights	-4,057	–	-4,057	-1,072	–	-1,072	-966	–	-966	-2,038	–	-2,038	-1,030	–	-1,030	-3,068	–	-3,068
Cash flow from operating activities	**28,824**	**-220**	**28,604**	**7,540**	**-67**	**7,474**	**6,245**	**-76**	**6,168**	**13,785**	**-143**	**13,642**	**6,665**	**-68**	**6,598**	**20,450**	**-211**	**20,239**
of which from continuing operations	*28,802*	*-220*	*28,583*	*7,540*	*-67*	*7,474*	*6,376*	*-76*	*6,299*	*13,916*	*-143*	*13,773*	*6,665*	*-68*	*6,598*	*20,582*	*-211*	*20,371*
Cash CAPEX[1]	-13,710	220	-13,490	-3,691	67	-3,625	-3,476	76	-3,400	-7,167	143	-7,024	-3,209	68	-3,141	-10,376	211	-10,165
Free cash flow	**15,114**	**–**	**15,114**	**3,849**	**–**	**3,849**	**2,769**	**–**	**2,769**	**6,618**	**–**	**6,618**	**3,457**	**–**	**3,457**	**10,074**	**–**	**10,074**
Cash flow from other investing activities	10,243	–	10,243	-1,984	–	-1,984	7,612	–	7,612	5,627	–	5,627	-1,640	–	-1,640	3,987	–	3,987
Total cash flow from investing activities	**-3,466**	**220**	**-3,247**	**-5,676**	**67**	**-5,609**	**4,136**	**76**	**4,212**	**-1,540**	**143**	**-1,397**	**-4,849**	**68**	**-4,781**	**-6,389**	**211**	**-6,178**
of which from continuing operations	*-3,462*	*220*	*-3,242*	*-5,676*	*67*	*-5,609*	*4,136*	*76*	*4,212*	*-1,540*	143	*-1,397*	*-4,849*	*68*	*-4,781*	*-6,389*	*211*	*-6,178*
Cash flow from financing activities	**-23,098**	**–**	**-23,098**	**-1,552**	**–**	**-1,552**	**-6,116**	**–**	**-6,116**	**-7,668**	**–**	**-7,668**	**-906**	**–**	**-906**	**-8,574**	**–**	**-8,574**
Cash flow for the period	**2,259**	**–**	**2,259**	**313**	**–**	**313**	**4,265**	**–**	**4,265**	**4,577**	**–**	**4,577**	**911**	**–**	**911**	**5,488**	**–**	**5,488**

1) For Cloud computing costs restatement of Cash CAPEX is equal to CAPEX. 2) The new guidance was applied from the fourth quarter 2021, Oct-Dec and full year 2021 is therefore not restated.

Other restatements 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 segment liabilities between Sweden and 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. Restatements relating to Cloud computing costs are not included in the below section.

	2020									
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	–	–	–	–	15	8	-22	–	–	–
Employees, Dec 31, 2020	4	95	–	–	16	-104	-57	46	–	–
Internal Net Sales										–
Reorganization Sweden-Other operations	-8	–	–	–	–	–	–	–	8	–
Reorganization Finland-Estonia	–	–	–	–	–	-45	–	–	45	–
Disaggregation of revenues										–
Business solutions	-61	–	–	–	0	–	–	–	–	-61
Other fixed service revenue	61	–	0	–	–	–	–	–	–	61
Fixed telephony	–	–	–	–	-15	–	–	–	–	-15
Broadband	–	–	0	–	2	–	–	–	–	2
TV	–	–	–	–	13	–	–	–	–	13
Total Fixed Service Revenues	–	–	–	–	–	–	–	–	–	–
Segment assets, Dec 31, 2020	–	–	–	–	34	3	-37	–	–	–
Segment liabilities, Dec 31, 2020	396	31	132	11	–	–	-355	-215	–	–

Recently issued accounting standards

New and amended standards and interpretations effective in 2021

As of January 1, 2021, the following amended standards and interpretations became applicable:

- Amendments to IFRS 4 - deferral of IFRS 9,
- Amendments to IFRS 9, IAS 39, IFRS 7 etc. "Interest Rate Benchmark Reform – Phase 2", and
- Amentments to IFRS 16 "COVID-19-related rent concessions beyond 30 June 2021" (applicable from April 1, 2021)

The amended standards and interpretations relevant to Telia Company are in certain cases in line with already applied interpretations and otherwise have had no or very limited impact on the financial statements.

New or revised/amended standards and interpretations effective on or after January 1, 2022

Telia Company has not pre-adopted any of the new or revised/amended standards effective on or after January 1, 2022.

IFRS 17 "Insurance contracts", a new accounting standard covering recognition and measurement, presentation and disclosure, replaces IFRS 4 and is effective January 1, 2023, early application is permitted. IFRS 17 applies to all types of insurance contracts, regardless of the type of entities that issue them. A few scope exceptions will apply. IFRS 17 provides a general model for valuation of insurance contracts, supplemented by a simplified approach and some specific adaptions. The value of the insurance contract is the sum of future cash flow, i.e. discounted probability-weighted cash flows plus an explicit risk adjustment for non-financial risks, and a contractual service margin ("CSM") representing the unearned profit of the contract which is recognized as revenue over the coverage period. The cash flows will be remeasured each reporting period. Telia Company has currently limited insurance operations and is assessing the potential effects of IFRS 17.

The following amendments, which will be applicable for Telia Company, are expected to have no or very limited impact on Telia Company's financial statements when they are applied for the first time:
- Amendments to IFRS 3, effective January 1, 2022
- Amendments to IAS 16, effective January 1, 2022
- Amendments to IAS 37, effective January 1, 2022
- Annual improvements 2018-2020, effective January 1, 2022
- Amendments to IAS 1 "Classification of liabilities as current or non current", effective January 1, 2023
- Amendments to IAS 1 and IFRS Practice Statement 2, effective January 1, 2023
- Amendments to IAS 8, "Definition of accounting estimates", effective January 1, 2023
- Amendments to IAS 12 "Deferred tax related to assets and liabilities arising from a single transaction", effective January 1, 2023
- Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 – Comparative Information", effective January 1, 2023

Other issued amendments are deemed not applicable for Telia Company.

EU endorsement status
As of the beginning of March 2022, amendments to standards and interpretations mentioned above had been adopted by the EU, except for amendments to IAS 1, amendments to IAS 1 and IFRS Practice Statement 2, amendments to IAS 8, amendments to IAS 12 and amendments to IFRS 17.

C2. Judgments and key sources of estimation uncertainty

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions, significantly impacting Telia Company's earnings and financial position.

Management believes that the following areas comprise the most difficult, subjective or complex judgments it has to make in the preparation of the financial statements.

For information on accounting policies applied, see the respective sections of Note C3.

Revenue recognition
For a telecom operator, if and when revenues should be recognized requires management judgment in a number of cases.

Principal or agent – gross versus net presentation
When the group acts as a principal, income and payments to suppliers are reported on a gross basis in revenues and operating costs. If the group sells goods or services as an agent (for example insurance in some countries) revenues and payments to suppliers are recorded in revenues on a net basis, representing the margin/commission earned.

Whether the group is considered to be principal or agent in a transaction depends on analysis by management of both the legal form and substance of the agreement between the group and its business partners; such judgments impact the amount of reported revenues and operating expenses but do not impact net income or cash flows.

Features indicating that the group is acting as a principal include: it has the primarily responsibility for fulfilling the promise to provide the goods or services, it bears the inventory risk, and the group has latitude in establishing prices or provides additional goods and services. If the group does not have control of the goods or services before they are transferred to the customer, it acts as an agent. For insurance services, the key judgement is based on whether Telia Company bears the insurance risk or not. Telia Company is deemed to be acting as an agent if it does not bear the insurance risk. For other types of digital value added services the key judgement is related to assessment of whether Telia Company has the primarily responsibility for fulfilling the promise to provide the service. In this assessment the terms of the contract, the way the service is sold, the level of interaction with the customer before, during and after delivering the service and the technical delivery of the service are considered among other things.

Bundling of products and services
In bundling of products and services, identifying performance obligations and determining the stand-alone selling prices requires management judgment. Revenues are allocated between the goods and services identified as a separate performance obligation based on their relative stand-alone selling price. The stand-alone selling price determined for goods or services may impact the timing of the recognition of revenue. Determining the stand-alone selling price of each performance obligation can require complex estimates if those are not directly observable. The group's estimation of stand-alone selling prices that are not directly observable are mainly based on expected cost plus a margin.

Leases
Definition a of a lease
A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Significant management judgment is required in determining whether the contract is a lease or a service agreement. To determine if a contract is a lease an assessment of whether, throughout the period of use, the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. Especially for contracts for network related assets (technical space and technical equipment) where the contract is related to the use of a portion of a larger asset this assessment requires significant judgment and analysis of the contract terms and the facts and circumstances such as for example the technological aspects of the asset.

Lease term
Determining the lease term requires management judgment as the estimated lease term includes the

non-cancellable period of the lease together with both periods covered by extension options, if the lessee is reasonably certain to exercise that option, and periods covered by termination options if the lessee is reasonable certain not to exercise that option. The threshold for reasonably certain is deemed to be higher than "more likely than not", but lower than "virtually certain" in IAS 37 "Provisions, contingent liabilities and contingent assets". Extension and termination options are included in a number of Telia Company's lease contracts throughout all asset classes across the group. When determining the lease term, Telia Company considers all facts and circumstances that creates an economic incentive to exercise an extension option, or not to exercise a termination option. Example of factors that are considered are; strategic plans, assessment of future technology changes, the importance of the underlying asset to Telia Company's operations and/or costs associated with not extending or not terminating the lease. Approximately 45 percent of Telia Company's lease liability relates to extension periods.

Discount rate

The future lease payments are discounted using either the interest rate implicit in the contract, if that rate can be readily determined, or the lesee's incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most contracts, Telia Company has discounted the future lease payments using the incremental borrowing rate. Determining the incremental borrowing rate requires management judgement. The incremental borrowing rate is based on Telia Company's external funding rate by currency and by duration of the estimated lease term. The rate is also adjusted for geographical risks and credit risks for the subsidiaries. For additional information on leases and carrying values, see Note C28.

Income taxes

Significant management judgment is required in determining current tax liabilities and assets as well as provisions for deferred tax liabilities and assets, in particular as regards valuation of deferred tax assets. As part of this process, income taxes have to be estimated in each of the jurisdictions in which Telia Company operates. The process involves estimating the actual current tax exposure together with assessing temporary differences resulting from the different valuation of certain assets and liabilities in the financial statements and in the tax returns. Management must also assess the probability that the deferred tax assets will be recovered from future taxable income.

Actual results may differ from these estimates due to, among other factors, future changes in business environment, currently unknown changes in income tax legislation, or results from the final review of tax returns by tax authorities or by courts of law. For additional information on deferred tax assets and liabilities and their carrying values as of the end of the reporting period, see Note C10.

Valuation of intangible and other non-current assets

Intangible assets, property, plant and equipment, right of use assets, film and program rights and cost to obtain a contract represent a significant part of Telia Company's total assets.

Useful lives

Determination of the useful lives of asset classes involves taking into account historical trends and making assumptions related to future socio-economic and technological development and expected changes in market behavior.

In 2021 and 2020, amortization, depreciation and impairment losses for intangible assets, property, plant and equipment and right of use assets totaled SEK 20,023 million and SEK 27,744 million, respectively. Amortization and impairment losses for film and program rights and cost to obtain a contract

Currently, the following amortization anddepreciation rates are applied.

Trade names	Individual evaluation, minimum 10 percent, except for trade names with indefinite useful lifes
Telecom and frequency licenses, numbering rights	Remaining license period, minimum 5 percent
Interconnect and roaming agreements	Agreement term, based on the remaining useful life of the related license
Customer relationships	Individual evaluation, based on historic and projected churn
Capitalized development expenses	20 percent or individual evaluation
Other intangible assets	20–33 percent or individual evaluation
Buildings	2–10 percent
Land improvements	2 percent
Capitalized improvements on leased premises	Remaining term of corresponding lease
Mobile networks (base stations and other installations)	14.5–20 percent
Fixed networks	
Switching systems and transmission systems	10–20 percent
Transmission media (cable)	5–10 percent
Equipment for special networks	10 percent
Usufruct agreements of limited duration	Agreement term or time corresponding to the underlying asset
Other installations	2–33 percent
Customer premises equipment under service arrangements	33 percent, or agreement term if longer
Film and program rights	20-100 percent
Cost to obtain a contract	Straight line, based on historic and projected churn
Right-of-use assets	Expected lease term, 3-50 percent

were SEK 4,977 million (4,057) and SEK 1,215 million (1,257), respectively. For additional information on intangible and tangible assets, right of use assets, film and program rights and costs to obtain a contract subject to amortization and depreciation and their carrying values as of the end of the reporting period, see Notes C6, C7, C12, C13, C14 and C28, respectively.

Impairment testing

A number of significant assumptions and estimates are involved when measuring value in use and fair value less costs of disposal based on the expected future discounted cash flows attributable to an asset, for example with respect to factors such as market growth rates, revenue volumes, market prices for telecommunication services, costs to maintain and develop communication networks and working capital requirements. Forecasts of future cash flows are based on the best estimates of future revenues and operating expenses using historical trends, general market conditions, industry trends and forecasts and other available information. These assumptions are prepared by management and subject to review by the Audit and Responsible Business Committee of the Board of Directors. Potential significant climate change risks (as well as other types of risks in Telia Company's Risk Universe) and the group's ongoing and future mitigating activities are considered in the forecasts. Transition risks are considered through for example the sales forecasts which include offerings based on circular business models (e.g. pre-owned phones, Device as a Service and buy back initiatives to enable reuse and recycling) and products and services that enable our customers to reduce GHG emissions and energy use (e.g IoT and other data-driven services). The group-wide re-use and recycling program for network equipment is also part of the forecasts. Further the forecasts include impacts of higher energy prices and Telia Company's activities to manage the energy impacts and costs.

For more information on climate risks, goals and activities, see Directors' Report section Risks and uncertainties/Environment and Sustainability report section Climate and circularity including the TCFD report in Note S4.

The cash flow forecasts are discounted at the weighted average cost of capital for the relevant cash-generating unit. For Denmark, Norway and Finland the sales growth and EBITDA margin development in the forecasts are deviating from historical trends and for TV and Media the EBITDA margin development is deviating from historical trends. This is due to that Telia Company for the forecast period has clear and committed plans for revenue growth initiatives and net cost reductions supported by digital transformation investments. For additional information on goodwill and it's carrying value as of the end of the reporting period, see Note C12.

Provisions for pensions and employment contracts

The most significant assumptions that management has to make in connection with the actuarial calculation of pension obligations and pension expenses affects the discount rate, the inflation, and the longevity. Changes in any of these key assumptions may have a significant impact on the projected benefit obligations, funding requirements and periodic pension cost.

For additional information on assumptions made, sensitivity analysis related to change in assumptions and pension obligations and their present values as of the end of the reporting period, see Note C22.

Provisions for restructuring activities, contingent liabilities and litigation

Telia Company has engaged, and may in the future need to engage, in restructuring activities, which require management to make significant estimates related to expenses for severance and other employee termination costs, lease cancellation, site dismantling and other exit costs and to realizable values of assets made redundant or obsolete (see section "Valuation of intangible and other non-current as sets" above). Should the actual amounts differ from these estimates, future results could be materially impacted.

Determination of the treatment of contingent assets and liabilities in the financial statements is based on management's view of the expected outcome of the applicable contingency. Management consults with legal counsel on matters related to litigation and other experts both within and outside the company with respect to matters in the ordinary course of business.

For additional information on restructuring provisions, including their carrying values as of the end of the reporting period, and on contingencies and litigation, see Notes C23 and C30, respectively.

Classification as held for sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale if their carrying value will be recovered principally through a sales transaction rather than through continuing use. The determination if and when non-current assets and disposal groups should be classified as held- for-sale requires management judgment considering all facts and circumstances relating to the transaction, the parties and the market and entities can come to different conclusions under IFRS. One of the conditions that must be satisfied for classification as held for sale is that the sale is highly probable within one year. One criterion for the sale to qualify as highly probable is that the appropriate level of management must be committed to a plan to sell the assets or disposal group in its present condition. In the telecom industry acquisitions often require regulatory approval. If the buyer is a telecom operator in the same market entities often have to agree to a number of remedies to get the approval. If the buyer is expected to be a telecom operator in the same market and significant remedies are expected, a sale is usually not regarded as highly probable and consequently the assets are not classified as held for sale by Telia Company, until the remedies are agreed upon and accepted by management.

Accounts payables under vendor financing arrangements

Telia Company has arrangements with several banks under which the banks offer Telia Company's vendors the option to receive earlier payment of Telia Company's accounts payables. Vendors utilizing the financing arrangement pay a credit fee to the bank. Telia Company does not pay any credit fees and does not provide any additional collateral or guarantee to the bank. Based on Telia Company's assessment the liabilities under the vendor financing arrangement are closely related to operating purchase activities and the financing arrangement does not lead to any significant change in the nature or function of the liabilities. These liabilities are therefore classified as accounts payables with separate disclosures in the notes. The credit period does not exceed 12 months and the accounts payables are therefore not discounted. Account payables under vendor financing arrangements were SEK 11,001 million per December 31, 2021 (8,535). See Note C25.

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 second half there was no adverse impact from COVID-19 on roaming revenues compared to the corresponding period last year, however, the uncertainty surrounding COVID-19 implies a risk also going forward. This, as well as mitigating activities, are reflected in the outlook 2022. Financial markets are now in a normal state after a strong rebound and with support from central banks from lows during the COVID-19 shock in the second quarter 2020. Telia Company's financial risk management is in all material aspects unchanged. Also, the debt capital market has recovered to pre COVID-19 spread levels for the Telia Company credit. 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 2021. For more information on risks related to the outbreak of COVID-19, see "Risks and uncertainties".

C3. Significant accounting policies

Consolidated financial statements

General – Subsidiaries

The consolidated financial statements comprise the parent company Telia Company AB and all entities over which Telia Company has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing whether an entity is controlled or not. Telia Company is assumed to have control if the group owns the majority of shares and the shares have equal voting rights attached, and a proportionate entitlement to a share of the returns of the entity and decisions about relevant activities are determined by majority votes. Telia Company is also assumed to have control if Telia Company selects the majority of the board contractually even if not holding the majority of the shares, see Notes C4 and C20, respectively.

Acquisitions are accounted for using the acquisition method which measures goodwill at the acquisition date as: the fair value of the consideration transferred; plus the amount of any non-controlling interest in the acquiree recognized in the transaction; plus if the business combination is achieved in stages, the fair value of the previously held equity interest in the acquiree; less the net recognized amount of the identifiable assets acquired and liabilities assumed. When the difference is negative, a bargain purchase gain would be recognized in net income. Costs related to the acquisition are expensed as incurred.

Any contingent consideration payable would be recognized at fair value at the acquisition date. If the contingent consideration would be classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in net income. Acquisition of additional shares in a subsidiary after obtaining control as well as a partial disposal of shares in a subsidiary while retaining control are accounted for as equity transactions with owners. See section "Non-controlling interests" below.

Assets (including any goodwill and fair value adjustments) and liabilities for entities acquired or divested during the year are included in the consolidated financial statements from the date on which control is obtained and excluded from the date on which control is lost.

Intra-group sales and other transactions have been eliminated in the consolidated financial statements. Profits and losses resulting from intra-group transactions are eliminated unless a loss indicates impairment.

Non-controlling interests

Transactions with non-controlling interests are treated as equity transactions, including any transaction-related costs. Gains or losses on disposals as well as any excess or deficit of consideration paid over the carrying amount of non-controlling interests when acquiring additional shares in a subsidiary are recognized in retained earnings. Consideration paid for a call option or other similar contract giving Telia Company the right to acquire a fixed non-controlling interest in exchange for a fixed amount of cash or another financial asset is deducted from retained earnings.

Commitments to purchase non-controlling interests are considered financial liabilities with subsequent changes in the value recognized as other operating income/expense. For each business combination the group elects to measure any non-controlling interest in a subsidiary either at fair value (goodwill recognized on non-controlling interest) or only at the proportionate share of the identifiable net assets (goodwill recognized only on acquired interest).

Joint arrangements

Joint arrangements are entities over which the group has joint control by virtue of contractual arrangements. Joint arrangements are classified as either joint operations or joint ventures. Joint operations are arrangements whereby Telia Company has the right to the assets and obligation for the liabilities and accounts for its share of the assets, liabilities, revenues and expenses of the joint operation line by line in the consolidated financial statements. The joint operations are primarily designed for providing output to the shareholders.

Joint ventures on the other hand are arrangements where Telia Company has right to the net assets of the arrangement and the investment is accounted for under the equity method (similar to associated companies - see section below). Joint arrangements acquired or divested during the year are included in the consolidated financial statements from the date on which joint control is obtained and excluded from the date on which joint control is lost.

Associated companies

Associated companies are entities over which the group has significant influence but not control. If the group holds, directly or indirectly (e.g. through subsidiaries), 20 percent or more of the voting power of the investee, it is presumed that the group has significant influence, unless it can be clearly demonstrated that this is not the case. Holdings in associated companies are accounted for using the equity method and are initially recognized at cost, including any transaction costs. The group's share of net income in associated companies is included in operating income because the operations of these companies are related to telecommunications and it is the group's strategy to capitalize on industry know- how by means of investing in partly owned operations. The share of net income is based on the entity's most recent accounts, adjusted for any discrepancies in accounting policies, and with estimated adjustments for significant events and transactions up to Telia Company's close of books.

The line item Income from associated companies and joint ventures also includes amortization of fair value adjustments and other consolidation adjustments made upon the acquisition of associated companies as well as any subsequent impairment losses on goodwill and other in- tangible assets, and capital gains and losses on disposals of stakes in such companies. Telia Company's share of any gains or losses resulting from transactions with associated companies is eliminated.

Dividend received reduces the carrying amount of an investment. Negative equity participations in associated companies are recognized only to the extent contractual obligations to contribute additional capital exist and are then recorded as Other provisions.

The group's share of associated entities equity transactions such as the acquisition or sale of treasury shares from third parties are recognized directly in equity.

Cash flow reporting

Cash flows from operating activities are reported using the indirect method and include dividends received from associated companies and other equity instruments, interest paid or received (except for paid interest capitalized as part of the acquisition or construction of non-current assets and therefore included in cash flows from investing activities), provisions, compensation from or contributions to the Swedish pension fund and taxes paid or refunded. Changes in non-interest bearing receivables and liabilities are reported in working capital. Terminal financing receivables are also included in working capital. Cash flow from operating activities also includes cash flows from film and program rights.

Cash flows from investing activities include CAPEX, payments to acquire or receipts from the sale of joint ventures, associates, subsidiaries (obtaining or losing control) net of cash and cash equivalents acquired or disposed of and other equity instruments. Further, cash flows from investing activities include payments related to lease receivables, as well as other investments with maturities over 3 months.

Cash flows from financing activities include dividends paid to owners of the parent and to holders of non-controlling interests, payments and receipts from changes in ownership of non-controlling interest and cash flows from settlement of foreign exchange derivative contracts used for economic hedges of cash-pool balances including any payments or receipts from CSA (Credit Support Annex).

Proceeds from and repayment of borrowings include cash flows from derivatives hedging such borrowings. Further, cash flow from financing activities also includes repayments of lease liabilities.

Cash and cash equivalents include cash at hand, bank deposits and highly-liquid short-term investments with maturities up to and including 3 months.

Cash flows of a foreign entity are translated at the average exchange rate for the reporting period, except for certain transactions like dividends from associates, dividends paid to holders of non-controlling interests, acquisitions or disposals of subsidiaries and associated companies, and other major non-recurring transactions which are translated at the rate prevailing on the transaction day.

Segment reporting

The group's businesses are managed and reported by the seven operating segments: Sweden, Finland, Norway, Denmark, Lithuania, Estonia and TV and Media. Operating segments that are not individually reportable: Latvia, the Telia Carrier operations (up until the disposal), Telia Company's shareholding in the associate Turkish Turkcell (up until disposal) as well as Group functions are combined into Other operations. The former segment region Eurasia was classified as held for sale and discontinued operations since December 31, 2015, and was therefore not included in the segment information. For additional information, see Note C5. Segments are consolidated based on the same accounting principles as for the group as a whole except for inter-segment leases which are treated as operating leases. When significant operations are transferred between segments, comparative period figures are restated.

Foreign currency translation and inflation adjustments

Currency translation is based on market rates with information from major market providers and are fixed daily.

Separate financial statements of a group entity are presented in the entity's functional currency, being the currency of the primary economic environment in which the entity operates, normally the local currency. In preparing the financial statements, foreign currency transactions are translated at the exchange rates prevailing at the date of each transaction. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the closing rates existing at that date. Exchange rate differences arising from operating receivables or liabilities are recognized in operating income, while differences attributable to financial assets or liabilities are recognized in finance items.

Exchange rate differences on equity instruments measured at fair value through other comprehensive income and on cash flow hedges are recognized in other comprehensive income.

The consolidated financial statements are presented in Swedish krona (SEK), which is the functional currency of the parent company. For consolidation purposes, income and expenses of foreign operations (subsidiaries, joint ventures and associated companies, and branch offices) are translated at the average exchange rates for the period.

However, for items related to dividends, gains or losses on disposal of operations or other major transactions or if exchange rates fluctuated significantly during the period, the exchange rates at the date of the transactions are used. Assets and liabilities, including goodwill and fair value adjustments arising on acquisition of foreign operations, are translated at closing rates at the end of the reporting period except for equity components, which are translated at historical rates. Translation differences are recognized in other comprehensive income and accumulated in equity attributable to owners of the parent or to non-controlling interests, as appropriate.

When a foreign operation is disposed, any related cumulative exchange rate difference is recycled to net income as part of the gain or loss on the disposal, except for accumulated exchange rate differences related to non-controlling interests which are derecognized but not recycled to net income. However, if Telia Company would dispose a non- controlling interest in a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the functional currency for a foreign operation is the currency of a hyperinflationary economy, prior to translating the financial statements, the reported non-monetary assets and liabilities, and equity are restated in terms of the measuring unit current at the end of the reporting period.

Revenue recognition

Revenues principally consist of mobile service revenues including subscription, interconnect and roaming and fixed service revenues including telephony, broadband, TV, installation fees, advertising revenue and business solutions, as well as revenues from equipment sales and leases. There are both revenues from products and services sold separately and from products and services sold as a bundle.

Revenues are recognized based on a single principle based five-step model which is applied to all contracts with customers. Revenues are allocated to performance obligations (equipment and services) in proportion to stand-alone selling prices of the individual items. Revenue is recognized when (at a point in time) or as (over a period of time) the performance obligations are satisfied, which is determined by the manner in which control passes to the customer.

Revenues are measured based on the consideration specified in a contract with a customer and excludes amount collected on behalf of third parties. The consideration promised in a contract with a customer may include fixed amounts, variable amounts or both. For variable consideration accumulated experience is used to estimate and provide for the variable consideration, and revenues are only recognized to the extent that it is highly probable that a significant reversal will not occur.

Service revenues

Service revenues are recognized over time, in the period in which the service is performed, based on actual traffic or over the contract term, as applicable. Revenues from voice and data services are recognized when the services are used by the customer. Subscription fees are recognized as revenues over the subscription period. Sales relating to prepaid phone cards, primarily mobile, are deferred as a contract liability and recognized as revenues based on the actual usage of the cards.

Revenues from interconnect traffic with other telecom operators are recognized at the time of transit across Telia Company's network.

Installation services are in many cases considered separate performance obligations and revenue is recognized when or as the obligation is satisfied, depending on the type of installation service and how and when the control is transferred to the customer

For open access fiber installed at customer's premises, non-refundable customer fees and related installation costs, including planning, trenching, cabling, splicing, mounting, connection, cross-connect equipment and media converter, are recognized when the installation is finalized. Connection fees are separately recognized at completion of connection, if the fees do not include any amount for subsequent servicing but only cover the connection costs. Amounts for subsequent servicing are deferred.

To corporate customers, Telia Company offers complex, long-term functional service agreements which could include telecom and datacom subscription services, installation services related to telecom or datacom and other customized services. Typically, telecom and datacom services are considered separate performance obligations. Revenue for each separate performance obligation is recognized over the period of time that the subscription service is provided, and the performance obligation is satisfied. Since the subscription services in a functional agreement are performed on a monthly basis over the same period, these services are in practice accounted for in the same way as if they had been one performance obligation. Installation services in functional agreements are in most cases considered separate performance obligations and revenue is recognized when or as the obligation is satisfied, depending on the type of installation service and how and when control is transferred to the customer. For many of the installation services the control is transferred, and revenue is recognized upon completion of the installation. Functional agreements often also include equipment, see below. In functional agreements there are often also variable usage-based services and add on services. Each one of these services are considered separate performance obligations. Revenue for usage-based services is recognized over the period the service is used as the obligation is satisfied and control is transferred over time. Revenue for add on services is recognized when or as the obligation is satisfied, depending on the type of add on service and how and when control is transferred to the customer.

Invoices for mobile subscriptions, broadband, fixed telephony and other services are normally paid monthly, over the contract period.

Equipment revenues

Revenues from equipment sales are recognized at the point in time when control is transferred to the customer, which normally is on delivery and when accepted by the customer. If the customer has the right to return the equipment, the amount of revenues recognized are adjusted for expected returns, estimated based on historical data. Equipment are paid for upfront or over time, when Telia Company provides the customer with financing.

Functional agreements with corporate customers often include equipment such as sales or financial leases of for example terminals (phones/tablets/LAN equipment etc.). The equipment is considered separate performance obligations and revenue from sale of equipment is recognized at the point in time when the performance obligation is satisfied, and control has been transferred (when the equipment have been delivered). When the equipment is leased to the customer, the lease is usually classified as a finance lease and the finance lease revenue is recognized in accordance with IFRS 16.

Advertising revenues
The performance obligation for advertising is satisfied when the advertisement is actually shown, published or displayed and the revenues are recognized at that time. The revenues are reduced for rebates.

Bundled services and products
Telia Company may bundle services and products into one customer offering. Offerings may involve the delivery or performance of multiple products, services, or rights to use assets (multiple deliverables). Telia Company accounts for each individual product and service separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. When the transaction price is determined for bundles that includes services (e.g. a mobile subscription), the minimum non-cancellable contract term is considered. When applicable, the transaction price is adjusted for financing components and expected returns. There are usually no or few other variable components in the transaction price. The transaction price is allocated to each equipment and service accounted for as a separate performance obligation, based on their relative stand-alone selling price. For most performance obligations, the stand- alone selling prices are directly observable. If stand-alone selling prices are not directly observable, they are estimated based on expected cost plus margin. In some cases, the offerings include non-refundable upfront fees such as activation fees. Payments for such fees are included in the transaction price, and, if not related to the satisfaction of a performance obligation, allocated to other performance obligations identified in the contract.

Some bundled offerings include lease components, e.g. TV boxes, as well as non-lease components, e.g. subscription. In those arrangements, the transaction price is allocated to both the lease components and non-lease components identified as separate performance obligations. The lease components are then accounted for as either an operating lease or a finance lease depending on the lease classification (see also section "lease agreements, Telia Company as a lessor" below). Revenues for the non- lease components are recognized when or as the performance obligations are satisfied.

Equipment that can be used only in connection with services provided by Telia Company and that have no other significant function for the customer than delivering the service, e.g. routers, is not accounted for as a separate performance obligation. In such arrangements, the transaction price is allocated to the performance obligations identified, i.e. no part of the transaction price is allocated to the equipment. Any consideration received upfront, when the equipment is delivered, is recognized as a contract liability and recognized as revenues when or as the identified performance obligations are satisfied.

If a contract with a customer includes a license that is distinct, the promise to grant a license is classified as either a "right to access" or a "right to use" Telia Company's intellectual property. A license is classified as a "right to access" if Telia Company will undertake activities that significantly affects the intellectual property, that do not result in the transfer of a separate performance obligation to the customer, and, the customer is directly exposed to any positive or negative effects of those activities. When the promise to grant a license is classified as a "right to access", revenues are recognized over time. When the promise to grant a license is classified as a "right to use", revenues are recognized at the point in time when control is transferred to the customer.

Principal or agent
Sometimes a third party is engaged in delivering goods or services to Telia Company's customers, e.g. Telia Company offers several value-added services (VAS) to the customers in bundled offers.

In arrangements where Telia Company acts as a principle, revenue is recognized on a gross basis. When Telia Company acts as an agent and arranges goods or services to be provided by another party, revenues are recognized as the net amount of consideration that Telia Company retains after paying that other party. When invoicing end-customers for third-party content services, amounts collected on behalf of the principal are excluded from revenues. For more information see to Note C2.

Other revenue related transactions
Under customer loyalty programs, customers are entitled to certain discounts (award credits) relating to services and goods provided by Telia Company. The loyalty program provides the customers with a material right which is accounted for as a separate performance obligation. The transaction prices are allocated between the services and goods provided, and the award credits based on relative stand-alone selling prices. The stand-alone selling price for the award credits is estimated based on the discount grant- ed when the award credit is redeemed and the likelihood of redemption, which is based on past practice. A contract liability is recognized until the award credits are redeemed or expire.

Some contracts contain a financing component because the timing of payments provides the customer or Telia Company with a benefit of financing. When determining the transaction price for such agreements, Telia Company adjusts the promised amount of consideration for the effects of the time value of money. Telia Company uses the practical expedient to not calculate and account for significant financing component if the period between the transfer of a good or service to a customer and payment is 12 months or less.

Telia Company distinguishes between contract assets and receivables based on whether receipt of the consideration is conditional on something other than passage of time. Contract assets primarily relate to transactions where Telia Company satisfies a performance obligation to transfer equipment that is part of a bundles to the customer, but the right to payment for the equipment is dependent on Telia Company satisfying another performance obligation in the contract, for example a mobile subscription. The contract assets are transferred to receivables when the right becomes unconditional, i.e. when only the passage of time is required before payment of consideration is due. Contract liabilities primarily relate to prepayments received from customers such as prepaid cards, prepaid subscriptions, loyalty programs and variable considerations.

If expected to be recovered, sales commissions and equipment subsidies granted to dealers for obtaining a specific contract are capitalized and deferred over the period which Telia Company expects to provide services to the customer. The asset (included in balance sheet line item Other non-current assets) is amortized on a straight-line basis. The amortization is classified as an operating expense (within EBITDA) in the income statement. Telia Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred, if the amortization period of the asset is one year or less.

Operating expenses

Telia Company presents its analysis of expenses using a classification based on function. Cost of sales comprises all costs for services and products sold as well as for installation, maintenance, service, and support. Selling and marketing expenses comprise all costs for selling and marketing services and products and includes expenses for advertising, PR, pricelists, commission fees, credit information, debt collection, etc. Credit losses as well as allowances for credit losses are also included. Recovery of receivables written-off in prior years is included in Other operating income. Research and development expenses (R&D) include expenses for developing new or substantially improving already existing services, products, processes or systems. Maintenance and minor adjustments to already existing services, products, processes or systems are not included in R&D. Expenses that are related to specific customer orders (customization) are included in Cost of sales. Amortization, depreciation and impairment losses are included in each function to the extent referring to intangible assets, property, plant and equipment or right- of-use assets used for that function. Amortization of film and program rights is included in the function Cost of sales. Amortization of cost to obtain a contract is included in the function Selling and marketing expenses.

Advertising and other marketing costs are expensed as incurred. All pension benefit costs except for the interest component are recognized as personnel expenses. For equity-settled share-based payments to employees, such as Telia Company's Performance Share Programs, cost, being the fair value at the allotment date of the equity instruments allotted, is recognized as personnel expenses allocated over the vesting period and with a corresponding increase in equity. Cost is based on the best available estimate of the number of equity instruments to vest. If necessary, the estimate is revised during the vesting period and finally revised at the end of the vesting period.

Other operating income and expenses

Other operating income and other operating expenses include gains and losses, respectively, on disposal of shares or operations in subsidiaries (see section "Associated companies" above) and on disposal or retirement of intangible assets or property, plant and equipment.

Also included in other operating income and expenses are impairment losses of goodwill, government grants, exchange rate differences on operating transactions, results from court-settled disputes with other operators regarding historical interconnect and roaming fees, restructuring costs and other similar items. Government grants are initially measured at fair value and recognized as income over the periods necessary to match them with the related costs.

Exchange rate differences from operating transactions also include effects from economic hedges and value changes in derivatives hedging operational transaction exposure (see section "Derivatives and hedge accounting" below).

Finance costs and other financial items

Interest income and expenses are recognized as incurred, using the effective interest rate method, with the exception of borrowing costs directly attributable to the acquisition, construction or production of an asset, which are capitalized as part of the cost of that asset (see also section "Intangible assets, and property, plant and equipment" below). Increases in provisions due to passage of time and interest on lease liabilities are recognized as interest expenses.

Interest income and expenses also include changes in fair value of the interest component of cross-currency interest rate swaps as well as changes in fair value of interest rate swaps. The initial difference between nominal value and net present value of borrowings with an interest rate different to market rate ("day 1 gain") is amortized until due date and recognized as Other interest income. The interest component of changes in the fair value of borrowings identified as hedged items in fair value hedges and of derivatives hedging loans and borrowings (see section "Derivatives and hedge accounting" below) are included in Other interest income (gains) or in Interest expenses (losses). Exchange rate differences on financial transactions also comprise changes in fair value of the currency component of cross-currency interest rate swaps and of forward contracts hedging currency risks in external borrowings.

Dividend income from equity investments is recognized when Telia Company's rights to receive payment have been established. Income and expenses relating to guarantee commissions are included in Other interest income and Interest expenses, respectively. Interest expenses include funding-related bank fees and fees to rating institutions and market makers. Further the net interest on the net defined benefit liability (asset) is recognized as part of finance costs.

Income taxes

Incomes taxes comprise current and deferred tax. Current and deferred income taxes are recognized in net income or in other comprehensive income, to the extent relating to items recognized in other comprehensive income. Deferred income taxes are provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements and on unutilized tax deductions or losses. Where a subsidiary has a history of tax losses, Telia Company recognizes a deferred tax asset only to the extent that the subsidiary has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available.

On initial recognition of assets and liabilities, deferred taxes are not recognized on temporary differences in transactions that are not business combinations. Deferred tax liabilities for undistributed earnings or temporary differences related to investments in subsidiaries, joint ventures and associated companies are not recognized because such retained earnings can be withdrawn as non-taxable dividends and the companies can be sold without tax consequences. However, some foreign jurisdictions impose withholding tax on dividends. In such cases, a deferred tax liability is recognized, calculated by applying the respective withholding tax rate on undistributed earnings. In certain countries, income tax is not levied on profits, but on dividends paid or declared. In those cases, since current and deferred taxes should be recognized at the rate of undistributed earnings, no deferred tax is recognized and current tax is recognized in the period when dividends are declared.

Current and deferred income tax is determined using tax rates and tax legislation that have been enacted or substantively enacted at the end of the reporting period and in the case of deferred tax that are expected to apply when the related deferred income tax asset or liability is settled. Effects of changes in tax rates are recognized in the period when the change is substantively enacted. Deferred tax assets are recognized to the extent that the ability of utilizing the tax asset is probable. Deferred tax assets and liabilities are offset when a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Interest on current tax payable or refundable calculated by tax authorities is classified as Interest expenses and Other interest income, respectively.

Intangible assets, and property, plant and equipment

Measurement bases

Goodwill is measured, after initial recognition, at cost, less any accumulated impairment losses. Goodwill is not amortized but tested for impairment at least annually. Impairment losses are not reversed. Based on management analysis, goodwill arising from a business combination is for impairment testing purposes allocated to the groups of cash-generating units that are expected to benefit from the synergies of the combination. Each group represents the lowest level at which goodwill is monitored for internal management purposes and it is never larger than an operating segment.

Other intangible assets are measured at cost, including directly attributable borrowing costs, less accumulated amortization and any impairment losses. Direct external and internal development expenses for new or substantially improved products and processes are capitalized, provided that future economic benefits are probable, costs can be measured reliably and the product and process is technically and commercially feasible. Activities in projects at the feasibility study stage as well as maintenance and training activities are expensed as incurred.

Intangible assets acquired in a business combination are identified and recognized separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are measured on the same basis as intangible assets acquired separately. Fair values of intangible assets acquired in a business combination are determined as follows. Patents and trademarks are valued based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. Customer relationships are valued using the multi-period excess earnings method. For other intangible assets, income, market and cost approaches are considered in a comprehensive valuation analysis, by which the nature of the intangible asset, any legal and contractual circumstances and the availability of data will determine which approach(es) ultimately to be utilized to derive each asset's fair value.

Property, plant and equipment are measured at cost, including directly attributable borrowing costs, less accumulated depreciation and any impairment losses. Software used in the production process is considered to be an integral part of the related hardware and is capitalized as plant and machinery. Property and plant under construction are valued at the expense already incurred, including interest during the installation period. To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated costs of dismantling and removing the asset and restoring the site. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying value of the item if it is probable that the future economic benefits embodied within the item will flow to Telia Company and the cost of the item can be measured reliably. All other replacement costs are expensed as incurred. A change in estimated expenditures for dismantling, removal and restoration is added to and/or deducted from the carrying value of the related asset. To the extent that the change would result in a negative carrying value, this effect is recognized in net income. The change in depreciation charge is recognized prospectively.

Fair values for property, plant and equipment acquired in a business combination are determined as follows. Commercial real estate is normally valued using an income or market approach, while technical buildings, plant and equipment are normally valued using a cost approach, in which the fair value is derived based on depreciated replacement cost for the asset.

Capitalized interest is calculated, based on the group's estimated average cost of borrowing. However, actual borrowing costs are capitalized if individually identifiable, such as interest paid on construction loans for buildings.

Government grants received as compensation for the cost of an asset are initially measured at fair value, normally being the consideration received. A government grant reduces the carrying value of the related asset and the depreciation charge recognized over the asset's useful life.

