

# Annual and sustainability report

2022

**We reinvent better  
connected living**





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The audited annual and consolidated accounts comprise pages 22-103 and parts of pages 110-114 and pages 128-247. The corporate governance statement examined by the auditors comprises pages 54-72.

The sustainability information reviewed by the auditors comprises pages 73-127, which also includes the statutory sustainability report on pages 74-103 as well as parts of pages 110-114. The statutory sustainability report is also part of the Board of Director's Report.

## Comments from our CEO

# Stepping up the pace towards a Better Telia

2022 was not the year we had hoped for. Just as the world was emerging from the pandemic, Russia's invasion of Ukraine triggered a level of uncertainty and volatility not seen in a generation.

The pandemic accelerated changes in how we live and work, adding momentum to the rapid digitalization that was already underway. The war in Ukraine and global instability have heightened the threat level from cyberattacks and underlined the importance of digital security. Combined, these factors once again demonstrate the fact that a well-functioning digital infrastructure is essentially the backbone of society, now and in any future we can imagine.

As the leading provider of critical digital infrastructure and services to the societies of the Nordics and the Baltics, Telia's purpose is to reinvent better connected living. And our

transformation into a more agile, responsive and resilient business could not be more relevant and important.

In 2022, and for the first time since the current business portfolio was established, Telia grew service revenue in every country we operate in, sustaining the turnaround that started towards the end of 2021. And we continued to successfully execute on the strategic roadmap we launched two years ago, with solid momentum in many aspects of our transformation. At the same time, it was a challenging year with significant macro headwinds, especially from higher energy costs. While we have taken steps to mitigate these headwinds, we have not yet been able to offset them fully, and so EBITDA development and cash generation was behind our original expectations for the year.

As we move into 2023, we are stepping up the pace of transformation while staying focused on our strategy to create a Better Telia for all our stakeholders – customers, employees, owners and the societies of the Nordics & Baltics. Everything we do to create a Better Telia is guided by our belief that the demand for safe, reliable,



high-speed networks will remain high, and that, going forward, Telia will play a fundamental role in the continuing digitalization of society. Our roadmap for a Better Telia is enabled by four strategic priorities:

First, and to reverse multiple years of declining revenue, we have put our customers at the heart of everything we do, with a commitment to **Inspiring customers**. We do this by leveraging next-generation network capabilities that take customer experience, and secure, digital services to the next level. During 2022 we returned to service revenue growth in all our markets. Unlike many of our peers across Europe, we also managed to grow our enterprise revenue. Our Swedish enterprise business grew for the first time in two decades on the back of Telia's ability to help Swedish businesses, large and small, digitalize safely and securely. Mobile growth has also improved boosted by the successful monetization of our modernized networks, content aggregation and the return of roaming. And we are especially pleased with the rebound of our mobile business and brand consideration in Finland, having posted six consecutive quarters of growth by the end of the year.

New services also contributed to our growth, including IoT products and services, with connections more than doubling and revenue increasing by a third in two years. Our fixed business has made even more progress, our fiber revenue base is now 25% higher than it was 24 months ago, enabling 6.4 million homes access to high-speed connections. This has been partly offset by the ongoing decline in copper-based broadband, but as we now have only 100,000

copper broadband customers remaining in Sweden, and only 25% of our copper-based networks still to decommission, we are now in the final years of such rapid decline. Meanwhile, convergence is progressing, not least in our home market, with more than one million TV customers and a 20% increase in households subscribed to triple-play services (internet, TV and telephony). Triple-play customers are less likely to churn and are disproportionately more valuable to us, now and in the long term, which is why convergence remains a key priority.

Revenue growth is a key index of success, but we also measure progress against our Inspiring customers strategic priority via customer satisfaction. Customer satisfaction improved during the year, with a number of awards recognizing the quality and consistency of our services, especially with our enterprise customers. SKI, the Swedish quality index, concluded that, among the large operators, Telia had the most satisfied enterprise mobile customers. In Norway, Phoner, our enterprise brand, came out on top in EPSI Rating's mobile customer satisfaction survey, where we were recognized for providing high-quality services and being easy to deal with. In Lithuania, for the second year in a row, Telia came out on top in a secret shopper evaluation of mobile communication service providers' customers care centers and for providing the best customer experience when ordering home internet connections over the phone.

Our second strategic priority is **Connecting everyone** to the most trusted, reliable and modern networks in the Nordics and Baltics. During 2022 we made considerable progress on

our 5G rollout, reaching more than 80% of the Norwegian, Finnish and Lithuanian populations and more than 50% of people in Sweden. Our network modernization has therefore now passed its investment peak, and monetization of that investment is a key priority going forward. Private, or Enterprise Mobile Networks, are an example of how we can monetize our mobile networks and we are already the clear market leader in this area, with more than fifty commercial sites signed, up from ten just two years ago.

As an example, one of those commercial contracts is with the Norwegian Defense Material Agency. This collaboration ensures that the Norwegian Armed Forces can count on the most secure communication services ever built on 5G technology in times of both peace and crisis. The architecture of the 5G network ensures that, when necessary, Armed Forces data can be separated and given priority over other traffic in the public mobile network, with an additional layer of highly secure encryption. In another of these contracts, we worked with Nokia to become the first operator in the world to implement a 4G/5G virtual private network based on network slicing for Sandvik's test mine in Tampere, western Finland, a model solution for companies that need dedicated connectivity.

We remain the largest owner and operator of digital infrastructure in the Nordics and Baltics and continue to deliver on our strategy to both develop and realize its full value. During 2022 we completed a sale of 49% of our Swedish tower business to Brookfield and Alecta, building on the sale of similar sized stakes in our Norwegian and Finnish tower businesses, to the same partners,

**»A well-functioning digital infrastructure is essentially the backbone of society, now and in any future we can imagine.«**

in 2021. As a result, we have now created the leading, pan-Nordic tower platform with an enterprise value of EUR 2.6 billion.

Building our network leadership credentials is a key metric of success for Connecting everyone, and for the sixth year in a row Telia Sweden's mobile network came out on top in the annual assessment by umlaut, the third-party independent assessor of the world's mobile networks. Meanwhile, dedicated work to improve our network in Finland led to Telia winning awards in all five categories in Tutela's independent report. Third-party tests also revealed that, among the top mobile operators in Estonia and Lithuania, Telia delivered the fastest median download speeds – a key factor in customer experience and satisfaction.

Our third strategic priority is **Transforming to digital** in order to become simpler, faster, data driven and able to operate with lower costs. Our ambition is to become a less complex, more agile company by radically reducing the number of products, processes, and platforms we operate with. To date, we have reduced legacy products by more than 40% and are well on our way towards our target of a 100% reduction. New products

can be deployed on common platforms that can be scaled across our markets, driving substantial efficiencies and service improvements. More than 50% of our new target products have now been deployed on common platforms, with more than two-thirds already being reused in more than one market. Our transformation has directly contributed to a much-improved customer experience for our Swedish B2B customers, which enabled us to reduce the order processing time from weeks to minutes.

We are also improving and automating our processes to enable efficient, high-quality, zero-touch customer experiences. Our operational excellence program systematically drives continuous improvement, which has so far reduced the number of service incidents by almost 20%, increased the number of hours saved through automation by 65%, and been a key driver of a 30% reduction in call volumes into