Amortization and depreciation

Amortization of intangible assets (other than goodwill and trade names with indefinite useful lives) and depreciation on property, plant and equipment is based on cost, less residual values, and taking into account the estimated useful lives of various asset classes or individual assets. Land is not depreciated. For assets acquired during a year, amortization and depreciation is calculated from the date of acquisition. Amortization and depreciation are mainly recognized on a straight-line basis.

Mobile and fixed telecommunication licenses to operate a specific network are regarded as integral to the network and amortization does not commence until the related network is ready for use. Amortization of network-independent licenses to use specific radio frequencies (spectrum) commences when the related frequency block is available for use. License fees based on future services, i.e. relating to the ongoing performance of the entity are not capitalized but expensed as incurred.

Impairment testing

Goodwill and other intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired. Intangible assets with a finite life and tangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is tested for impairment. If an analysis indicates that the carrying value is higher than its recoverable amount, which is the higher of the fair value less costs to sell and value in use, an impairment loss is recognized for the amount by which the carrying amounts exceed the recoverable amount.

Value in use is measured based on the expected future discounted cash flows (DCF model) attributable to the asset.

Film and program rights

Film and program right assets and related liabilities are recognized in the statement of financial position when the license period begins, the cost can be measured reliably, the content has been accepted by the group in accordance with the license agreement and the film or program is available for its first showing/broadcasting. The assets are presented in separate line items for non-current and current film and program rights in the consolidated statement of financial position. Film and program rights are recognized at cost less accumulated amortization and any impairments. Future payment commitments for contractual film and program rights not recognized in the statement of financial position are disclosed as contractual commitments. Film and program rights are amortized over the useful life which is based on the license period or number of showings. Amortization of film and program rights is included in the function Cost of sales and is classified as operating expenses within EBITDA. Cash flows relating to program rights are classified within operating activities.

Financial instruments

Classification of financial assets

A financial asset is for measurement purposes initially classified into one of three measurement categories. The classification depends on how the asset is managed (business model) and the characteristics of the asset's contractual cash flows. The measurement categories for financial assets are as follows:

- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at amortized cost

A financial asset is measured at amortized cost (AC) if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to realize the cash flows from the financial assets by holding the financial assets and collecting its contractual cash flows over the life of the assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A financial asset is measured at Fair Value through Other Comprehensive Income (FVTOCI) if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to realize the cash flows from the financial assets both by collecting the contractual cash flows and selling financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

A financial asset is measured at Fair Value through Profit or Loss (FVTPL) unless it is measured at amortized cost or at fair value through other comprehensive income.

Equity instruments and derivative instruments do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and are therefore measured at fair value through profit or loss. However, for equity instruments that are not held-for-trading, there is an irrevocable option that can be made on initial recognition to present changes in the fair value in other comprehensive income. This is made on an instrument-by-instrument basis. Amounts presented in other comprehensive income are not subsequently transferred to profit or loss.

Telia Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice
- How the performance of the portfolio is evaluated and reported to management of Telia Company
- The risks that affect the performance of the business model and how those risks are managed
- How managers of the business are compensated
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Transaction costs

Financial assets and financial liabilities are initially recognized at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. However, transaction costs related to assets or liabilities held for trading are expensed as incurred.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when Telia Company has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the asset, or has transferred control of the asset. A financial liability is derecognized when the obligation under the liability is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between the carrying amounts is recognized in net income.

Impairment

A loss allowance is recognized for financial assets measured at amortized cost and, financial assets measured at fair value through other comprehensive income and for contract assets. The loss allowance is measured at an amount equal to lifetime expected credit losses, except for the following, for which the loss allowance is measured at an amount of twelve months expected credit losses:

- Financial assets that are determined to have low credit risk at the reporting date
- Financial assets for which the credit risk has not in- creased significantly since initial recognition

The loss allowance for trade receivables and contract assets is always measured at an amount equal

Fair value hierarchy levels

The carrying values of classes of financial assets and liabilities measured at fair value are determined based on a three-level fair value hierarchy, as follows.

Level	Fair value determination	Comprises
1	Quoted (unadjusted) prices in active markets for identical assets or liabilities	Primarily quoted equity instruments measured at fair value through other comprehensive income or at fair value through profit or loss
2	Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices)	Derivatives designated as hedging instruments or measured at fair value through income statement and borrowings in fair value hedge relationships
3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs)	Unquoted equity instruments measured at fair value through other comprehensive income or at fair value through profit or loss

Inputs for fair value measurements disclosed for assets and liabilities that are not carried at fair value are categorized to fair value level hierarchy 2.

to lifetime expected losses applying the simplified approach in IFRS 9. The general model is applied for all other financial assets.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the group considers reasonable and supportable information that is relevant and available without undue cost or effort.

Expected credit losses are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive.

Fair value estimation

The fair values of financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. For financial assets, the current bid price is used. The fair values of financial instruments that are not traded in active markets are determined by using valuation techniques. Management uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows (DCF analyses), are used to determine fair value for the remaining financial instruments. DCF analyses are performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Forward exchange contracts are measured using quoted forward exchange rates and yield- curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows, estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The carrying value less impairment provision of trade receivables and the carrying values of payables are assumed for disclosure purposes to approximate their fair values. The fair value of financial liabilities is for disclosure purposes estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments with adjustment for credit purposes based on known credit spreads from exchange traded Telia Company bonds. The fair value of loans and receivables is for disclosure purposes estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments with adjustment for credit purposes based on known credit spreads, where available and if not available, individual estimates.

Current/non-current distinction, offsetting

Financial assets and liabilities maturing more than one year from the end of the reporting period are considered to be non-current. Other financial assets and liabilities are recognized as current.

Financial assets are recognized and derecognized applying settlement date accounting. Financial liabilities are recognized when Telia Company receives payment from the counterparty and are derecognized when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and liabilities are offset only if there is an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Financial assets – measurement

Equity instruments are measured at fair value. Unrealized gains and losses arising from changes in fair value up to the date of sale are recognized in other comprehensive income and accumulated in the fair value reserve. Quoted equity instruments are valued at quoted market price. Telia Company's primary valuation technique for unquoted equity instruments is based on the most recent transaction for the specific company if such transaction has been recently done. Adjustments to the carrying value is made to reflect significant changes in circumstances since the transaction date if Telia Company assess that the change will have a material impact on the fair value. The estimated fair value for material unquoted equity instruments is verified by applying other valuation models in the form of valuation multiples from peers on relevant financial and operational metrics.

Holdings in venture capital entities are measured at fair value with changes in fair value recognized in net income. Bonds are measured at fair value (quoted market prices) with changes in fair value recognized through profit and loss or other comprehensive income. Receivables arising from own lending, except for short-term receivables where the interest effect is immaterial, are measured at amortized cost, using the effective interest rate method, less impairment. An impairment loss on receivables from own lending is calculated as the difference between the carrying amount and the present value of the estimated future cash flow discounted at the original effective interest rate.

Short-term investments with maturities over 3 months comprise bank deposits, commercial papers issued by banks, bonds and investments. Cash and cash equivalents include cash at hand and bank deposits as well as highly-liquid short-term investments with maturities up to and including 3 months, such as commercial papers issued by banks. All instruments are initially measured at fair value and subsequently at either fair value through other comprehensive income or at amortized cost.

Financial liabilities – measurement

Financial liabilities (interest-bearing loans and borrowings), except for short-term liabilities where the interest effect is immaterial, are initially recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method. Liabilities that are hedged against changes in fair value are, however, measured at hedged fair value. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the loan or borrowings. Borrowings with an interest rate different to market rate are initially measured at fair value, being the net present value applying the market interest rate. The difference between the nominal value and the net present value is amortized until due date.

Financial guarantee liabilities are contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issue of the guarantee.

The financial guarantee is subsequently measured at the higher of the allowance calculated at the end of the reporting period and the amount initially recognized.

Trade receivables and trade payables – measurement

Trade receivables are initially recognized at fair value, normally being the invoiced amount, and subsequently carried at invoiced amount less allowance for expected credit losses, which equals amortized cost since the terms are generally 30 days and the impact of discount would be immaterial. An estimate of the amount of allowance for expected credit losses is recognized and reduces the carrying amount of the trade receivables. An impairment loss on trade receivables is calculated as the difference between the carrying amount and the present value of the estimated future cash flow. Bad debts are written-off when identified and charged to Selling and marketing expenses. Accrued trade receivables are recognized at the amounts expected to be billable.

Trade payables are initially recognized at fair value, normally being the invoiced amounts, and subsequently measured at invoiced amounts, which equals amortized cost, using the effective interest rate method, since generally the payments terms are such that the impact of discounting would be immaterial.

Accounts payable under vendor financing arrangements are closely related to operating purchase activities and the financing arrangement does not lead to any significant change in the nature or function of the liabilities. These liabilities are therefore classified as accounts payables, but are specified in the disclosures. The credit period does not exceed 12 months and the accounts payables are therefore not discounted.

Derivatives and hedge accounting – measurement and classification

Telia Company uses derivative instruments, such as interest and cross-currency interest rate swaps, forward contracts and options, primarily to control exposure to fluctuations in exchange rates and interest rates. For hedging of net investments in foreign operations, Telia Company also uses financial liabilities.

Derivatives and embedded derivatives, when their economic characteristics and risks are not clearly and closely related to other characteristics of the host contract, are recognized at fair value. Derivatives with a positive fair value are recognized as non-current or current receivables and derivatives with a negative fair value as non-current or current liabilities. Swaps, forward exchange contracts and options are classified as non-interest-bearing and interest rate swaps and cross-currency interest rate swaps as interest-bearing items. For classification in the statement of comprehensive income, see sections "Other operating income and expenses" and "Finance costs and other financial items" above.

Hedging instruments are designated as hedges in economic hedges, see below or in either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Documentation on hedges includes: the economic relationship between the hedging instrument and the hedged item; risk management objectives and strategy for undertaking various hedge transactions; and an effectiveness assessment. For fair value hedges, the effective and ineffective portions of the change in fair value of the derivative, along with the gain or loss on the hedged item attributable to the risk being hedged, are recognized in net income.

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies (economic hedges) or that are initiated in order to manage e.g. the overall interest rate duration of the debt portfolio. Changes in the fair value of economic hedges are recognized in net income as exchange rate differences, offsetting the exchange rate differences on monetary assets and liabilities. Changes in the fair value of portfolio management derivatives are recognized in net income as Finance costs.

For cash flow hedges, the effective portion of the change in fair value of the derivative is recognized in other comprehensive income and accumulated in the hedge reserve in equity until the underlying transaction is reflected in net income, at which time any deferred hedging gains or losses are recycled to net income. The ineffective portion of the change in fair value of a derivative used as a cash flow hedge is recognized in net income. However, when the hedged forecast transaction results in the recognition of a non-financial asset or liability, the gains and losses are included in the initial measurement of the cost of the asset or liability.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve in equity. The gain or loss relating to the ineffective portion is recognized in net income. Gains and losses deferred in the foreign currency translation reserve are recycled to net income on disposal of the foreign operation. Changes in the fair value of derivative instruments that do not meet the criteria for hedge accounting are recognized in net income.

When the forward element of a forward contract or the foreign currency basis spread is excluded from the hedging relationship, the change in fair value of the excluded portion is accounted for as a cost of hedging. The change in fair value of the excluded portion is recognized in other comprehensive income and accumulated in a separate component of equity.

Repurchase agreements

Repurchase agreements, means that the parties have agreed on sale and repurchase of a certain security, at a predetermined price and point in time. Since the group remains exposed to the risk and rewards of the asset during the transaction period, securities remain accounted for in the balance sheet as financial assets. Received cash is accounted for as financial liabilities. Sold securities are also disclosed as pledged assets.

Inventories

Inventories are carried at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Obsolescence is assessed with reference to the age and rate of turnover of the items. The entire difference between the opening and closing balance of the obsolescence allowance is charged to cost of sales. The fair value of inventories acquired in a business combination is determined based on the estimated selling price less the estimated cost of sale and a reasonable profit margin.

Assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying value will be recovered principally through a sale transaction rather than through continuing use. An asset held for sale is measured at the lower of its previous carrying value and fair value less costs to sell.

One of the conditions that must be satisfied for an asset to be classified as held for sale is that the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. One criterion for the sale to qualify as highly probable is that the appropriate level of management must be committed to a plan to sell the assets or disposal group in its present condition. In the telecom industry acquisitions often require regulatory approval. If the buyer is a telecom operator in the same market parties often have to agree to a number of remedies to get the approval. If the buyer is expected to be a telecom operator in the same market and significant remedies are expected, a sale is usually not regarded as highly probable and consequently the assets are not classified as held for sale by Telia Company, until the remedies are agreed upon and accepted by management. The determination if and when non-current assets and disposal groups should be classified as held for sale requires management judgment considering all facts and circumstances relating to the transaction, the parties and the market and entities can come to different conclusions under IFRS.

Equity attributable to owners of the parent

Equity attributable to owners of the parent is divided into share capital, other contributed capital, hedging reserve, cost of hedging reserve, fair value reserve, foreign currency translation reserve, revaluation reserve, inflation adjustment reserve, equity transaction in associates and retained earnings. Share capital is the legally issued share capital. Other contributed capital comprises contributions made by shareholders in the form of share premiums in connection with new share issues, specific share holder contributions, etc. This item is reduced by reimbursements to shareholders made in accordance with separately decided and communicated capital repayment programs (e.g. through purchasing own shares or extraordinary dividends). The hedging reserve as well as the cost of hedging reserve and the foreign currency translation reserve are reclassified to net income. The fair value reserve includes both debt instruments at fair value through OCI which are reclassified to net income, and equity instruments at fair value through OCI which are not classified to net income. Cash flow hedges may also adjust the initial cost of a non-financial asset or liability. The revaluation reserve is used in connection with step acquisitions made before 2010 and the inflation adjustment reserve when accounting for operations in hyperinflationary economies. Equity transactions in associates are the effect on the group from equity transactions such as buyback of shares from third parties by an associated entity. All other equity is retained earnings.

Dividend payments are proposed by the Board of Directors in accordance with the regulations of the Swedish Companies Act and decided by the general meeting of shareholders. The proposed cash dividend will be recorded as a liability immediately following the final decision by the shareholders.

Provisions for pensions and employment contracts

Telia Company provides defined contribution or defined benefit pension plans to its employees. Contributions to defined contribution plans are normally set at a certain percentage of the employee's salary and are expensed as incurred. Telia Company pays fixed contributions to separate legal entities and will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all employee benefits. Contributions to defined contribution plans are expensed when employees provide services entitling them to the contribution.

Defined benefit pension plans, provided to part of Telia Company employees in Sweden, Finland and Norway, means that the individual is guaranteed a pension equal to a certain percentage of his or her salary. The pension plans mainly include retirement pension, disability pension and family pension. The present value of pension obligations and pension costs are calculated annually, using the projected unit credit method, which distributes the cost over the employee's service period. The pension cost is recognized in three components, service cost, net interest and remeasurements. Service cost is recognized in operating income and net interest, based on discount rate, on defined benefit obligation and plan assets is reported as interest income or interest expenses in financial items.

Changes in actuarial assumptions and experience adjustments of obligations and changes in fair value of plan assets, deviations from discount rate, results in remeasurements and are recognized in Other comprehensive income at the end of the reporting period.

Actuarial assumptions are determined at the end of the reporting period. The assets of Telia Company's pension funds constitute pension plan assets and are valued at fair value at the end of the reporting period.

Net provisions or assets for post-employment benefits in the statement of financial position represent the present value of obligations at the end of the reporting period less the fair value of plan assets.

Other provisions and contingencies

A provision is recognized when Telia Company has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. If the likelihood of an outflow of resources is less than probable but more than remote, or a reliable estimate is not determinable, the matter is disclosed as a contingency provided that the obligation or the legal claim is material.

Provisions are measured at management's best estimate, at the end of the reporting period, of the expenditure required to settle the obligation, and are discounted to present value where the effect is material. From time to time, parts of provisions may also be reversed due to better than expected outcome in the related activities in terms of cash outflow.

Where there are a number of similar obligations, e.g. product warranty commitments, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class may be small but it is probable that some outflow of resources will be needed to settle the class of obligations as a whole.

Other provisions comprise restructuring provisions which include termination benefits, onerous contracts and other expenses related to cost reduction programs, post-acquisition integration programs, closing-down of operations, etc. Restructuring provisions are mainly recognized as Other operating expenses, since they are not expenses for post-decision ordinary activities.

Termination benefits are recognized at the earlier of when Telia Company no longer can withdraw the offering of those benefits or when Telia Company has made an appropriate public announcement, specifying the terms of redundancy and the number of employees affected, or after individual employees have been advised of the specific terms.

Onerous contracts are recognized when the expected benefits to be derived by from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, any impairment loss on the assets associated with that contract is provided for.

Other provisions also include warranty commitments, environmental restoration, litigation, onerous contracts not related to restructuring activities, etc. These provisions are recognized as Cost of sales, Selling and marketing expenses, Administrative expenses or Research and development expenses as applicable.

Lease agreements

Telia Company as lessee

Telia Company recognizes a right-of-use asset and a lease liability on the statement of financial position when the underlying asset is made available for Telia Company, i.e. at the commencement date. Telia Company applies the practical expedients to recognize payments associated with short-term leases and leases of low value as an expense in the income statement. Telia Company does not apply IFRS 16 to intangible assets.

The lease liability is initially measured at the present value of the lease payments during the estimated lease term that are not paid at the commencement date. Lease payments included in the measurement of the lease liability comprise of fixed lease payments including in-substance fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee and payments related to options that Telia Company is reasonably certain to exercise. In all asset classes, payments related to non-lease components are separated from the lease payments and expensed as incurred.

The estimated lease term includes the non-cancellable period of the lease together with both periods covered by extension options (if Telia Company is reasonable certain to exercise that option) and periods covered by termination options (if Telia Company is reasonable certain not to exercise that option). Determining the estimated lease term, including extension and termination options, requires significant judgement, see Note C2.

The lease liability is remeasured if there are modifications to the lease contract or if there are changes in the cash flow based on the initial contract terms. Changes in cash flows based on the initial term occurs when; Telia Company changes its initial estimation of whether extension and/or termination options will be exercised, there are changes in earlier estimates of whether a purchase option will be exercised, lease payments changes due to changes in index or rate, or if there is a change in estimates regarding amounts expected to be paid under a residual value guarantee.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Telia Company's incremental borrowing rate. For the majority of all lease contracts Telia Company uses its incremental borrowing rate, as the interest rate implicit in the lease usually is not readily determinable.

Some lease agreements, e.g. for stores could contain variable payments that are linked to the sales generated from the store. Variable lease payments are recognized in the income statement in the period in which the event that trigger those payments occurs.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date and any initial direct costs incurred, less any lease incentives received. Also, any restoration costs estimated in accordance with the guidance in IAS 37 are included in the measurement of the right-of-use asset. The related provision is recognized separately from the lease liability.

The right-of use asset is subsequently depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the estimated lease term. Any remeasurement of the lease liability results in most cases in a corresponding adjustment of the right-of-use asset. If the carrying amount of the right-of-use asset has already been reduced to zero, the remaining remeasurement is recognized in the income statement. The right-of-use assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

Right-of-use assets are presented as a separate line in the statement of financial position and lease liabilities as long- and short-term borrowings in the statement of financial position.

In the income statement, depreciation charges of the right-of-use asset are presented in the different functions depending on type of leased asset. The interest expense on the lease liability is presented as finance costs. Lease payments associated with leases of low value and short-term leases are presented in the different functions depending on type of leased asset.

Repayments on the lease liability are presented as a cash flow from financing activities. Payments of interest as well as payments for short-term leases and leases of low value are presented as cash flow from operating activities.

Telia Company as a lessor

In arrangements where Telia Company is a lessor, determination of whether each lease is a finance lease or an operating lease is made at lease inception. To classify each lease, an overall assessment is made of whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If substantially all of the risk and rewards are transferred, then the lease is a finance lease. If not, it is an operating lease. If a contract includes both lease and non-lease components, Telia Company allocates the consideration to the components identified on the basis of relative stand-alone selling prices (see section "revenue recognition" above).

In arrangements where Telia Company is an intermediate lessor the classification of the sublease is assessed with reference to the right-of-use asset arising from the head lease.

Telia Company as finance lessor

Telia Company owns assets that are leased to customers under finance lease agreements. Amounts due from lessees are recorded as receivables at the amount of the net investment in the leases, which equals the net present value. Initial direct costs are included in the initial measurement of the financial lease receivable and reduce the amount of income recognized over the lease term. Interest income is recognized over the lease term on an annuity basis.

Telia Company as operating lessor

Rental revenues from operating leases are recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the leased asset and are recognized on the same basis as the lease revenues.

C4. Changes in group composition and events after the reporting period

Group composition

Subsidiaries

Telia Company AB's subsidiaries as of December 31, 2021, are disclosed in Note P11. Subsidiaries with non-controlling interests are disclosed in Note C20.

Business combinations

In 2021, Telia Company acquired Santa Monica Networks in Latvia, see Note C34.

Disposals

During 2021, Telia Company disposed its holdings in Telia Carrier, its Alerta business and 49% of its tower businesses in Finland and Norway, see Note C35.

Associated companies

During 2020, Telia Company disposed its holding in Turkcell Holding. For more information on associated companies see Note C15.

Joint arrangements

Telia Company owns four joint arrangements that are classified as joint operations, Svenska UMTS-nät AB (SUNAB) in Sweden, TT-Netværket P/S (TT) in Denmark, Suomen Yhteisverkko Oy in Finland and Springworks International in Other operations. The following companies are network-sharing operations with Tele2 (SUNAB), Telenor (TT) and DNA (Suomen Yhteisverkko). Springworks International is a technology-sharing operation with autoSense. Telia Company holds 50 percent of the shares in SUNAB, TT and Springworks International. Telia Company owns 51 percent of the shares in Suomen Yhteisverkko, but based on the shareholders agreement the company is jointly controlled and equally governed by the consensus principle.

Events after the reporting period

On January 4, 2022, Telia Company signed an agreement to divest its 100% ownership in SIA Telia Latvija to Telia Company's associated company SIA Tet, see Note C35.

On January 27, 2022, Telia Company signed an agreement to divest a 49% stake in its Swedish tower business to Brookfield and Alecta, see Note C35.

C5. Segment information

Telia Company's operating model is based on geographical areas with the exception of the segment TV and Media that was established in December 2019 following the acquisition of Bonnier Broadcasting. The group's operations are managed and reported by the following operating segments: Sweden, Finland, Norway, Denmark, Lithuania, Estonia and TV and Media. The organizations are country-based, except for the segment TV and Media which is based on its business nature. The heads of Sweden, Finland, Norway and TV and Media report directly to the CEO while the head of Denmark and Estonia reports to the Head of Cluster (LED - Lithuania, Estonia, Denmark), which is also CEO of Lithuania, who reports to the CEO. Other operations are collectively reported. The former segment region Eurasia was classified as held for sale and discontinued operations since December 31, 2015 and was therefore not included in the segment information. For more information, see Note C35.

- Sweden comprises Telia Company's mobile, broadband, TV and fixed-line operations in Sweden.
- Finland comprises Telia Company's mobile, broadband, TV and fixed-line operations in Finland.
- Norway comprises Telia Company's mobile, broadband, TV and fixed-line operations in Norway.
- Denmark comprises Telia Company's mobile, broadband, TV and fixed-line operations in Denmark.
- Lithuania comprises Telia Company's mobile, broadband, TV and fixed-line operations in Lithuania.
- Estonia comprises Telia Company's mobile, broadband, TV and fixed-line operations in Estonia.
- TV and Media comprises the broadcasting and content production business in the acquired Bonnier Broadcasting, mainly consisting of TV4 and C More in Sweden and MTV in Finland.
- Other operations include mainly the operations in Latvia, Telia Finance and Group functions. The international carrier operations were included in Other operations and classified as held for sale from September 30, 2020 until June 1, 2021 when divested, see Note C35.

Segment information is based on the same accounting principles as for the group as a whole, except for inter-segment leases which are treated as operating leases. Inter-segment transactions are based on commercial terms. Besides Net sales and Operating income, principal segment control and reporting concepts are adjusted EBITDA, Investments in associated companies and joint ventures, Other operating segment assets and Operating segment liabilities, respectively (see Definitions).

Operating segment assets comprise total assets less non-operating interest-bearing receivables, long-term and short-term investments, pension obligation assets, foreign currency derivatives, accrued interest, tax assets and cash and cash equivalents. Operating segment liabilities contain total liabilities less non-operating interest-bearing liabilities, provisions for pensions and employment contracts, foreign currency derivatives, accrued interest and tax liabilities. For information on distribution of goodwill and other intangible assets with indefinite useful lives by reportable segments, see Note C12.

	January-December 2021 or December 31, 2021									
SEK in millions, except number of employees	**Sweden**	**Finland**	**Norway**	**Denmark**	**Lithuania**	**Estonia**	**TV and Media**	**Other operations**	**Eliminations and other**	**Group**
Net sales	34,451	14,504	13,788	5,214	4,320	3,331	8,648	5,723	-1,635	**88,343**
External net sales	34,316	14,316	13,771	5,150	4,286	3,299	8,647	4,556	–	**88,343**
Adjusted EBITDA	13,359	4,322	6,240	906	1,511	1,196	878	1,449	–	**29,861**
of which impairment losses	–	–	–	–	–	–	–	–	–	**–**
Adjustment items within EBITDA	-245	285	-159	-180	-5	-6	-86	5,686	–	**5,290**
Amortization, depreciation and impairment losses	-7,526	-3,247	-3,892	-1,026	-754	-663	-779	-2,136	0	**-20,023**
of which impairment losses	–	–	*-28*	*-76*	*6*	–	–	*-22*	–	***-121***
Income from associated companies and joint ventures	0	-6	3	1	0	9	-1	97	–	**104**
Operating income	**5,588**	**1,354**	**2,192**	**-299**	**752**	**536**	**13**	**5,096**	**0**	15,232
Financial items, net										**-2,634**
Income taxes										**-937**
Net income from continuing operations										**11,661**
Investments in associated companies and joint ventures	3	3	35	5	–	41	6	877	–	**971**
Other operating segment assets	46,395	44,793	56,744	7,465	6,674	5,641	13,025	23,735	-2,394	**202,078**
Current and deferred tax assets										**1,439**
Other unallocated assets										**32,538**
Assets classified as held for sale										**–**
Total assets										**237,025**
Operating segment liabilities	12,486	5,494	7,400	2,474	2,072	1,303	2,638	6,706	-2,386	**38,186**
Current and deferred tax liabilities										**10,946**
Other unallocated liabilities										**104,350**
Liabilities directly associated with assets classified as held for sale										**–**
Total non-current and current liabilities										**153,482**
Investments, continuing operations	6,332	2,719	4,905	1,186	1,195	526	275	5,942	-1	**23,080**
of which CAPEX excluding fees for licenses, spectrum and right-of-use assets, continuing operations	*3,685*	*1,833*	*3,043*	*462*	*669*	*417*	*263*	*5,512*	*-1*	***15,885***
Number of employees	4,352	2,860	1,412	690	1,599	1,306	1,378	5,969	–	**19,566**

SEK in millions, except number of employees	January-December 2020 or December 31, 2020									
	Sweden	**Finland**	**Norway**	**Denmark**	**Lithuania**	**Estonia**	**TV and Media**	**Other operations**	**Eliminations and other**	**Group**
Net sales[2]	33,732	15,260	13,373	5,464	4,151	3,276	7,429	8,715	-2,211	**89,191**
External net sales	33,581	15,026	13,356	5,385	4,089	3,223	7,429	7,103	–	**89,191**
Adjusted EBITDA[2]	13,418	4,789	5,971	1,015	1,497	1,153	758	1,881	1	**30,482**
of which impairment losses	–	*-58*	–	–	–	–	*-198*	–	–	***-256***
Adjustment items within EBITDA	-10	-9	-161	-17	-13	-7	-64	-227	–	**-508**
Amortization, depreciation and impairment losses[2]	-6,650	-11,091	-4,383	-1,033	-718	-705	-814	-2,351	0	**-27,744**
of which impairment losses	–	*-7,906*	*-111*	–	*-3*	–	–	*-30*	–	***-8,050***
Income from associated companies and joint ventures	0	-9	5	1	-9	4	1	-20,073	–	**-20,080**
Operating income[2]	**6,758**	**-6,320**	**1,432**	**-34**	**756**	**446**	**-120**	**-20,770**	**1**	**-17,850**
Financial items, net										**-3,318**
Income taxes[2]										**-1,390**
Net income from continuing operations[2]										**-22,558**
Investments in associated companies and joint ventures	3	14	30	4	–	31	7	861	–	**950**
Other operating segment assets[2]	46,820	44,234	51,739	7,500	6,459	5,455	13,233	22,372	-2,995	**194,818**
Current and deferred tax assets[2]										**1,541**
Other unallocated assets										**23,838**
Assets classified as held for sale[1]								4,957	–	**4,957**
Total assets[2]										**226,103**
Operating segment liabilities[2]	12,668	4,815	5,259	1,882	1,330	971	1,545	6,237	-2,987	**31,720**
Current and deferred tax liabilities[2]										**10,608**
Other unallocated liabilities										**116,952**
Liabilities directly associated with assets classified as held for sale[1]								3,325	–	**3,325**
Total non-current and current liabilities[2]										**162,606**
Investments, continuing operations	4,395	3,520	3,277	493	503	493	371	5,721	4	**18,778**
of which CAPEX excluding fees for licenses, spectrum and right-of-use assets, continuing operations[2]	*2,806*	*1,689*	*2,441*	*288*	*383*	*374*	*333*	*5,104*	*4*	***13,421***
Number of employees[2]	4,508	3,023	1,633	731	1,614	1,359	1,427	6,446	–	**20,741**

1) Relates to the international carrier operations, see Note C35. 2) Restated, see Note C1.

C6. Net sales

Disaggregation of revenue

The group derives revenue from the transfer of goods and services in the following major product lines and segments in 2021 and 2020, respectively. Fixed services mainly include telephony, broadband, data and TV services. Disaggregation of revenue has been based on Telia Company's reportable segments.

	2021									
SEK in millions	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Elimi-nations	Total
Mobile subscription revenues	12,556	6,106	6,688	2,470	1,232	943	–	1,333	–	31,329
Interconnect	492	376	416	264	139	78	–	117	–	1,883
Other mobile service revenues	532	587	628	347	36	14	–	26	–	2,170
Total mobile service revenues	**13,580**	**7,070**	**7,732**	**3,081**	**1,407**	**1,035**	–	**1,476**	–	**35,381**
Telephony	1,583	64	102	178	181	105	–	1	–	2,215
Broadband	4,726	653	1,413	192	619	585	3	10	–	8,202
TV	2,034	541	1,594	70	396	287	2,992	0	–	7,913
Business solutions	2,754	2,369	417	144	274	271	–	36	–	6,264
Other fixed service revenues	3,829	1,190	94	48	380	391	0	1,583	–	7,516
Total fixed service revenues	**14,926**	**4,816**	**3,620**	**633**	**1,849**	**1,641**	**2,995**	**1,629**	–	**32,109**
Advertising revenues	–	–	–	–	–	–	5,530	–	–	5,530
Other service revenues	**1,076**	**240**	**158**	**93**	**16**	**13**	**122**	**441**	–	**2,159**
Total service revenues[1]	**29,582**	**12,125**	**11,510**	**3,807**	**3,272**	**2,689**	**8,647**	**3,546**	–	**75,180**
Total equipment revenues[1]	**4,734**	**2,191**	**2,261**	**1,343**	**1,014**	**610**	–	**1,010**	–	**13,162**
Total external net sales	**34,316**	**14,316**	**13,771**	**5,150**	**4,286**	**3,299**	**8,647**	**4,556**	–	**88,342**
Internal net sales	134	188	17	64	33	32	0	1,166	-1,635	0
Total net sales	**34,451**	**14,504**	**13,788**	**5,214**	**4,320**	**3,331**	**8,648**	**5,723**	**-1,635**	**88,343**

	2020									
SEK in millions	Sweden[2]	Finland	Norway[2]	Denmark	Lithuania[2]	Estonia[2]	TV and Media	Other operations	Elimina-tions[2]	Total[2]
Mobile subscription revenues	12,600	6,408	6,367	2,586	1,151	946	–	1,267	–	31,325
Interconnect	520	411	406	225	169	72	–	121	–	1,924
Other mobile service revenues	522	569	884	335	39	11	–	43	–	2,403
Total mobile service revenues	**13,643**	**7,388**	**7,656**	**3,146**	**1,359**	**1,030**	–	**1,430**	–	**35,652**
Telephony	1,927	102	138	191	214	115	–	2	–	2,687
Broadband	4,704	706	1,259	208	574	583	4	11	–	8,049
TV	1,810	555	1,613	82	377	281	2,460	–	–	7,178
Business solutions	2,813	2,579	439	192	235	249	–	87	–	6,594
Other fixed service revenues	3,761	1,248	75	47	386	356	1	4,277	–	10,150
Total fixed service revenues	**15,015**	**5,190**	**3,524**	**719**	**1,786**	**1,585**	**2,464**	**4,375**	–	**34,659**
Advertising revenues	–	2	–	–	–	–	4,822	–	–	4,825
Other service revenues	**1,075**	**271**	**159**	**110**	**21**	**13**	**142**	**415**	–	**2,206**
Total service revenues[1]	**29,734**	**12,851**	**11,338**	**3,976**	**3,167**	**2,627**	**7,429**	**6,221**	–	**77,342**
Total equipment revenues[1]	**3,848**	**2,175**	**2,017**	**1,409**	**922**	**596**	–	**882**	–	**11,848**
Total external net sales	**33,581**	**15,026**	**13,356**	**5,385**	**4,089**	**3,223**	**7,429**	**7,103**	–	**89,190**
Internal net sales	151	234	18	80	63	53	0	1,612	-2,211	0
Total net sales	**33,732**	**15,260**	**13,373**	**5,464**	**4,151**	**3,276**	**7,429**	**8,715**	**-2,211**	**89,191**

1) In all material aspects, equipment revenues are recognized at a point in time and service revenue over time. 2) Restated, see Note C1.

External net sales by customer location and non-current assets[1], respectively, were distributed among individually material countries as follows.

	Dec 31, 2021		Dec 31, 2020		Dec 31, 2021		Dec 31, 2020[2]	
	Net sales				Non-current assets[1]			
	SEK in millions	Percent	SEK in millions	Percent	SEK in millions	Percent	SEK in millions	Percent
Sweden	42,892	48.6	41,103	46.1	57,923	32.0	58,975	33.8
Finland	16,274	18.4	16,801	18.8	44,605	24.6	43,721	25.1
Norway	13,780	15.6	13,372	15.0	56,254	31.0	51,137	29.3
Denmark	5,168	5.8	5,417	6.1	6,586	3.6	6,391	3.7
Lithuania	4,331	4.9	4,089	4.6	7,211	4.0	6,591	3.8
Estonia	3,299	3.7	3,226	3.6	5,159	2.8	5,033	2.9
All other countries	2,600	2.9	5,185	5.8	3,473	1.9	2,609	1.5
Total	**88,343**	**100.0**	**89,191**	**100.0**	**181,212**	**100.0**	**174,455**	**100.0**

1) Non-current assets relate to intangible assets, property, plant and equipment, costs to obtain a contract, non-current contract assets, right-of-use assets and non-current film and program rights. 2) Restated, see Note C1.

External net sales by customer location were distributed among economic regions as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
European Economic Area (EEA)	87,451	86,579
of which European Union (EU) member states	*73,503*	*73,311*
Rest of Europe	207	400
North-American Free Trade Agreement (NAFTA)	454	1,516
Rest of world	231	696
Total	**88,343**	**89,191**

Telia Company group offers a diversified portfolio of mass-market services and products in highly competitive markets. Hence, the group's exposure to individual customers is limited.

Assets and liabilities related to contracts with customers

Costs to obtain a contract

Costs to obtain a contract are incremental costs incurred resulting in obtaining a contract with a customer, which Telia Company would not have incurred if the contract had not been obtained. These costs are typically external commissions paid, internal commission or bonus paid related to obtaining a new contract. Closing balance for Cost to obtain a contract amounted to SEK 1,490 million (1,376). Amortization in 2021 amounted to SEK 1,215 million (1,257). Other changes during the year were mainly due to new contracts of SEK 1,339 million (1,213). Costs to obtain a contract are included in Other non-current assets. The amortization is classified as an operating expense (within EBITDA) in the income statement, see Note C7.

Contract assets

Contract assets mainly refer to transactions where Telia Company satisfies a performance obligation to transfer equipment that is part of a bundle to the customer, but the payment for the equipment is dependent on Telia Company satisfying another performance obligation in the contract, for example a mobile subscription. Total contract assets amounted to SEK 517 million (488) of which SEK 137 million (117) are included in Other non-current assets and SEK 379 million (370) are included in Trade and other current receivables and assets.

Contract liabilities

Contract liabilities primarily relate to deferred revenues such as prepaid cards, prepaid subscriptions, loyalty programs and variable considerations. Total contract liabilities amounted to SEK 3,230 million (3,091), of which SEK 9 million (10) are included in Other long-term liabilities and SEK 3,221 million (3,081) are included in Trade payables and other current liabilities. The opening balance for contract liabilities has, in all material aspects, been recognized as revenues during the year.

For information on revenues from leases, see Note C28.

Unsatisfied performance obligations

The following reflects the amount of the transaction price in long term contracts, which relates to either partially or fully unsatisfied performance obligation as of December 31, 2021.

SEK in millions, Expected revenue recognition of unsatisfied performance obligations	2022	2023	2024	2025 and onwards	Total Dec 31, 2021	Total Dec 31, 2020[1]
Total unsatisfied performance obligations	9,751	4,348	1,421	481	16,001	16,420

1) 2020 is restated with SEK -1,702 million.

The disclosures in the table above do not include unsatisfied performance obligations where Telia Company has a right to consideration from a customer based on time incurred.

C7. Expenses by nature

Operating expenses are presented on the face of the statement of comprehensive income using a classification based on the functions Cost of sales, Selling and marketing expenses, Administrative expenses and Research and development expenses. Total expenses by function were distributed by nature as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[3]
Goods and sub-contracting services purchased and change in inventories	-27,558	-25,016
whereof amortization and impairment losses of film and program rights[1]	*-4,977*	*-4,057*
Interconnect and roaming expenses	-3,655	-5,132
Other network expenses	-1,891	-1,957
Personnel expenses (see also Note C32)	-14,166	-14,720
Marketing expenses	-3,265	-3,343
whereof amortization of cost to obtain a contract	*-1,215*	*-1,257*
Other expenses	-8,584	-8,851
Amortization, depreciation and impairment losses[2]	-20,037	-19,820
Total	**-79,155**	**-78,839**

1) For changes in Film and program rights, see Note C14. 2) Relates to intangible assets, property, plant and equipment and right-of-use assets. 3) Restated, see Note C1.

The main components of Other expenses are consultant expenses, IT expenses and energy expenses.

Amortization, depreciation and impairment losses of intangible assets, property, plant and equipment and right-of-use assets by function were as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[2]
Cost of sales	-17,023	-16,547
Selling and marketing expenses	-1,644	-2,021
Administrative expenses	-1,205	-1,134
Research and development expenses	-165	-118
Total functions	**-20,037**	**-19,820**
Other operating expenses[1]	14	-7,924
Total	**-20,023**	**-27,744**

1) 2020 includes mainly an impairment of SEK -7,800 million related to goodwill in Finland, see Note C12, and an impairment of SEK -110 million relating to remeasurement of the Finnish real estate companies, see Note C13. 2) Restated, see Note C1.

Amortization of film and program rights is included in the function Cost of sales. Amortization of cost to obtain a contract is included in the function Selling and marketing expenses. For more information on amortization, depreciation and impairment losses see Notes C12, C13, C14 and C28, respectively. Amortization, depreciation and impairment losses are broken down by reportable segment in Note C5.

C8. Other operating income and expenses

Other operating income and expenses were distributed as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Other operating income		
Capital gains	6,862	58
Exchange rate gains	461	699
Commissions, license and patent fees, etc.	57	65
Grants	17	8
Gains/losses business combinations	–	1
Recovered accounts receivable	73	21
Court-settled fees with other operators	–	111
Damages received	–	116
Total other operating income	**7,471**	**1,080**
Other operating expenses		
Capital losses	-168	-153
Transaction costs in business combinations	-266	-154
Provisions for onerous contracts	–	0
Exchange rate losses	-508	-564
Restructuring costs	-562	-401
Impairment losses	–	-7,924
Court-settled fees with other operators	-3	0
Damages paid	-23	-6
Total other operating expenses	**-1,531**	**-9,202**
Net effect on income	**5,940**	**-8,122**
of which net exchange rate losses on derivative instruments measured at fair value through income statement	*17*	*45*

Other operating income in 2021 includes a capital gain of SEK 6,408 million related to the disposal of Telia Carrier, see Note C35. Other operating expenses in 2020 included an impairment of SEK -7,800 million related to goodwill in Finland and an impairment of SEK -110 million relating to remeasurement of the Finnish real estate companies.

C9. Finance income and finance costs

Finance income and finance costs were distributed as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Finance income		
Interest income	104	100
Interest income on finance leases	81	91
Net interest on the net defined benefit liability (asset)	–	1
Other finance income	2	0
Net exchange rate gains	28	–
Unwinding of discounts, receivables	68	83
Total finance income	**283**	**275**
Finance costs		
Interest expenses	-2,461	-3,022
Interest expenses on lease liabilities	-391	-439
Unwinding of provision discount	-55	-73
Net interest on the net defined benefit liability	-76	–
Capitalized interest	118	109
Net exchange rate losses	–	-136
Financial losses, financial instruments, net	-43	–
Capital losses on other financial investments	-8	-32
Total finance costs	**-2,916**	**-3,593**
Net effect on income	**-2,634**	**-3,318**

Finance costs have decreased as 2020 was impacted by higher costs mainly related to buy-backs of issued debt whilst 2021 was impacted by refinanced debt at lower interest rates.

Details on interest expenses, net exchange rate gains and losses and interest income related to hedging activities, financial assets and financial liabilities were as follows.

SEK in millions	Interest related expenses Jan–Dec 2021	Interest related expenses Jan–Dec 2020	Net exchange rate gains and losses Jan–Dec 2021	Net exchange rate gains and losses Jan–Dec 2020	Interest related income Jan–Dec 2021	Interest related income Jan–Dec 2020
Fair value hedge derivatives	-1,058	868	–	–	–	–
Cash flow hedge derivatives	-460	-451	760	-1,125	–	–
Derivatives at fair value through income statement	-19	-284	-484	1,042	-1	0
Financial assets at amortized cost	–	–	1,251	-2,263	63	54
Bonds at fair value through Income statement	–	–	–	–	24	0
Borrowings in fair value hedge relationships	-769	-2,637	-1,571	3,093	–	–
Borrowings and other financial liabilities at amortized cost	-115	-542	72	-884	–	–
Interest on lease liabilities and lease receivables	-391	-439	–	–	81	91
Other	2	133	0	1	18	46
Total	**-2,810**	**-3,352**	**28**	**-136**	**185**	**191**

Borrowings at amortized cost include items in net investment hedge relationships as well as unhedged items.

C10. Income taxes

Tax items recognized in comprehensive income and directly in equity were distributed as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]
Tax items recognized in net income		
Current tax	-1,836	-1,364
Adjustment of current tax related to prior years	21	56
Deferred tax	645	48
Adjustment of deferred tax related to prior years	106	-130
Effect on deferred tax from changes in tax rates	–	0
Effect on deferred tax from tax reduction	127	–
Total tax expense recognized in net income	**-937**	**-1,390**
Tax items recognized in other comprehensive income		
Current tax	91	-143
Deferred tax	-1,399	1,475
Total tax recognized in other comprehensive income	**-1,308**	**1,332**
Tax items recognized directly in equity		
Deferred tax	–	–
Total tax recognized directly in equity	**–**	**–**

1) Restated see Note C1

Income before taxes was SEK 12,598 million in 2021 and SEK -21,168 million in 2020. The difference between the nominal Swedish income tax rate and the effective tax rate comprises the following components.

Percent	Jan–Dec 2021	Jan–Dec 2020[1]
Swedish income tax rate	20.6	21.4
Effect of higher or lower tax rates in subsidiaries	-0.6	0.3
Withholding tax on earnings in subsidiaries and associated companies	0.0	0.7
Prior year adjustment of current tax expense	-0.2	0.3
Prior year adjustment of deferred taxes	-0.8	-0.6
Effect on deferred tax expense from changes in tax rates	–	0.0
Effect on deferred tax expense from tax reduction	-1.0	0.0
Income from associated companies	0.0	0.8
Current year losses and change in temporary difference for which no deferred tax asset was recognized	0.0	0.0
Non-deductible expenses[2]	0.8	-29.9
Tax-exempt income[3]	-11.4	0.4
Effective tax rate in net income	**7.4**	**-6.6**
Effective tax rate excluding effects from associated companies	*7.4*	*-158.4*

1) Restated see Note C1 2) Non-deductible expenses in 2020 are mainly impacted by non-deductible capital loss related to the divestment of Turkcell Holding and a non-deductible impairment related to goodwill in segment Finland 3) Tax exempt income in 2021 is mainly impacted by tax exempt capital gain related to the disposal of Telia Carrier

The decrease of deferred tax assets in 2021 is mainly related to pension remeasurements, offset by netting of deferred tax assets and liabilities in Sweden, Finland and Norway. Deferred tax liabilities increased mainly related to netting of deferred tax assets and liabilities in Sweden, Finland and Norway and pension remeasurements and partly offset by depreciations of surplus values.

Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities were as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020[1]
Deferred tax assets		
Opening balance	1,449	1,849
Change recognized in comprehensive income	-935	358
Operations divested	44	-11
Offset tax liabilities/assets, other reclassifications	685	-188
Change in tax rate	–	0
Exchange rate differences	59	-81
Reclassification to assets classified as held for sale	–	-478
Deferred tax assets, closing balance	**1,302**	**1,449**
Deferred tax liabilities		
Opening balance	9,723	11,647
Change in accounting principles	–	-103
Adjusted opening balance	9,723	11,544
Change recognized in comprehensive income	-413	-1,032
Operations divested	-16	-10
Offset tax liabilities/assets, other reclassifications	685	-188
Change in tax rate	–	0
Exchange rate differences	206	-381
Reclassification to liabilities directly associated with assets classified as held for sale	–	-210
Deferred tax liabilities, closing balance	**10,185**	**9,723**

1) Restated see Note C1

Deferred tax assets and liabilities are allocated to the following temporary differences and tax loss carry-forward.

SEK in millions	2021 Opening balance	Recognized in income statement	Recognized in other comprehensive income	Acquired/ disposed operations	Reclassification to assets classified as held for sale	Exchange rate differences	Other reclassification	Closing balance
Gross deferred tax assets								
Non-current assets	4,587	-594	–	44	–	23	–	4,060
Provisions	1,762	127	-1,112	–	–	10	–	787
Liabilities	344	547	–	–	–	21	–	912
Accounts receivables and other current assets	13	3	–	–	–	0	–	16
Interest expense, capitalized R&D and tax reduction[1]	151	120	–	–	–	1	–	272
Tax loss carry-forward	885	-26	–	–	–	7	–	866
Subtotal	**7,742**	**177**	**-1,112**	**44**	**–**	**62**	**–**	**6,913**
Valuation allowance								
Non-current assets	-99	94	–	–	–	0	–	-6
Accounts receivables and other current assets	-2	0	–	–	–	–	–	-2
Tax loss carry-forward	-824	72	–	–	–	-3	–	-755
Subtotal	**-925**	**166**	**–**	**–**	**–**	**-3**	**–**	**-763**
Offset deferred tax assets/liabilities	-5,368	685	–	–	–	–	-166	-4,849
Total deferred tax assets	**1,449**	**1,028**	**-1,112**	**44**	**–**	**59**	**-166**	**1,302**
Deferred tax liabilities								
Withholding taxes subsidiaries and associates[2]	213	70	–	–	–	4	–	287
Non-current assets	13,250	-585	–	-16	–	202	–	12,851
Provisions	49	2	287	–	–	0	–	338
Accounts receivables and other current assets	45	3	–	–	–	0	–	48
Profit equalization reserves	1,534	-24	–	–	–	–	–	1,510
Subtotal	**15,091**	**-534**	**287**	**-16**	**–**	**206**	**–**	**15,034**
Offset deferred tax assets/liabilities	-5,368	685	–	–	–	–	-166	-4,849
Total deferred tax liabilities	**9,723**	**151**	**287**	**-16**	**–**	**206**	**-166**	**10,185**
Net deferred tax assets (+) / liabilities (-)	**-8,274**	**877**	**-1,399**	**60**	**–**	**-147**	**0**	**-8,883**

1) Including tax reduction for machinery and equipment in Sweden. 2) Including deferred tax liability related to undistributed earnings in Estonia and Latvia.

SEK in millions	2020[1] Opening balance	Recognized in income statement	Recognized in other comprehensive income	Acquired/ disposed operations	Reclassification to assets classified as held for sale	Exchange rate differences	Other reclassification	Closing balance
Gross deferred tax assets								
Non-current assets	2,867	1,912	–	-11	-242	61	–	4,587
Provisions	1,442	435	328	–	-405	-38	–	1,762
Liabilities	3,028	-2,508	–	–	-74	-102	–	344
Accounts receivables and other current assets	228	-200	–	–	-13	0	–	13
Interest expense carry-forward and capitalized R&D	194	-37	–	–	–	-6	–	151
Tax loss carry-forward	1,593	435	–	–	-1,024	-119	–	885
Subtotal	**9,351**	**37**	**328**	**-11**	**-1,758**	**-205**	**–**	**7,742**
Valuation allowance								
Non-current assets	-113	-2	–	–	15	1	–	-99
Accounts receivables and other current assets	-5	3	–	–	0	–	–	-2
Tax loss carry-forward	-1,273	-492	–	–	818	123	–	-824
Subtotal	**-1,391**	**-491**	**–**	**–**	**833**	**124**	**–**	**-925**
Offset deferred tax assets/liabilities	-6,110	483	–	–	447	–	-188	-5,368
Total deferred tax assets	**1,850**	**29**	**328**	**-11**	**-478**	**-81**	**-188**	**1,449**
Deferred tax liabilities								
Withholding taxes subsidiaries and associates[2]	341	-103	–	–	0	-25	–	213
Non-current assets	14,722	-769	–	-10	-345	-348	–	13,250
Provisions	987	520	-1,147	–	-312	0	–	49
Accounts receivables and other current assets	98	-46	–	–	0	-8	–	45
Profit equalization reserves	1,506	28	–	–	–	–	–	1,534
Subtotal	**17,654**	**-369**	**-1,147**	**-10**	**-657**	**-381**	**–**	**15,091**
Offset deferred tax assets/liabilities	-6,110	483	–	–	447	–	-188	-5,368
Total deferred tax liabilities	**11,544**	**114**	**-1,147**	**-10**	**-210**	**-381**	**-188**	**9,723**
Net deferred tax assets (+) / liabilities (-)	**-9,694**	**-85**	**1,475**	**-1**	**-268**	**300**	**0**	**-8,274**

1) Restated see Note C1. 2) Including deferred tax liability related to undistributed earnings in Estonia and Latvia.

Unrecognized deferred tax

Unrecognized deferred tax assets, as reflected by the valuation allowance at December 31, 2021, were expected to expire as follows.

Expected expiry, SEK in millions	2022	2023	2024	2025	2026	2027-2030	Unlimited	Total
Unrecognized deferred tax assets	–	–	–	–	–	1	754	**755**

Unrecognized deferred tax assets, not reflected by the valuation allowance as of 31 December 2021, related to temporary legislation regarding tax reduction for machinery and equipment in Sweden amounted to SEK 85 million.

As of December 31, 2021 and 2020, unrecognized deferred tax liabilities for undistributed earnings in subsidiaries, including estimated such income tax that is levied on dividends paid, totaled SEK 6 million and SEK 2 million, respectively.

Tax loss carry-forward

Deferred tax assets originating from tax loss carry-forward in continuing operations are mainly related to Dutch holding companies referring primarily to capital losses on loans connected to formerly owned subsidiaries, in full reduced by valuation allowance.

Telia Company's accumulated tax loss carry-forward for continuing operations were SEK 3,592 million in 2021 (3,593).

Tax loss carry-forward as of December 31, 2021 is expected to expire as follows.

Expected expiry, SEK in millions	2022	2023	2024	2025	2026	2027-2031	Unlimited	Total
Tax loss carry-forward	–	–	–	–	–	257	3,335	**3,592**

C11. Other comprehensive income

Other comprehensive income was distributed as follows.

SEK in millions	Equity component	Jan–Dec 2021	Jan–Dec 2020[1]
Other comprehensive income that may be reclassified to net income			
Foreign currency translation differences			
Translation of foreign operations, continuing operations	Foreign currency translation reserve	3,065	-7,462
Translation of foreign operations, discontinued operations	Foreign currency translation reserve	–	-51
Translation of foreign non-controlling interests, continuing operations	Non-controlling interests	25	-739
Translation of foreign non-controlling interests, discontinued operations	Non-controlling interests	–	484
Transferred to net income on disposal of operations	Foreign currency translation reserve	354	18,513
Hedging of foreign operations, continuing operations	Foreign currency translation reserve	-414	635
Income tax effect, continuing operations	Foreign currency translation reserve	85	-136
Total foreign currency translation differences		**3,115**	**11,244**
of which attributable to non-controlling interests		*25*	*-255*
Other comprehensive income from associated companies			
Cash flow hedges	Hedging reserve	–	-19
Cost of hedging	Cost of hedging reserve	–	-81
Translation of foreign operations	Foreign currency translation reserve	–	-12
Total other comprehensive income from associated companies		**–**	**-111**
Cash flow hedges			
Net changes in fair value	Hedging reserve	-283	11
Transferred to financial items in net income	Hedging reserve	344	2
Income tax effect	Hedging reserve	-12	-3
Total cash flow hedges		**48**	**11**
Cost of hedging			
Changes in fair value	Cost of hedging reserve	143	-100
Income tax effect	Cost of hedging reserve	-29	21
Total cost of hedging		**114**	**-79**

SEK in millions	Equity component	Jan–Dec 2021	Jan–Dec 2020[1]
Debt instruments at fair value through OCI			
Net changes in fair value	Fair value reserve	-4	32
Transferred to financial items in net income	Fair value reserve	-36	–
Income tax effect	Fair value reserve	9	-7
Total debt instruments at fair value through OCI		**-31**	**26**
Total other comprehensive income that may be reclassified to net income		**3,246**	**11,090**
of which total income tax effects (see also Note C10)		*52*	*-125*
of which attributable to non-controlling interests		*25*	*-255*
Other comprehensive income that will not be reclassified to net income			
Equity instruments at fair value through OCI			
Net changes in fair value	Fair value reserve	126	63
Income tax effect	Fair value reserve	–	–
Total equity instruments at fair value through OCI		**126**	**63**
Remeasurements of defined benefit pension plans			
Remeasurements	Retained earnings	6,654	-7,166
Income tax effect	Retained earnings	-1,360	1,457
Total remeasurements of defined benefit pension plans		**5,294**	**-5,709**
Associates' remeasurements of defined benefit pension plans	Retained earnings	**–**	**-12**
Total other comprehensive income that will not be reclassified to net income		**5,420**	**-5,657**
of which total income tax effects (see also Note C10)		*-1,360*	*1,457*
Total other comprehensive income		**8,666**	**5,433**
of which attributable to non-controlling interests, continuing operations		*25*	*-739*
of which attributable to non-controlling interests, discontinued operations		*–*	*484*

1) Restated, see Note C1.

Other comprehensive income increased to SEK 8,666 million (5,433). 2021 was impacted by positive remeasurements of defined benefit pension plans and positive translation differences related to NOK and EUR and no TRY impact. 2020 was impacted by reclassified accumulated foreign exchange losses from disposal of Turkcell, partly offset by negative translation differences related to EUR and NOK as well as negative remeasurements of defined benefit pension plans. See Note C22 for details of remeasurements of defined benefit pension plans.

The hedging reserve comprises gains and losses on derivatives hedging interest rate and foreign currency exposure, with a net effect in equity of SEK 48 million as of December 31, 2021, and SEK 11 million as of December 31, 2020. Future gains or losses will affect net income in 2022, 2023, 2024 and later, when the hedged items mature. See also section "Financial instruments" in Note C3.

C12. Goodwill and other intangible assets

The total carrying value was distributed and changed as follows.

	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020[1]
SEK in millions	**Goodwill**		**Other intangible assets**	
Accumulated cost	83,500	79,898	65,566	59,549
Accumulated amortization	–	–	-40,285	-35,298
Accumulated impairment losses	-17,198	-16,585	-1,640	-1,622
Carrying value	**66,302**	**63,313**	**23,641**	**22,629**
of which work in progress	–	–	*2,776*	*2,012*
Carrying value, opening balance	63,313	75,696	22,629	26,242
Change in accounting principles	–	–	–	-491
Adjusted opening balance	63,313	75,696	22,629	25,751
Investments	–	–	5,008	2,692
of which capitalized interest	–	–	*30*	*28*
Disposals	–	–	-3	–
Discards	–	–	-5	–
Operations acquired	416	–	5	–
Adjusted purchase price allocation Bonnier Broadcasting	–	-184	–	-55
Operations divested	-60	–	-8	–
Reclassifications	–	–	38	7
Amortization for the year	–	–	-4,472	-4,815
Impairment losses for the year	–	-7,835	-36	-30
Reversal of impairment losses	–	–	14	–
Exchange rate differences	2,633	-4,363	472	-835
Reclassification to assets classified as held for sale	–	–	–	-86
Carrying value, closing balance	**66,302**	**63,313**	**23,641**	**22,629**

1) Restated, see Note C1.

Operations acquired in 2021 are mainly related to the acquisition of Santa Monica Networks in Latvia, see Note C34. Operations divested in 2021 are mainly related to Futurehome AS in Norway.

The carrying value for intangible assets with indefinite useful lives is SEK 2,125 million (2,124) and is related to brands acquired as part of the Bonnier Broadcasting acquisition. These brands serve as umbrella brands under which the various TV and Media businesses are operated. The brands are deemed to be lasting in the sense that the brands are expected to remain as long as there is a commercial interest from advertisers, viewers and Telia Company. Additionally, the brands have a long history, are well-known and are established in Sweden and Finland. Therefore, the remining useful lives for these brands have been deemed indefinite.

Apart from goodwill, and trade names from the acquisition of Bonnier Broadcasting, there are currently no intangible assets with indefinite useful lives. No general changes of useful lives were made in 2021. For amortization rates applied, see section "Useful lives" in Note C2. In the statement of comprehensive income, amortization and impairment losses are included in all expense line items by function as well as in line items Other operating expenses.

Impairments in 2021 mainly relate to a reassessment of certain intangible assets in Denmark following a balance sheet review, see Note C1. Impairments in 2020 related to an impairment of goodwill in Finland of SEK 7,800 million and SEK 35 million related to the Finnish real estate companies that were divested during 2020.

The total carrying value of goodwill was distributed by reportable segments and cash generating units with significant goodwill amounts as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Sweden	2,047	2,031
Finland	26,407	25,803
Norway	26,851	25,097
Denmark	2,274	2,223
Lithuania	2,890	2,824
Estonia	2,627	2,568
TV and Media	1,492	1,503
Other operations	1,715	1,264
of which Latvia	*1,492*	*1,026*
of which Other	*224*	*238*
Total goodwill	**66,302**	**63,313**

The total carrying value of other intangible assets was distributed by asset type as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020[1]
Trade names	2,244	2,245
Telecom licenses and spectrum permits	6,911	5,210
Customer and vendor relationships, interconnect and roaming agreements	6,878	7,911
Capitalized development expenses[2]	4,702	5,122
Patents, etc.	0	0
Other	125	150
Work in progress, advances[2]	2,780	1,991
Total other intangible assets	**23,641**	**22,629**

1) Restated, see Note C1.
2) Capitalized development expenses and Work in progress, advances mainly refer to IT systems, supporting the selling and marketing, and administrative functions.

Impairment testing

Goodwill is, for impairment testing purposes, allocated to cash generating units in accordance with Telia Company's business organization. Each country, and TV and Media constitutes a separate cash-generating unit (CGU). Carrying values of all cash-generating units are tested annually for impairment, or more frequently if there are indications that goodwill might be impaired.

For impairment testing purposes the carrying value is defined as segment operating capital and allocated common assets from Common Products and Services, less deferred tax on fair value adjustments and notionally adjusted for non-controlling interests in goodwill. The segment operating capital includes Right of use assets, but excludes lease liabilities. For definition of segment operating capital, see Note C5 and "Definitions."

The recoverable amounts (that is, the higher of value in use and fair value less cost to sell) are normally determined on the basis of value in use, applying discounted cash flow calculations. In all of the recoverable amount calculations, management used assumptions that it believes are reasonable based on the best information available.

The key assumptions in the value in use calculations were sales growth, EBITDA margin development, the weighted average cost of capital (WACC), CAPEX-to-sales ratio, and the terminal growth rate of free cash flow. EBTIDA excludes lease expenses and CAPEX for Right-of-use assets has been considered in the impairment test model. The value in use calculations were based on forecasts approved by management, which management believes reflect past experience, forecasts in industry reports, and other externally available information.

Approved forecasts consider potential significant climate change risks (as well as other types of risks in Telia Company's Risk Universe) and the group's ongoing and future mitigating activities. Transition risks are considered through, for example, the sales growth forecasts which include offerings based on circular business models (e.g. pre-owned phones, Device as a Service and buy back initiatives to enable reuse and recycling) and products and services that enable our customers to reduce GHG emissions and energy use (e.g remote meetings, IoT and other data-driven services). The group-wide re-use and recycling program for network equipment is also part of the forecasts. Further the EBITDA-margin and CAPEX-to-sales forecasts include impacts of higher energy prices and Telia Company's activities to manage the energy impacts and costs, including:

- increasing energy efficiency through new net work hardware and power saving features.
- managing power consumption through decommissioning legacy networks and modernizing sites for example by placing relevant units outdoors to reduce the need of cooling, and
- using renewable electricity when powering our operations and looking for alternatives to remaining fossil-based energy sources.

For more information on climate risks, goals and activities, see Directors' Report section Risks and uncertainties/Environment and Sustainability report section Climate and circularity including the TCFD report in Note S4.

For Denmark, Norway and Finland the sales growth and EBITDA margin development in the forecasts are deviating from historical trends and for TV and Media the EBITDA margin development is deviating from historical trends. This is due to that Telia Company for the forecast period has clear and committed plans for revenue growth initiatives and net cost reductions supported by digital transformation investments. Management believes that value in use based on own business plan better reflects the value for Telia Company and of the long-term valuation, compared to the current market values that in some cases can be below the recoverable amount derived from Telia Company's own long-term business plans.

The forecasted cash flows were discounted at the weighted average cost of capital (WACC) for the relevant cash-generating unit. The WACC is derived from the risk-free interest rate in local currency, the country risk premium, the business risk represented by the estimated beta, the local equity market risk premium and an estimated reasonable cost of borrowing above the risk-free rate. The pre-tax discount rate typically cannot be directly observed or measured. It is calculated by iteration – by first running DCF calculation using post-tax cash flows and a post-tax discount rate, and then determining what the pre-tax discount rate would need to be to cause value in use determined using pre-tax cash flows to equal the value in use determined by the post-tax DCF calculation. The forecast periods, WACC rates and the terminal growth rates of free cash flow used to extrapolate cash flows beyond the forecast period varied by cash generating unit as presented below. In all cases management believes the terminal growth rates do not exceed the average growth rates for markets in which Telia Company operates.

The recoverable amounts for brands with indefinite useful lives in TV and Media have been determined based on fair value less costs to sell. The brands are tested annually for impairment, or more frequently if there are indications that brands might be impaired. The fair value less costs to sell has been estimated based on the Relief of royalty method under the Income approach. Under this method the fair value of the brands is estimated to the present value of the after-tax royalty savings attributable to owning the brands.

The key assumptions in the fair value less costs to sell calculations for the brands were revenue growth, the weighted average cost of capital (WACC), the terminal growth rate of revenue and royalty rates. The revenue growth rates over the ten-year projected cash flow period are based on past performance and management's expectations of market development. A higher growth is forecasted during the early years of the period, driven by higher content investments. The total revenue growth is expected to stabilize at the long-term growth level in line with the long-term inflation target of developed countries. The projected revenue cash flows were discounted at the weighted average cost of capital (WACC). The WACC was determined on the same basis as described for goodwill above, but with additional specific risk factors associated with intangible assets as compared to the TV and Media business as a whole. The royalty rates were determined based on license agreements for other strong brands within the media industry and the brand awareness of TV and Media's brands. The brand valuation is categorized in level three in the fair value hierarchy. (See Note C3 for description of fair value hierarchies.)

The key assumptions used when determining the fair value less costs to sell for the brands are presented in the table below.

	2021							
Years/Percent	**Sweden**	**Finland**	**Norway**	**Denmark**	**Lithuania**	**Latvia**	**Estonia**	**TV and Media**
Forecast period (years)	5	5	5	5	5	5	5	5
Post-tax WACC rate (%)	4.1	4.1	5.4	3.8	5.6	5.6	5.7	6.5
Pre-tax WACC rate (%)	5.3	5.5	6.8	5.2	6.8	7.9	6.8	8.3
Terminal growth rate of free cash flow (%)	1.9	1.9	2.0	2.0	2.2	2.0	2.1	1.9

	2020							
Years/Percent	**Sweden**	**Finland**	**Norway**	**Denmark**	**Lithuania**	**Latvia**	**Estonia**	**TV and Media**
Forecast period (years)	5	5	5	5	5	5	5	5
Post-tax WACC rate (%)	4.3	4.5	4.9	4.3	5.7	5.3	5.3	7.1
Pre-tax WACC rate (%)	5.6	5.8	6.3	5.7	6.8	7.5	6.4	8.5
Terminal growth rate of free cash flow (%)	1.8	1.9	2.0	1.6	2.1	2.2	1.9	1.8

Years/percent	**2021**	**2020**
Projected cash flow period (years)	10	10
Revenue growth (%)	0.6-6.6	1.1-13.4
WACC-post tax (%)	9.2	9.2
Terminal growth rate of revenue (%)	2	2
Royalty rates (weighted average) (%)	2.4-2.8	2.5-2.7

Sensitivity analysis

The estimated recoverable amounts for Finland and Norway were in proximity of the carrying values as of December 31, 2021. As of December 31, 2020, the estimated recoverable amounts for Finland, Norway, Denmark and TV and Media were in proximity of the carrying values.

The impairment tests assumed, in addition to the post-tax WACC rates and the terminal growth rates stated above, the following sales growth, EBITDA margin and CAPEX-to-sales ranges during the next 5 years for the cash generating units (CGUs) that are sensitive to reasonable changes in assumptions.

The upper part of the following table sets out how many percentage points each key assumption approximately must change, all else being equal, in order for the recoverable value to equal carrying value for the respective cash generating unit. The lower part of the table first shows the SEK billion effect on the recoverable values of the cash generating units, should there be a one percentage point upward shift in WACC. Finally, it sets out the absolute SEK billion change of the recoverable value that would equal carrying value for the respective cash generating unit.

	2021	
5-year period/Percent	Finland	Norway
Sales growth, lowest in period (%)	1.3	0.8
Sales growth, highest in period (%)	2.2	3.3
EBITDA margin, lowest in period (%)	31.6	45.0
EBITDA margin, highest in period (%)	35.0	48.7
CAPEX-to-sales, lowest in period (%)	14.1	17.6
CAPEX-to-sales, highest in period (%)	17.7	30.0

	2020			
5-year period/Percent	Finland	Norway	Denmark	TV and Media
Sales growth, lowest in period (%)	1.3	1.4	1.4	2.4
Sales growth, highest in period (%)	2.5	3.7	2.3	13.4
EBITDA margin, lowest in period (%)	32.1	46.3	20.5	6.3
EBITDA margin, highest in period (%)	35.3	49.5	26.5	14.2
CAPEX-to-sales, lowest in period (%)	16.0	20.6	8.9	1.7
CAPEX-to-sales, highest in period (%)	17.7	28.6	22.3	3.6

	2021	
Percentage points, SEK in billions	Finland	Norway
Sales growth each year in the 5-year period (%)	-0.3	-0.2
EBITDA margin each year in the 5-year period and beyond (%)	-0.5	-0.6
CAPEX-to-sales ratio each year in the 5-year period and beyond (%)	0.4	0.4
Terminal growth rate (%)	0.2	0.8
Post-tax WACC rate (%)	0.2	0.1
Effect of a one percentage-point upward shift in WACC (SEK in billions)	-6,7	-7,6
Change in the recoverable value to equal the carrying value (SEK in billions)	1,4	1,1

	2020			
Percentage points, SEK in billions	Finland	Norway	Denmark	TV and Media
Sales growth each year in the 5-year period (%)	0.0	-1.4	-1.2	-0.1
EBITDA margin each year in the 5-year period and beyond (%)	0.0	-2.7	-1.2	-0.1
CAPEX-to-sales ratio each year in the 5-year period and beyond (%)	0.0	2.5	1.1	0.0
Terminal growth rate (%)	0.0	-1.6	-0.8	-0.4
Post-tax WACC rate (%)	0.0	0.7	1.1	0.0
Effect of a one percentage-point upward shift in WACC (SEK in billions)	-6.6	-8.5	-1.2	-1.4
Change in the recoverable value to equal the carrying value (SEK in billions)	0.0	-6.4	-1.3	0.0

C13. Property, plant and equipment

The carrying value was distributed and changed as follows.

	December 31, 2021							
SEK in millions	**Property**	**Whereof leased out property**	**Plant and machinery**	**Whereof leased out plant and machinery**	**Equipment, tools and installations**	**Whereof leased out equipment, tools and installations**	**Total**	**Whereof leased out total[1]**
Accumulated cost	6,870	*9*	210,190	*7,473*	10,922	*1,967*	**227,982**	**9,449**
Accumulated depreciation	-4,342	*-7*	-140,356	*-5,500*	-7,333	*-1,044*	**-152,031**	**-6,551**
Accumulated impairment losses	-213	–	-2,827	*-53*	-203	–	**-3,243**	**-53**
Advances	–	–	33	–	–	–	**33**	**0**
Carrying value	**2,315**	***2***	**67,040**	***1,920***	**3,386**	***923***	**72,741**	**2,845**
of which assets under construction	–		*9,436*	–	–	–	**9,436**	**–**
Carrying value, opening balance	2,062	*1*	65,587	*2,066*	3,245	*904*	**70,893**	**2,971**
Investments	56	–	11,284	*406*	1,547	*588*	**12,887**	**994**
of which capitalized interest	–	–	*88*	–	–	–	**88**	**0**
Disposals	-24	–	-77	*0*	-94	*-15*	**-195**	**-15**
Dismantling, restoration and discard	-1	–	135	*0*	-6	*29*	**128**	**29**
Operations acquired	0	–	0	*0*	2	–	**2**	**0**
Operations divested	-1	–	–	–	0	–	**-1**	**–**
Grants received	–	–	-70	–	-1	–	**-71**	**0**
Reclassifications	464	*1*	-853	*197*	279	*9*	**-110**	**207**
Depreciation for the year	-258	*0*	-10,517	*-800*	-1,691	*-606*	**-12,466**	**-1,406**
Impairment losses for the year	-1	–	-96	*-25*	-2	–	**-99**	**-25**
Advances	–	–	–	–	–	–	**–**	**–**
Exchange rate differences	18	*0*	1,648	*77*	108	*14*	**1,773**	**91**
Carrying value, closing balance	**2,315**	***2***	**67,040**	***1,920***	**3,386**	***923***	**72,741**	**2,845**

1) Disclosures of leased out assets do not include assets which are mainly used in Telia Company's own operations, and where only a portion of the asset is leased out under an operating lease (mainly network assets).

SEK in millions	Property	Whereof leased out property	Plant and machinery	Whereof leased out plant and machinery	Equipment, tools and installations	Whereof leased out equipment, tools and installations	Total	Whereof leased out total[1]
	December 31, 2020							
Accumulated cost	6,438	*7*	201,275	*6,662*	10,168	*2,051*	**217,881**	**8,720**
Accumulated depreciation	-4,156	*-5*	-132,487	*-4,566*	-6,720	*-1,147*	**-143,363**	**-5,718**
Accumulated impairment losses	-221	–	-3,219	*-31*	-203	–	**-3,642**	**-31**
Advances	–	–	17	–	–	–	**17**	**–**
Carrying value	**2,062**	***1***	**65,587**	***2,066***	**3,245**	***904***	**70,893**	**2,971**
of which assets under construction	–	–	*7,410*	–	–	–	**7,410**	**–**
Carrying value, opening balance	3,196	*2*	71,765	*2,427*	3,202	*928*	**78,163**	**3,357**
Investments	52	–	9,392	*623*	1,428	*585*	**10,871**	**1,208**
of which capitalized interest	–	–	*81*	–	–	–	**81**	**–**
Disposals	0	–	-529	*0*	-17	*-12*	**-546**	**-12**
Dismantling, restoration and discard	0	–	33	*0*	-4	*0*	**29**	**0**
Operations acquired	0	–	0	–	0	–	**0**	**–**
Operations divested	-552	–	–	–	-1	–	**-553**	**–**
Grants received	–	–	11	–	–	–	**11**	**–**
Reclassifications	-85	*0*	-470	*-2*	364	*24*	**-190**	**22**
Depreciation for the year	-265	*0*	-9,907	*-834*	-1,482	*-582*	**-11,653**	**-1,417**
Impairment losses for the year	-80	–	-56	*-2*	-50	–	**-186**	**-2**
Advances	–	–	17	–	–	–	**17**	**–**
Exchange rate differences	-90	*0*	-2,729	*-146*	-102	*-38*	**-2,922**	**-184**
Reclassification to assets classified as held for sale	-114	–	-1,941	–	-93	–	**-2,148**	**–**
Carrying value, closing balance	**2,062**	***1***	**65,587**	***2,066***	**3,245**	***904***	**70,893**	**2,971**

1) Disclosures of leased out assets do not include assets which are mainly used in Telia Company's own operations, and where only a portion of the asset is leased out under an operating lease (mainly network assets).

Impairments in 2021 mainly relate to a reassessment of certain assets in Denmark following a balance sheet review, see Note C1.

In 2020 Telia Company divested the Finnish real estate companies Kiinteistö Oy Sturenportti and Helsingin Teollisuukatu 13 Oy to YIT Rakennus Oy (YIT) for a cash and debt free value of SEK 0.6 billion. The transaction also implied that Telia Company would lease new properties from YIT. The real estate companies were in connection with the signed agreement classified as held for sale and remeasured to fair value less costs to sell, which resulted in an impairment of SEK 110 million, whereof SEK 35 million related to goodwill, see Note C12. In addition, impairments of SEK 56 and 50 million were recognized within Plant and machinery and Equipment, tools and installations, respectively, as a result of an assessment performed of asets mainly in the Norwegian operations.

No general changes of useful lives were made in 2021. For depreciation rates applied, see section "Useful lives" in Note C2. In the statement of comprehensive income, depreciation and impairment losses are included in all expense line items by function as well as in line item Other operating expenses, see Notes C7 and C8, respectively.

For information on contractual obligations regarding future acquisitions of property, plant and equipment, see Note C30.

Property

Telia Company's real estate holdings include approximately 5,000 properties, mainly in Sweden and Finland. The substantial majority is used solely for technical facilities, like network installations, computer installations, research centers and service outlets.

The total carrying value of property was distributed by depreciable/non-depreciable assets as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Depreciable property (buildings, etc.)	1,942	1,695
Non-depreciable property (land)	373	367
Total property	**2,315**	**2,062**

C14. Film and program rights

The total carrying value for Film and program rights was distributed and changed as follows:

	Dec 31, 2021	Dec 31, 2020
SEK in millions	Film and program rights	
Accumulated cost	8,914	8,540
Accumulated amortization	-5,971	-6,282
Accumulated impairment	-129	-250
Advances (Prepaid)	1,606	2,010
Carrying value	**4,420**	**4,019**
of which non-current	*1,416*	*1,312*
of which current	*3,005*	*2,706*
Carrying value, opening balance	4,019	3,053
Additions	5,367	5,009
Amortization for the year (included in EBITDA)	-4,977	-3,801
Impairment for the year (included in EBITDA)	–	-256
Exchange rate differences	11	13
Carrying value, closing balance	**4,420**	**4,019**

Amortization of film and program rights is included within the function Cost of sales and is classified as Cost of film and program rights (within EBITDA) in the distribution of operating expenses by nature in Note C7.

As a result of cancelled and postponed sport events and seasons due to COVID-19, film and program right assets were impaired by SEK 256 million during 2020, whereof SEK 198 million in segment TV and Media and SEK 58 million in Finland (Liiga). However, there was no significant net impact on net income (or EBITDA) from the impairment of the sports rights due to the offsetting effects from compensation and lower expenses from sports rights where events and seasons were postponed. Management's assessment is that the compensation will cover the decreases of the sport rights values.

Contractual obligations regarding future acquistions (or equivalent) of film and program rights which are not included in the consolidated statement of financial position represented the following expected maturities.

SEK in millions	Dec 31, 2021	Dec 31, 2020
	Film and program rights commitments	
Within 1-3 years	9,122	8,351
Within 4-10 years	5,435	7,377
Total	**14,556**	**15,728**

For other unrecognized contractual obligations, see Note C30.

C15. Investments in associated companies and joint ventures

The total carrying value was distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Interests in associated companies	931	916
Interests in joint ventures	40	34
Total carrying value	**971**	**950**

Items recognized in net income and in total comprehensive income were distributed as follows.

SEK in millions	January–December 2021	2020
Share of income from associated companies	101	804
Impairment	–	-3,488
Reversal of impairment	–	560
Gains/losses net from disposals of shares in associated companies	–	-17,962
Income from joint ventures	3	5
Recognized in net income	**104**	**-20,080**
Other comprehensive income from associated companies	–	-123
Recognized in total comprehensive income	**104**	**-20,203**

Details of material associated companies

Telia Company's material associated company, Turkcell Iletisim Hizmetleri A.S., in which Telia Company's ownership and voting power as well as consolidated share were 24 percent, was divested during 2020. Turkcell operates in Turkey, Ukraine and Belarus as a mobile operator. Turkcell, reported in Telia Company's financial statements using the equity method up until the divestment, is a publicly listed company and was therefore included with a one-quarter lag with adjustments made for the effects of significant transactions or events that occurred between Telia Company's closing date and the date of the respective company's financial statements.

On June 17, 2020, Telia Company signed an agreement to sell its 47.1 percent holding in Turkcell Holding A.S., which owns 51.0 percent in the listed company Turkcell Iletisim Hizmetleri A.S., to the state-owned Turkey Wealth Fund for a purchase price of USD 530 million. The holding was classified as held for sale from June 2020 and was remeasured to fair value less costs to sell which was estimated to USD 530 million (SEK 4,771 million) based on the purchase price in the signed agreement. The remeasurement resulted in an impairment of 3,488 million in the second quarter 2020. Due to changes in foreign exchange rates, SEK 560 million of the impairment was reversed in the third quarter 2020. The transaction was closed on October 22, 2020 and resulted in a capital loss of SEK 17,955 million, whereof accumulated foreign exchange losses reclassified from equity to net income of SEK 18,019 million. The reclassification of accumulated exchange losses had no effect on total equity. The capital loss was recognized in line item Income from associated companies and joint ventures in the consolidated statement of comprehensive income. The transaction had a positive cash flow effect in 2020 of SEK 4,641 million. The transaction included, a full and global settlement of all shareholder disputes and litigations connected to Turkcell and Turkcell Holding.

The following table summarizes the financial information of Turkcell, as included in the company's own financial statements adjusted for fair value adjustments at acquisition and differences in accounting policies. The table also reconciles the summarized financial information to the carrying amount of the group's interests in the companies. Information on other, non-material, associated companies and joint ventures are not disclosed separately. Telia Company has four joint arrangements classified as joint operations. For additional information on those, see Note C4.

Statements of financial position, SEK in millions	Dec 31, 2021	Dec 31, 2020
Carrying value of interests in Turkcell	–	–
Carrying value of other associated companies not individually material (group's share)	931	916
Carrying value of joint ventures (group's share)	40	34
Total carrying value of interests in associated companies and joint ventures	**971**	**950**

Statements of comprehensive income, SEK in millions	Jan-Dec 2021	Jan-Dec 2020
Turkcell		
Net sales	–	20,045
Net income	–	2,630
Other comprehensive income	–	-508
Total comprehensive income (100 percent)	–	2,122
Total comprehensive income (group's share)	–	513
Impairment	–	-3,488
Reversal of impairment	–	560
Capital loss of the divestment of Turkcell	–	-17,955
Total comprehensive income after adjustments, group's share in Turkcell	**–**	**-20,370**
Other associated companies not individually material		
Net sales (100 percent)	3,284	2,712
Net income (group's share)	101	168
Total comprehensive income from other associated companies	**101**	**168**
Gains/losses from sale of shares in other associates	–	-6
Joint ventures not individually material		
Net income (group's share)	3	5
Total comprehensive income joint ventures (group's share)	3	5
Group's share of total comprehensive income in associated companies and joint ventures	**104**	**-20,203**
Dividends received from other associated companies	152	218
Total dividends received from associated companies and joint ventures	**152**	**218**

The carrying value was distributed and changed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Goodwill and fair value adjustments	24	24
Share of equity	947	926
Carrying value	**971**	**950**
Carrying value, opening balance	950	10,165
Share of net income for the year	104	809
Share of other comprehensive income for the year, pensions	–	-12
Share of other comprehensive income for the year, cash flow hedge	–	-19
Share of other comprehensive income for the year, cost of hedging	–	-81
Share of other comprehensive income for the year, exchange rate differences	–	-11
Impairment	–	-3,488
Reversal of impairment	–	560
Dividends received	-150	-218
Acquisitions and operations acquired	11	21
Divestments and operations divested	–	-5,526
Reclassifications	33	39
Changes in accounting principles	–	-12
Exchange rate differences	24	-1,277
Carrying value, closing balance	**971**	**950**

The carrying value is broken down by reportable segment in Note C5 and by company as follows.

			Equity participation in consolidated accounts		Carrying value in the parent company	
Company, corp. reg. no., registered office	**Participation (%)**	**Number of shares**	**2021**	**2020**	**2021**	**2020**
			SEK in millions			
Parent company holdings						
Swedish companies						
SNPAC Swedish Number Portability Administrative Centre AB, 556595-2925, Stockholm	20	400	3	3	1	1
Solidtango AB, 556671-5586, Stockholm	23	6,666	14	16	20	20
Non-Swedish companies						
Kivra Oy, 2918721-9, Helsinki	27	585,000	7	2	23	12
Valokuitu Kotiin Holding 1 Oy, 3101702-4, Helsinki	40	1,884,003	1	11	24	21
Other operating, dormant and divested companies			0	0	0	0
Total parent company					**67**	**54**
Subsidiaries' holdings						
Swedish companies						
Mediamätning i Skandinavien MMS AB, 556353-3032, Stockholm	24	5,100	6	6		
Other operating, dormant and divested companies			0	0		
Non-Swedish companies						
SK ID Solutions AS, 10747013, Tallinn	50	32	41	31		
SIA Tet, 000305278, Riga	49	71,581,000	855	843		
4T af 1. oktober 2012 ApS, 32348882, Copenhagen	25	–	7	6		
Suomen Numerot NUMPAC Oy, 1829232-0, Helsinki	25	3,000	2	2		
Strex AS, 985867569, Oslo	49	49,001	33	28		
Other operating, dormant and divested companies			2	1		
Total group			**971**	**950**		

For additional information related to associated companies, see Notes C29 and C30, respectively.

C16. Other non-current assets

For other non-current assets, fair values equal carrying values. The total carrying values of other non-current assets were distributed as follows.

	Carrying value	
SEK in millions	Dec 31, 2021	Dec 31, 2020
Equity instruments at fair value through OCI[1]	576	473
Equity instruments at fair value through income statement	18	18
Bonds at fair value through OCI[2]	781	5,296
Bonds at fair value through income statement[2]	5,149	–
Interest rate and cross-currency interest rate swaps at fair value	1,283	3,989
of which designated as fair value hedges	*574*	*1,475*
of which at fair value through income statement	*310*	*930*
of which designated as cash flow hedges	*398*	*1,583*
Subtotal (see Fair value hierarchy levels – Note C26)	**7,807**	**9,776**
Loans and receivables at amortized cost	1,831	1,854
Finance lease receivables at amortized cost	405	379
Subtotal (see Categories – Note C26 and Credit risk – Note C27)	**10,043**	**12,009**
Cost to obtain a contract	1,490	1,376
Contract assets	137	117
Deferred expenses	5	68
Total other non-current assets	**11,675**	**13,571**
of which interest-bearing	*9,244*	*11,233*
of which non-interest-bearing	*2,431*	*2,338*

1) For more information regarding Equity instruments measured at fair value through OCI, see Note C26. 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 C1.

For loans and receivables fair value is estimated at the present value of future cash flows discounted by applying market interest rates as of the end of the reporting period (fair value hierarchy level 2). As of December 31, 2021, contractual cash flows for Loans and receivables represented the following expected maturities.

Expected maturity, SEK in millions	2023	2024	2025	2026	Later years	Total
Loans and receivables	1,468	288	43	18	15	**1,831**

For more information on financial instruments by category/fair value hierarchy level and exposed to credit risk, see Note C26 and section "Credit risk management" in Note C27, respectively. For information on leases, see Note C28.

C17. Inventories

SEK in millions	Dec 31, 2021	Dec 31, 2020
Goods for resale	2,045	1,872
Other inventories and expense incurred on construction contracts	-4	46
Total	**2,040**	**1,918**

Other inventories include purchased supplies that are mainly intended for use in constructing Telia Company's own installations and for repair and maintenance. No material amounts are carried at net realizable value.

C18. Trade and other current receivables and assets

The total carrying value of trade and other current receivables and assets was distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Currency derivatives at fair value	157	21
of which designated as cash flow hedges	*5*	–
of which at fair value through income statement	*152*	*21*
Subtotal (see Fair value hierarchy levels – Note C26)	**157**	**21**
Accounts receivable at amortized cost	8,448	8,117
Loans and receivables at amortized cost	2,337	2,494
Subtotal (see Categories – Note C26 and Credit risk – Note C27)	**10,942**	**10,632**
Other current receivables	1,048	1,500
Current contract assets	379	370
Deferred expenses	1,395	1,220
Total trade and other current receivables and assets	**13,764**	**13,722**

For accounts receivable and loans and receivables, including claims on associated companies, the carrying values equal fair value as the impact of discounting is insignificant. Loans and receivables mainly comprise accrued call, interconnect and roaming charges.

Telia Company offers a diversified portfolio of mass-market services and products in a number of highly competitive markets, resulting in a limited credit risk concentration to individual markets and customers.

For accounts receivable and loans and receivables, as of the end of the reporting period, concentration of credit risk by geographical area and by customer segment were as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Geographical area		
Nordic countries	8,449	8,714
Baltic countries	1,846	1,652
Other countries	490	245
Total carrying value	**10,785**	**10,611**
Customer segment		
Consumers	3,422	3,572
Business customers	6,240	6,337
Other operators	1,006	586
Distributors	117	116
Total carrying value	**10,785**	**10,611**

Contract assets are mainly related to the Nordic countries and the business segment.

The geographic concentration to the Nordic operations reflects a relatively higher share of postpaid customer contracts. In most cases, customers are billed in local currency. Receivables from and payables to other operators for international fixed-line traffic and roaming are normally settled net through clearing-houses. See Note C26 and section "Credit risk management" in Note C27 for more information on financial instruments classified by category/fair value hierarchy level and exposed to credit risk, respectively.

As of the end of the reporting period, allowance for expected credit losses and ageing of accounts receivable, respectively, were as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Accounts receivable invoiced	9,416	9,112
Allowance for expected credit losses for accounts receivable	-968	-995
Total accounts receivable	**8,448**	**8,117**
Accounts receivable not due, net of allowance for expected credit losses	6,018	5,792
Accounts receivable past due, net of allowance for expected credit losses	2,430	2,325
of which less than 30 days	*1,704*	*1,525*
of which 30–180 days	*310*	*445*
of which more than 180 days	*416*	*355*
Total accounts receivable	**8,448**	**8,117**

As of the end of the reporting period, ageing of loans and receivables were as follows. The allowance for credit losses for loans and receivables is considered insignificant.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Loans and receivables not due, net of allowance for expected credit losses	2,300	2,442
Loans and receivables past due but not impaired, net of allowance for expected credit losses	37	52
of which less than 30 days	*37*	*52*
of which 30–180 days	–	*0*
of which more than 180 days	–	*0*
Total loans and receivables	**2,337**	**2,494**

There are no material contract assets past due or material allowance for expected credit losses related to contract assets.

See section "Credit risk management" in Note C27 for information on mitigation of risks related to accounts receivable.

Total expenses for credit losses for accounts receivables were SEK 598 million in 2021 and SEK 669 million in 2020. Recovered accounts receivable were SEK 73 million in 2021 and SEK 21 million in 2020. See Note C8 for more information on recovered accounts receivables.

The allowance for expected credit losses for accounts receivable changed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Opening balance	995	1,045
Net of charges for expected credit losses in the period and receivables written-off	-9	20
Operations acquired and divested	–	-2
Reversals of allowances	-37	-10
Exchange rate differences	19	-31
Reclassification to assets classified as held for sale	–	-27
Closing balance	**968**	**995**

C19. Interest-bearing receivables, cash and cash equivalents

Interest-bearing receivables

The total carrying value of interest-bearing receivables was distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Interest rate swaps and cross-currency interest rate swaps at fair value	56	167
of which designated as fair value hedges	*43*	*50*
of which designated as cash flow hedges	*12*	*20*
of which at fair value through Income Statement	*–*	*97*
Short-term investments with maturities over 3 months	6,097	2,832
of which bonds at fair value through income statement[1]	*6,049*	*–*
of which bonds at fair value through OCI[1]	*48*	*2,832*
Subtotal (see Fair value hierarchy levels – Note C26)	**6,153**	**2,999**
Loans and receivables at amortized cost	2,322	2,060
Finance lease receivables at amortized cost	366	426
Total (see Categories – Note C26 and Credit risk – Note C27)	**8,841**	**5,486**

1) 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 C1.

Interest-bearing receivables has increased to SEK 8,841 million (5,486) related to increased short-term bonds impacted from proceeds from the disposals of the Telia Carrier subsidiaries. Carrying values for items measured at amortized cost are assumed to approximate fair values as the risk of changes in value is insignificant. See Note C26 and section "Credit risk management" in Note C27 for more information on financial instruments classified by category/fair value hierarchy level and exposure to credit risk, respectively. For information on leases, see Note C28.

Cash and cash equivalents

Cash and cash equivalents were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Short-term investments with maturities up to and including 3 months	380	419
of which bonds at fair value through income statement (see Fair value hierarchy levels – Note C26)	*380*	*–*
of which bonds at fair value through OCI (see Fair value hierarchy levels – Note C26)	*–*	*385*
of which bank deposits at amortized cost	*–*	*34*
Cash and bank	13,978	7,714
Total (see Categories – Note C26 and Credit risk – Note C27)	**14,358**	**8,133**

Cash and cash equivalents have increased to SEK 14,358 million (8,133) mainly impacted from proceeds from the disposals of the 49% of the tower businesses in Finland and Norway.
The carrying values are assumed to approximate fair values as the risk of changes in value is insignificant.

See Note C26 and section "Credit risk management" in Note C27 for more information on financial instruments classified by category and exposed to credit risk, respectively, and to Note C30 for information on blocked funds in bank accounts.

C20. Equity and earnings per share

Share capital

According to the articles of association of Telia Company AB, the authorized share capital shall amount to no less than SEK 8 billion and no more than SEK 32 billion. All issued shares have been paid in full and carry equal rights to vote and participate in the assets of the company. Since December 31, 2005, the issued share capital changed as follows.

	Issued share capital (SEK)	Number of issued shares	Quotient value (SEK/share)
Issued share capital, December 31, 2005	14,960,742,621	4,675,232,069	3.20
Cancellation of shares repurchased in 2005, September 6, 2006	-591,279,539	-184,774,856	3.20
Issued share capital, December 31, 2006, 2007, 2008, 2009 and 2010	14,369,463,082	4,490,457,213	3.20
Cancellation of shares repurchased in 2011, July 19, 2011	-513,191,783	-160,372,432	3.20
Issued share capital, December 31, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and 2018	13,856,271,299	4,330,084,781	3.20
Cancellation of shares repurchased in 2018 and 2019, May 3, 2019	-385,742,099	-120,544,406	
Bonus issue May 3, 2019	385,742,099		
Issued share capital, December 31, 2019	13,856,271,299	4,209,540,375	3.29
Cancellation of shares repurchased in 2020, April 15, 2020	-394,695,610	-119,908,673	
Bonus issue April 15, 2020	394,695,610		
Issued share capital, December 31, 2020 and 2021	**13,856,271,299**	**4,089,631,702**	**3.39**

Treasury shares

During May 2021 Telia Company transferred 595,632 shares to the participants in the Long Term Incentive (LTI) program 2018/2021 (380,741 shares to participants in the LTI program 2017/2020), at an average price of SEK 35.32 per share (SEK 32.30 per share) . The total cost for the transferred shares was SEK 21 million (12) and transaction costs, net of tax, amounted to SEK 0 million (0). The transfer of shares under the LTI program reduced other contributed capital within parent shareholder's equity by SEK 21 million (12). The total price for the repurchased shares under the share buy-back program during 2020 was SEK 945 million. No Telia Company shares were held by the company or by its subsidiaries as of December 31, 2021 or as of December 31, 2020. The total number of issued and outstanding shares was 4,089,631,702 (4,089,631,702).

Subsidiaries with material non-controlling interests

Summarized financial information on subsidiaries with material non-controlling interests (NCI) is presented below. The amounts disclosed for each subsidiary are based on those included in the consolidated financial statements before inter-company eliminations and only the net asset in which the NCI has a share. Other comprehensive income (OCI) only comprises exchange rate differences arising on translation to SEK.

The NCI in Telia Lietuva, AB, is 11.8 percent. The group holds 49 percent of the shares in Latvijas Mobilais Telefons SIA (LMT). However, according to shareholders' agreements Telia Company has the board majority in LMT and the company is therefore regarded as a subsidiary. In addition, LMT is held partly by the associated company SIA Tet which decreases NCI to 39.7 percent.

On December 29, 2021, Telia Company disposed 49 percent of its subsidiary Telia Towers AB, which includes the tower businesses in Finland and Norway, to Brookfield and Alecta for a price of SEK 7,861 million. The price corresponded to an enterprise value for 100 percent of EUR 1,524 million (approximately SEK 15.5 billion) on a cash and debt free basis. The transaction resulted in an increase of equity attributable to owners of the parent (retained earnings) of SEK 6,221 million and an increase of equity attributable to NCI of SEK 1,640 million. The disposal had a positive cash flow effect for the group in 2021 of SEK 7,861 million, which is presented within financing activities. 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.

Dividends paid to NCIs are disclosed in Note C31 "Cash flow information".

December 31, 2021 SEK in millions, except percentages	Telia Lietuva, AB, Lithuania	Latvijas Mobilais Telefons SIA, Latvia	Telia Towers, AB, Sweden[1]	Other subsidiaries	Total
Assets					
Non-current assets	5,199	2,340	3,820		
Current assets	1,506	750	262		
Liabilities					
Non-current liabilities	-1,039	-401	-366		
Current liabilities	-1,982	-1,246	-369		
Net assets	**3,684**	**1,442**	**3,347**		
NCI percentage	11.8	39.7	49.0		
Carrying amount of NCI	**437**	**573**	**1,640**	**163**	**2,812**
Net sales	4,279	1,565	–		
Net income	702	336	–		
Net income allocated to NCI	**83**	**133**	**–**	**-61**	**156**
Cash flows from operating activities	1,630	664	–		
Free cash flow	1,094	290	–		

1) Telia Towers AB owns the tower businesses in Finland (Telia Towers Finland Oy) and Norway (Telia Towers Norway AS). Non-current assets of SEK 3,311 million related to Finland and SEK 508 million related to Norway. Carrying amount of NCI of SEK 1,540 million related to Finland and SEK 99 million related to Norway. No material part of Telia Tower's revenue, net income or cash flow for 2021 related to NCI as the NCI was disposed on December 29, 2021.

December 31, 2020 SEK in millions, except percentages	Telia Lietuva, AB, Lithuania	Latvijas Mobilais Telefons SIA, Latvia	Other subsidiaries	Total
Assets				
Non-current assets	4,751	1,876		
Current assets	1,406	651		
Liabilities				
Non-current liabilities	-1,374	-542		
Current liabilities	-1,296	-639		
Net assets	**3,488**	**1,345**		
NCI percentage	11.8	39.7		
Carrying amount of NCI	**413**	**535**	**170**	**1,118**
Net sales	4,188	1,536		
Net income	560	396		
Net income allocated to NCI	**66**	**157**	**-66**	**156**
Cash flows from operating activities	1,643	660		
Free cash flow	1,067	379		

Earnings per share and dividends

	Jan–Dec 2021	Jan–Dec 2020[1]
Net income attributable to owners of the parent (SEK million)	11,680	-22,993
Average number of outstanding shares, basic and diluted (thousands)	4,089,632	4,090,367
Earnings per outstanding share, basic and diluted (SEK)	2.86	-5.62
Ordinary cash dividend (for 2021 as proposed by the Board of Directors)		
– Per share (SEK)	2.05	2.00
– Total (SEK million)	8,384	8,179

1) Restated, see Note C1.

C21. Long-term and short-term borrowings

Open-market financing programs

Telia Company has the following open-market financing programs.

				Dec 31, 2021					Dec 31, 2020	
						Interest rate type				
				Limit	Utilized	Floating	Fixed	Average maturity	Limit	Utilized
Program		Characteristics	Limit currency	(in millions)				(years)	(in millions)	
Telia Company AB	Euro Medium Term Note (EMTN)	Uncommitted, International, Long-term	EUR	12,000	5,751	96	5,655	8,0	12,000	6,304
Telia Company AB	SEK Commercial Paper	Uncommitted, international, Green opportunity, Short-term	SEK	10,000	–	–	–	–	10,000	–

Borrowings

Long-term and short-term borrowings were distributed as follows.

	Dec 31, 2021		Dec 31, 2020	
SEK in millions	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Interest rate derivatives at fair value	771	771	134	134
of which designated as hedging instruments	*768*	*768*	*134*	*134*
of which at fair value through income statement	*3*	*3*	–	–
Cross-currency interest rate derivatives at fair value	800	800	3,907	3,907
of which hedging net investments	–	–	*1,924*	*1,924*
of which designated as hedging instruments	*765*	*765*	*1,593*	*1,593*
of which at fair value through income statement	*35*	*35*	*391*	*391*
Subtotal (see Fair value hierarchy levels – Note C26)	**1,571**	**1,571**	**4,041**	**4,041**

SEK in millions	Dec 31, 2021 Carrying value	Dec 31, 2021 Fair value	Dec 31, 2020 Carrying value	Dec 31, 2020 Fair value
Open-market financing borrowings in fair value hedge relationships	53,451	59,477	51,628	55,249
Open-market financing borrowings at amortized cost	23,215	28,084	31,345	41,992
of which hedging net investments	*5,589*	*7,598*	*11,419*	*15,910*
Other borrowings at amortized cost	541	541	1,042	1,042
Lease liabilities at amortized cost	12,859		12,183	
Total long-term borrowings (see Categories - Note C26)	**91,637**		**100,239**	
Short-term borrowings				
Interest rate derivatives at fair value	92	92	8	8
of which designated as hedging instruments	*92*	*92*	*8*	*8*
Cross-currency interest rate derivatives at fair value	223	223	143	143
of which designated as hedging instruments	*108*	*108*	*143*	*143*
of which at fair value through income statement	*115*	*115*	-	-
Subtotal (see Fair value hierarchy levels – Note C26)	**315**	**315**	**151**	**151**
Utilized bank overdraft and short-term credit facilities at amortized cost	6	6	213	213
Open-market financing borrowings in fair value hedge relationships	6,001	6,037	5,131	5,317
Other borrowings at amortized cost	823	823	179	179
Lease liabilities at amortized cost	2,872		2,671	
Total short-term borrowings (see Categories - Note C26)	**10,017**		**8,345**	

The fair values of borrowings above relate to hierarchy level 2. For a description of valuation techniques, see Note C3 section "Fair value estimation."

Normally, borrowings by Telia Company denominated in foreign currencies are swapped into SEK. The exceptions typically include funds borrowed to finance the group's international operations or selective hedging of net investments abroad.

See Note C26 for more information on financial instruments classified by category/fair value hierarchy level and to Note C27 for information on maturities and management of liquidity risk, currency risk, interest rate risk and financing risk, respectively.

C22. Provisions for pensions and employment contracts

Post-employment benefits

Telia Company provides defined benefit pension plans to its employees in Sweden, Finland and Norway. The pension plans mainly include retirement pension, disability pension and family pension.

Employees in Telia Company AB and most of its Swedish subsidiaries are eligible for retirement benefits under the ITP-Tele (ITP 2 plan) defined benefit plan. However, all employees born in 1979 and later are covered by a defined contribution pension plan (the ITP 1 plan). The part of the Swedish ITP 2 multi--employer pension plan that is secured by paying pension premiums to Alecta is accounted for as a defined contribution plan as the plan administrator does not provide sufficient information necessary to account for the plan as a defined benefit plan. Telia Company's portion of total premiums in the Alecta ITP 2 plan is 0.07 percent and the share of total number of active insured in ITP 2 is 0.67 percent. Expected contribution to the ITP 2 plan for 2022 is SEK 22 million. At the end of 2021, Alecta's surplus, in the collective funding ratio, is preliminary estimated to 172 percent (148).

Telia Company's employees in Finland are entitled to statutory pension benefits pursuant to the Finnish Employees Pensions Act, a defined benefit pension arrangement with retirement, disability, unemployment and death benefits (TyEL pension). In addition, certain employees have additional pension coverage through a supplemental pension plan. In Finland, a part of the pension is funded in advance and the remaining part financed as a pay-as-you-go pension i.e. contributions are set at a level that is expected to be sufficient to pay the required benefits falling due in the same period.

Telia Norway operates a defined benefit pension plan, which was closed for new entrants in 2011.

The pension obligations are secured mostly by pension funds, but also by provisions in the statements of financial position combined with pension credit insurance.

Telia Company's defined benefit plans are approximately divided between the following groups; 25 percent active members, 36 percent deferred members and 39 percent retirees.

Telia Company's employees in many other countries are usually covered by defined contribution pension plans. Contributions to the latter are normally set at a certain percentage of the employee's salary and are expensed as incurred.

Pension obligations and pension expenses

Total amounts recognized in the statements of financial position for pension obligations were as follows.

	Dec 31, 2021				Dec 31, 2020			
SEK in millions	**Sweden**	**Finland**	**Norway**	**Total**	**Sweden**	**Finland**	**Norway**	**Total**
Present value of funded pension obligations	23,046	7,427	582	31,055	26,154	8,156	497	34,807
Fair value of plan assets	-24,476	-6,381	-530	-31,387	-23,492	-5,467	-405	-29,364
Surplus (-)/deficit (+) of funded plans	**-1,430**	**1,046**	**53**	**-332**	**2,662**	**2,689**	**92**	**5,443**
Present value of unfunded pension obligations	1,666	–	–	1,666	1,827	–	–	1,827
Net assets (-)/provisions (+) for pension obligations	**236**	**1,046**	**53**	**1,335**	**4,489**	**2,689**	**92**	**7,270**
of which recognized as provisions	*1,583*	*1,046*	*53*	*2,682*	*4,647*	*2,689*	*92*	*7,428*
of which recognized as assets	*-1,347*	*–*	*–*	*-1,347*	*-158*	*–*	*–*	*-158*

Total pension expenses were distributed as follows.

	Jan–Dec 2021				Jan–Dec 2020			
SEK in millions	**Sweden**	**Finland**	**Norway**	**Total**	**Sweden**	**Finland**	**Norway**	**Total**
Current service cost	184	243	14	441	180	210	14	405
Past service cost	–	–	–	–	–	-1	–	-1
Gain/loss on settlements	–	-8	–	-8	–	–	–	–
Total pension expenses in operating income from defined benefit obligations	**184**	**235**	**14**	**433**	**180**	**209**	**14**	**403**
Interest expense	360	49	9	419	477	91	10	578
Interest income	-305	-33	-8	-346	-497	-73	-8	-578
Total net interest in financial items	**55**	**16**	**2**	**73**	**-19**	**18**	**2**	**0**
Total pension expenses from defined benefit obligations	**239**	**251**	**15**	**506**	**161**	**226**	**17**	**404**
Pension expenses in operating income from defined contribution plans				**1,177**				**1,200**
Remeasurement gains (-)/losses (+)								
Gain/loss from change in financial assumptions	-2,066	-905	-19	-2,989	3,085	1,059	6	4,150
Experience gains/losses	-769	-128	44	-854	898	238	-5	1,132
Gain/loss from change in demographic assumptions	–	–	–	–	1,758	-9	–	1,749
Return on plan assets (excluding interest income)	-1,978	-781	-52	-2,811	153	-6	-11	135
Total gains/losses recorded in OCI, defined benefit pension plans	**-4,813**	**-1,814**	**-27**	**-6,654**	**5,894**	**1,282**	**-10**	**7,166**

Specifications to defined benefit obligations and fair value of plan assets

Movements in the present value of defined benefit obligations were as follows.

	2021				2020			
SEK in millions	**Sweden**	**Finland**	**Norway**	**Total**	**Sweden**	**Finland**	**Norway**	**Total**
Opening balance, present value of pension obligations	**27,981**	**8,156**	**497**	**36,634**	**23,220**	**7,054**	**540**	**30,813**
Opening balance, liabilities directly associated with assets classfied as held for sale	619	–	–	619	–	–	–	–
Total opening balance	**28,600**	**8,156**	**497**	**37,253**	**23,220**	**7,054**	**540**	**30,813**
Current service cost	184	243	14	441	180	210	14	405
Interest expenses	360	49	9	419	477	91	10	578
Benefits paid	-1,016	-139	-10	-1,165	-1,019	-139	-8	-1,166
Curtailment of pension obligations	–	–	–	–	–	-1	–	-1
Operations divested[1]	-581	-28	–	-610	–	–	–	–
Reclassification to liabilities directly associated with assets classified as held for sale	–	–	–	–	-619	–	–	-619
Remeasurement gains (-)/losses (+)								
Gain/loss from change in financial assumptions	-2,066	-905	-19	-2,989	3,085	1,059	6	4,150
Experience gains/losses	-769	-128	44	-854	898	238	-5	1,132
Gain/loss from change in demographic assumptions	–	–	–	–	1,758	-9	–	1,749
Exchange rate differences	–	179	47	225	–	-346	-61	-407
Closing balance, present value of pension obligations	**24,712**	**7,427**	**582**	**32,721**	**27,981**	**8,156**	**497**	**36,634**

1) Operations divested relate to international carrier operations, see Note C35.

Movements in the fair value of plan assets were as follows.

SEK in millions	2021 Sweden	2021 Finland	2021 Norway	2021 Total	2020 Sweden	2020 Finland	2020 Norway	2020 Total
Opening balance, fair value of plan assets	**23,492**	**5,467**	**405**	**29,364**	**23,648**	**5,650**	**416**	**29,715**
Interest income	305	33	8	346	497	73	8	578
Contribution to pension funds	–	136	43	179	–	105	17	122
Payment from pension funds	-1,300	–	–	-1,300	-500	–	–	-500
Benefits paid	–	-139	-10	-149	–	-139	-8	-147
Operations divested[1]	–	-20	–	-20	–	–	–	–
Remeasurement gains (-)/losses (+)								
Return on plan assets (excluding interest income)	1,978	781	52	2,811	-153	6	-11	-135
Exchange rate differences	–	123	31	154	–	-229	40	-269
Closing balance, fair value of plan assets	**24,476**	**6,381**	**530**	**31,387**	**23,492**	**5,467**	**405**	**29,364**

1) Operations divested relate to international carrier operations, see Note C35.

Principal actuarial assumptions
The actuarial calculation of pension obligations and pension expenses is based on the following principal assumptions, each presented as a weighted average for the different pension plans. These assumptions are the most significant ones in terms of the risk for changes in Telia Company's pension obligations. The discount rate reflects the interest rate level at which the pension liabilities could be effectively settled and affects the value of the defined benefit obligations.

As in previous years the discount rate for Sweden is determined by the covered bond market. Since the commitment has a longer duration than most covered bonds, an extrapolation of the yield curve is performed and used with the corresponding duration of Telia Company's pension obligations. The discount rate for Finland is based on high-quality corporate bonds with long duration. Norway sets the discount rate on the same basis as Sweden.

Inflation and increased longevity have an impact on future pension payments and therefore the pension obligation. For Sweden management set the long-term annual inflation rate based on a combination of the target set by the national central bank, implied market inflation and forecasts. For Finland, the inflation assumption is derived from long-term inflation swaps. For Norway, the inflation assumption is mainly based on estimations from the Norwegian Accounting Standards Board. See below for a sensitivity analysis related to a change in the significant assumptions used in calculating the pension provision.

Percentages, except longevity	Dec 31, 2021 Sweden	Dec 31, 2021 Finland	Dec 31, 2021 Norway	Dec 31, 2021 Weighted average	Dec 31, 2020 Sweden	Dec 31, 2020 Finland	Dec 31, 2020 Norway	Dec 31, 2020 Weighted average
Discount rate	1.7	1.2	2.2	1.6	1.3	0.6	1.8	1.2
Inflation	1.8	2.0	1.5	1.8	1.8	1.4	1.5	1.7
Longevity								
life expectancy 65-year-old male (year)	*22*	*20*	*22*	*22*	*22*	*21*	*22*	*21*
life expectancy 65-year-old female (year)	*25*	*26*	*25*	*25*	*25*	*25*	*26*	*25*

Sensitivity of the defined benefit obligations to changes in the assumptions was as follows.

	Dec 31, 2021				Dec 31, 2020			
	Impact on defined benefit obligation				Impact on defined benefit obligation			
SEK in millions	Sweden	Finland	Norway	Total	Sweden	Finland	Norway	Total
Discount rate +0.5 p.p.	-2,307	-702	-52	-3,060	-2,706	-860	-45	-3,610
Discount rate -0.5 p.p.	2,468	808	58	3,335	3,000	1,011	50	4,061
Inflation/Indexation +0.5 p.p.[1]	2,541	769	57	3,366	3,051	966	45	4,061
Inflation/Indexation -0.5 p.p.[1]	-2,228	-667	-51	-2,946	-2,713	-966	-40	-3,719
Longevity +1 year	1,323	220	10	1,553	1,209	296	11	1,515

1) Inflation change include pension increase and salary growth.

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may by correlated.

Investment strategy

The assets of Telia Company's pension funds constitute pension plan assets and are valued at fair value. These assets are used as prime funding source for the pension obligations, and exist primarily in Sweden and Finland. The pension funds invest the assets in such a manner that the liquidity of the funds is ensured. The investment horizons are long-term, and aimed to cover Telia Company's pension obligations. The weighted average duration for the pension obligation plans is approximately 20 years. Investment plans are approved by the boards of the pension funds. The investment activities comply with the rules and regulations issued by the authorities governing pension foundations.

For the Swedish pension fund, which represents approximately 80 percent of the total group plan assets, Telia Company applies a minimum funding requirement.

Asset management has been successful and the portfolio has generated an annual return of 6.6 percent, since inception. As of December 31, 2021, the strategic asset allocation decided by the Board of the Swedish Fund, was 49 percent fixed income, 34 percent equities and 17 percent alternative investments. The alternative investments include real estate and hedge funds. The actual allocation may deviate from the strategic allocation in a range within specified limits. To achieve long term financial targets it is always important to find an appropriate balance between risk and return.

Financial performance has been remarkably strong during 2021. Market conditions expected to be more challenging going forward. Diversification of the assets, and disciplined use of risk are methods used to limit negative impact.

Total plan-asset allocation

As of the end of the reporting period, plan assets were allocated as follows.

SEK in millions	December 31, 2021				December 31, 2020			
Asset category	Quoted	Unquoted	Total	Percent	Quoted	Unquoted	Total	Percent
Equity instruments	9,848	467	10,315	33	9,676	451	10,126	34
Debt instruments	13,529	392	13,921	44	12,784	305	13,089	45
Real estate	575	1,400	1,975	6	364	1,574	1,937	7
Cash and cash equivalents	358	–	358	1	458	–	458	2
Alternative investments	1,070	3,748	4,818	15	594	3,158	3,752	13
Total	**25,380**	**6,007**	**31,387**	**100**	**23,876**	**5,488**	**29,364**	**100**
of which shares in Telia Company	*13*	*–*	*13*	*0.04*	*12*	*–*	*12*	*0.04*

Future contributions

For companies in Sweden, pension liabilities are secured also by pension credit insurance. This means that, should the net provision for pension obligation increase, each company can choose if and when to contribute to the pension fund or otherwise to recognize a provision. To pension funds outside Sweden, Telia Company expects to contribute SEK 146 million in 2022.

C23. Other provisions

Changes in other provisions were as follows.

	December 31, 2021			
SEK in millions	**Restructuring provisions**	**Asset retirement obligations**	**Other provisions**	**Total**
Opening balance	254	3,033	1,627	**4,914**
Provisions for the period	563	151	128	**842**
Utilized provisions	-480	-357	-27	**-864**
Reversals of provisions	-7	-1	-445	**-453**
Reclassifications	-2	–	–	**-2**
Timing and interest-rate effects	–	46	–	**46**
Exchange rate differences	2	42	108	**152**
Closing balance	**330**	**2,914**	**1,391**	**4,635**
of which non-current portion	*64*	*2,914*	*1,341*	***4,319***
of which current portion	*266*	–	*50*	***316***

Restructuring provisions

The restructuring provisions represent the present value of management's best estimate of the amounts required to settle the liabilities. The estimates may vary as a result of changes in the length of notice period before leaving and in the actual outcome of negotiations with, sub-contractors and other external counterparts as well as the timing of such changes. The restructuring provisions are mainly related to workforce reduction as a result of ongoing optimization of the business in the Nordics and Group functions.

Asset retirement obligations

Asset retirement obligations mainly refer to handling hazardous waste such as worn-out telephone poles impregnated with creosote or arsenic and to dismantling and restoration of mobile and fixed network sites. Remaining provisions as of December 31, 2021, are expected to be fully utilized in the period 2023–2101, depending on factors such as any contractual renewal options for site leases and dismantling plans decided by management.

Other provisions

Other provisions include provisions for damages and court cases, future onerous and other loss-making contracts, insurance provisions, payroll taxes on future pension payments, estimated expenses related to fulfilling representations made and warranties, i.e. transaction warranties, and for potential litigation etc. in connection with disposals and winding-up of group entities, associated companies and other equity holdings as well as provision for buy-back commitments for sold equipment in certain markets. Full utilization of these provisions is expected in the period 2022–2054. The provisions represent the present value of management's best estimate of the amounts required to settle the liabilities.

C24. Other long-term liabilities

Other long-term non-interest-bearing liabilities were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Norwegian license fee liabilities at amortized cost	750	–
Danish license fee liabilities at amortized cost	461	171
Finnish license fee liabilities at amortized cost	87	166
Other liabilities at amortized cost	128	142
Financial liabilities at amortized cost *(see Categories – Note C26)*	***1,426***	***480***
Prepaid operating lease agreements	265	–
Other liabilities	223	277
Total other long-term liabilities	**1,914**	**757**

For liabilities at amortized cost, the carrying value approximates fair value as the impact of discounting using market interest rates at the end of the reporting period was insignificant. See Note C26 for more information on financial instruments classified by category and to Note C27 on management of liquidity risk.

As of December 31, 2021, contractual undiscounted cash flows for liabilities at amortized cost represented the following expected maturities.

Expected maturity SEK in millions	2023	2024	2025	2026	Later years	Total	Carrying value
Liabilities at amortized cost	414	304	235	235	319	1,507	**1,426**

For information on leases, see Note C28.

C25. Trade payables and other current liabilities

Trade payables and other current liabilities were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Currency swaps, forward exchange contracts and currency options at fair value through income statement	14	526
Subtotal *(see Fair value hierarchy levels – Note C26)*	***14***	***526***
Accounts payable at amortized cost	17,346	14,312
of which accounts payable under vendor financing arrangements	*11,001*	*8,535*
Current liabilities at amortized cost	4,151	2,298
Subtotal (see Categories – Note C26)	**21,511**	**17,136**
Other current liabilities	6,920	6,773
Contract liabilities (Deferred income)	3,221	3,081
Total trade payables and other current liabilities	**31,652**	**26,990**

For accounts payable and current liabilities, the carrying value equals fair value as the impact of discounting is insignificant. See Note C26 for more information on financial instruments classified by category/fair value hierarchy level and to Note C27 on management of liquidity risk. Telia Company has arrangements with several banks under where the banks offers Telia Company's vendors the option to receive earlier payment of Telia Company's accounts payables. Vendors utilizing the financing arrangement pay a credit fee to the bank. Telia Company does not pay any credit fees and does not provide any additional collateral or guarantee to the bank.

As of December 31, 2021, contractual cash flows for liabilities at amortized cost represented the following expected maturities.

Expected maturity SEK in millions	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	Total
Liabilities at amortized cost	11,213	2,707	2,586	4,991	**21,497**

Corresponding information for currency derivatives held-for-trading are presented in section "Liquidity risk management" to Note C27.

The main components of current liabilities are accrued payables to suppliers and accrued interconnect and roaming charges, while other current liabilities mainly entail value-added tax, advances from customers and accruals of payroll expenses and social security contributions.

Contract liabilities (Deferred income) mainly relate to subscription and other telecom charges.

C26. Financial assets and liabilities by category and level

Categories

Carrying values of classes of financial assets and liabilities were distributed by category as follows.

SEK in millions	Note	Dec 31, 2021	Dec 31, 2020
Financial assets			
Derivatives designated as hedging instruments	C16, C18, C19	1,034	3,129
Financial assets at fair value through income statement		480	1,066
of which derivatives at fair value through income statement	*C16, C18, C19*	*462*	*1,049*
of which other investments at fair value through income statement	*C16*	*18*	*18*
Financial assets at fair value through OCI[1]	C16, C19	1,405	8,986
Long- and short-term bonds measured at fair value through income statement[1]	C16, C18, C19	11,578	–
Total financial assets at fair value		**14,497**	**13,181**
Financial assets at amortized cost	C16, C18, C19	29,687	23,078
Total financial assets by category		**44,184**	**36,258**
Financial liabilities			
Derivatives designated as hedging instruments	C21	1,734	3,802
Derivatives measured at fair value through income statement	C21, C25	166	917
Total financial liabilities at fair value		**1,900**	**4,719**
Financial liabilities measured at amortized cost	C21, C24, C25	122,691	121,482
Total financial liabilities by category		**124,592**	**126,201**

1) 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 C1.

Fair value hierarchy levels

The carrying values of classes of financial assets and liabilities measured at fair value were distributed by fair value hierarchy level as follows.

		December 31, 2021				December 31, 2020			
			of which				of which		
SEK in millions	**Note**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value									
Equity instruments at fair value through OCI	C16	**576**	–	–	576	**473**	–	–	473
Equity instruments at fair value through income statement	C16	**18**	–	–	18	**18**	–	–	18
Long- and short-term bonds at fair value through OCI[1]	C16, C19	**830**	830	–	–	**8,513**	7,263	1,250	–
Long- and short-term bonds at fair value through income statement[1]	C16, C19	**11,578**	9,883	1,695	–	**–**	–	–	–
Derivatives designated as hedging instruments	C16, C18, C19	**1,034**	–	1,034	–	**3,129**	–	3,129	–
Derivatives at fair value through income statement	C16, C18, C19	**462**	–	462	–	**1,049**	–	1,049	–
Total financial assets at fair value by level		**14,497**	**10,713**	**3,191**	**594**	**13,181**	**7,263**	**5,427**	**491**
Financial liabilities at fair value									
Derivatives designated as hedging instruments	C21, C25	**1,734**	–	1,734	–	**3,802**	–	3,802	–
Derivatives at fair value through income statement	C21, C25	**166**	–	166	–	**917**	–	917	–
Total financial liabilities at fair value by level		**1,900**	**–**	**1,900**	**–**	**4,719**	**–**	**4,719**	**–**

1) 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 C1.

There were no transfers between Level 1, 2 or 3 in 2021 or 2020.

Fair value measurement of Level 3 financial instruments

Investments classified within Level 3 make use of significant unobservable inputs in deriving fair value, as they trade infrequently. As observable prices are not available for these equity instruments, Telia Company has a market approach to derive the fair value.

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

The table below presents the movement in Level 3 instruments during the year.

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

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

C27. Financial risk management

Principles of financing and financial risk management

Telia Company's financing and financial risks are managed under the control and supervision of the Board of Directors of Telia Company. Financial management is centralized within the Group Treasury unit of Telia Company, which operates as Telia Company's internal bank and is responsible for the management of financing, management of capital and cash. Group Treasury is also responsible for Telia Company's financial risk management, financial infrastructure, implementation of group policies and instructions, identification and monitoring of financial risks as well as implementation of hedging strategies thereof. The most noticeable risks under Group Treasury's responsibility are credit risk, liquidity risk, currency risk, interest rate risk and (re-) financing risk. Group Treasury also seeks to manage the cost of financial risk management.

Telia Company finances its operations mainly by borrowing under its uncommitted open-market financing programs directly in Swedish and international money markets and debt capital markets. The communicated funding strategy themes have been to have a smooth maturity profile, maintain duration, to diversify funding sources and to keep a prudent liquidity position. Capital markets is the primary source of funding while bank funding is considered mainly as backup. This increases flexibility and ensures access to markets with attractive pricing. The open-market financing programs typically provide a cost-effective and flexible alternative to bank financing. During 2021 outstanding Telia bonds denominated in SEK were bought back at a total nominal amount of SEK 728 million and Telia bonds denominated in EUR matured at a nominal amount of EUR 504 million (SEK 5,051 million). No major funding transactions were executed during 2021.

Capital management

Telia Company's capital structure and dividend policy is decided by the Board of Directors. 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 of operational free cash flow is expected to cover the minimum level of dividend from 2022. For 2021, the Board of Directors proposes to the Annual General Meeting (AGM) an ordinary dividend of SEK 2.05 per share (2.00), totaling SEK 8.4 billion (8.2). The dividend should be split and distributed into two tranches of SEK 1.00 per share and SEK 1.05 per share, respectively.

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+. The credit rating of Telia Company 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. These ratings represent a solid investment grade level and are expected to allow Telia Company continued good access to the financial markets.

Telia Company is not subject to any externally imposed capital requirements.

In respect of capital management, Telia Company defines capital as equity and 50 percent of hybrid bonds, which is consistent with the market practice for this type of instrument. As per December 31, 2021, Telia Company's capital amounted to SEK 93,972 million (73,763), whereof equity SEK 83,544 million (63,496) and 50 percent of hybrid bonds SEK 10,428 million (10,267).

Credit risk management

Credit risk is the risk of delay or loss of value or income as well as incurred costs due to counterparty default or failure to meet its financial obligations. The carrying amount of Telia Company's instruments with credit risk exposure is as follows.

SEK in millions	Note	Dec 31, 2021	Dec 31, 2020
Other non-current assets excluding Equity instruments at cost, Costs to obtain a contract, Contract assets and Deferred expenses	C16	10,043	12,009
Trade and other receivables and assets excluding Other current receivables, Current contract assets and Deferred expenses	C18	10,942	10,632
Short-term interest-bearing receivables	C19	8,841	5,486
Cash and cash equivalents	C19	14,358	8,133
Total		**44,184**	**36,260**

When entering into financial transactions such as interest rate swaps, cross-currency swaps and other derivative transactions, Telia Company accepts only creditworthy counterparties with a solid investment grade rating. Telia Company requires each counterparty to have an International Swaps and Derivatives Association, Inc. (ISDA) agreement. The permitted exposure of each counterparty when entering into a financial transaction depends on the rating of that counterparty.

The net aggregated exposure in derivatives as of December 31 is distributed by the counterparty long-term rating as in the table below. Received collateral, regulated by the Credit Support Annex of the ISDA agreements, is deducted from the exposure.

Telia Company can invest surplus cash in bank deposits and securities issued by banks with a rating of at least A- (Standard & Poor's) or A3 (Moody's). In addition investments can be made in corporate securities with rating of at least BBB+ or Baa1. Cash can also be invested in government bonds and treasury bills issued by the Swedish, German, Finnish, Norwegian or Danish government, Swedish municipals, investment funds and securitized assets with AAA/Aaa rating. Expected credit losses for cash in bank and deposits as well as for investments in securities measured at amortized cost or at fair value through OCI are reassessed on a regular basis and is primarily based on external ratings of the counterparties or issuers. The expected credit losses on the balance sheet date are considered insignificant and reflects the high credit quality of the counterparties reflected in the external ratings. The exposure related to cash in bank deposits and investments in securities is distributed as in the tables below.

The credit risk with respect to Telia Company's trade receivables is diversified geographically and among a large number of customers, private individuals as well as companies in various industries. Solvency information is required for credit sales to minimize the risk of credit losses and is based on group-internal information on payment behavior, if necessary supplemented by credit and business information from external sources. Incurred expenses for credit losses in relation to consolidated net sales was approximately 0.7 percent in 2021 and 0.8 percent in 2020.

Telia Company applies a simplified approach for calculating expected credit losses for trade receivables, meaning that the loss allowance reflect lifetime expected credit losses for those assets even if the credit risk has not increased significantly since the assets were initially recognized. The loss allowance for expected credit losses for trade receivables is calculated using a provision matrix based on the age of the receivables and experience of actual historical losses. The historical information used in the provision matrix is regularly assessed in order to determine that it reflects information about current conditions and reasonable and supportable future conditions. For quantitative information about the loss allowance for expected credit losses for trade receivables, see Note C18.

The loss allowance for expected credit losses for consumer financing receivables is calculated based on default statistics per country. The default statistics are based on how much of each month's lending that is transferred to debt collection over the lifetime of the contracts. The historical information used to calculate the loss allowance is evaluated regularly in order to determine that it reflects information about current conditions and reasonable and supportable future conditions.

An allowance for expected credit losses is calculated and recognized also for lease receivables. The loss allowance for lease receivables is calculated based on risk classification from a credit reference agency representing the probability that a counterparty will encounter financial problems. To cover a credit loss within the leasing area there is always an option to sell the underlying asset to an external part.

For quantitative information about the loss allowance for expected credit losses for lease receivables, see Note C28.

SEK in millions Rating Category (S&P / Moody's)	2021 Cash and bank	Cash equivalents	Long and short-term investments	Counterparty exposures derivatives
AAA / Aaa	–	–	5,779	–
AA+ to AA- / Aa1 to Aa3	9,025	–	1,640	74
A+ to A- / A1 to A3	4,953	330	3,582	117
BBB+ to BBB- / Baa1 to Baa3	–	50	1,027	–
Non-investment grade	–	–	–	–
Total	**13,978**	**380**	**12,028**	**191**

SEK in millions Rating Category (S&P / Moody's)	2020 Cash and bank	Cash equivalents	Long and short-term investments	Counterparty exposures derivatives
AAA / Aaa	–	–	6,033	–
AA+ to AA- / Aa1 to Aa3	4,824	234	316	46
A+ to A- / A1 to A3	2,890	85	1,279	171
BBB+ to BBB- / Baa1 to Baa3	–	100	500	–
Non-investment grade	–	–	–	–
Total	**7,714**	**419**	**8,128**	**217**

Liquidity risk management

Liquidity risk is the risk that Telia Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Telia Company has internal control processes and contingency plans for managing liquidity risk. The short-term and mid-term liquidity management takes into account the maturities of financial assets and financial liabilities and estimates of cash flows from operations.

A centralized daily cash pooling process enables Telia Company to manage liquidity surpluses and deficits according to the actual needs on group and subsidiary level.

Telia Company's policy is to have a prudent liquidity position in terms of available cash and/or unutilized committed credit facilities. Telia Company's short-term liquidity risk (payment obligations due within a year, see table "Expected maturity") is managed with the liquidity reserve described below. For other unrecognized contractual obligations, see Note C30.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Surplus liquidity		
Cash and bank	13,978	7,714
Cash equivalents[1]	380	419
Cash and cash equivalents (see also Note C19)	**14,358**	**8,133**
Short-term investments[2] (see also Note C19)	6,097	2,832
Total	**20,456**	**10,965**
Long-term investments[3] (see also Note C16)	5,931	5,296
Total surplus liquidity	**26,386**	**16,261**
Committed credit facilities		
Revolving credit facilities (limit amount)	15,383	15,036
Bank overdraft and short-term credit facilities (limit amount)	1,433	1,605
Utilized credit facilities	-6	-213
Total unutilized committed credit facilities	16,810	16,428
Liquidity position	**43,196**	**32,689**

1) Bank deposits and securities which mature within 3 months of the date of acquisition.
2) Securities with maturities between 3 and 12 months. Convertible to cash within 2 days, i.e. excluding securities that for regulatory reasons are not convertible to cash within 2 days.
3) Securities with maturities exceeding 12 months. Convertible to cash within 2 days.

Telia Company's committed bank credit facilities and overdraft facilities, intended for short-term financing and back-up purposes, were as follows.

SEK in millions Group entity	Type	Characteristics	Final maturity	Currency	Dec 31, 2021 Limit	Dec 31, 2020 Limit
Telia Company AB	Revolving credit facility	Committed, syndicated	September 2023	EUR	15,383	15,035
Telia Company AB and subsidiaries	Bank overdraft facility	Committed, bilateral	Extended yearly	(various)	1,433	1,605

At year end, contractual undiscounted cash flows for the group represented the following expected maturities. The amounts regarding the group's interest-bearing borrowings and derivatives include instalments and estimated interest payments. The maturity date for the hybrid bonds in SEK is 2077, 2078 for the EUR bond and 2081 for the green hybrid EUR bond. However, at specific dates Telia Company has the option to exercise early redemption. The first of these dates, also known as call dates, occur in 2022 for the SEK bonds, 2023 for the EUR bond and in 2026 for the green hybrid EUR bond. Amounts in foreign currency have been converted into SEK using the exchange rate prevailing as of the end of the reporting period. Future interest payments, related to instruments with floating interest rates, have been estimated using forward rates. Where gross settlements are performed (cross-currency interest rate swaps, currency swaps and forward exchange contracts), all amounts are reported on a gross basis.

Expected maturity SEK in millions	Note	Jan-Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	2023	2024	2025	2026	Later years	Total
Utilized bank overdraft and short-term credit facilities		–	-6	–	–	–	–	–	–	–	**-6**
Open-market financing program borrowings		-4,699	-487	-1,839	-7,579	-12,646	-8,460	-8,894	-6,124	-45,717	**-96,415**
Other borrowings		-247	-625	–	–	-13	-308	–	–	–	**-1,194**
Cross-currency interest rate swaps and interest rate swaps											
Payables		-4,283	-491	-3,167	-536	-13,202	-13,794	-5,764	-7,566	-13,271	**-62,074**
Receivables		4,230	447	2,899	613	12,787	13,828	5,462	7,284	12,656	**60,206**
Currency swaps and forward exchange contracts											
Payables		-32,749	-36	-326	-6	–	–	–	–	–	**-33,177**
Receivables		32,880	36	334	7	–	–	–	–	–	**33,257**
Financial guarantees	C23	–	–	–	–	–	–	–	–	–	**–**
Other long-term liabilities	C24	–	–	–	–	-414	-304	-235	-235	-319	**-1,507**
Trade payables and Other current liabilities	C25	-11,213	-2,707	-2,586	-4,991	–	–	–	–	–	**-21,497**
Lease Liabilities	C28	-896	-735	-721	-861	-2,461	-2,039	-1,852	-1,804	-6,522	**-17,892**
Credit and performance guarantees	C30	–	–	-1	–	–	–	–	–	–	**-1**
Total		**-16,948**	**-4,604**	**-5,407**	**-13,354**	**-15,949**	**-11,077**	**-11,283**	**-8,445**	**-53,173**	**-140,240**

In the table Hybrid bonds are represented at their call date.

Currency risk management

Currency risk is the risk that fluctuations in foreign exchange rates will adversely affect the group's results, financial position and/or cash flows. Currency risk can be divided into operational transaction exposure and translation exposure.

Transaction exposure relates to net inflows or outflows of foreign currencies required by operations and financing. Telia Company's general policy is to hedge the majority of known operational transaction exposure up to 12 months into the future. Financial flows are usually hedged until maturity, even if that is longer than 12 months.

Regarding foreign currency transaction exposure, CFO has a clearly defined deviation mandate which is capped at the equivalent of SEK 10 million calculated as one day Value at Risk (VaR), expressed as the long/short SEK counter-value amount that may be exposed to currency fluctuations. Since SEK is the functional currency of Telia Company, borrowings are either denominated in, or swapped into SEK unless linked to international operations or allocated as hedging of net investments in foreign currency.

Financial transaction exposure risk

At year end, contractual undiscounted financial cash flows split by currency, for the group's interest-bearing borrowings, assets and derivatives represented the following expected maturities, including instalments and estimated interest payments. Amounts in foreign currency have been converted to SEK using the exchange rate prevailing as of the end of the reporting period. Future interest payments, related to instruments with floating interest rates, have been estimated using forward rates.

SEK in millions		Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	2023	2024	2025	2026	Later years	Total
AUD	Interest bearing asset										
	Interest bearing liabilities	-7	–	-7	–	-13	-13	-13	-13	-587	-653
	Derivatives	7	–	7	–	13	13	13	13	587	653
	Net	**0**	**–**	**0**	**–**	**0**	**0**	**0**	**0**	**0**	**0**
DKK	Interest bearing asset										
	Interest bearing liabilities	-41	–	–	–	–	–	–	–	–	-41
	Derivatives	-2,868	–	–	–	–	–	–	–	–	-2,868
	Net	**-2,909**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**-2,909**
EUR	Interest bearing asset	41	–	–	–	–	–	–	–	–	41
	Interest bearing liabilities	-4,678	-370	-361	-269	-10,717	-7,638	-7,855	-5,844	-34,568	-72,300
	Derivatives	9,462	324	-910	221	9,885	6,508	4,859	5,254	2,890	38,493
	Net	**4,285**	**-46**	**-1,271**	**-48**	**-832**	**-1,130**	**-2,996**	**-590**	**-31,678**	**-33,766**
GBP	Interest bearing asset	–	–	–	–	–	–	–	–	–	–
	Interest bearing liabilities	–	–	–	-131	-131	-131	-131	-131	-5,110	-5,765
	Derivatives	–	–	–	131	131	131	131	131	5,110	5,765
	Net	**–**	**–**	**–**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
JPY	Interest bearing asset	–	–	–	–	–	–	–	–	–	–
	Interest bearing liabilities	-8	–	-1,424	–	-8	-8	-8	-8	-894	-2,358
	Derivatives	4	–	1,424	–	8	8	8	8	894	2,354
	Net	**-4**	**–**	**0**	**–**	**0**	**0**	**0**	**0**	**0**	**-4**
NOK	Interest bearing asset	–	–	111	–	–	–	–	–	–	111
	Interest bearing liabilities	-19	-71	-6	-561	-121	-121	-121	-121	-4,319	-5,460
	Derivatives	-3,151	-68	-54	-86	-2,371	-6,614	-62	-1,578	-21	-14,005
	Net	**-3,170**	**-139**	**50**	**-647**	**-2,492**	**-6,735**	**-183**	**-1,699**	**-4,339**	**-19,354**
USD	Interest bearing asset	112	–	–	–	–	–	–	–	–	112
	Interest bearing liabilities	–	–	–	–	–	–	–	–	–	–
	Derivatives	30	20	26	7	–	–	–	–	–	83
	Net	**142**	**20**	**26**	**7**	**–**	**–**	**–**	**–**	**–**	**195**

SEK in millions		Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	2023	2024	2025	2026	Later years	Total
Other	Interest bearing asset	–	–	–	–	–	–	–	–	–	–
	Interest bearing liabilities	–	–	–	–	–	–	–	–	–	–
	Derivatives	–	–	–	–	–	–	–	–	–	–
	Net	–	–	–	–	–	–	–	–	–	–
Total, net		**-1,116**	**-165**	**-1,195**	**-688**	**-3,324**	**-7,865**	**-3,179**	**-2,289**	**-36,017**	**-55,838**

The cash flow pertains to foreign exchange rate hedging of receivables, payables and cash balances in foreign currencies. Foreign exchange rate risks are also mitigated through the group's net investments in EUR, see section "Translation exposure."

Operational transaction exposure sensitivity

In most cases, Telia Company customers are billed in their respective local currency. Receivables from and payables to other operators for international fixed-line traffic and roaming are normally settled net through clearing-houses. Hence, the operational need to net purchase foreign currency is primarily due to a deficit from such settlements and the limited import of equipment and supplies. Main sources of transaction exposures are derived from the Nordic operations involving EUR, NOK and DKK.

Currency	Impact on Net income if currency rate depreciates by 10 percent 2021	Impact on Net income if currency rate depreciates by 10 percent 2020
EUR	0.6	2.0
NOK	5.5	9.3
DKK	-0.3	1.0
Other	-1.5	-1.5

The sensitivity analysis is based on the exposure as of year end and after hedges.

Translation exposure

Translation exposure relates to net investments in foreign operations. CFO has a mandate to implement hedging up to a specific ratio limit. Telia Company's net investments in foreign operations were distributed by currency as follows.

	2021			2020		
SEK in millions	**Net investments**	**Hedged through borrowings or derivatives**	**Net**	**Net investments**	**Hedged through borrowings or derivatives**	**Net**
DKK	2,272	–	2,272	2,917	–	2,917
EUR	43,534	-16,899	26,635	47,512	-17,104	30,498
GBP	–	–	–	105	–	105
NOK	29,543	–	29,543	28,630	–	28,630
RUB	–	–	–	75	–	75
USD	–	–	–	365	–	365
Other currencies	–	–	–	625	–	625
Total	**75,349**	**-16,899**	**58,450**	**80,229**	**-17,104**	**63,125**

Translation exposure sensitivity

The positive impact on group equity would be approximately SEK 5.8 billion(6,3) if the Swedish krona weakened by 10 percentage points against all translation exposure currencies and vice versa. The calculation is based on the exposure as of year end, including hedges but excluding any potential equity impact due to Telia Company's operational need to net purchase foreign currency, or to currency translation of other net income related items. Changes in exposure during 2021 is mainly due to dividend from Finland (EUR) and divestment of Telia Carrier (miscellanious).

Interest rate risk management

Telia Company's sources of funds are primarily equity attributable to owners of the parent, cash flows from operating activities, and borrowings. The interest-bearing borrowing and financial investments expose the group to interest rate risk. Interest rate risk is the risk that a change in interest rates will negatively affect the group's net interest expense and/or cash flows. The interest rate risk relating to Telia Company's lease agreements is deemed immaterial. Leasing is not under active interest rate risk management and is therefore not included in the section below.

Average interest rates, including relevant hedges, on Telia Company's outstanding long-term and short-term borrowings as of the end of the reporting period was as follows.

Percent	**Dec 31, 2021[1]**	**Dec 31, 2020[1]**
Long-term borrowings	2.72	2.57
Short-term borrowings	2.74	4.53

1) Excluding lease liabilities.

Debt key figures on debt portfolio as of the end of the reporting period was as follows. Amounts indicated represent carrying values excluding leases.

SEK in millions	**Dec 31, 2021[1]**	**Dec 31, 2020[1]**
Duration (interest rate risk)	2.9	4.4
Average maturity (years)	6.4	6.9
Short-term borrowings	7,145	5,674
Long-term borrowings	78,778	88,055
Interest rate adjustment <1year	57,568	60,159
Interest rate adjustment >1year	28,355	33,570

1) Excluding lease liabilities.

Telia Company's financial policy provides the framework for management of interest rates and the average maturity of borrowings and investments. The group aims at balancing the estimated running cost of borrowing and the risk of negative impact on finance net if market interest rates increase. The group's policy is that the duration of the debt portfolio should be between 1 to 5 years. If the loan portfolio structure deviates from the desired one, various forms of derivative instruments are used to adapt the structure in terms of duration and/or currency, including interest rate swaps and cross-currency interest rate swaps. During 2021 GBP, JPY and USD reference rates were replaced due to the Interest rate benchmark reform. All affected derivative contracts (GBP and JPY) have been smoothly transitioned to the new reference rates during 2021. Telia company had a net zero exposure in these reference rates, and therefore there was no financial impact from the transition. Telia Company are prepared for at transition in other reference rates if necessary but asses that no other reference rates are subject to changes in the year 2022. For exposures in different currencies see "Financial transaction exposure risk".

At year end, Telia Company's rate reset periods of interest-bearing assets, liabilities and derivatives represented the following interest types and expected maturities. Amounts indicated represent nominal values.

Expected maturity SEK in millions	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	2023	2024	2025	2026	Later years	Total
Fixed										
Interest bearing asset[1]	1,708	1,078	772	60	1,662	1,168	1,292	1,029	455	**9,224**
Interest bearing liabilities[1]	-4,169	-631	-1,417	-2,013	-10,137	-6,928	-7,621	-5,128	-39,056	**-77,101**
Derivatives	3,921	-5,000	1,417	2,013	5,710	6,621	6,391	5,128	22,646	**48,846**
Net	**1,460**	**-4,553**	**772**	**60**	**-2,765**	**860**	**61**	**1,029**	**-15,956**	**-19,031**
Float										
Interest bearing asset[1]	2,972	63	–	–	–	–	–	–	–	**3,035**
Interest bearing liabilities[1]	-985	-5,000	–	–	–	–	–	–	–	**-5,985**
Derivatives	-34,375	-14,734	–	–	–	–	–	–	–	**-49,109**
Net	**-32,388**	**-19,671**	–	–	–	–	–	–	–	**-52,059**
Total, net	**-30,928**	**-24,224**	**772**	**60**	**-2,765**	**860**	**61**	**1,029**	**-15,956**	**-71,090**

1) Excluding lease receivables and lease liabilities.

Telia Company has designated certain interest rate swaps as cash flow hedges to hedge against changes in the amount of future cash flows related to interest payments on existing liabilities also including certain long-term borrowings hedging net investments, see Note C21. Hedge ineffectiveness related to outstanding cash flow hedges was immaterial and recognized in net income. Net changes in fair value recognized in other comprehensive income are offset in a hedging reserve as a component of equity, see Note C11. During the year no cash flow hedges were discontinued due to the original forecasted transactions not having occurred in the originally specified time period.

Interest rate risk sensitivity

At year end Telia Company had interest-bearing debt of SEK 85,9 billion, carrying value, with duration of interest of approximately 3 years, including derivatives. The volume of debt exposed to changes in interest rates over the next 12-month period was at the same date approximately SEK 57,6 billion, carrying value, assuming that existing debt maturing during the year are refinanced and after accounting for derivatives.

The exact effect of a change in interest rates on the financial net stemming from this debt portfolio depends on the timing of maturity of the debt as well as reset dates for floating rate debt, and that the volume of loans may vary over time, thereby affecting the estimate.

However, assuming that those loans were reset by start of next year, at a one percentage point higher interest rate than the prevailing rate as per year end, and remained at that new level during 12 months, the post-tax interest expense would increase by approximately SEK 476 million(472). At the same time the effect on equity would be a decrease of SEK 33 million(50) due to cash flow hedges.

Carrying value of the loan portfolio would change by approximately SEK 2,4 billion(2,3), should the level in market interest rates make a parallel shift of one percentage point, and assuming the same volume of loans and a similar duration on those loans as per year end.

Refinancing risk management

In order to reduce refinancing risk, the group aims to distribute loan maturity dates over a longer period. The group's policy is that the average maturity of borrowings should exceed 4 years and that a maximum of 25 percent of the funding is allowed to mature within 2 years. As of year end the average maturity of Telia Company's borrowings was 6.4 years and 9 percent of the borrowings due within 2 years.

Pension obligation risk and sensitivity

See Note C22 for details on the pension obligation risks and a sensitivity analysis.

Management of insurable risks

The insurance cover is governed by corporate guidelines and includes a common package of different property and liability insurance programs. The business units and other units being responsible for assessing the risks decide the extent of actual cover. Corporate Insurance at Telia Company manages the common group insurance programs and uses a captive, Telia Försäkring AB, as a strategic tool in managing the insurance programs. Some of the risks that are placed in the captive are reinsured in the international reinsurance market.

Master netting arrangements and similar agreements

Telia Company has entered into ISDA Master Agreements for its OTC derivative business, i.e. interest rate and currency derivatives, with all of its core banks. These ISDA Master Agreements allow the parties to do close-out nettings. For derivatives in the financial operations, CSAs (credit support annex) may be entered into as an annex to the respective master agreement, and are recognized as current receivables/liabilities. Under the CSA, the parties agree to provide each other with collateral, which is calculated based on a weekly or daily exposure under the specific agreement. Funds transferred and interest accrued under a CSA agreement is not considered collateral.

In the end of 2021 EONIA replaced ESTR as the 1-day interbank interest rate in the Euro zone. As a consequence of this Telia Company changed the collateral interest rate from ESTR to EONIA during the fourth quarter in 2021. The change had no material effect on the fair value of the affected derivatives.

SEK in millions	Financial assets, gross amounts	Offset in the balance sheet	Net amount of financial assets in the statement of financial position	Impact of master netting agreement	CSA received	Net amount
	December 31, 2021					
Interest and cross-currency interest rate swaps	1,338	–	1,338	-1,014	-199	126
Currency swaps and forward exchange contracts	157	–	157	-13	–	144
Other	8	-5	3	–	–	3
Total	**1,504**	**-5**	**1,499**	**-1,027**	**-199**	**273**

SEK in millions	Financial assets, gross amounts	Offset in the balance sheet	Net amount of financial assets in the statement of financial position	Impact of master netting agreement	CSA received	Net amount
	December 31, 2020					
Interest and cross-currency interest rate swaps	4,156	–	4,156	-3,217	-861	78
Currency swaps and forward exchange contracts	21	–	21	-16	–	5
Other	2	-2	–	–	–	–
Total	**4,179**	**-2**	**4,177**	**-3,233**	**-861**	**84**

SEK in millions	Financial liabilities, gross amounts	Offset in the balance sheet	Net amount of financial liabilities in the statement of financial position	Impact of master netting agreement	CSA delivered	Net amount
	December 31, 2021					
Interest and cross-currency interest rate swaps	1,886	–	1,886	-1,014	-601	271
Currency swaps and forward exchange contracts	14	–	14	-13	–	1
Other	52	-9	43	–	–	43
Total	**1,952**	**-9**	**1,943**	**-1,027**	**-601**	**315**

SEK in millions	Financial liabilities, gross amounts	Offset in the balance sheet	Net amount of financial liabilities in the statement of financial position	Impact of master netting agreement	CSA delivered	Net amount
	December 31, 2020					
Interest and cross-currency interest rate swaps	4,193	-	4,193	-3,217	-909	67
Currency swaps and forward exchange contracts	526	-	526	-16	-	510
Other	7	-7	-		–	–
Total	**4,726**	**-7**	**4,719**	**-3,233**	**-909**	**577**

Hedge accounting
Telia Company mainly applies hedge accounting when hedging interest rate and currency risk related to funding activities. Telia Company's objective with the hedge strategies is to mitigate the uncertainty in future payments. The uncertainty is due to changes in future interest fixings but also changes in currency rates against SEK.

A hedge relationship will be perfectly matched by critical terms. That means that the critical terms of the hedged item and the hedging instrument will be identical. The terms that may be considered as critical are nominal amount, currency, maturity date, future coupon payment dates, future coupon fixing dates or fixing rate index.

To assess that the hedge can be assumed to be effective going forward the future cash flows calculated based on the critical terms can be compared between the hedged item and the hedging instrument. If the cash flows offset the hedge it can be deemed to be highly effective going forward (prospectively).

For more information about hedge accounting principles see Note C3.

Hedging instruments 2021

SEK in millions	Instrument	Line item	Assets			Liabilities		
			Nominal amount	Carrying amount	Changes in value during the year	Nominal amount	Carrying amount	Changes in value during the year
Fair value hedges								
Interest rate risk	Derivatives	Long/Short-term recievables/ borrowings	17,606	394	-1,131	24,078	501	435
Cash flow hedges								
Foreign exchange risk	Derivatives	Long/Short-term recievables/ borrowings	7,657	102	50	20,107	787	-1,025
Net investment hedges								
Foreign exchange risk	Bonds	Long/Short-term recievables/ borrowings	–	–	–	1,648	17,451	2,450
Foreign exchange risk	Derivatives	Long/Short-term recievables/ borrowings	–	–	–	–	–	-1,923

Hedging instruments 2020

SEK in millions	Instrument	Line item	Assets			Liabilities		
			Nominal amount	Carrying amount	Changes in value during the year	Nominal amount	Carrying amount	Changes in value during the year
Fair value hedges								
Interest rate risk	Derivatives	Long/Short-term receivables/ borrowings	52,802	1,525	243	9,936	65	-186
Cash flow hedges								
Foreign exchange risk	Derivatives	Long/Short-term receivables/ borrowings	8,869	52	-1,588	31,089	1,812	1,165
Net investment hedges								
Foreign exchange risk	Bonds	Long/Short-term recievables/ borrowings	–	–	–	18,681	15,001	4,209
Foreign exchange risk	Derivatives	Long/Short-term recievables/ borrowings	–	–	–	7,670	1,923	31

Hedged items 2021

SEK in millions Fair value hedges, interest rate risk	Liabilities					
	Total Carrying Amount	Accrued amount debt	Accumulated value adjustment on hedged item	Value adjustment on hedged item during the year	Accumulated value adjustement on closed hedge relations	Ineffectiveness recognized in profit or loss
Line item in balance sheet						
Long/Short-term borrowings	59,452	58,765	687	-1,679	1,019	–
Line item in income statement						
Finance net	–	–	–	–	–	18

Hedged items 2020

SEK in millions Fair value hedges, interest rate risk	Liabilities					
	Total Carrying Amount	Accrued amount debt	Accumulated value adjustment on hedged item	Value adjustment on hedged item during the year	Accumulated value adjustement on closed hedge relations	Ineffectiveness recognized in profit or loss
Line item in balance sheet						
Long/Short-term borrowings	56,759	54,393	2,366	397	1,065	–
Line item in income statement						
Finance net	–	–	–	–	–	-27

Hedged items 2021

SEK in millions Cash flow hedges, foreign exchange risk	Liabilities					
	Change in value on the hedged item during the year	Cash flow hedge reserve for continuing hedges	Cash flow hedge reserve for closed hedges	Change in value on hedged item during the year via other comprehensive income	Ineffectiveness recognized in profit or loss	Amount reclassified from hedge reserve to profit or loss
Line item in balance sheet						
Long/Short-term borrowings						
Equity	–	21	-339	–	–	–
Line item in income statement						
Finance net	–	–	–	–	–	343
Other comprehensive income	860	–	–	860	–	–

Hedged items 2020

SEK in millions Cash flow hedges, foreign exchange risk	Liabilities					
	Change in value on the hedged item during the year	Cash flow hedge reserve for continuing hedges	Cash flow hedge reserve for closed hedges	Change in value on hedged item during the year via other comprehensive income	Ineffectiveness recognized in profit or loss	Amount reclassified from hedge reserve to profit or loss
Line item in balance sheet						
Long/Short-term borrowings						
Equity	–	-128	-3	–	–	–
Line item in income statement						
Finance net	–	–	–	–	–	-3
Other comprehensive income	-1,813	–	–	-1,813	–	–

Hedged items 2021

SEK in millions Net investment hedges, foreign exchange risk	Assets: Change in value on the hedged item during the year	Foreing currency translation reserve	Foreign currency translation reserve closed hedges	Change in value on hedged item during the year via other comprehensive income	Ineffectiveness recognized in profit or loss	Amount reclassified from translation reserve to profit or loss
Line item in balance sheet						
Equity	–	4,409	–	–	–	–
Line item in income statement						
Finance net	–	–	–	–	–	–
Other comprehen-sive income	414	–	–	414	–	–

Hedged items 2020

SEK in millions Net investment hedges, foreign exchange risk	Assets: Change in value on the hedged item during the year	Foreing currency translation reserve	Foreign currency translation reserve closed hedges	Change in value on hedged item during the year via other comprehensive income	Ineffectiveness recognized in profit or loss	Amount reclassified from translation reserve to profit or loss
Line item in balance sheet						
Equity	–	4,081	–	–	–	–
Line item in income statement						
Finance net	–	–	–	–	–	–
Other comprehen-sive income	-635	–	–	-635	–	–

C28. Leases

Telia Company as lessee

The group leases various types of assets, such as technical space (e.g. technical sites, roof-tops, co-locations, space on towers and data centers), technical equipment (e.g. copper, dark fiber, IRU, ducts, towers, base stations and servers), non-technical space (e.g. office space, stores and parking space) and land. Other leases mainly relate to cars, office equipment and IT equipment. Lease agreements are negotiated on individual basis and contain a wide range of different lease terms and conditions. The lease contracts often include renewal options for various periods of time. The lease liabilities (and the right-of-use assets) include the non-cancellable period of the lease together with both extension periods (if Telia Company is reasonable certain to exercise the extension option) and termination periods (if Telia Company is reasonable certain not to exercise the termination option). Determination of the lease term therefore requires management judgment, see Note C2. Apart from short-term leases, estimated lease terms including estimated extension and termination periods range between 2 and 40 years. The average useful life of the right-of-use assets 2021 range between 4 and 16 years. Approximately 45 percent of the total lease liabilities (and right of use assets) relate to extension periods were Telia Company has made an assessment that it is reasonable certain that the extension options will be exercised. This portion of the lease liabilities (and right of use assets) mainly relates to technical space and technical equipment.

Amounts recognized in the consolidated statement of financial position

The carrying value of Right-of-use assets were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Right-of-use assets		
Technical space	7,089	7,235
Technical equipment	3,493	2,820
Non-technical space	3 622	3,613
Land	1,061	940
Other	220	206
Total	**15,485**	**14,814**

Additions to the right-of-use assets during 2021 amounted to SEK 4,440 million (4,573), whereof SEK 2,299 million (2,385) related to new contracts, mainly for technical and non-technical space as well as technical equipment. SEK 2,141 million (2,188) related to lease modifications mainly due to reassessed lease terms for existing contracts for technical space and technical equipment.

The carrying value of lease liabilities were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Lease liabilities[1]		
Non-current	12,859	12,183
Current	2,872	2,671
Total	**15,731**	**14,854**

1) Included in the line items long- and short-term borrowings in the consolidated statements of financial position.

For expected maturities of the lease liabilities, see Note C27.

Amounts recognized in the consolidated statements of comprehensive income

The consolidated statement of comprehensive income includes the following amounts relating to leases.

SEK in millions, except for average useful life	Average useful life (years) 2021	Dec 31, 2021	Dec 31, 2020
Depreciation of right-of-use assets			
Technical space	8	1,144	1,294
Technical equipment	5	799	815
Non-technical space	7	807	883
Land	16	80	80
Other	4	135	132
Total depreciation		**2,964**	**3,205**
Interest expense (included in finance cost)		391	441
Expenses relating to short-term leases, low-value assets and variable lease payments[1]		51	68
Total expenses		**3,406**	**3,714**

1) Expenses related to short-term leases, leases of low-value assets and variable lease payments are included in the line items Cost of sales, Selling and marketing expenses and Administrative expenses.

There was no material income related to subleases or sale or lease back transactions during 2021 or 2020.

Amounts recognized in the consolidated statements of cash flow

The total cash outflow for leases in 2021 amounted to SEK 3,091 million (3,490). Repayments of lease liabilities have been recognized as cash flow from financing activities and paid interest has been recognized as cash flow from operating activities.

Telia Company as lessor

Finance leases

The lease portfolio of Telia Company's customer financing operations in Sweden, Finland, and Norway, comprise financing related to Telia Company's product offerings such as devices and customer premises equipment.

The term of the contract stock is approximately 13 quarters (12). The term of new contracts signed in 2021 was 13 quarters (12). Of all contracts, 72 percent (72) carry a fixed interest rate and 28 percent (28) a floating interest rate. Many contracts include renewal options.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Selling profit	33	30
Finance income on the net investment in the lease	81	91
Total	**114**	**121**

Finance lease maturity analysis

Lease payments receivable have the following maturities.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Less than 1 year	432	463
1-2 years	229	215
2-3 years	116	88
3-4 years	57	55
4-5 years	13	44
5 years+	1	8
Total undiscounted lease payments receivable	**849**	**874**
Unearned finance income	-78	-68
Net investment in the lease	**771**	**806**

As of December 31, 2021, expected credit losses for lease payments receivables totaled SEK 3 million (0).

Credit losses on leasing receivables are reduced by gains from the sale of equipment returned.

Operating leases
Telia Company as lessor, is leasing out various types of assets to customers such as technical equipment and space (i.e. copper, dark fibre, IRU. ducts and space on towers). The lease portfolio also referred to the international Carrier business which was divested during 2021. Apart from this, Telia Company has operating lease agreements related product offerings to end-customers in Sweden and Finland. Contract periods range between 2 and 5 years, with an average term of approximately 3 years. In addition, Telia Company has operating lease contracts of handsets in Norway, which include a right for the customer to swap to a new handset by returning the current handset and entering into a new lease contract. Contract periods range between 1 and 2 years. For information on assets subject to operating leases, see Note C13.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Lease income	2,545	2,780

There were no material variable lease payments related to operating leases during 2021 or 2020.

Maturity analysis for operating lease payments

SEK in millions	Dec 31, 2021	Dec 31, 2020
Less than 1 year	2,227	2,276
1-2 years	1,475	1,602
2-3 years	1,078	991
3-4 years	732	701
4-5 years	579	521
5 years+	344	480
Total undiscounted lease payments receivables	**6,435**	**6,570**

C29. Related party transactions

The Swedish State
At year-end, the Swedish State held 39.5 percent of total shares in Telia Company. The remaining 60.5 percent of the total shares are widely held.

The Telia Company group's services and products are offered to the Swedish state, their agencies, and state-owned companies in competition with other operators and on conventional commercial terms. Certain state-owned companies run businesses that compete with Telia Company. Likewise, Telia Company buys services from state-owned companies at market prices and on otherwise conventional commercial terms. Neither the Swedish State and their agencies, nor state-owned companies represent a significant share of Telia Company's net sales or earnings.

The Swedish telecommunications market is governed mainly by the Electronic Communications Act and ordinances, regulations and decisions in accordance with the Act. Notified operators are required to pay a fee to finance measures to prevent serious threats and disruptions to electronic communications during peacetime. The required fee from Telia Company was SEK 35 million in 2021 and SEK 36 million in 2020. In addition, Telia Company, like other operators, pays annual fees to the Swedish National Post and Telecom Agency (PTS) to fund the Agency's activities under the Electronic Communications Act and the Radio and Telecommunications Terminal Equipment Act. Telia Company paid fees of SEK 39 million in both 2021 and 2020.

Associated companies and joint ventures
Telia Company sells and buys services and products to and from associated companies. These transactions are based on commercial terms.

Summarized information on transactions and balances with associated companies was as follows.

SEK in millions	January–December or December 31 2021	2020
Sales of goods and services		
Valokuitu Kotiin Holding	5	1
Operators Clearing House	3	3
Tet (former Lattelecom)	1	1
Other	0	1
Total sales of goods and services	**9**	**6**
Purchases of goods and services		
Mediamätning i Skandinavien	24	23
Tet (former Lattelecom)	2	4
Other	4	0
Total purchases of goods and services	**30**	**27**
Total trade and other receivables	**1**	**2**
Total trade and other payables	**12**	**5**

Pension and personnel funds
As of December 31, 2021, Telia Company's Finnish pension fund held 366,802 shares and its Finnish personnel fund 834,704 shares in the company, respectively, in total representing 0.03 percent of total shares. For information on transactions and balances, see Note C22.

Key management
See section "Remuneration to corporate officers" in Note C32 for further details.

C30. Contingencies, other contractual obligations and litigation

Contingent assets and contingent liabilities
As of the end of the reporting period, Telia Company had no contingent assets, while financial guarantees reported as contingent liabilities were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Credit and performance guarantees, etc.	1	16
Subtotal (see Liquidity risk – Note C27)	**1**	**16**
Guarantees for pension obligations	287	295
Total contingent liabilities	**288**	**311**

As of December 31, 2021, credit and performance guarantees amounts to 1 MSEK, expected to mature in the third quarter 2022.

Some loan covenants agreed limit the scope for divesting or pledging certain assets. Some of Telia Company's more recent bond issuances include change-of-control provisions which under certain conditions allow the lenders to call back the bond before scheduled maturity. Conditions stipulated include a new owner taking control of Telia Company, as such also resulting in a lowering of Telia Company's official credit rating to a "non-investment grade" level.

For all financial guarantees issued, stated amounts equal the maximum potential future payments that Telia Company could be required to make under the respective guarantee.

Collateral pledged
As of the end of the reporting period, collateral pledged for blocked funds in bank accounts was SEK 38 million (43).

Other unrecognized contractual obligations

As of December 31, 2021, unrecognized contractual obligations regarding future acquisitions (or equivalent) of non-current assets (excluding film and program rights) represented the following expected maturities.

Expected investment period SEK in millions	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	2023	2024	2025	2026	Later years	Total
Intangible assets	57	18	8	4	–	–	–	–	–	**87**
Property, plant and equipment	1,810	1,048	421	504	726	219	17	–	–	**4,746**
Leases	7	6	6	9	137	143	143	143	415	**1,010**
Total	**1,874**	**1,072**	**436**	**517**	**864**	**362**	**160**	**143**	**415**	**5,843**

As of December 31, 2021, contractual obligations totaled SEK 20,399 million (21,765), of which SEK 14,556 million (15,728), related to film and program rights. The decrease in contractual obligations is mainly related to film and program rights. See Note C14 for further information.

Legal and administrative proceedings

In its normal course of business, Telia Company is involved in a number of legal proceedings. These proceedings primarily involve claims arising out of commercial contract and commercial law issues and matters relating to telecommunications regulations and copyright laws.

Except for the proceedings described here, Telia Company or it's subsidiaries are not involved in any legal, arbitration or regulatory proceedings which management believes could have a material adverse effect on Telia Company's business, financial condition or results of operations.

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 (see Note C35).

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.

C31. Cash flow information

Non-cash transactions, continuing and discontinued operations

Asset retirement obligations (AROs)
In 2021 and 2020, obligations regarding future dismantling and restoration of technical sites entailed non-cash investments of SEK 151 million and SEK 311 million, respectively, see Note C23.

Building-infrastructure exchange transactions
Telia Company provides and installs infrastructure in buildings and as compensation is granted an exclusive right to deliver services for 5–10 years through this infrastructure. These activities entailed non-cash exchanges of SEK 40 million in 2021 and SEK 36 million in 2020.

Dividends, interest and income taxes, continuing and discontinued operations

SEK millions	Jan-Dec 2021	Jan-Dec 2020
Dividends received	152	219
Interest received	212	375
Interest paid	-2,682	-3,009
Income taxes paid	-1,946	-1,374

Dividends to holders of non-controlling interests, continuing and discontinued operations

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Subsidiaries		
Latvijas Mobilais Telefons SIA	-139	-156
Telia Lietuva, AB	-70	-66
Other subsidiaries	–	-18
Total dividends to holders of non-controlling interests	**-209**	**-240**

Liabilities and cash flows arising from financing activities

SEK in millions	Dec 31, 2020	Cash flows[3]	Non-cash changes: Acquisitions/ Divestments	New and changed lease contratcs	Foreign exchange changes	Fair value changes	Other changes[1]	Dec 31, 2021
Long-term borrowings	**100,239**	**-1,134**	**32**	**3,247**	**695**	**-2,465**	**-8,977**	**91,637**
Long-term lease liabilities	12,183	–	6	3,247	271	–	-2,849	12,859
Long-term borrowings less lease liabilities	88,055	-1,134	26	–	424	-2,465	-6,128	78,778
of which derivatives hedging long-term borrowings	*3,650*	–	–	–	*-1,426*	*-570*	*-121*	*1,533*
Short-term borrowings	**8,345**	**-7,826**	**6**	**–**	**202**	**-23**	**9,313**	**10,017**
Short-term lease liabilities	2,671	-2,574	6	–	58	–	2,711	2,872
Short-term borrowings less lease liabilities	5,674	-5,252	–	–	144	-23	6,602	7,145
of which derivatives hedging short-term borrowings	*151*	–	–	–	*-32*	*-8*	*90*	*200*
Total liabilities from financing activities	**108,584**	**-8,960**	**38**	**3,247**	**897**	**-2,488**	**337**	**101,654**
Assets hedging borrowings[2]	**-4,205**	**-1,087**	**–**	**–**	**1,237**	**2,556**	**-211**	**-1,710**
of which derivatives hedging long-term borrowings	*-3,059*	*9*	–	–	*-48*	*20,86*	*39*	*-972*
of which derivatives hedging short-term borrowings	*-70*	*-819*	–	–	*544*	*448*	*-158*	*-56*
Total liabilities from financing activities net of assets hedging borrowings[2]	**104,379**	**-10,047**	**38**	**3,247**	**2,134**	**67**	**125**	**99,944**

1) Other changes mainly refer to reclassification between long- and short-term borrowings due to maturity.
2) Assets held to hedge borrowings has been added to table to clarify that they are included in cash flow from financing activites.
3) Cash flows includes repayment of lease liabilities related to Telia Carrier which was classified as asset held for sale up until the disposal with SEK 143 million.

SEK in millions	Dec 31, 2019	Cash flows	Non-cash changes					Reclassified to Asset-held-for-sale[3]	Dec 31, 2020
			Acquisitions/ Divestments	New and changed lease contratcs	Foreign exchange changes	Fair value changes	Other changes[1]		
Long-term borrowings	**99,899**	**7,866**	**-27**	**3,925**	**-3,257**	**723**	**-8,474**	**-416**	**100,239**
Long-term lease liabilities	12,046	–	-27	3,925	-414	–	-2,930	-416	12,183
Long-term borrowings less lease liabilities	87,853	7,866	–	–	-2,843	723	-5,544	–	88,055
of which derivatives hedging long-term borrowings	*2,770*	*24*	–	–	*901*	*99*	*-144*	–	*3,650*
Short-term borrowings	**19,779**	**-19,865**	**135**	**–**	**-1,199**	**78**	**9,692**	**-275**	**8,345**
Short-term lease liabilities	2,968	-2,955	135	–	-104	–	2,902	-275	2,671
Short-term borrowings less lease liabilities	16,811	-16,910	–	–	-1,096	78	6,790	–	5,674
of which derivatives hedging short-term borrowings	*22*	–	–	–	*185*	*18*	*-73*	–	*151*
Borrowings discontinued operations	**124**	**-2**	**-130**	**–**	**-2**	**–**	**10**	**–**	**–**
Long-term lease liabilites	81	–	-85	–	-1	–	5	–	–
Short-term lease liabilites	43	-2	-45	–	-1	–	5	–	–
Short-term borrowings	–	–	–	–	–	–	–	–	–
Total liabilities from financing activities	**119,803**	**-12,001**	**-23**	**3,925**	**-4,458**	**802**	**1,227**	**-692**	**108,584**
Assets hedging borrowings[2]	**-3,717**	**165**	**–**	**–**	**-389**	**-509**	**245**	**–**	**-4,205**
of which derivatives hedging long-term borrowings	*-3,269*	*-31*	–	–	*585*	*-432*	*88*	–	*-3,059*
of which derivatives hedging short-term borrowings	*-382*	*175*	–	–	*-56*	*-28*	*222*	–	*-70*
Total liabilities from financing activities net of assets hedging borrowings[2]	**116,086**	**-11,836**	**-23**	**3,925**	**-4,847**	**293**	**1,473**	**-692**	**104,379**

1) Other changes mainly refer to reclassification between long- and short-term borrowings due to maturity.
2) Assets held to hedge borrowings has been added to table to clarify that they are included in cash flow from financing activites.
3) Reclassification of lease liabilites Telia Carrier to liabilities associated with Assets-held-for-sale.

Business combinations, other acquisitions and disposals

The Telia Company group is continually restructured by acquiring and divesting equity instruments or operations.

In 2021, the total net cash outflow from business combinations and other equity instruments acquired was SEK 394 million mainly related to the acqusition of Santa Monica Networks.

In 2020, the total net cash outflow from business combinations and other equity instruments acquired was SEK 717 million mainly related to an additional (deferred) consideration connected to the acqusition of Bonnier Broadcasting. For information on business combinations, see Note C34.

The total cash inflow from divested operations and other equity instruments in 2021 amounted to SEK 9,353 million mainly reated to the disposal of Telia Carrier.

The total cash inflow from divested operations and other equity instruments in 2020 amounted to SEK 5,285 million mainly reated to the disposals of Turkcell and Moldcell.

For more information on divested operations, see Note C15 and C35.

C32. Human resources

Employees, salaries, and social security expenses
During 2021, the number of employees in continuing operations decreased by 1,175 to 19,566 at year-end from 20,741 at year-end 2020. The number of employees in discontinued operations were 0 at year-end 2021 and 2020.

The average number of full-time employees by country was as follows.

	Jan–Dec 2021		Jan–Dec 2020	
Country	**Total (number)**	**of whom men (%)**	**Total (number)**	**of whom men (%)**
Sweden	7,550	63.4	7,654	63.4
Finland	4,244	67.6	4,144	68.1
Norway	1,882	72.6	1,960	73.2
Denmark	887	71.3	929	68.2
Lithuania	2,762	53.2	2,778	53.8
Latvia	1,047	50.7	1,018	48.3
Estonia	1,432	58.2	1,630	55.0
Russian Federation	14	50.0	34	50.0
United Kingdom	23	65.2	58	60.1
Other countries	157	76.4	268	72.8
Total, continuing operations	**19,998**	**63.2**	**20,473**	**62.9**
Moldova	–	–	30	33.3
Other countries	–	–	2	100.0
Total, discontinued operations	**–**	**–**	**32**	**37.5**
Total	**19,998**	**63.2**	**20,505**	**62.8**

Operations were conducted in 24 countries for both 2021 and 2020, of which continuing operations were conducted in 24 and 23 countries, respectively, for 2021 and 2020.

The share of female and male senior executives was as follows. Boards of directors refer to board members in all consolidated group companies. Other senior executives include presidents and other members of executive management teams at the group level, region level and company level.

	Dec 31, 2021		Dec 31, 2020	
Percent	**Boards of directors**	**Other senior executives**	**Boards of directors**	**Other senior executives**
Women	34.1	35.6	33.8	34.4
Men	65.9	64.4	66.2	65.6
Total, continuing operations	**100.0**	**100.0**	**100.0**	**100.0**

Total salaries and other remuneration, along with social security expenses and other personnel expenses, were as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Salaries and other remuneration	**12,018**	**12,077**
Social security expenses		
Employer's social security contributions	2,270	2,291
Pension expenses	1,684	1,648
Total social security expenses	**3,954**	**3,939**
Capitalized work by employees[1]	-1,429	-1,181
Other personnel expenses	186	287
Total personnel expenses, continuing operations[1, 2]	**14,729**	**15,121**
Total personnel expenses, discontinued operations	**–**	**24**

1) 2020 is restated, see Note C1. 2) Of which SEK 562 million (401) recognized within Other operating expenses.

Salaries and other remuneration were divided between senior executives and other employees as follows. Variable pay was expensed in the respective year, but disbursed in the following year.

	Jan–Dec 2021		Jan–Dec 2020	
SEK in millions	Senior executives (of which variable pay)	Other employees	Senior executives (of which variable pay)	Other employees
Salaries and other remuneration, continuing operations[1]	170 (80)	11,848	231 (91)	11,846
Salaries and other remuneration, discontinued operations	–(–)	–	–(–)	22

1) Of which Corporate Officers SEK 11 million (54) and Other employees SEK 448 million (267) recognized in Other operating expenses.

Pension expenses for all senior executives totaled SEK 34 million in both 2021 and 2020.

In 2021 and 2020, employee profit-sharing costs in Telia Company's Finnish subsidiaries amounted to SEK 14 million and SEK 7 million, respectively. In addition to this employee profit-sharing system, all Telia Company regions apply performance-based variable compensation for different groups of employees. In Sweden, for example, all permanent employees are included in variable compensation schemes, one type for the sales force and one for all other staff.

Long-term incentive program (LTI)

The 2010 to 2021 Annual General Meetings in Telia Company resolved to implement performance share programs (PSP), to be offered to a selected group of senior executives and key position holders within the group. Members of the Group Executive Management team are excluded. If the pre-defined financial performance conditions are met during the defined performance period, participants in the programs shall receive a number of Telia Company shares (performance shares) at a share price of SEK 0. The financial targets include a minimum level which must be achieved in order for any allotment of performance shares to occur at all, as well as a maximum level over which no additional allotment of performance shares will occur. Each program shall in total comprise no more than 2,413,597 (PSP 2018), 2,194,830 (PSP 2019), 2,355,802 (PSP 2020) and 2,764,502 (PSP 2021) Telia Company shares, corresponding to approximately 0.06 percent of the total number of outstanding shares for PSP 2018, 0.05 percent for PSP 2019, 0.06 percent for PSP 2020 and 0,07 percent for PSP 2021 respectively.

Recalculation of final allotments of performance shares shall take place in the event of an intervening bonus issue, a split, a rights issue and/or other similar events.

Performance share program 2015 to 2021

Financial targets for the 2015 to 2020-programs are earnings before interest, tax, depreciation and amortization (EBITDA) and total shareholder return (TSR). The final allotments of performance shares will be based 50 percent on accumulated EBITDA and 50 percent on TSR during the full performance period of three years. TSR is measured in relation to TSR of a group of comparable telecom companies defined by the Board of Directors. To align the performance measures with the Groups's strategic priorities, a Return on Capital Employed (ROCE) target was introduced for the 2021-program in addition to the EBITDA and the TSR targets. The final allotments of performance shares in the 2021 program will be based on 25 percent weighting on accumulated EBITDA, 50 percent on TSR and 25 percent on ROCE. The maximum number of performances shares a participant can receive corresponds to 30 percent of the participant's annual base salary.

Participants are not required to invest in Telia Company shares. The final number of performance shares awarded shall be capped at such number where the aggregated market value corresponds to 60 percent of each participant's base salary.

PSP 2018 vested during the spring 2021 and final rewards were distributed to 146 participants remaining in the program. Four participants received cash payments equivalent to the value of 23,807 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.

The summarized performance share program activity in 2021 was as follows.

Performance share program	**2021/2024**	**2020/2023**	**2019/2022**	**2018/2021**
Participants				
Number of participants, December 31, 2020[1]		205	175	153
New participants in 2021	210	–	–	–
Terminated employments in 2021	10	27	28	7
Final allotments in 2021	–	–	–	146
Number of participants, December 31, 2021	**200**	**178**	**147**	**–**
Total outstanding share rights, December 31, 2021	2,653,525	2,031,482	1,549,787	–
Preliminary allotments, December 31, 2020	–	–	–	650,559
Preliminary allotments in 2021	2,820,484	–	418,874	–
Forfeited shares	-2,653,525	–	–	–
Cancelled shares	-166,959	-330,175	-50,893	-31,120
Final allotments	–	–	–	619,439
Number of allotted shares, December 31, 2021	**0**	**0**	**367,981**	**–**

1) One participant, in total for all performance share programs, was part of discontinued operations

The estimated fair value at the date of allotment and the assumptions used when estimating the achievements of the performance conditions were as follows.

Performance share program	**2021/2024**	**2020/2023**	**2019/2022**	**2018/2021**
Fair value at the date of allotment (SEK in millions)	16	11	10	45
Assumptions used (percentages)				
Achievement of EBITDA-based performance condition	0	0	0	0
Achievement of ROCE-based performance condition	0	–	–	–
Achievement of TSR-based performance condition was based on				
Estimated volatility, Telia Company	22	20	18	20
Estimated volatility, peer group companies	17-29	16-39	14-28	16-26
Average reciprocal correlation between Telia Company and the peer group companies	47	50	41	54
Risk-free interest rate	-0.1	-0.3	-0.6	-0.5

The achievement of the TSR-based performance condition was estimated using a Monte Carlo simulation model. The estimated fair value of each performance share program and related social security expenses are amortized to expense over the performance period. Total personnel expenses were as follows.

SEK in millions	**Jan–Dec 2021**	**Jan–Dec 2020**
Salaries and other remuneration	13	16
Social security expenses	3	4
Total personnel expenses, performance share programs	**16**	**21**

Remuneration to corporate officers

Board of Directors

As resolved by the 2021 Annual General Meeting of shareholders (AGM) in Telia Company, annual remuneration is paid to the members of the Board of Directors in the amount of SEK 1,910,000 (1,825,000) to the Chair, SEK 900,000 (860,000) to the Vice-Chair and SEK 640,000 (610,000) to each of the other directors, elected by the AGM. In addition, annual remuneration is paid to the members of the Board's Audit and Responsible Business Committee in the amount of SEK 285,000 (275,000) to the Chair and SEK 160,000 (150,000) to each of the other members. Additional annual remuneration is also paid to the members of the Board's Remuneration Committee in the amount of SEK 75,000 (70,000) to the Chair and SEK 75,000 (50,000) to each of the other members.

Remuneration to Board members

SEK in thousands	Board[1]	Audit and Responsible Business Committee	Remuneration Committee	Total remuneration
Board of Directors, 2021				
Lars-Johan Jarnheimer	1,885	–	73	**1,958**
Ingrid Bonde, Vice-Chair	888	157	–	**1,045**
Luisa Delgado from April 12	407	–	48	**454**
Rickard Gustafson	631	–	68	**699**
Jeanette Jäger	631	–	–	**631**
Nina Linander	631	282	–	**913**
Jimmy Maymann	631	157	–	**788**
Anna Settman until April 12	173	–	–	**173**
Olaf Swantee until April 12	173	–	–	**173**
Martin Tivéus	631	–	–	**631**
Total	**6,680**	**596**	**189**	**7,465**

SEK in thousands	Board[1]	Audit and Responsible Business Committee	Remuneration Committee	Total remuneration
Board of Directors, 2020				
Lars-Johan Jarnheimer	1,825	38	70	**1,933**
Ingrid Bonde, Vice-Chair from April 2	643	112	–	**755**
Olli-Pekka Kallasvuo, Vice-Chair until April 2	220	–	13	**233**
Rickard Gustafson	610	–	50	**660**
Jeanette Jäger from April 2	456	–	–	**456**
Nina Linander	610	275	–	**885**
Jimmy Maymann	610	150	–	**760**
Anna Settman	610	–	–	**610**
Olaf Swantee	610	–	–	**610**
Martin Tivéus	610	–	–	**610**
Total	**6,803**	**575**	**133**	**7,511**

1) Board remuneration, remuneration for Audit and Responsible Business Committee and remuneration for Remuneration Committee are presented in separate columns above. The remuneration is paid monthly. Lars-Johan Jarnheimer, Ingrid Bonde, Rickard Gustafsson, Jeanette Jäger, Nina Linander, Jimmy Maymann and Martin Tivéus were re-elected at the AGM 2021. New board member is Luisa Delgado. Numbers may not add up due to rounding.

Group Executive Management

The Chief Executive Officer (CEO) and the "Other members of the Group Executive Management" referring to the two EVPs and the nine SVPs directly reporting to the CEO, constituted the Telia Company Group Executive Management.

Guidelines for remuneration to Group Executive Management

The Annual General Meeting on April 12, 2021, decided on guidelines for remuneration to Group Executive Management. The Board of Directors has not seen the need to propose any changes to the guidelines to the Annual General Meeting on April 6, 2022, and the previously adopted guidelines are therefore still applicable. Group Executive Management is defined as the president and the other members of the management team who report directly to the CEO. The guidelines shall be in force until new guidelines are adopted by the general meeting and valid for a maximum of four years. A successful implementation of the guidelines will ensure that the Company can attract and retain the best people, enabling the Company to execute its business strategies and serve the Company's long-term interests, including its sustainability goals[1]. These guidelines do not apply to any remuneration decided or approved by the general meeting. The proposed guidelines will be effective at the time of the annual general meeting decision.

Total reward approach

Remuneration to Group Executive Management should be built on a total reward approach and be market relevant, but not leading. The remuneration guidelines should enable international hiring and should support diversity within Group Executive Management. The market comparison should be made against a set of peer group companies with comparable sizes, industries and complexity. The total reward approach should consist of fixed salary, pension benefits, conditions for notice and severance pay as well as other benefits. The Company does not offer any variable remuneration to Group Executive Management.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

1) For more information regarding the Company's business strategy, please see https://www.teliacompany.com/en/about-the-company/strategy/

Fixed salary
The fixed salary of a Group Executive Management member should be based on competence, responsibility and performance. The Company uses an international evaluation system in order to evaluate the scope and responsibility of the position. Market benchmark is conducted on a regular basis. The individual performance is monitored and used as a basis for annual reviews of fixed salaries. These are reviewed in relation to fulfilment of annual predefined goals (including financial, employee and sustainability-based).

Salary and employment conditions for employees
In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account. This is done by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis for decision when evaluating if these guidelines and their limitations are reasonable. The Remuneration Committee regularly consults with the CEO and Head of People & Brand to be mindful of employee pay, conditions and engagement across the broader employee population.

Pension
Pension and retirement benefits should be based on a defined contribution model, which means that a premium is paid amounting to a certain percentage of the individual's annual salary, unless legal requirements and/or collective agreements state differently. When deciding the size of the premium the level of total remuneration should be considered. The level of contribution should be benchmarked and may vary due to the composition of fixed salary and pension. The retirement age is normally 65 years of age but can vary based on regulatory requirements. The pension premiums for defined contribution pension shall amount to not more than 40 percent of the fixed annual cash salary.

Other benefits
The Company provides other benefits and programs in accordance with market practice which may change from time to time. A Group Executive Management member may be entitled to a company car, health and care provisions, etc. Premiums and other costs relating to such benefits may amount to not more than 10 percent of the fixed annual cash salary.

Internationally hired Group Executive Management members and those who are asked to move to another country can be offered mobility related benefits for a limited period of time. Such benefits may not in total exceed 25 percent of the fixed annual cash salary.

Notice of termination and severance pay
The termination period for a Group Executive Management member may be up to six (6) months (twelve (12) months for the President) when given by the employee and up to twelve (12) months when given by the Company. In case the termination is given by the Company the individual may be entitled to a severance payment. Fixed cash salary during the notice period and severance pay may together not exceed an amount equivalent to the fixed cash salary for two years.

Severance pay shall not constitute a basis for calculation of vacation pay or pension benefits.

Remuneration during termination period and severance pay will also be reduced if the individual will be entitled to pay from a new employment or if the individual will be conducting own business during the termination period or the severance period.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment, amount to not more than 60 percent of the monthly income at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

The decision-making process to determine, review and implementation of the guidelines
The Board of Directors has established a Remuneration Committee. The committee's task includes preparing the Board of Director's decision to propose guidelines for executive remuneration. Proposal for new guidelines shall be prepared at least every fourth year and submitted the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall also monitor the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company.

Remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration.

The CEO's total remuneration package is decided by the Board of Directors based on the recommendation of its Remuneration Committee within the confine of the guidelines. Total remuneration packages to other members of Group Executive Management are approved by the Remuneration Committee, based on the CEO's recommendation.

Deviation from the guidelines
The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if there in an individual case are special reasons where a deviation is necessary in order to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in the remuneration-related matters. This includes any resolution to deviate from the guidelines.

Remuneration and other benefits earned as member of Group Executive Management during the year and capital value of pension commitments

SEK in thousands	Base salary	Other remu-neration[1]	Other benefits[2]	Pension expense[3]	Total remu-neration	Capital value of pension commitment[4]
Group Executive Management, 2021						
Allison Kirkby, CEO	18,000	602	75	7,069	**25,746**	
Other members of Group Executive Management (including 2 EVPs and 9 SVPs)	57,525	1,899	5,534	13,598	**78,556**	**24,804**
Total	**75,525**	**2,501**	**5,609**	**20,668**	**104,303**	**24,804**
Other former members of Group Executive Management						
Other former members of Group Executive Management (2 individuals)[5]	21,830	897	204	5,621	**28,552**	
Other former CEOs and EVPs (8 individuals)						**149,171**
Total	**21,830**	**897**	**204**	**5,621**	**28,552**	**149,171**
Grand total	**97,355**	**3,398**	**5,813**	**26,288**	**132,855**	**173,975**

SEK in thousands	Base salary	Other remu-neration[1]	Other benefits[2]	Pension expense[3]	Total remu-neration	Capital value of pension commitment[4]
Group Executive Management, 2020						
Allison Kirkby, CEO from May 4	11,886	0	131	4,658	**16,674**	–
Christian Luiga, CEO until May 4	4,931	51	37	1,112	**6,131**	–
Other members of Group Executive Management (including 4 EVPs and 7 SVPs)	47,281	896	1,229	13,602	**63,008**	**25,112**
Total	**64,098**	**948**	**1,397**	**19,372**	**85,814**	**25,112**
Other former members of Group Executive Management						
Johan Dennelind notice period (until January 31)	1,567	1,392	2	616	**3,577**	–
Other former members of Group Executive Management (7 individuals)[5]	67,203	3,229	948	12,582	**83,962**	–
Other former CEOs and EVPs (8 individuals)						**164,736**
Total	**68,770**	**4,620**	**949**	**13,199**	**87,539**	**164,736**
Grand total	**132,868**	**5,568**	**2,346**	**32,571**	**173,353**	**189,847**

1) Other remuneration for other members of Group Executive Management mainly includes holiday allowance.
2) Other benefits refer to company car benefit, relocation benefits and a number of other taxable benefits. Other benefits for Allison Kirkby is mainly company car benefit and health insurance.
3) See further disclosures concerning the terms and conditions of pension benefits below.
4) Capital value of pension commitment includes defined benefit plans for eight former CEOs and EVPs (left Telia Company before 2021) and one current SVP.
5) Other former members of the Group Executive Management includes members who left Telia Company and provisions during the notice period for base salary, benefits and pension costs as well as for provisions for severance pay are included in the amount. The salary during notice period and severance pay will be reduced by any other income. The provision will then be reduced.

Comments on the table related to 2020 can be found in the Annual and Sustainability Report 2020. Numbers may not add up due to rounding.

Pension benefits
Telia Company offers permanent members of the Group Executive Management defined contribution pension schemes. A defined contribution scheme provides premium contributions to the pension scheme as a percentage of the pensionable salary or as a fixed amount. The level of pension benefits at retirement will be determined by the contributions paid and the return on investments and the costs associated to the plan.

For defined benefit plans, the main drivers of the change in capital value for the obligation are the change in discount rate, paid out pension premiums and the fact that one member of group management has a defined benefit pension plan.

CEO
The CEO is eligible to a defined contribution pension scheme with contributions corresponding to 14.5 percent of base salary up to 7.5 income base amounts and to 40 percent for such salary above 7.5 income base amounts. These contributions for Allison Kirkby as CEO add up to a total pension contribution of SEK 7,069,571 (compared to a base salary of SEK 18,000,000 representing 39.3 percent).

The contributions into the scheme are vested immediately. The income base amount is determined annually by the Swedish Government and was SEK 68,200 for 2021. The retirement age is variable. Contributions to the pension scheme will cease at retirement or earlier if leaving the company for any other reason.

Other members of Group Executive Management
The EVPs and the SVPs based in Sweden are eligible to defined contribution pension schemes providing contributions corresponding to 4.5 percent of their base salary up to 7.5 income base amounts and 30 percent of such salary above 7.5 income base amounts. One member of Group Executive Management have an additional contribution of 5 percent of the base salary. Members of Group Executive Management in Sweden covered by the ITP plan are in addition to the pension contribution covered by all collective agreed benefits. One Group Executive Management member is covered by a defined benefit plan. Group Executive Management members based in other countries are also eligible for defined contributions pension schemes (with the exception of legally required defined benefit pension plans in Finland). One member based in another country received a cash allowance as part of the pension contribution. The contributions to the pension schemes are vested immediately. The retirement age for members of Group Executive Management is 65 or variable.

Other former members of Group Executive Management
Defined pension benefits earned by former CEOs and EVPs until 2008 are pledged and calculated as capital values (debt) until all their lifelong pensions are fully paid out by Telia Company. Their pensions are paid out from the age of 60. Since 2008, Telia Company does not offer any defined benefit pension schemes to CEOs and EVPs.

C33. Remuneration to audit firms

Remuneration to elected audit firms for audit and other reviews based on applicable legislation and for advice and other assistance resulting from observations in the reviews was as follows. Remuneration also includes independent advice, using group auditors or other locally elected audit firms, in the fields of Tax/Law and Corporate Finance as well as other consulting services. Deloitte AB was re-elected at the Annual General Meeting as Telia Company's group auditor. The remuneration to Deloitte was as follows. For the review of interim financial statements, no separate remuneration has been debited.

Remuneration to other audit firms refers to subsidiaries not audited by the group auditors.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Remuneration, continuing and discontinued operations		
Deloitte		
Audit	32	38
Audit-related services	1	3
Tax services	1	1
All other services	1	1
Total Deloitte	**35**	**43**
Other audit firms		
Audit	1	1
Audit-related services	0	0
Tax services	0	0
All other services	–	–
Total Other audit firms	**1**	**1**

C34. Business combinations

Santa Monica Networks
On October 8, 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 (SEK 366 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 cost of the combination, the preliminary fair values of net assets acquired and preliminary goodwill for the combination are presented in the table below.

SEK in millions	Santa Monica Networks
Cost of combination	**366**
Fair value of net assets acquired	
Non-current assets	***9***
Other current assets	136
Cash and cash equivalents	21
Current assets	***158***
Total assets acquired	**166**
Non-current liabilities	***30***
Current liabilities	***178***
Total liabilities assumed	**208**
Total fair value of net assets acquired	**-42**
Goodwill	**408**

The net cash flow effect from the business combination was SEK 345 million in 2021 (cash consideration SEK 366 million paid at closing less cash and cash equivalents SEK 21 million). The fair values of assets and liabilities have been determined provisionally, as they are based on preliminary appraisals and subject to confirmation of certain facts. Thus, the purchase price accounting is subject to adjustments. Goodwill mainly refers to knowledge of transferred personnel, customer service capability, market position and buyer specific synergies. From the acquisition date, revenues of SEK 70 million and net income of SEK 8 million are included in the consolidated statements of comprehensive income. If Santa Monica Networks had been acquired at the beginning of 2021, revenues and total net income for Telia Company for 2021 had been approximately SEK 88.5 billion and SEK 11.9 billion, respectively.

C35. Discounted operations and assets classified as held for sale

Classification

Region Eurasia

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

Presentation

Former segment region Eurasia (including holding companies), which was classified as discontinued operations, is presented as a single amount in the consolidated statements of comprehensive income. The consolidated cash flow statement is presented including region Eurasia, but with additional information on cash flows from operating, investing and financing activities and free cash flow for region Eurasia. Non-current assets and assets and liabilities related to disposal groups classified as held for sale are presented separately in two line items in the consolidated statement of financial position. The amounts for discontinued operations and assets and liabilities held for sale in the consolidated financial statements are presented after elimination of intra-group transactions and intra-group balances.

Net income from discontinued operations (region Eurasia)

SEK in millions, except per share data	Jan-Dec 2021	Jan-Dec 2020
Net sales	–	96
Expenses and other operating income, net	–	-79
Operating income	**–**	**16**
Financial items, net	–	-22
Income after financial items	**–**	**-6**
Income taxes	–	–
Net income before remeasurement and gain/loss on disposal	**–**	**-6**
Loss on disposal of Moldcell in Moldova (including cumulative Moldcell exchange loss in equity reclassified to net income of SEK -172 million)[1]	–	-193
Gain/loss from net changes in provisions for transaction warranties	176	-80
Net income from discontinued operations	**176**	**-279**
EPS from discontinued operations (SEK)	0.04	-0.07
Adjusted EBITDA	–	30

1) Non-tax loss from the disposal of Moldcell in Moldova.

Assets and liabilities classified as held for sale

SEK in millions	Telia Carrier Dec 31, 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
Assets classified as held for sale	**–**	**4,957**
Long-term borrowings	–	416
Long-term provisions	–	848
Other long-term liabilities	–	620
Short-term borrowings	–	275
Other current liabilities	–	1,166
Liabilities associated with assets classified as held for sale	**–**	**3,325**
Net assets classified as held for sale	**–**	**1,631**

Disposals

Moldcell in Moldova

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

Roshan

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

Assets held for sale

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 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). In the fourth quarter a final purchase price adjustment was settled whereby Telia Company repaid SEK 20 million to Polhem Infra. The adjustment resulted in a total capital gain of SEK 6,408 million and a total cash flow of SEK 8,589 million in 2021 from the Telia

Carrier disposal. The capital gain was recognized within Other operating income.

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 2021. The capital gain was recognized within Other operating income. The transaction had a positive cash flow effect for the group in 2021 of SEK 329 million.

Partial disposal

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. The transaction was subject to regulatory approvals and was closed on December 29, 2021. The transaction resulted in an increase of equity attributable to owners of the parent of SEK 6,221 million and an increase of equity attributable to non-controlling interests of SEK 1,640 million. The disposal had a positive cash flow effect for the group in 2021 of SEK 7,861 million and was recognized within financing activities. 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.

Transactions after the reporting period

SIA Telia Latvija

On January 4, 2022, Telia Company signed an agreement to divest its 100% ownership in SIA Telia Latvija to Telia Company's associated company SIA Tet at a price corresponding to an enterprise value of EUR 10.75 million (approximately SEK 110 million) on a cash and debt free basis. The price represents a FY 2021 (estimated) EV/EBITDA multiple of 10x. The transaction is subject to customary regulatory approvals and is expected to close during the second quarter of 2022. The net assets in SIA Telia Latvija have not been recognized as asset classified as held for sale based on materiality.

Tower business in Sweden

On January 27, 2022, Telia Company signed an agreement to divest a 49% stake in its Swedish tower business to Brookfield and Alecta. The transaction price corresponds to an enterprise value for 100 percent of SEK 11,224 million on a cash and debt free basis. The transaction is subject to customary regulatory approvals and closing is expected in the third quarter of 2022.

Parent company income statements

SEK in millions	Note	Jan–Dec 2021	Jan–Dec 2020
Net sales	P2	982	564
Cost of sales	P3	-487	–
Gross income		**495**	**564**
Selling and marketing expenses	P3	-26	-43
Administrative expenses	P3	-617	-792
Research and development expenses	P3	-295	-
Other operating income	P4	229	194
Other operating expenses	P4	-354	-430
Operating loss/income		**-568**	**-507**
Finance income	P5	21,099	9,294
Finance costs	P5	-7,391	-17,927
Income after financial items		**13,140**	**-9,140**
Appropriations	P6	5,663	3,670
Income before taxes		**18,804**	**-5,470**
Income taxes	P6	-926	-706
Net income		**17,877**	**-6,176**

Parent company statements of comprehensive income

SEK in millions	Note	Jan–Dec 2021	Jan–Dec 2020
Net income		**17,877**	**-6,176**
Items that may be reclassified to net income			
Cash flow hedges, net change in fair value		-283	11
Cash flow hedges, transferred to finance costs in net income		344	2
Cost of hedging		143	-100
Debt instruments at fair value through OCI		-36	32
Income taxes relating to items that may be reclassified		-34	11
Items that may not be reclassified to net income			
Equity instruments at fair value through OCI		126	63
Income taxes relating to items that will not be reclassified		–	–
Total other comprehensive income	**P7**	**260**	**20**
Total comprehensive income		**18,137**	**-6,156**

Parent company balance sheets

SEK in millions	Note	Dec 31, 2021	Dec 31, 2020
Assets			
Intangible assets	P8	2	3
Property, plant and equipment	P9	0	0
Deferred tax assets	P6	73	110
Other financial assets	P11	163,337	178,588
Total non-current assets		**163,412**	**178,700**
Film and program rights, current	P10	609	531
Trade and other receivables	P12	23,992	26,960
Current tax receivables		–	–
Short-term investments	P13	6,429	2,621
Cash and bank	P13	12,834	6,000
Total current assets		**43,865**	**36,111**
Total assets		**207,277**	**214,811**

SEK in millions	Note	Dec 31, 2021	Dec 31, 2020
Shareholders' equity and liabilities			
Restricted equity			
Share capital		13,856	13,856
Statutory reserve		1,855	1,855
Reserve for capitalized development expenses		1	1
Non-restricted equity			
Fair value reserve		1,780	1,520
Retained earnings		50,065	64,431
Net income		17,877	-6,176
Total shareholders' equity		**85,434**	**75,487**
Untaxed reserves	P6	**6,707**	**7,002**
Provisions for pensions and employment contracts	P15	351	371
Deferred tax liabilities	P6	–	–
Other provisions	P16	90	187
Total provisions		**441**	**557**
Interest-bearing liabilities			
Long-term borrowings	P17	78,237	87,014
Short-term borrowings	P17	33,749	41,827
Current tax payables		43	279
Non-interest-bearing liabilities			
Long-term liabilities	P18	3	4
Short-term provisions, trade payables and other current liabilities	P16, P19	2,664	2,642
Total liabilities		**114,695**	**131,765**
Total shareholders' equity and liabilities		**207,277**	**214,811**

Parent company cash flow statements

SEK in millions	Note	Jan–Dec 2021	Jan–Dec 2020
Net income		17,877	-6,176
Adjustments for:			
Amortization, depreciation and impairment losses		4,514	14,975
Amortization film and programe right assets		487	–
Capital gains/losses on sales/disposals of non-current assets		-10,879	5
Pensions and other provisions		-321	197
Financial items		651	-293
Group contributions and appropriations		-5,663	-3,670
Income taxes		-234	282
Cash flow before change in working capital		**6,431**	**5,319**
Increase (-)/Decrease (+) in film and program right assets		-78	-531
Increase (-)/Decrease (+) in operating receivables		-300	-346
Increase (+)/Decrease (-) in operating liabilities		711	17
Change in working capital		**332**	**-859**
Adjustment for amortization film and programe rights		-487	–
Cash flow from operating activities		**6,276**	**4,459**
Intangible and tangible non-current assets acquired		–	–
Repayment of capital in subsidiary		1,000	–
Equity instruments acquired		-429	-855
Equity instruments and operations divested		16,751	81
Net change in loans granted and other similar investments		-12,989	3,948
Net change in interest-bearing current receivables		-3,465	6,616
Repayment of long-term loans		10,891	2,125
Cash flow from investing activities		**11,760**	**11,915**

SEK in millions	Note	Jan–Dec 2021	Jan–Dec 2020
Cash flow before financing activities		**18,036**	**16,374**
Repurchased treasury shares including transaction costs		-21	-1,003
Dividend to shareholders		-8,179	-10,020
Group contributions net		4,437	4,748
Proceeds from borrowings		18	12,010
Repayment of borrowings		-6,616	-19,678
Settlement of derivative contracts for economic hedges and CSA		-806	-516
Cash received for repurchase agreements		7,979	18,233
Cash paid for repurchase agreements		-7,979	-18,233
Cash flow from financing activities		**-11,167**	**-14,458**
Change in cash and cash equivalents		**6,869**	**1,916**
Cash and cash equivalents, opening balance		**6,385**	**4,449**
Change in cash and cash equivalents		6,869	1,916
Exchange rate differences in cash and cash equivalents		-40	20
Cash and cash equivalents, closing balance	P13	**13,214**	**6,385**
Dividends received		8,084	6,269
Interest received		2,207	2,434
Interest paid		-2,236	-2,596
Income taxes paid		-1,160	-424

Parent company statements of changes in shareholders' equity

SEK in millions	Note	Share capital	Statutory reserve	Reserve for capitalized development expenses	Fair value reserve	Retained earnings	Total share-holders' equity
Closing balance, December 31, 2019		**13,856**	**1,855**	**1**	**1,500**	**75,400**	**92,612**
Dividend	P14	–	–	–	–	-10,020	-10,020
Share-based payments	P26	–	–	–	–	7	7
Treasury shares		–	–	–	–	-562	-562
Cancellation of treasury shares		-395	–	–	–	–	-395
Bonus issue		395	–	–	–	-395	–
Capitalized development expenses	P8	–	–	0	–	0	–
Total comprehensive income		–	–	–	20	-6,176	-6,156
Closing balance, December 31, 2020		**13,856**	**1,855**	**1**	**1,520**	**58,256**	**75,487**
Dividend	P14	–	–	–	–	-8,179	-8,179
Share-based payments	P26	–	–	–	–	4	4
Treasury shares		–	–	–	–	-21	-21
Changes in non-controlling interests		–	–	–	–	7	7
Bonus issue		–	–	–	–	–	–
Capitalized development expenses	P8	–	–	0	–	0	0
Total comprehensive income		–	–	–	260	17,877	18,137
Closing balance, December 31, 2021		**13,856**	**1,855**	**1**	**1,780**	**67,943**	**85,434**

Notes to parent company financial statements

Contents

P1. Basis of preparation

General

The parent company Telia Company AB's financial statements have been prepared in accordance with the Swedish Annual Accounts Act, other Swedish legislation, and standard RFR 2 "Accounting for Legal Entities" and other statements issued by the Swedish Financial Reporting Board. The standard is applicable to Swedish legal entities whose equities at the end of the reporting period are listed on a Swedish stock exchange or authorized equity market place. In their consolidated financial statements such companies have to comply with the EU regulation on international accounting standards, while they still have to comply with the Annual Reports Act in their separate financial statements. RFR 2 states that as a main rule listed parent companies should apply IFRSs and specifies exceptions and additions, caused by legal provisions or by the connection between accounting and taxation in Sweden.

Measurement bases and significant accounting principles

With the few exceptions below, Telia Company applies the same measurement bases and accounting principles as described in Notes to consolidated financial statements, Notes C1 and C3, respectively.

Item	Note	Accounting treatment
Intra company lendning and credit rating	P5, P17	Telia Company has an internal model for credit rating of subsidiaries used when pricing internal lending to subsidiaries. The model has two risk categories and, depending on risk rating, the model has a credit spread curve to be applied on top of the benchmark rate when lending money to subsidiaries. The model is based on pricing of inter-company lending at an arms-length basis and if the credit spreads used represent an unbiased pricing of credit risk, this is used for calculating expected credit losses on inter-company receivables.
Group contributions	P6	Under certain conditions, it is possible to transfer profits through group contributions between Swedish companies in a group. A group contribution is normally a deductible expense for the contributor and a taxable income for the recipient. Group contributions are recognized as appropriations in the income statement.
Borrowing costs	P5, P8, P9	Borrowing costs directly attributable to the acquisition, construction or production of an asset are not capitalized as part of the cost of that asset.
Investments in subsidiaries and associated companies	P5, P11	Shares in subsidiaries and associated companies are recognized at cost including related transaction expenses less any impairment. Dividends received are brought to income while repayment of certain contributed capital reduces the carrying value.
Provisions for pensions and employment contracts	P5, P15	Pension obligations and pension expenses are recognized in accordance with the simplification rule for pensions in RFR 2 "Accounting for legal entities."
Untaxed reserves and appropriations	P6	Untaxed reserves and appropriations are reported gross excluding deferred tax liabilities related to the temporary differences.
Capitalized development expenses	P8	The corresponding amount that has been capitalized as development expenses in the balance sheet as intangible assets have been recognized in the reserve for capitalized development expenses in equity.
Lease agreements	P22	All leasing agreements are accounted for as operating leases.

Amounts and dates

Unless otherwise specified, all amounts are in millions of Swedish kronor (SEK million) or other currency specified and are based on the twelve-month period ended December 31 for income statement and cash flow statement items, and as of December 31, for balance sheet items, respectively.

Recently issued accounting standards

For information relevant to Telia Company, see Note C1.

Judgments and key sources of estimation uncertainty

For information relevant to Telia Company, see Note C2.

P2. Net sales

Net sales were mainly related to group common services to subsidiaries and were distributed among individually material countries as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Sweden	737	280
Finland	121	109
Norway	61	89
Denmark	25	38
Other countries	38	49
Total	**982**	**564**

P3. Expenses by nature

Operating expenses are presented on the face of the income statement using a classification based on the functions "Cost of sales," "Selling and marketing expenses" and "Administrative expenses." Total expenses by function were distributed by nature as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Other network expenses	-1	-9
Personnel expenses (see also Note P26)	-577	-632
Rent and leasing fees	-5	-3
Consultants' services	-355	-132
IT expenses	-14	-7
Other expenses and net of intra-group invoicing	15	-51
Amortization, depreciation and impairment losses	-489	-1
Total	**-1,425**	**-835**

Amortization, depreciation and impairment losses were distributed by function as follows. Amortization of film and program rights is included in the function Cost of sales. For more information see Note P10.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Cost of sales	-487	–
Administrative expenses	-1	-1
Total	**-489**	**-1**

P4. Other operating income and expenses

Other operating income and expenses were distributed as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Other operating income		
Reversal of provisions[1]	176	–
Exchange rate gains	53	83
Other operating income	0	112
Total other operating income	**229**	**194**
Exchange rate losses	-47	-58
Capital losses	0	0
Restructuring costs - termination benefits	-36	-86
Other operating expenses[2]	-271	-286
Total other operating expenses	**-354**	**-430**
Net effect on income	**-125**	**-235**

1) Mainly relates to gains from net changes in provisions for transaction warranties. 2) Mainly relates to transaction costs and transaction related warranties in business combinations.

P5. Finance income and finance costs

Finance income and finance costs were distributed as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Finance income		
Dividends from subsidiaries	8,084	6,269
Capital gains from subsidiaries	10,879	–
Dividends from associated companies	0	–
Interest from subsidiaries	2,097	2,188
Other interest income	39	47
Net exchange rate gains	–	790
Other financial revenues	–	0
Total finance income	**21,099**	**9,294**
Finance costs		
Impairment losses from subsidiaries	-4,517	-14,740
Capital losses from subsidiaries	0	-5
Impairment losses from other financial investments	-12	-8
Other interest expenses	-2,308	-3,065
Interest expenses related to subsidiaries	0	-14
Interest component of pension expenses	-14	-15
Net exchange rate losses	-428	–
Financial losses, financial instruments, net	-43	–
Other financial expenses	-68	-80
Total finance costs	**-7,391**	**-17,927**
Net effect on income	**13,708**	**-8,634**

Impairment losses from subsidiaries include impairment charges/reversed impairment charges amounting to SEK -17 million (225) in accordance with IFRS 9. For more information regarding Impairment losses from subsidiaries see Notes P11 and P12, respectively.

Details on interest related expenses, net exchange rate gains and losses and interest related income related to hedging activities, loan receivables, bonds and borrowings were as follows.

SEK in millions	Interest related expenses Jan–Dec 2021	Interest related expenses Jan–Dec 2020	Net exchange rate gains and losses Jan–Dec 2021	Net exchange rate gains and losses Jan–Dec 2020	Interest related income Jan–Dec 2021	Interest related income Jan–Dec 2020
Fair value hedge derivatives	-1,058	868	0	–	–	–
Cash flow hedge derivatives	-461	-452	760	-1,127	–	–
Derivatives at fair value through income statement	-19	-284	-484	1,086	-1	–
Financial assets at amortized cost	–	–	1,201	-2,133	16	13
Bonds at fair value through OCI	–	–	–	–	–	34
Bonds at fair value through income statement	–	–	–	–	22	–
Borrowings in fair value hedge relationships	-769	-2,637	-1,571	3,093	–	–
Borrowings and other financial liabilities at amortized cost	-1	-573	-334	-130	2,097	2,188
Other	-83	-95		–	3	–
Total	**-2,391**	**-3,174**	**-428**	**790**	**2,136**	**2,234**

P6. Income taxes

Tax items recognized in comprehensive income

Tax items recognized in comprehensive income were distributed as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Tax items recognized in net income		
Current tax	-931	-671
Adjustment of current tax related to prior years	-1	-6
Deferred tax	5	-30
Effect on deferred tax from changes in tax rates[1]	–	1
Total tax expense recognized in net income	**-926**	**-706**
Tax items recognized in other comprehensive income		
Current tax	8	-7
Deferred tax	-42	18
Total tax recognized in other comprehensive income	**-34**	**11**
Tax items recognized directly in equity		
Deferred tax	–	–
Total tax recognized directly in equity	**–**	**–**

1) The impact 2020 relates to changed assessment of timing for release/settlement of deferred tax assets/ liabilities. Tax rate 21.4 percent is applied to release/settlement before 2021, tax rate 20.6 percent is applied to release/settlement from 2021 and onwards.

Pre-tax income was SEK 18,804 million in 2021 (-5,470). The difference between the nominal Swedish income tax rate and the effective tax rate comprises the following components.

Percent	Jan–Dec 2021	Jan–Dec 2020
Swedish income tax rate	20.6	21.4
Underprovided or overprovided current tax expense in prior years	0.0	-0.1
Effect on deferred tax expense from changes in tax rates[1]	–	0.0
Non-deductible expenses	5.3	-59.3
Tax-exempt income	-21.0	25.0
Effective tax rate in net income	**4.9**	**-12.9**

1) The impact 2020 relates to changed assessment of timing for release/settlement of deferred tax assets/ liabilities. Tax rate 21.4 percent is applied to release/settlement before 2021, tax rate 20.6 percent is applied to release/settlement from 2021 and onwards.

Non-deductible expenses in 2021 and 2020 was mainly affected by impairment write-downs of subsidiaries. Tax-exempt income in 2021 and 2020 consisted primarily of dividends from subsidiaries.

Tax-exempt income 2021 included capital gains from the disposals of Telia Towers AB and the Carrier subsidiaries.

	2021			
SEK in millions	Opening balance	Recognized in income statement	Recognized in other comprehensive income	Closing balance
Gross deferred tax assets				
Non-current assets	1	0	–	1
Provisions	125	5	–	130
Interest expense carry-forward	–	–	–	–
Subtotal	**126**	**5**	**–**	**131**
Offset deferred tax liabilities/assets	-17	–	-42	-58
Total deferred tax assets	**110**	**5**	**-42**	**73**
Deferred tax liabilities				
Fair value adjustments, cash flow hedges and financial assets at fair value through OCI	17	–	42	58
Subtotal	**17**	**–**	**42**	**58**
Offset deferred tax assets/liabilities	-17	–	-42	-58
Total deferred tax liabilities	–	–	–	–
Net deferred tax assets (+)/liabilities (-)	**110**	**5**	**-42**	**73**

SEK in millions	2020 Opening balance	Recognized in income statement	Recognized in other comprehensive income	Closing balance
Gross deferred tax assets				
Non-current assets	1	0	–	1
Provisions	124	1	–	125
Interest expense carry-forward	30	-30	–	–
Subtotal	**156**	**-29**	–	**126**
Offset deferred tax liabilities/assets	-36	–	18	-17
Total deferred tax assets	**121**	**-29**	**18**	**110**
Deferred tax liabilities				
Fair value adjustments, cash flow hedges and financial assets at fair value through OCI	36	–	-18	17
Subtotal	**36**	–	**-18**	**17**
Offset deferred tax assets/liabilities	-36	–	18	-17
Total deferred tax liabilities	–	–	–	–
Net deferred tax assets (+)/liabilities (-)	**121**	**-29**	**18**	**110**

In 2021 and 2020, there were no accumulated non-expiring tax loss carry-forwards or unrecognized deferred tax assets. As of December 31, 2021, the unrecognized deferred tax liability in untaxed reserves amounted to SEK 1,382 million (1,442).

Untaxed reserves and appropriations

As of December 31, 2021 and 2020, untaxed reserves in the balance sheet consisted of profit equalization reserves totaling SEK 6,707 million and SEK 7,002 million, respectively.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Change in profit equalization reserves	295	-756
Group contributions received	6,040	4,879
Group contributions paid	-671	-453
Net effect on income	**5,663**	**3,670**

P7. Other comprehensive income

Other comprehensive income was distributed as follows.

SEK in millions	Equity component	Jan–Dec 2021	Jan–Dec 2020
Other comprehensive income that may be reclassified to net income			
Cash flow hedges			
Net changes in fair value	Hedging reserve	-283	11
Transferred to financial items in net income	Hedging reserve	344	2
Income tax effect	Hedging reserve	-12	-3
Total cash flow hedges		**48**	**11**
Cost of hedging			
Changes in fair value	Cost of hedging reserve	143	-100
Income tax effect	Cost of hedging reserve	-29	21
Total cost of hedging		**114**	**-79**
Debt instruments at fair value through OCI			
Net changes in fair value	Fair value reserve	–	32
Transferred to financial items in net income	Fair value reserve	-36	–
Income tax effect	Fair value reserve	8	-7
Total debt instruments at fair value through OCI		**-28**	**25**
Other comprehensive income that will not be reclassified to net income			
Equity instruments at fair value through OCI			
Net changes in fair value	Fair value reserve	126	63
Income tax effect	Fair value reserve	–	–
Total equity instruments at fair value through OCI		**126**	**63**
Total other comprehensive income		**260**	**20**
of which total income tax effects (see also Note P6)		*-34*	*11*

P8. Intangible assets

No general changes of useful lives were made during the year. For useful lives applied, see Note C2. In the income statement, amortization and impairment losses are, if applicable, included in all expense line items by function as well as in line item Other operating expenses. Accelerated amortization, to the extent allowed by Swedish tax legislation, is recorded as untaxed reserves and appropriations, see this section in Note P6.

The carrying value of intangible assets was distributed as follows.

	Other intangibles[1]	
SEK in millions	**Dec 31, 2021**	**Dec 31, 2020**
Accumulated costs	16	22
Accumulated amortization	-14	-19
Carrying value	**2**	**3**
of which work in progress	–	–
Carrying value opening balance	**3**	**4**
Investments	–	–
Disposals	–	–
Depreciation for the year	-1	-1
Carrying value, closing balance	**2**	**3**

1) Other intangibles are mainly related to IT-systems. As of December 31, 2021 carrying value of Capitalized development expenses amounted to SEK 1 million (1).

P9. Property, plant and equipment

The total carrying value was distributed and changed as follows.

	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
SEK in millions	**Plant and machinery**		**Equipment, tools and installations**		**Total**	
Accumulated cost	6	6	0	0	**6**	6
Accumulated depreciation	-6	-6	0	0	**-6**	-6
Carrying value	**0**	**0**	**0**	**0**	**0**	**0**
Carrying value, opening balance	0	0	0	0	**0**	0
Depreciation for the year	–	–	–	–	–	–
Carrying value, closing balance	**0**	**0**	**0**	**0**	**0**	**0**

No general changes of useful lives were made in 2021. For useful lives applied, see Note C2. In the income statement, depreciation and impairment losses are, if applicable, included in all expense line items by function as well as in line item Other operating expenses. Accelerated depreciation, to the extent allowed by Swedish tax legislation, is recorded as untaxed reserves and appropriations, see this section in Note P6.

P10. Film and program rights

The total carrying value for Film and program rights was distributed and changed as follows:

SEK in millions	Dec 31, 2021 Film and program rights	Dec 31, 2020
Accumulated cost	1 ,096	–
Accumulated amortization	-487	–
Advances (Prepaid)	–	531
Carrying value	**609**	**531**
of which non-current	–	–
of which current	*609*	*531*
Carrying value, opening balance	531	–
Additions	566	531
Amortizations for the year (included in EBITDA)	-487	–
Exchange rate differences	–	–
Carrying value, closing balance	**609**	**531**

Amortization of film and program rights is included within the function Cost of sales and is classified as Cost of film and program rights (within EBITDA) in the distribution of operating expenses by nature in Note P3. Contractual obligations regarding future acquistions (or equivalent) of film and program rights which are not included in the balance sheet represented the following expected maturities.

SEK in millions	Dec 31, 2021 Film and program rights commitments	Dec 31, 2020
Within 1-3 years	2,184	2,161
Within 4-10 years	–	534
Total	**2,184**	**2,694**

For other unrecognized contractual obligations, see Note P24.

P11. Other financial assets

The total carrying value changed as follows.

SEK in millions	Investments in associated companies and joint operations		Investments in other equity instrments		Investments in subsidiaries and other non-current financial assets		Total	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
Carrying value, opening balance	56	35	440	267	178,092	199,403	**178,588**	**199,705**
New share issues and shareholder contributions	11	13	37	–	257	12	**304**	**25**
Repayment of capital	–	–	–	–	-1,000	–	**-1,000**	–
Additions	3	8	12	100	17,351	9,555	**17,366**	**9,663**
Disposals	–	–	-68	–	-21,265	-8,089	**-21,333**	**-8,089**
Impairment losses	–	–	–	–	-4,500	-14,965	**-4,500**	**-14,965**
Reclassifications to short-term investments	–	–	–	–	-6,324	-6,643	**-6,324**	**-6,643**
Other reclassifications	–	–	–	10	-89	293	**-89**	**303**
Changes in fair value	–	–	123	63	201	-1,475	**324**	**-1,411**
Carrying value, closing balance	**70**	**56**	**544**	**440**	**162,724**	**178,092**	**163,337**	**178,588**

For other financial assets, fair values equal carrying values. Impairment losses were related to Telia Finland Oyj amounting to SEK 4,500 million (14,955). For more information regarding Equity instruments measured at fair value through OCI, see Note C26. The total carrying values of other financial assets were distributed as follows.

SEK in millions	Carrying value Dec 31, 2021	Dec 31, 2020
Investments in other equity instruments at fair value through OCI	526	422
Investments in other equity instruments at fair value through income statement	18	18
Bonds at fair value through OCI	–	5,086
Bonds at fair value through income statement	5,149	–
Interest rate and cross-currency interest rate swaps at fair value	1,283	3,989
of which designated as fair value hedges	*574*	*1,476*
of which at fair value through income statement	*310*	*930*
of which designated as cash flow hedges	*399*	*1,583*
Subtotal *(see Fair value hierarchy levels – Note P20)*	**6,976**	**9,516**
Financial assets at amortized cost	407	394
Subtotal *(see Categories – Note P20 and Credit risk – Note P21)*	**7,383**	**9,910**
Investments in subsidiaries	100,483	111,401
Receivables from subsidiaries (see Note P23)	55,401	57,221
Investments in associated companies and joint operations	70	56
Total other financial assets	**163,337**	**178,588**
of which interest-bearing	*62,235*	*66,690*
of which non-interest-bearing	*101,102*	*111,897*

For Loans and receivables (including claims on associated companies), fair value is estimated at the present value of future cash flows discounted by applying market interest rates at the end of the reporting period.

For more information on financial instruments by category/fair value hierarchy level and exposed to credit risk, see Note P20 and section "Credit risk management" in Note P21, respectively. Conventional commercial terms apply for receivables from subsidiaries.

Investments in subsidiaries are specified below, while corresponding information on associated companies and other equity instruments is presented in Notes C15 and C16.

Subsidiary, Corp. reg. no., registered office	Participation (%)	Number of shares	Carrying value (SEK in millions) Dec 31, 2021	Dec 31, 2020
Swedish companies				
TV4 Media Holding AB, 556906-0824, Stockholm	100	50,000	9,207	9,207
Telia Sverige AB, 556430-0142, Stockholm	100	3,000,000	8,494	9,389
Telia Towers AB, 559196-5164, Stockholm	51	67,855,500	3,383	6,634
Telia Nättjänster Norden AB, 556459-3076, Stockholm	100	68,512	3,146	3,146
Cygate AB, 556549-8952, Solna	100	61,000	865	765
TeliaSonera Mobile Networks AB, 556025-7932, Stockholm	100	550,000	663	663
Telia Finance AB, 556404-6661, Solna	100	45,000	659	659
Telia Mobile Holding AB, 556855-9040, Stockholm	100	50,000	616	511
Telia Carrier AB, 556583-2226, Stockholm	–	–	–	453
Zitius Service Delivery AB, 556642-8339, Gothenburg	100	2,079,000	353	353
Telia Försäkring AB, 516401-8490, Stockholm	100	2,000,000	245	200
Telia Sverige Net Fastigheter AB, 556368-4801, Stockholm	100	5,000	169	169
Telia Towers Sweden AB, 559162-3342, Stockholm	100	11,050,000	110	–
Fält Communications AB, 556556-1999, Umeå	100	31,857,538	45	150
Telia Asset Finance AB, 556599-4729, Solna	100	1,000	22	22
Styx012 AB, 556577-9195, Lund	–	–	–	13

Subsidiary, Corp. reg. no., registered office	Participation (%)	Number of shares	Carrying value (SEK in millions) Dec 31, 2021	Dec 31, 2020
Telia Network Sales AB, 556458-0040, Stockholm	100	10,000	7	7
We Care and Repair Nordic AB, 556989-3679, Stockholm	100	500	7	2
Fello AB, 556921-7648, Gothenburg	100	180,656	2	2
isMobile AB, 556575-0014, Luleå	67	8,255,975	1	1
Styx010 AB, 556669-1704, Umeå	–	–	–	2
Styx011 AB, 556848-4249, Mellerud	–	–	–	1
Styx009 AB, 556426-1716, Lund	–	–	–	1
Axelerate Solutions AB, 556988-3076, Stockholm	100	1,000	0	0
Other operating, dormant and divested companies			0	0

Subsidiary, Corp. reg. no., registered office	Participation (%)	Number of shares	Carrying value (SEK in millions) Dec 31, 2021	Carrying value (SEK in millions) Dec 31, 2020
Non-Swedish companies				
Telia Finland Oyj, 1475607-9, Helsinki	100	1,417,360,515	27,400	31,886
Telia Inmics-Nebula Oy, 2546028-1, Helsinki	100	46,921,852	2,049	2,049
Telia Cygate Oy, 0752421-0, Helsinki	100	1,500,000	416	416
Assembly Organizing Oy, 2245136-3, Helsinki	100	1,256	36	23
Telia Carrier Finland Oy, 1649304-9, Helsinki	–	–	–	98
Telia Payment Oy, 1636595-2, Hämeenlinna	–	–	–	14
Telia Norge AS, 981929055, Oslo	100	30,000	32,675	32,675
Telia Company Danmark A/S, 18530740, Copenhagen	100	14,500	32	32
Argon A/S, 36462272, Copenhagen	100	500,000	1	1
Telia Carrier Denmark A/S, 24210413, Copenhagen	–	–	–	172
Telia Lietuva, AB, 121215434, Vilnius	88.2	513,594,774	4,144	4,144
Telia Global Services Lithuania, UAB, 134517169, Vilnius	100	192,414	12	12
SIA Telia Latvija, 000305757, Riga	100	353,500	24	24
Latvijas Mobilais Telefons SIA, 50003050931, Riga	24.5	200,165	2	2
Telia Carrier Latvia SIA, 40003251354, Riga	–	–	–	7
Telia Eesti AS, 10234957, Tallinn	100	137,954,528	5,691	5,691
Telia Carrier Estonia OÜ, 12606073, Tallinn	–	–	–	11
Telia Carrier France S.A.S., B421204793, Paris	–	–	–	482
Telia Carrier UK Ltd, 02796345, London	–	–	–	268
Telia Carrier Germany GmbH, HRB50081, Frankfurt am Main	–	–	–	249
AO Telia Carrier Russia, 1027809197327, Moscow	–	–	–	200
Telia Carrier U.S. Inc., 541837195, Herndon, VA	–	–	–	136
Telia Carrier Czech Republic a.s., 26207842, Praha	–	–	–	126

Subsidiary, Corp. reg. no., registered office	Participation (%)	Number of shares	Carrying value (SEK in millions) Dec 31, 2021	Carrying value (SEK in millions) Dec 31, 2020
Telia Carrier Austria GmbH, FN191783i, Vienna	–	–	–	118
Telia Carrier Netherlands B.V., 34128048, Amsterdam	–	–	–	59
Telia Carrier Switzerland AG, CHE-105.398.242, Zürich	–	–	–	54
Telia Carrier Poland Sp.z o.o., 0000018616, Warszawa	–	–	–	37
Telia Carrier Italy S.p.A., 07893960018, Turin	–	–	–	17
Telia Carrier Hungary Kft, 01-09-688192, Budapest	–	–	–	13
Telia Carrier Turkey Telekomunikasyon L.S., 609188, Istanbul	–	–	–	8
Telia Carrier Ireland Ltd., 347074, Dublin	–	–	–	6
TOV Telia Carrier Ukraine, 34716440, Kyiv	–	–	–	6
Telia Carrier Romania S.R.L., 20974985, Bucharest	–	–	–	3
Telia Carrier Slovakia s.r.o., 36709913, Bratislava	–	–	–	3
Telia Carrier Belgium S.A., 0469422293, Brusells	–	–	–	3
Telia Carrier Canada Inc., BC0968600, Vancouver, British Columbia	–	–	–	1
Telia Carrier Singapore Pte. Ltd., 200005728N, Singapore	–	–	–	1
Telia Carrier d.o.o. Beograd-Stari Grad, 21372820, Belgrade	–	–	–	1
Telia Carrier Communications Mexico S.A. de C.V., TC-C1707186Y6, Mexico City	–	–	–	1
Telia Carrier Croatia d.o.o., 081061252, Zagreb	–	–	–	0
Telia Carrier Japan Godo-Kaisha, 10403018587, Tokyo	–	–	–	0
TeliaSonera Telekomünikasyon Hizmetleri A.S., 381395, Istanbul	99.0	79,193	10	10
Other operating, dormant and divested companies			–	1
Total			**100,483**	**111,401**

The decreased book values related to the shares in Telia Finland Oyj is related to an impairment made of the shares in March 2021 and in Telia Sverige AB mainly derived from a capital repayment made in June 2021. In June 2021 all shareholdings in Telia Carrier were disposed which included one Swedish and 32 foreign subsidiaries. Part of the disposed companies were included in "Other operating, dormant and divested companies". In August 2021 the shareholding in Assembly Organizing Oy increased from approx. 80% to 100%. In October 2021 the wholly-owned subsidiary Telia Payment Oy was merged into the wholly-owned subsidiary Telia Finland Oyj. In December 2021, 49% of the shares in Telia Towers AB was disposed and 100% of the shares in Telia Towers Sweden AB was acquired. The wholly-owned subsidiaries Styx009 AB, Styx010 AB, Styx011 AB and Styx012 AB were liquidated in 2021. For information regarding acqusitions see Note C34. Telia Danmark is a branch of Telia Nättjänster Norden AB. TeliaCompany's holdings in the networksharing operations in Sweden and Denmark are held through Telia Sverige AB and Telia Mobile Holding AB, respectively. Another 24.5 percent of the shares in Latvijas Mobilais Telefons SIA are owned by a subsidiary. Telia Company has a board majority in Latvijas Mobilais Telefons SIA. Remaining shares in TeliaSonera Telekomünikasyon Hizmetleri A.S. is owned by Telia Finland Oyj which also controls Sonera Holding B.V. and TeliaSonera UTA Holding B.V.. Equity participation corresponds to voting rights participation in all companies. Other operating and dormant companies do not control group assets of significant value. In addition to companies mentioned above, Telia Company indirectly controls a number of operating and dormant subsidiaries of subsidiaries.

P12. Trade and other receivables

The carrying value of trade and other receivables were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Currency- and interest rate swaps and forward exchange contracts designated as hedges	61	70
Currency- and interest rate swaps and forward exchange contracts at fair value through income statement	152	118
Subtotal *(see Fair value hierarchy levels – Note P20)*	**213**	**188**
Accounts receivable at amortized cost	11	7
Loans and receivables at amortized cost	19	0
Subtotal *(see Categories – Note P20 and Credit risk – Note P21)*	**243**	**195**
Receivables from subsidiaries (see Note P23)	23,234	26,404
of which cash-pool balances and short-term deposits	*15,870*	*20,366*
of which trade and other receivables	*7,364*	*6,038*
Other current receivables	512	341
Deferred expenses	4	20
Total trade and other receivables	**23,992**	**26,960**
of which interest-bearing	*16,352*	*20,636*
of which non-interest-bearing	*7,640*	*6,325*

For Accounts receivable and Loans and receivables, the carrying values equal fair value as the impact of discounting is insignificant. Receivables from subsidiaries includes impairment charges in accordance with IFRS 9, see Note P5. For Accounts receivable and Loans and receivables (including receivables from associated companies and joint ventures), at the end of the reporting period, concentration of credit risk by geographical area and by customer segment was as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Geographical area		
Sweden	9	3
Other countries	2	4
Total carrying value	**11**	**7**
Customer segment		
Other customers	11	7
Total carrying value	**11**	**7**

For more information on financial instruments by category/fair value hierarchy level and exposed to credit risk, see Note P20 and section "Credit risk management" in Note P21, respectively. Conventional commercial terms apply for receivables from subsidiaries.

As of the end of the reporting period, allowance for expected credit losses and ageing of Accounts receivable, respectively, were as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Accounts receivable invoiced	11	7
Allowance for expected credit losses, accounts receivable	–	–
Total accounts receivable	**11**	**7**
Accounts receivable not due	10	3
Accounts receivable past due but not impaired	2	4
of which 30–180 days	*0*	*4*
of which more than 180 days	*2*	*0*
Total accounts receivable	**11**	**7**

As of the end of the reporting period, ageing of Loans and receivables (including receivables from associated companies) were as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Loans and receivables not due	19	0
Total loans and receivables	**19**	**0**

There were no expenses for credit losses and no recovered Accounts receivables within accounts receivables or Loans and receivables at amortized cost in 2021 and in 2020.

P13. Short-term investments, cash and cash equivalents

Short-term investments, cash and cash equivalents were as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Short term investments with maturities longer than 3 months	6,049	2,235
of which bonds at fair value through OCI	*–*	*2,235*
of which bonds at fair value through income statement	*6,049*	*–*
Short-term investments with maturities up to and including 3 months	380	385
of which bonds at fair value through OCI	*–*	*385*
of which bonds at fair value through income statement	*380*	*–*
of which bank deposits at amortized cost	*–*	*–*
Total short-term investments	**6,429**	**2,621**
Cash and bank	12,834	6,000
Total (*see Categories – Note P20 and Credit risk – Note P21*)	**19,263**	**8,620**
of which cash and cash equivalents	*13,214*	*6,385*

Cash and cash equivalents are defined as the sum of Short-term investments with maturities up to and including 3 months and the balance sheet item Cash and bank. The carrying values are assumed to approximate fair values as the risk of changes in value is insignificant. As of December 31, 2021, there were no blocked funds in Telia Company's bank accounts. For more information on financial instruments by category and exposed to credit risk, see Note P20 and section "Credit risk management" in Note P21, respectively.

P14. Shareholders' equity

Share capital, treasury shares, earnings per share and dividends
See Notes to consolidated financial statements (corresponding sections in Note C20).

At the disposal of the Annual General Meeting (AGM):

	SEK
Non-restricted equity excluding net income	51,845,234,723
Net income	17,877,165,823
Total	**69,722,400,546**

The Board proposes that this sum be appropriated as follows:

	SEK
SEK 2.05 per share ordinary dividend to the shareholders[1]	8,383,744,989
To be carried forward	61,338,655,557
Total	**69,722,400,546**

1) Based on outstanding shares as per December 31, 2021.

The dividend is proposed to be split and distributed into two tranches one of SEK 1.00 per share in April 2022 and one of SEK 1.05 per share in November 2022.

The Board of Directors is of the opinion that the proposed dividend, according to Chapter 18 Section 4 of the Swedish Companies Act, is justifiable. After distribution of the proposed dividend, the equity of the company and the group will be sufficient with respect to the nature, scope, and risks of the operations. Also, the company and the group are deemed to have a satisfactory level of liquidity, a consolidation need that is met and a satisfactory general financial position.

The full statement by the Board of Directors will be included in the AGM documentation.

P15. Provisions for pensions and employment contracts

Pension obligations and pension expenses
The employees in Telia Company AB are covered by one of the three occupational pension plans ITP1, ITP2 or ITP-Tele due to collective agreement. ITP2 and ITP-Tele are defined benefit pension plans which means that the individual is guaranteed a pension equal to a certain percentage of his or her salary. All employees born in 1979 or later are covered by ITP1.

Most pension obligations are secured by Telia Pension Fund. Certain commitments, such as certain supplementary individual pension benefits and a right under the employment contracts for certain categories of personnel to retire at age 55, 60, or 63, are provided for by taxed reserves in the balance sheet.

Pension obligations are calculated annually, as of the end of the reporting period, based on actuarial principles.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Opening balance, pension obligations covered by plan assets	1,549	1,558
Opening balance, pension obligations not covered by plan assets	371	379
Opening balance, total pension obligations	**1,920**	**1,937**
Current service cost	11	11
Interest cost, paid-up policy indexation	80	105
Benefits paid	-127	-120
Other changes in valuation of pension obligations and termination benefits	-16	-15
Closing balance, pension obligations covered by plan assets	**1,517**	1,549
Closing balance, pension obligations not covered by plan assets	351	371
Closing balance, total pension obligations	**1,868**	**1,920**
of which PRI Pensionsgaranti pensions	*1,330*	*1,351*

The fair value of plan assets changed as follows.

SEK in millions, except return	Dec 31, 2021	Dec 31, 2020
Opening balance, plan assets	2,944	3,005
Payments from pension fund	-175	-100
Actual return	290	39
Closing balance, plan assets	**3,059**	**2,944**
Actual return on plan assets (%)	*9.8*	*1.3*

Provisions for pension obligations were recognized in the balance sheet as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Present value of pension obligations	1,868	1,920
Fair value of plan assets	-3,059	-2,944
Surplus capital in pension fund	1,542	1,395
Provisions for pension obligations	**351**	**371**

Total pension expenses (+)/income (-) were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Current service cost	11	11
Interest cost, paid-up policy indexation	80	105
Less interest expenses recognized as financial expenses	-14	-15
Actual return on plan assets	-115	60
Divested operations, pension obligations	0	0
Other changes in valuation of pension obligations	-17	-15
Termination benefits	1	1
Payments from pension fund	-175	-100
Pension expenses (+)/income (-), defined benefit pension plans	**-229**	**47**
Pension premiums, defined benefit/defined contribution pension plans and other pension costs	93	81
Pension-related social charges and taxes	10	20
Less termination benefits (incl. premiums and pension-related social charges) reported as restructuring cost	-1	-2
Pension expenses (+)/income (-)	**102**	**99**
Decrease (-)/Increase (+) of surplus capital in pension fund	147	-51
Recognized pension expenses (+)/income (-)	**19**	**94**
of which pension premiums paid to the ITP pension plan	*5*	*5*

Principal actuarial assumptions

The actuarial calculation of pension obligations and pension expenses is based on principles set by PRI Pensions-garanti and the Swedish Financial Supervisory Authority, respectively. The principal calculation assumption is the discount rate which, as a weighted average for the different pension plans and, as applicable, net of calculated yield tax, was 3.3 percent in 2021 (3.3). Obligations were calculated based on the salary levels prevailing at December 31, 2021 and 2020, respectively.

Plan-asset allocation

At the end of the reporting period, plan assets were allocated as follows.

	Dec 31, 2021		Dec 31, 2020	
Asset category	SEK in millions	Percent	SEK in millions	Percent
Fixed income instruments, liquidity	1,472	48.1	1,436	48.8
Shares and other investments	1,587	51.9	1,508	51.2
Total	**3,059**	**100**	**2,944**	**100.0**

Future contributions and pension payments

As of December 31, 2021, the fair value of plan assets exceeded the present value of pension obligations. Unless the fair value of plan assets during 2022 should fall short of the present value of pension obligations, Telia Company has no intention to make any contribution to the pension fund.

P16. Other provisions

Changes in other provisions were as follows.

	December 31, 2021				
SEK in millions	Payroll taxes on future pension payments	Restructuring provisions	Other provisions	Insurance provisions	Total
Opening balance	53	65	310	20	**448**
Provisions for the period	10	36	32		**77**
Utilized provisions	-2	-57	-307	-2	**-367**
Reclassifications	–	–	–	–	–
Exchange rate differences	–	–	5	–	**5**
Closing balance	**61**	**44**	**41**	**18**	**163**
of which non-current portion	*61*	*3*	*8*	*18*	*90*
of which current portion	0	*41*	*32*	–	*73*

For financial liabilities, the carrying value equals fair value as provisions are discounted to present value. See Note P20 for more information on financial instruments classified by category.

Full utilization of payroll taxes on future pension payments and insurance provisions is expected in the period 2022-2054. The provisions represent the present value of management's best estimate of the amounts required to settle the liabilities. Restructuring provisions mainly refer to staff redundancy costs. The remaining provision as of December 31, 2021, is expected to be fully utilized in 2023. Other provisions include provisions for estimated expenses related to fulfilling representations made and warranties, i.e. transaction warranties in connection with acquisitions, disposals and winding-up of group entities.

P17. Long-term and short-term borrowings

Open-market financing programs
For information on Telia Company's open-market financing programs, see Note C21.

Borrowings
Long-term and short-term borrowings were distributed as follows.

	Dec 31, 2021		Dec 31, 2020	
SEK in millions	Carrying value	Fair value	Carrying value	Fair value
Long-term borrowings				
Interest rate derivatives at fair value	771	771	134	134
of which designated as hedging instruments	*768*	*768*	*134*	*134*
of which at fair value through income statement	*3*	*3*	–	–
Cross-currency interest rate derivatives at fair value	800	800	3,907	3,907
of which hedging net investments	–	–	*1,924*	*1,924*
of which designated as hedging instruments	*765*	*765*	*1,593*	*1,593*
of which att fair value through income statement	*35*	*35*	*391*	*391*
Subtotal *(see Fair value hierarchy levels – Note P20)*	**1,571**	**1,571**	**4,041**	**4,041**
Open-market financing borrowings in fair value hedge relationships	53,451	59,477	51,628	55,249
Open-market financing borrowings at amortized costs	23,215	28,084	31,345	41,992
of which hedging net investments	*5,589*	*7,598*	*11,419*	*15,910*
Total long-term borrowings *(see Categories – Note P20)*	**78,237**	**89,131**	**87,014**	**101,282**

SEK in millions	Dec 31, 2021 Carrying value	Dec 31, 2021 Fair value	Dec 31, 2020 Carrying value	Dec 31, 2020 Fair value
Short term Borrowings				
Interest rate derivatives at fair value	92	92	8	8
of which designated as hedging instruments	*92*	*92*	*8*	*8*
Cross-currency interest rate derivatives at fair value	223	223	143	143
of which designated as hedging instruments	*108*	*108*	*143*	*143*
of which at fair value through income statement	*115*	*115*	–	–
Subtotal *(see Fair value hierarchy levels – Note P20)*	**315**	**315**	**151**	**151**
Open-market financing borrowings in fair value hedge relationships	6,001	6,037	5,127	5,313
Subtotal *(see Categories – Note P20)*	**6,316**	**6,352**	**5,278**	**5,465**
Borrowings from subsidiaries (see note P23)	27,433		36,549	
of which from cash pool	*26,913*		*36,434*	
of which other borrowings	*520*		*115*	
Total short-term borrowings	**33,749**		**41,827**	

As of December 31, 2021 fully unutilized bank overdraft credit facilities had a total limit of SEK 1,013 million (1,011).

For additional information on financial instruments classified by category/fair value hierarchy level, see Note P20, and for information on maturities and liquidity risks, see section "Liquidity risk management" in Note P21. See Note C21 for further information on borrowings and the swap portfolio. Conventional commercial terms apply for borrowings from subsidiaries, which comprise cash-pool balances and other borrowings.

P18. Long-term liabilities

The carrying value of long-term liabilities were SEK 3 million (4). For liabilities to subsidiaries, see Note P23. For the years 2021 and 2020, no long-term liabilities fell due more than 5 years after the end of the reporting period.

P19. Short-term provisions, trade payables and other current liabilities

Short-term provisions, trade payables and other current liabilities were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Currency swaps, forward exchange contracts and currency options measured at fair value through profit or loss (income statement)	14	526
Subtotal *(see Fair value hierarchy levels – Note P20)*	**14**	**526**
Accounts payable at amortized cost	76	101
Current liabilities at amortized cost	597	12
Subtotal *(see Categories – Note P20)*	**687**	**639**
Liabilities to subsidiaries (see Note P23)	1,761	1,598
Other current liabilities and short-term provisions	215	404
Total short-term provisions, trade payables and other current liabilities	**2,664**	**2,642**

For Accounts payable and Current liabilities, the carrying value equals fair value as the impact of discounting is insignificant. For additional information on financial instruments classified by category/fair value hierarchy level and on liquidity risks, see Note P20 and section "Liquidity risk management" in Note P21. As of December 31, 2021, contractual cash flows for liabilities at amortized cost represented the following expected maturities.

Expected maturity SEK in millions	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	Total
Liabilities at amortized cost	673	0	0	0	**673**

Corresponding information for currency derivatives held-for-trading is presented in section "Liquidity risk management" to Note P21.

Conventional commercial terms apply for trading with subsidiaries.

P20. Financial assets and liabilities by category and level

Categories

Carrying values of classes of financial assets and liabilities were distributed by category as follows. Financial liabilities exclude pension obligations as presented in Note P15.

SEK in millions	Note	Dec 31, 2021	Dec 31, 2020
Financial assets			
Derivatives designated as hedging instruments	P11, P12	1,034	3,129
Financial assets at fair value through income statement		480	1,066
of which derivatives measured at fair value through income statement	*P11, P12*	*462*	*1,049*
of which other investments at fair value through income statement	*P11*	*18*	*18*
Long- and short-term bonds measured at fair value through OCI[1]	P11, P13	–	7,706
Long- and short-term bonds measured at fair value through income statement[1]	P11, P13	11,578	–
Financial assets at amortized cost	P11, P12, P13	79,584	84,367
Financial assets mesaured at fair value through OCI	P11, P13	526	422
Total financial assets by category		**93,203**	**96,691**
Financial liabilities			
Derivatives designated as hedging instruments	P17	1,734	3,802
Derivatives mesaured at fair value through income statement	P17, P19	166	917
Financial liabilities measured at amortized cost	P17, P19	112,534	126,360
Total financial liabilities by category		**114,434**	**131,079**

1) 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 C1.

Fair value hierarchy levels

The carrying values of classes of financial assets and liabilities were distributed by fair value hierarchy level as follows.

		December 31, 2021				December 31, 2020			
			of which				of which		
SEK in millions	Note	Fair value	Level 1	Level 2	Level 3	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value[1]									
Equity instruments at fair value through OCI	P11	**526**	–	–	526	**422**	–	–	422
Equity instruments at fair value through income statement	P11	**18**	–	–	18	**18**	–	–	18
Long-and short-term bonds at fair value through OCI	P11, P13	–	–	–	–	**7,706**	6,457	1,250	–
Long-and short-term bonds at fair value through income statement	P11, P13	**11,578**	9,883	1,695	–	–	–	–	–
Derivatives designated as hedging instruments	P11, P12	**1,034**	–	1,034	–	**3,129**	–	3,129	–
Derivatives at fair value through income statement	P11, P12	**462**	–	463	–	**1,049**	–	1,049	–
Total financial assets at fair value by level		**13,618**	**9,883**	**3,191**	**544**	**12,323**	**6,457**	**5,427**	**440**
Financial liabilities at fair value									
Derivatives designated as hedging instruments	P17	**1,734**	–	1,734	–	**3,802**	–	3,802	–
Derivatives at fair value through income statement	P17, P19	**166**	–	166	–	**917**	–	917	–
Contingent consideration liabilities		–	–	–	–	–	–	–	–
Total financial liabilities at fair value by level		**1,900**	–	**1,900**	–	**4,719**	**–**	**4,719**	**–**

1) For information on fair value hierarchy levels and fair value estimation, see Note C3.

There were no transfers between Level 1, 2 or 3 in 2021 and 2020.

Level 3 financial assets changed as follows.

	Assets, December 31, 2021				Liabilities, December 31, 2021
SEK in millions	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Derivatives at fair value through income statement	Total	Contingent considerations
Level 3, opening balance	**422**	**18**	–	**440**	–
Changes in fair value	126	–	–	**126**	–
of which recognized in other comprehensive income	*126*	–	–	*126*	–
Purchases/ capital contributions	50	–	–	**50**	–
Disposal	-71	–	–	**-71**	–
Other reclassifications	–	–	–	–	–
Level 3, closing balance	**526**	**18**	**–**	**544**	**–**

	Assets, December 31, 2020				Liabilities, December 31, 2020
SEK in millions	**Equity instruments at fair value through OCI**	**Equity instruments at fair value through income statement**	**Derivatives at fair value through income statement**	**Total**	**Contingent considerations**
Level 3, opening balance	253	13	–	**266**	**41**
Changes in fair value	63	–	–	**63**	–
of which recognized in other comprehensive income	*63*	–	–	**63**	–
Purchases/ capital contributions	96	5	–	**100**	–
Disposal	0	–	–	**0**	–
Settlements	–	–	–	–	-41
Other reclassifications	10	–	–	**10**	–
Level 3, closing balance	**422**	**18**	**–**	**440**	**–**

The changes in fair value of equity instruments relate mainly to a Swappiee Oy in 2021 and to Volterra Inc., Subspace Inc., Swappie Oy and Soundtrack your brand Sweden AB in 2020. In 2020 purchases include the acquisition of Volterra Inc., Varjo Technologies Oy, and Challengermode AB.

Disposals in 2021 relates to Volterra Inc.. Changes in fair value recognized in net income are included in line item Financial income and expenses. For more information see Note P5 and Note C26.

P21. Financial risk management

Principles, capital management and management of financial risks
For information relevant to Telia Company, see Note C27.

Credit risk management
Telia Company's exposure to credit risk arises from default of counterparts (including price risks as regards investments in equity instruments), with a maximum exposure equal to the carrying amount of these instruments (detailed in the respective Note and excluding receivables from subsidiaries), as follows.

SEK in millions	Note	Dec 31, 2021	Dec 31, 2020
Other financial assets excluding investments and receivables on subsidiaries and associated companies and investments in other equity instruments	P11	6,839	9,469
Trade and other receivables	P12	243	195
Short-term investments, cash and cash equivalents	P13	19,263	8,620
Total		**26,345**	**18,284**

Telia Company has an internal model for credit rating of subsidiaries used when pricing internal lending to subsidiaries. For information on the model, see Note P1 and for information on credit risk management relevant to Telia Company, see Note C27.

Liquidity risk management
Liquidity risk is the risk that Telia Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. For information on liquidity risk management relevant to Telia Company, see Note C27.

As of December 31, 2021, contractual undiscounted cash flows for interest-bearing borrowings and non-interest-bearing currency derivatives (excluding intra-group derivatives) represented the following expected maturities, including instalments and estimated interest payments. The balances due within 12 months equal their carrying values as the impact of discounting is insignificant.

Expected maturity SEK in millions	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	2023	2024	2025	2026	Later years	Total
Utilized bank overdraft and short-term credit facilities	–	–	–	–	–	–	–	–	–	–
Open-market financing program borrowings	-4,669	-487	-1,839	-7,579	-12,646	-8,460	-8,894	-6,124	-45,717	**-96,415**
Cross-currency interest rate swaps and interest rate swaps										
Payables	-4,283	-491	-3,167	-536	-13,202	-13,794	-5,764	-7,566	-13,271	**-62,074**
Receivables	4,230	447	2,899	613	12,787	13,828	5,462	7,284	12,656	**60,206**
Currency swaps and forward exchange contracts										
Payables	-32,749	-36	-326	-6	–	–	–	–	–	**-33,117**
Recievables	32,880	36	334	7	–	–	–	–	–	**33,257**
Total, net	**-4,591**	**-531**	**-2,099**	**-7,501**	**-13,061**	**-8,426**	**-9,196**	**-6,406**	**-46,332**	**-98,143**

Expected maturities for and additional information on non-interest-bearing liabilities, guarantees and other contractual obligations are presented in Notes P16, P19 and P24, respectively.

P22. Operating lease agreements

Telia Company leases primarily office premises and company cars. Most of the leases are from outside parties. The leases are on commercial terms with respect to prices and duration.

Future minimum leasing fees under operating lease agreements in effect as of December 31, 2021, that could not be canceled in advance and were in excess of one year were as follows.

Expected maturity SEK in millions	Jan–Mar 2022	Apr–Jun 2022	Jul–Sep 2022	Oct–Dec 2022	2023	2024	2025	2026	Later years	Total
Future minimum leasing fees	1	1	1	1	2	–	–	–	–	5

In 2021 total rent and leasing fees paid were SEK 33 million (37).

P23. Related party transactions

General
Conventional commercial terms apply for the supply of goods and services to and from subsidiaries, associated companies and joint ventures.

Subsidiaries
In 2021 sales to subsidiaries totaled SEK 925 million (560), while purchases from subsidiaries totaled SEK 122 million (68). For information regarding receivables from and liabilities to subsidiaries see Notes P11, P12, P17, P18 and P19.

Commitments on behalf of related parties
Telia Company has made certain commitments on behalf of group companies and joint ventures. See Note P24 for further details.

Other transactions
For descriptions of certain other transactions with related parties, see Note C29.

P24. Contingencies, other contractual obligations and litigation

Contingent assets and financial guarantees
As of the end of the reporting period, Telia Company had no contingent assets, while financial guarantees reported as contingent liabilities were distributed as follows.

SEK in millions	Dec 31, 2021	Dec 31, 2020
Guarantees on behalf of subsidiaries	24,193	23,686
Guarantees for pension obligations	37	38
Total financial guarantees	**24,230**	**23,724**

Some loan covenants agreed limit the scope for divesting or pledging certain assets. For information on change-of-control provisions included in some of Telia Company's more recent bond issuances, see Notes to consolidated financial statements (corresponding section in Note C30). For all financial guarantees issued, stated amounts equal the maximum potential future payments that Telia Company could be required to make under the respective guarantee. In addition to financial guarantees indicated above, guarantees for fulfilment of contractual undertakings are granted by Telia Company on behalf of subsidiaries, as part of the group's normal course of business. At the end of the reporting period, there was no indication that payment will be required in connection with any such contractual guarantee.

Collateral pledged and other unrecognized contractual obligations
As of the end of the reporting period, there were no collateral pledged and no unrecognized contractual obligations regarding future acquisitions (or equivalent) of non-current assets. For additional information see Note P10.

Legal and administrative proceedings
For additional information relevant to Telia Company, see Note C30.

P25. Cash flow information

Non-cash transactions

No non-cash transactions were performed during 2021 or 2020.

Liabilities and cash flows arising from financing activities

SEK in millions	Dec 31, 2020	Cash flows	Non-cash changes: Foreign exchange movements	Non-cash changes: Fair value changes	Non-cash changes: Other changes[1]	Dec 31, 2021
Long-term borrowings	**87,014**	**-773**	**424**	**-2,465**	**-5,962**	**78,237**
Long-term borrowings (excluding borrowings from subsidiaries)	87,014	-773	424	-2,465	-5,962	78,237
of which derivatives hedging long-term borrowings	*3,650*	–	*-1,426*	*-570*	*-121*	*1,533*
Short-term borrowings	**41,827**	**-5,544**	**144**	**-23**	**-2,655**	**33,749**
Short-term borrowings (excluding borrowings from subsidiaries)	5,278	-5,544	144	-23	6,461	6,316
of which derivatives hedging short-term borrowings	*151*	–	*-32*	*-8*	*90*	*200*
Borrowings from subsidiaries	36,549	–	–	–	-9,116	27,433
Total liabilities from financing activities	**128,841**	**-6,317**	**568**	**-2,488**	**-8,617**	**111,985**
Assets held to hedge borrowings[2]	**-4,205**	**-1,087**	**1,237**	**2,556**	**-211**	**-1,710**
of which derivatives hedging long-term borrowings	*-3,059*	*9*	*-48*	*2,086*	*39*	*-972*
of which derivatives hedging short-term borrowings	*-70*	*-819*	*544*	*448*	*-158*	*-56*
Total liabilities from financing activities net of assets hedging borrowings[2]	**124,636**	**-7,404**	**1,805**	**67**	**-8,829**	**110,275**

1) Other changes mainly refer to change in borrowing from subsidiaries and reclassification due to maturity from long- to short-term.
2) Assets held to hedge borrowings has been added to table to clarify that related cash flow is included in cash flow from financing activites.

SEK in millions	Dec 31, 2019	Cash flows	Non-cash changes: Foreign exchange movements	Non-cash changes: Fair value changes	Non-cash changes: Other changes[1]	Dec 31, 2020
Long-term borrowings	**86,348**	**8,251**	**-2,843**	**723**	**-5,465**	**87,014**
Long-term borrowings (excluding borrowings from subsidiaries)	86,348	8,251	-2,843	723	-5,465	87,014
of which derivatives hedging long-term borrowings	*2,770*	*24*	*901*	*99*	*-144*	*3,650*
Short-term borrowings	**53,533**	**-16,600**	**-1,096**	**78**	**5,911**	**41,827**
Short-term borrowings (excluding borrowings from subsidiaries)	16,083	-16,600	-1,096	78	6,813	5,278
of which derivatives hedging short-term borrowings	*22*	–	*185*	*18*	*-73*	*151*
Borrowings from subsidiaries	37,450	–	–	–	-902	36,549
Total liabilities from financing activities	**139,881**	**-8,349**	**-3,939**	**802**	**445**	**128,841**
Assets held to hedge borrowings[2]	**-3,717**	**165**	**-389**	**-509**	**245**	**-4,205**
of which derivatives hedging long-term borrowings	*-3,269*	*-31*	*585*	*-432*	*88*	*-3,059*
of which derivatives hedging short-term borrowings	*-382*	*175*	*-56*	*-28*	*222*	*-70*
Total liabilities from financing activities net of assets hedging borrowings[2]	**136,164**	**-8,184**	**-4,328**	**293**	**691**	**124,636**

1) Other changes mainly refer to change in borrowing from subsidiaries and reclassification due to maturity from long- to short-term.
2) Assets held to hedge borrowings has been added to table to clarify that related cashflow is included in cash flow from financing activites.

P26. Human resources

The number of employees was 279 at December 31, 2021 (286). The average number of full-time employees was as follows.

	Jan–Dec 2021		Jan–Dec 2020	
Country	**Total (number)**	**of whom men (%)**	**Total (number)**	**of whom men (%)**
Sweden	254	47%	267	48%
Total	**254**	**47%**	**267**	**48%**

The share of female and male Corporate Officers was as follows. Corporate Officers include all members of the Board of Directors, the President and the 6 other members (6) of Group Executive Management employed by the parent company.

	Dec 31, 2021		Dec 31, 2020	
Percent	**Board of Directors**	**Other Corporate Officers**	**Board of Directors**	**Other Corporate Officers**
Women	45.5%	42.9%	41.7%	42.9%
Men	54.5%	57.1%	58.3%	57.1%
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Total salaries and other remuneration, along with social security expenses and other personel expenses were as follows.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Salaries and other remuneration	**407**	**440**
of which performance share programs	*4*	*7*
Social security expenses		
Employer's social security contributions	141	134
of which performance share programs	*1*	*2*
Pension expenses	23	102
Total social security expenses	**164**	**235**
Other personnel expenses	42	44
Total personnel expenses[1]	**613**	**719**

1) Of which SEK 36 million (86) recognized within in Other operating expenses.

Salaries and other remuneration were divided between Corporate Officers and other employees as follows.

	Dec 31, 2021		Dec 31, 2020	
SEK in millions	**Corporate Officers (of which variable pay)**	**Other employees**	**Corporate Officers (of which variable pay)**	**Other employees**
Salaries and other remuneration[1]	77 (-)	285	122 (-)	318

1) Of which Corporate Officers SEK 11 million (54) and Other employees SEK 14 million (10) recognized in Other operating expenses.

Corporate Officers include members of the Board of Directors and, as applicable, former Board members (but exclude employee representatives); the President and, as applicable, former Presidents and Executive Vice Presidents; and the 6 other members (6) of Group Executive Management employed by the parent company. Pension expenses and outstanding pension commitments for Corporate Officers were as follows. There are no pension benefit arrangements for external members of the Board of Directors.

SEK in millions	January–December or December 31, 2021	2020
Pension expenses[1]	21	25
Outstanding pension commitments	149	165

1) Of which SEK 2 million (7) recognized within Other operating expenses.

For additional information, see sections "Performance share programs" and "Remuneration to corporate officers" in Note C32.

P27. Remuneration to audit firms

Remuneration to the elected audit firm was as follows. See additional information in Note C33.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Remuneration		
Deloitte		
Audit	7	7
Audit-related services	1	2
Tax services	–	–
All other services	1	–
Total	**9**	**9**

Board of Directors' and President's certification

The Board of Directors and the President and CEO certify that the consolidated financial statements have been prepared in accordance with IFRSs as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The Board of Directors' Report for the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Stockholm, March 9, 2022

Lars-Johan Jarnheimer
Chair of the Board

Ingrid Bonde
Vice-Chair of the Board

Agneta Ahlström
Board member,
employee representative

Stefan Carlsson
Board member,
employee representative

Luisa Delgado
Board member

Rickard Gustafson
Board member

Jeanette Jäger
Board member

Nina Linander
Board member

Jimmy Maymann
Board member

Martin Tivéus
Board member

Rickard Wäst
Board member,
employee representative

Allison Kirkby
President and CEO

Our auditors' report was rendered on March 9, 2022

Deloitte AB

Peter Ekberg
Authorized Public Accountant

Auditors' Report

To the general meeting of the shareholders of Telia Company AB (publ.) corporate identity number 556103-4249

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Telia Company AB (publ.) for the financial year 2021-01-01 - 2021-12-31 except for the corporate governance statement on pages 54-73 and the statutory sustainability report on pages 74-122. The annual accounts and consolidated accounts of the company are included in pages 19-105, 110-111 and 124-250 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

Our opinions do not cover corporate governance statement on pages 54-73 or the statutory sustainability report on pages 74-122. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition

Risk description

There is an inherent risk around the accuracy of revenue recorded given the complexity of the systems generating the revenue, the impact of changing pricing models to revenue recognition (tariff structures, incentive arrangements, discounts etc.) and different revenue streams.

Telia Company's revenues comprise several revenue streams such as mobile service revenues, fixed service revenues, advertising revenues and equipment revenues. Telia Company may bundle services and products into one customer offering. Offerings may involve the delivery or performance of multiple products, services, or rights to use assets and as such revenue recognition requires significant judgements and estimates on behalf of management as to when, and to which amount revenues are recognized.

For further information, refer to notes C1 "Basis of preparation", C3 "Significant accounting policies", C6 "Net sales" and Not C18 "Trade and other current receivables and assets" of the consolidated accounts.

Audit procedures

Our audit procedures included, but were not limited to:

- assessing the application of the group's accounting policies with respect to delivery of services, products and advertising and the accounting implications of new business models and revenue streams to verify that group accounting policies for these models were appropriate;
- evaluating the design and testing the implementation of relevant internal controls used for revenue recognition;
- with the support of our information technology specialists testing the IT environment in which billing, rating and other relevant support systems reside, including the change control procedures in place around systems that bill material revenue streams;
- analytical and detailed substantive procedures on a sample basis for a selection of recognized revenue; and
- evaluating the adequacy of disclosures related to the various revenue streams.

Carrying value of goodwill and other non-current assets

Risk description

Telia Company's carrying values of goodwill and other non-current assets including film and program rights represent a significant part of Telia Company´s total assets. Telia Company is required to test goodwill assets for impairment at least annually and all assets whenever events or circumstances indicate that the carrying value of an asset may not be recoverable. The determination of recoverable amount, being the higher of fair value less costs of disposal and value in use, requires judgement on the part of management in both identifying and then valuing the relevant cash generating units ("CGU's"). Management normally determines recoverable amounts based on value in use. Calculations of value in use are based on management's view of variables such as sales growth, EBITDA margin development, weighted average cost of capital ("WACC"), CAPEX-to-sales ratio and terminal growth rate.

For further information, refer to notes C2 "Judgments and key sources of estimation uncertainty" and C12 "Goodwill and other intangible assets" as well as C14 "Film and program rights" of the consolidated accounts.

Audit procedures

Our audit procedures included, but were not limited to:

- evaluating the appropriateness of management's identification of the Group's CGU's;
- with the support of our valuation specialists, benchmarking and challenging key assumptions in management's valuation models used to determine recoverable amount, including assumptions of sales growth, EBITDA margin, WACC, CAPEX-to-sales ratio, and terminal growth rate;
- comparing historical forecasting to actual results;
- testing mathematical accuracy of the cash flow models and challenging and agreeing key assumptions to the long-term business plans approved by the Board of Directors;
- evaluating the adequacy of disclosures related to those assumptions and CGU's to which the outcome of the impairment tests are most sensitive; and
- evaluating the accounting principles for film and program rights related to acquisition value, timing of recognition in the balance sheet and amortization principles as well as assessing the need for impairment on individual film and program right assets.

Other information than the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for other information. The other information includes the Remuneration Report and the pages 1-17, 54-73, 74-122 and 256-265 in this document but does not include the Annual accounts and the consolidated accounts or our Auditors Report.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Telia Company AB (publ.) for the financial year 2021-01-01 - 2021-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the parent company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Auditor's statement on the ESEF-report

Statement

In addition to our audit of the annual accounts and consolidated accounts, we have also performed a review of the fact that the Board of Directors and the President have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) in accordance with chapter 16 section 4 a of the Act (2007: 528) on the securities market for Telia Company AB for the financial year 2021-01-01 - 2021-12-31.

Our review and our statement relate only to the statutory requirement.

In our opinion, the ESEF report 2bcab3bc7206975ffbce3174dc32b0ab53fa0cfebe7a11b1d99bbedbf12e9fb8 has been prepared in a format that essentially enables uniform electronic reporting.

Basis for the statement

We performed the audit in accordance with FAR's recommendation RevR 18 Auditor's review of the ESEF report. Our responsibilities in accordance with this recommendation are described in more detail in the Auditor's responsibilities section. We are independent in relation to Telia Company AB in accordance with good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibility in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate as a basis for our statement.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for ensuring that the ESEF report has been prepared in accordance with chapter 16 section 4 a of the Securities Market Act (2007: 528), and because there is such internal control as the Board and the CEO deem necessary to prepare the ESEF report without significant inaccuracies, whether these are due to irregularities or mistakes.

Auditor's responsibility
Our task is to express ourselves with reasonable certainty if the ESEF report is in all material respects prepared in a format that meets the requirements in chapter 16 section 4 a of the Securities Market Act (2007: 528), on the basis of our review.

RevR 18 requires that we plan and implement our audit procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high degree of assurance, but is no guarantee that an audit performed in accordance with RevR 18 and good auditing practice in Sweden will always detect a material error if such exists. Errors can occur due to irregularities or mistakes and are considered significant if they individually or together can reasonably be expected to influence the financial decisions that users make on the basis of the ESEF report.

The auditing firm applies ISQC 1 Quality control for audit firms that perform audits and review of financial reports as well as other certification assignments and related services and thus has a comprehensive quality control system which includes documented guidelines and routines regarding compliance with professional ethical requirements, standards for professional practice and applicable requirements. and other statutes.

The review includes obtaining evidence through various measures that the ESEF report has been prepared in a format that enables uniform electronic reporting of annual accounts and consolidated accounts. The auditor chooses which measures are to be performed, among other things by assessing the risks of significant errors in the reporting, whether these are due to irregularities or mistakes. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board and the CEO produce the documentation in order to design audit measures that are appropriate in the circumstances, but not in order to make a statement on the effectiveness of the internal control. . The review also includes an evaluation of the appropriateness and reasonableness of the Board of Directors' and the CEO's assumptions.

The audit measures mainly include a technical validation of the ESEF report, ie. if the file containing the EDF report complies with the technical specification set out in Commission Delegated Regulation (EU) 2019/815 and a reconciliation with the audited annual and consolidated financial statements of the EDF report.

Furthermore, the review also includes an assessment of whether the ESEF report has been marked with iXBRL, which enables a fair and complete machine-readable version of the Group's income statement, balance sheet and equity accounts and the cash flow analysis.

Auditor's examination of the corporate governance report
The Board of Directors is responsible for that the corporate governance statement on pages 54-73 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report
The Board of Directors is responsible for the statutory sustainability report on pages 74-105 and 110-111, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Deloitte AB, was appointed auditor of Telia Company AB by the general meeting of the shareholders on April 12, 2021 and has been the company's auditor since April 2, 2014.

Stockholm, March 9, 2022
Deloitte AB

Peter Ekberg
Authorized Public Accountant

Auditor's Limited Assurance Report

on Telia Company ABs (publ) Sustainability Report

This is the translation of the auditor's report in Swedish.

To Telia Company AB (publ), corporate identity number 556103-4249

Introduction
We have been engaged by the Management of Telia Company AB (publ) to undertake a limited assurance engagement of the Telia Company's Sustainability Report for the year 2021. The Company has defined the scope of the Sustainability Report on page 74-122 in this report.

Responsibilities of the Board of Directors and the Executive Management for the Sustainability Report
The Board of Directors and the Executive Management are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, as explained on page 107 in the Annual and Sustainability Report, and in the Telia Company Sustainability Reporting Framework 2021, available at www.teliacompany.com/sustainability/reporting, the accounting and calculation principles that the Company has developed. This responsibility also includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed. Our engagement is limited to historical information presented and does therefore not cover future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Telia Company AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement.

Accordingly, the conclusion of the procedures performed do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

Stockholm, March 9, 2022

Deloitte AB

Signatures on Swedish original

Peter Ekberg	**Lennart Nordqvist**
Authorized Public Accountant	Expert Member of FAR

Five-year summary

Telia Company group Financial data	2021	2020	2019	2018	2017
Income statement (SEK in millions)[1, 8]					
Net sales	**88,343**	**89,191**	**85,965**	**83,559**	**79,790**
Operating income	15,232	-17,850	12,293	13,238	13,768
Adjusted EBITDA	29,861	30,482	31,017	26,540	25,151
EBITDA	35,151	29,974	30,017	25,933	25,519
Net income from continuing operations	11,661	-22,558	7,601	9,523	8,492
Net income from discontinued operations	176	-279	-341	-6,399	1,751
Total net income	11,836	-22,837	7,261	3,124	10,243
Financial position (SEK in millions)[2, 8]					
Non-current assets	194,879	189,088	224,088	199,860	176,002
Current assets	42,146	37,014	39,984	47,681	69,365
Total assets	***237,025***	***226,103***	***264,072***	***247,541***	***245,367***
Total equity	83,544	63,496	92,455	102,438	106,517
of which attributable to owners of the parent	*80,731*	*62,378*	*91,047*	*97,387*	*101,226*
Non-current liabilities	110,736	122,505	121,330	106,250	106,946
Current liabilities	42,746	40,101	50,287	38,853	31,904
Total equity and liabilities	***237,025***	***226,103***	***264,072***	***247,541***	***245,367***
Net debt, continuing and discontinued operations	63,133	78,343	88,052	55,363	33,823
Cash flows (SEK in millions)[3]					
Cash flow from operating activities	27,376	28,604	27,594	26,696	23,204
Cash flow from investing activities	-10,908	-3,247	-30,543	-14,041	-9,750
Cash flow from financing activities	-10,600	-23,098	-14,712	-12,446	-13,905
Cash flow for the year	***5,868***	***2,259***	***-17,661***	***209***	***-451***
Free cash flow	11,729	15,114	12,369	11,902	7,164
of which from discontinued operations	*-131*	*17*	*-2,047*	*347*	*-4,640*

Telia Company group Financial data	2021	2020	2019	2018	2017
Investments (SEK in millions)[4]					
CAPEX	22,441	18,137	16,076	16,361	15,307
Acquisitions and other investments	639	641	13,140	30,186	4,973
Total investments	***23,080***	***18,778***	***29,214***	***46,547***	***22,066***
Key ratios[5, 8]					
Return on equity (%)	18.5	neg.	8.4	3.6	11.2
Return on capital employed (%)	9.1	neg.	6.6	4.8	9.2
Equity/assets ratio (%)	31.7	24.5	31.3	37.3	39.4
Net debt/Adjusted EBITDA	2.14	2.57	2.82	2.08	1.15
Owners' equity per share (SEK)	19.7	15.4	22.1	23.0	23.4
Share data					
Number of outstanding shares (millions)					
– at the end of the period	4,089.6	4,089.6	4,112.7	4,230.8	4,330.1
– average, basic and diluted	4,089.6	4,090.4	4,172.4	4,292.7	4,330.1
Basic and diluted total earnings per share (SEK)[5, 8]	2.86	-5.62	1.70	0.75	2.22
Cash dividend per share (SEK)[6, 7]	2.05	2.00	2.45	2.36	2.30
Total cash dividend (SEK in millions)[6, 7]	8,384	8,179	10,020	9,985	9,959

1) Former segment region Eurasia is classified as held for sale and discontinued operations since December 31, 2015, and is therefore presented in one line in the income statement 2021-2017. The above presented income statement line items for 2021-2017 refer to continuing operations if not otherwise stated.
2) Assets and liabilities in former segment region Eurasia are presented separately in two line items in the consolidated statement of financial position as of December 31, 2019, 2018 and 2017. The Sergel companies (Sergel) was classified as assets held for sale starting June 30, 2016. Telia Carrier was classified as assets held for sale starting September 30, 2020. In the above presented balance sheet line items assets classified as held for sale and liabilities directly associated with assets classified as held for sale are included in current assets and current liabilities.
3) Cash flow information is presented including discountinued operations.
4) 2021-2017 including continuing operations only.
5) Key ratios are based on the total Telia Company group including both continuing and discontinued operations for 2021-2017.
6) For 2021 as proposed by the Board of Directors. For 2019 including dividend decided on an extra annual general meeting on December 2, 2020.
7) Note that the dividend policy was changed during 2017.
8) Only 2020 has been restated for changes in accounting principles related to Cloud computing costs.

Five-year summary, cont.

Telia Company group Operational data	2021	2020	2019	2018	2017
Mobile services					
Total subscriptions (thousands)	18,112	16,968	16,741	16,804	16,734
of which Sweden					
Mobile telephony, total subscriptions (thousands)	6,914	6,246	6,132	6,095	6,118
Mobile telephony, blended churn (%)	18	17	18	19	19
Mobile telephony, ARPU (SEK)[3]	217	215	214	213	213
of which Finland					
Mobile telephony, subscriptions (thousands)[2]	3,234	3,165	3,184	3,278	3,278
Mobile telephony, blended churn (%)	22	22	24	24	26
Mobile telephony, ARPU (EUR)[3]	18	19	18	18	18
of which Norway					
Mobile telephony, subscriptions (thousands)	2,289	2,247	2,276	2,324	2,345
Mobile telephony, blended churn (%)	19	24	27	31	32
Mobile telephony, ARPU (NOK)[3]	259	253	253	251	256
of which other countries					
Mobile telephony, subscriptions, Denmark (thousands)	1,620	1,494	1,435	1,451	1,479
Mobile telephony, subscriptions, Lithuania (thousands)	1,518	1,398	1,347	1,389	1,352
Mobile telephony, subscriptions, Latvia (thousands)	1,347	1,307	1,299	1,281	1,237
Mobile telephony, subscriptions, Estonia (thousands)	1,191	1,112	1,068	986	925

1) Fixed telephony subscriptions include PSTN and VoIP.
2) As a result of a review in the first quarter of 2018, an additional number of machine-to-machine subscriptions in Finland have started to be included in the reporting. Only 2017 subscription base has been restated.
3) Revenues from invoicing fees have been restaed for 2018 and 2019 affecting Mobile ARPU.

Telia Company group Operational data	2021	2020	2019	2018	2017
Fixed services					
Broadband, total subscriptions (thousands)	2,944	2,900	2,925	2,916	2,512
of which					
Broadband, subscriptions, Sweden (thousands)	1,248	1,242	1,263	1,287	1,286
Broadband, subscriptions, Finland (thousands)	474	462	473	457	464
Broadband, subscriptions, Norway (thousands)	492	469	445	417	–
Broadband, subscriptions, Denmark (thousands)	66	68	81	104	114
Broadband, subscriptions, Lithuania (thousands)	421	417	419	409	410
Broadband, subscriptions, Estonia (thousands)	243	242	244	242	238
Fixed telephony, total subscriptions (thousands)[1]	1,030	1,247	1,503	1,855	2,182
of which					
Fixed telephony, subscriptions, Sweden (thousands)	509	665	853	1,102	1,381
Fixed telephony, subscriptions, Finland (thousands)	17	20	23	38	50
Fixed telephony, subscriptions, Norway (thousands)	32	40	49	59	11
Fixed telephony, subscriptions, Denmark (thousands)	62	66	72	78	90
Fixed telephony, subscriptions, Lithuania (thousands)	201	230	261	315	371
Fixed telephony, subscriptions, Estonia (thousands)	209	226	245	263	279
TV, total subscriptions (thousands)	3,377	3,235	3,071	2,400	1,778
of which					
TV, subscriptions, Sweden (thousands)	997	929	861	865	797
TV, subscriptions, Finland (thousands)	552	558	600	553	508
TV, subscriptions, Norway (thousands)	477	469	480	504	-
TV, subscriptions, Denmark (thousands)	24	29	21	24	31
TV, subscriptions, Lithuania (thousands)	255	253	244	242	242
TV, subscriptions, Estonia (thousands)	207	208	212	212	200
TV, subscriptions, TV and Media (thousands)	865	789	653	–	–

Five-year summary, cont.

Telia Company group Operational data	2021	2020	2019	2018	2017
Human Resources[1]					
Number of employees as of December 31	19,566	20,741	21,232	20,836	25,021
Average number of full-time employees during the year	19,998	20,505	20,215	23,814	24,468
of whom, in Sweden	7,550	7,654	7,337	7,525	7,955
of whom, in Finland	4,244	4,144	3,890	3,899	3,463
of whom, in other countries	8,204	8,707	8,988	12,390	13,050
of whom, women	7,359	7,607	7,581	9,461	9,990
of whom, men	12,639	12,898	12,634	14,353	14,478
Salaries and remuneration (SEK in millions)	12,018	12,077	11,034	9,918	9,661
Employer's social security contributions (SEK in millions)	2,270	2,291	2,080	2,134	2,144
Salaries and employer's social security contributions as a percentage of operating costs	19.6	16.5	17.3	14.5	15.5
Net sales per employee (SEK in thousands)	4,418	4,354	4,282	3,790	3,722
Operating income per employee (SEK in thousands)	770	neg.	594	323	907
Net income per employee (SEK in thousands)	592	neg.	359	131	419

1) HR data is based on the total Telia Company group including both continuing and discontinued operations.

Alternative performance measures

Alternative performance measures
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 Annual 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 here and in the Definitions. These terms may be defined differently by other companies and are therefore not always comparable to similar measures used by other companies.

Service revenues
Service revenues, in constant currency and excluding Telia Carrier was part of Telia Company's Outlook for 2021.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020
Net sales	88,343	89,191
Excluded: Equipment revenues	-13,162	-11,848
Service revenues (external)	**75,180**	**77,343**
Excluded: Telia Carrier external service revenues	-1,597	-4,352
Excluded: Effects from changes in foreign exchange rates[1]	626	0
Service revenues, in constant currency and excluding Telia Carrier	**74,209**	**72,991**

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

EBITDA and Adjusted EBITDA
Telia Company considers EBITDA as a relevant measure for investors to be able to understand profit generation before investments in tangible, intangible and right-of-use assets. To assist the understanding of Telia Company's underlying financial performance we believe it is also useful to analyze Adjusted EBITDA. Adjustment items within EBITDA are specified in Board of Director's Report, section "Adjustment items". Adjusted EBITDA, in constant currency and excluding Telia Carrier was part of Telia Company's Outlook for 2021.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]
Operating income	**15,232**	**-17,850**
Income from associated companies and joint ventures	-104	20,080
Total depreciation/amortization/write-down	20,023	27,744
EBITDA	**35,151**	**29,974**
Adjustment items within EBITDA	-5,290	508
Adjusted EBITDA	**29,861**	**30 482**
Excluded: Telia Carrier adjusted EBITDA	-371	-909
Excluded: Effects from changes in foreign exchange rates[2]	190	0
Adjusted EBITDA in constant currency and excluding Telia Carrier	**29,681**	**29,573**

1) Restated, see Note C1. 2) Changes in foreign exchange rates refers to full year average rates prior year.

Adjusted operating income
Telia Company considers Adjusted operating income as a relevant measure to be able to understand the underlying financial performance of Telia Company. Adjustment items within operating income, continuing operations are specificed in Board of Director's Report, section "Adjustment items."

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]
Operating income	**15,232**	**-17,850**
Adjustment items within operating income	-5,198	29,307
Adjusted operating income	**10,033**	**11,457**

1) Restated, see Note C1.

CAPEX and Cash CAPEX and Cash CAPEX to net sales (continuing operations)

Telia Company considers CAPEX and Cash CAPEX measures below as relevant measures to understand the group's investments in intangible, tangible and right-of-use assets (excluding goodwill, assets acquired in business combinations and asset retirement obligations). Cash CAPEX, excluding Telia Carrier and fees for license, spectrum and right-of-use assets, was part of Telia Company's Outlook for 2021 and Cash CAPEX to net sales, excluding Telia Carrier and fees for license, spectrum and right-of-use assets, is part of Telia Company's Ambition 2021-2023, see Ambition for 2021-2023 in Director's Report.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]
Investments in intangible assets	5,008	2,692
Investments in property, plant and equipment	12,993	10,871
CAPEX excluding right-of-use assets	**18,001**	**13,563**
Investments in right-of-use assets	4,440	4,573
CAPEX	**22,441**	**18,137**
Excluded: investments in license and spectrum fees	-2,116	-142
CAPEX excluding fees for licenses and spectrum	**20,325**	**17,995**
Excluded: investments in right-of-use assets	-4,440	-4,573
CAPEX excluding fees for licenses and spectrum and right-of-use assets	**15,885**	**13,421**

1) Restated, see Note C1.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]
CAPEX	22,441	18,137
Excluded: investments in right-of-use assets	-4,440	-4,573
Net of not paid investments and additional payments from previous periods	-2,354	-77
Cash CAPEX	**15,647**	**13,485**
Excluded: Cash CAPEX for licenses and spectrum fees	-1,266	-172
Excluded: Telia Carrier Cash CAPEX excluding fees for licenses and spectrum	-182	-493
Cash CAPEX, excluding Telia Carrier and fees for license and spectrum	**14,198**	**12,820**
Net sales	**88,343**	**89,191**
Excluded: Net sales Telia Carrier (external)	-1,597	-4,352
Net sales excluding Telia Carrier	**86,746**	**84,839**
Cash CAPEX to net sales, excluding Telia Carrier and fees for licenses and spectrum (%)	**16.4**	**15.1**

1) Restated, see Note C1.

Free cash flow (continuing and discontinued opoerations)

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

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]
Cash flow from operating activities	27,376	28,604
Cash CAPEX (paid Intangible and tangible assets)	-15,647	-13,490
Free cash flow, continuing and discontinued operations	**11,729**	**15,114**

1) Restated, see Note C1.

Operational free cash flow

Telia Company considers Operational free cash flow as a relevant measure to be able to understand the cash flows that Telia Company is in control of. From the reported free cash flow from continuing operations dividends from associated companies are deducted as these are dependent on the approval of boards and the annual general meetings of the associated companies. Licenses and spectrum payments are excluded as they generally refer to a longer period than just one year. Operational free cash flow in continuing operations represented earlier Telia Company's outlook and Telia Company intended to distribute a minimum of 80 percent of operational free cash flow including dividends from associated companies, net of taxes. Starting 2021 the dividend policy was updated, see Dividend policy in Director's Report. Telia Company consider the structural part of Operational free cash flow to be Operational free cash flow less contribution from change in working capital.

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]
Cash flow from operating activities from continuing operations	27,507	28,583
Cash CAPEX from continuing operations	-15,647	-13,485
Free cash flow, continuing operations	**11,861**	**15,097**
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	1,266	172
Excluded: Dividends from associates from continuing operations	-152	-218
Excluded: Taxes paid on dividends from associates from continuing operations	–	–
Repayments of lease liabilities	-2,574	-2,955
Operational free cash flow	**10,401**	**12,095**
Excluded: Changes in working capital	-3,020	-3,173
Structural part of Operational free cash flow	**7,381**	**8,922**

1) Restated, see Note C1.

Net debt

Telia Company considers Net debt to be an important measure to be able to understand the group's indebtedness. Net debt presented below is based on the total Telia Company group for both continuing and discontinued operations.

SEK in millions	Dec 31, 2021[2]	Dec 31, 2020[2]
Long-term borrowings	91,634	100,655
of which lease liabilities, non-current	*12,859*	*12,600*
Less 50 percent of hybrid capital[1]	-10,428	-10,267
Short-term borrowings	10,017	8,620
of which lease liabilities, current	*2,872*	*2,946*
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-1,705	-4,205
Less long-term bonds at fair value through income statement and OCI	-5,931	-5,297
Less short-term investments	-6,097	-2,832
Less cash and cash equivalents	-14,358	-8,332
Net debt	**63,133**	**78,343**

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

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

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

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

SEK in millions, except for multiple	Jan–Dec 2021	Jan–Dec 2020[1]
Net debt	**63,133**	**78,343**
Adjusted EBITDA continuing operations	29,861	30,482
Adjusted EBITDA discontinued operations	–	30
Less disposed operations	-371	-30
Adjusted EBITDA rolling 12 months excluding disposed operations	**29,491**	**30,482**
Net debt/adjusted EBITDA ratio (multiple)	**2.14x**	**2.57x**

1) Restated, see Note C1.

Adjusted EBITDA margin

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

SEK in millions	Jan–Dec 2021	Jan–Dec 2020[1]
Net sales	88,343	89,191
Adjusted EBITDA	29,861	30,482
Adjusted EBITDA margin (%)	**33.8**	**34.2**

1) Restated, see Note C1.

Definitions

Concepts and key ratios

Acquisitions and other investments
Investments in goodwill, intangible and tangible non-current assets and right-of-use assets acquired in business combinations, shares and participations, and asset retirement obligations.

Adjusted EBITDA
EBITDA adjusted for adjustment items within EBITDA.

Adjusted EBITDA margin
Adjusted EBITDA as a percentage to net sales.

Adjusted equity
Reported equity attributable to owners of the parent less the (proposed) dividend. For the parent company also including untaxed reserves net of tax.

Adjusted operating income
Operating income adjusted for adjustment items within operating income.

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 [1]) or other costs with the character of not being part of normal daily operations.

1) Costs for major group wide business transformations were added to the definition of Adjustment items in Q1 2021, see Director's Report, section Adjustment items.

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

ARPU
Average monthly revenue per user.

Blended churn
The number of lost subscriptions (postpaid and prepaid) expressed as a percentage of the average number of subscriptions (postpaid and prepaid).

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 license and spectrum fees
CAPEX deducted by license and spectrum fees.

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

Capital employed
Total assets less non-interest-bearing liabilities and non-interest-bearing provisions, and (proposed) dividend.

Cash CAPEX
CAPEX with addition/deduction of net of paid investments and additional payments from previous periods.

Earnings and equity per share
Earnings per share are based on the weighted average number of shares before and after dilution with potential ordinary shares, while equity per share is based on the number of shares at the end of the period. Earnings equal net income attributable to owners of the parent and equity is equity attributable to owners of the parent.

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

EBITDA margin
EBITDA expressed as a percentage of net sales.

Equity/assets ratio
Adjusted equity and equity attributable to non-controlling interests expressed as a percentage of total assets.

Free cash flow
The total of 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 (%)
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 related services).

Net debt
Interest-bearing liabilities less derivatives recognized as financial assets (and hedging long-term and short-term borrowings) and related credit support annex (CSA), less 50 percent of hybrid capital (which, consistent with market practice for the type of instrument, is treated as equity), less short-term investments, long-term bonds at fair value through 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.

Operating capital
Non-interest-bearing assets less non-interest-bearing liabilities, including (proposed) dividend, and non-interest-bearing provisions.

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.

Return on equity
Net income attributable to owners of the parent expressed as a percentage of average adjusted equity.

Segment assets and liabilities (Segment operating capital)
As Operating capital, but assets and liabilities excluding items related to foreign currency derivatives and accrued interest as well as to deferred and current tax, respectively, and liabilities excluding (proposed) dividend.

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.

Total shareholder return
Share price development during the year and dividend, in relation to shareprice at the beginning of the year expressed as a percentage.

Notation conventions

In conformity with international standards, this report applies the following currency notations:

SEK	Swedish krona	JPY	Japanese yen
DKK	Danish krone	NOK	Norwegian krone
EUR	European euro	TRY	Turkish lira
GBP	Pound sterling	USD	US dollar

Annual General Meeting 2022

Telia Company's Annual General Meeting will be held on Wednesday, April 6, 2022. The complete notice was published on Telia Company's website, **www.teliacompany.com** in the beginning of March 2022. Due to COVID-19, the Annual General Meeting will be held only through postal voting in accordance with temporary legislation. It will not be possible to attend the Annual General Meeting in person or by way of a proxy holder. Telia Company welcomes all shareholders to exercise their voting rights at the Annual General Meeting through postal voting. Information on the resolutions passed at the Annual General Meeting will be published on Wednesday, April 6, 2022, as soon as the result of the postal voting has been finally confirmed.

Participation

Those wishing to participate in the Annual General Meeting through postal voting must be recorded in the presentation of the share register prepared by the Swedish central securities depository Euroclear Sweden AB concerning the circumstances on Tuesday, March 29, 2022, and give notice of participation no later than on Tuesday, April 5, 2022, by casting their postal vote in accordance with the instructions under the below heading "Postal voting", so that the postal vote is received by Euroclear Sweden AB no later than that day.

Shareholding in the name of a nominee

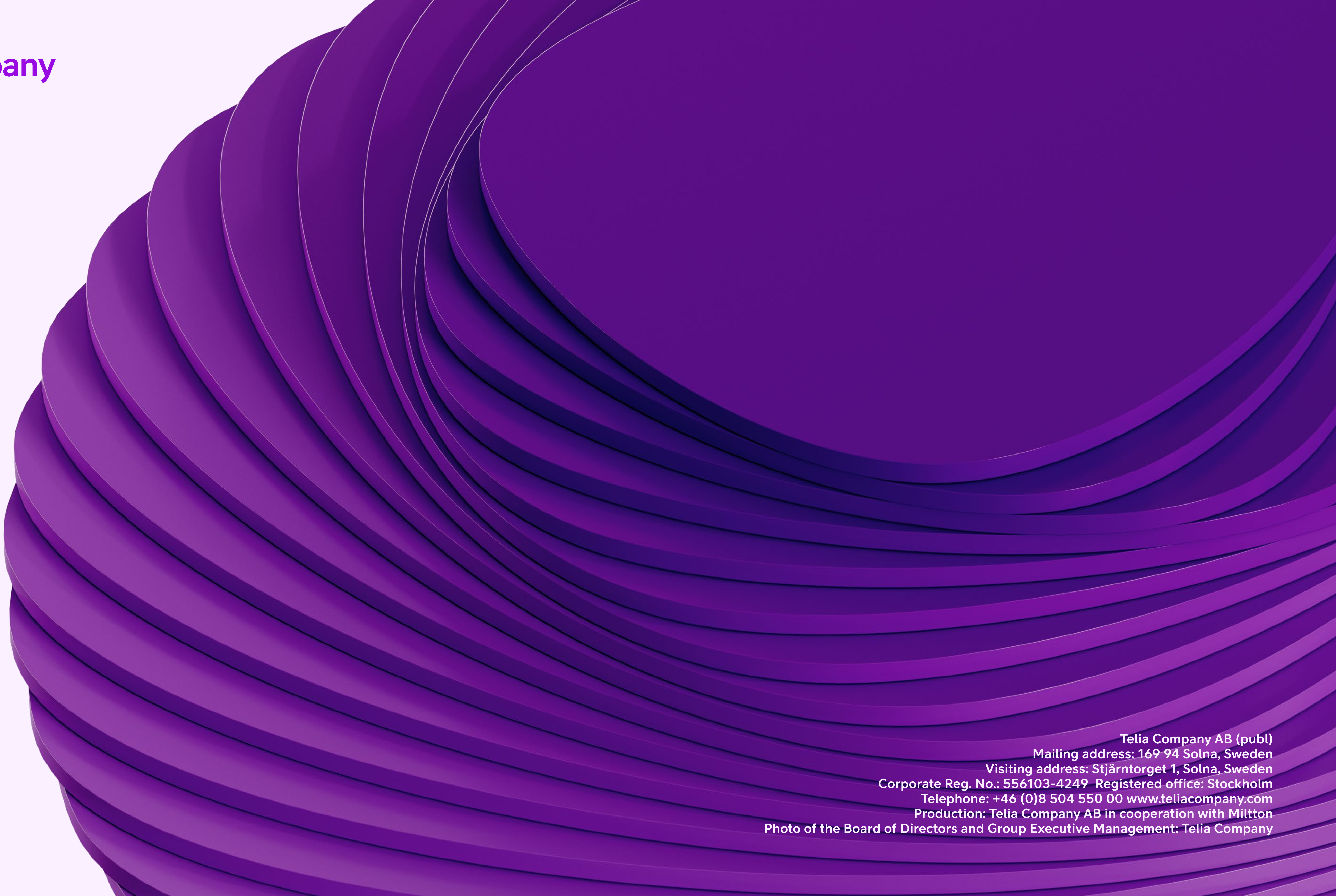
To be entitled to participate in the Annual General Meeting, shareholders whose shares are registered in the name of a nominee (including Finnish shareholders that are registered within the Finnish book-entry system at Euroclear Finland Oy) must re-register such shares in their own name so that the shareholder is recorded in the presentation of the share register as of Tuesday, March 29, 2022. Such re-registration may be temporary (so-called voting rights registration) and can be requested from the nominee in accordance with the nominee's procedures in such time in advance as the nominee determines. Voting rights registrations effected no later than Thursday, March 31, 2022, will be considered in the presentation of the share register.

Postal voting

Shareholders may only exercise their voting rights at the Annual General Meeting through postal voting in advance pursuant to the Act on temporary exceptions to facilitate the execution of general meetings in companies and other associations. A special form shall be used for postal voting. The postal voting form is available on Telia Company's website www.teliacompany.com. The completed and signed postal voting form must be received by Euroclear Sweden AB (administering the forms on behalf of Telia Company) no later than on Tuesday, April 5, 2022. The form can be submitted by e-mail to GeneralMeetingService@euroclear.com, or by post to Telia Company AB, "AGM 2022", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden. Shareholders may also cast their postal votes electronically through BankID verification via Euroclear Sweden's website, **https://anmalan.vpc.se/euroclearproxy**. If the shareholder votes in postal by proxy, a power of attorney shall be enclosed to the form. A template proxy form is available on Telia Company's website **www.teliacompany.com**. If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed to the form. Further instructions and conditions are included in the postal voting form.

Decisions to be made by the annual general meeting

The Annual General Meeting determines, among other matters, the appropriation of the Company's profits and whether to discharge the Board of Directors and CEO from liability. The Annual General Meeting also appoints the Board of Directors and makes decisions regarding remuneration to the Board of Directors. The Board of Directors proposes that a dividend of SEK 2.05 per share is distributed to the shareholders in two payments of SEK 1.00 per share and SEK 1.05 per share, respectively, and that Friday, April 8, 2022, and Thursday, October 27, 2022, respectively, are set as the record dates for the dividend. If the Annual General Meeting adopts this proposal, it is estimated that disbursements from Euroclear Sweden AB will take place on Wednesday, April 13, 2022, and Tuesday, November 1, 2022.



Telia Company AB (publ)
Mailing address: 169 94 Solna, Sweden
Visiting address: Stjärntorget 1, Solna, Sweden
Corporate Reg. No.: 556103-4249 Registered office: Stockholm
Telephone: +46 (0)8 504 550 00 www.teliacompany.com
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Photo of the Board of Directors and Group Executive Management: Telia Company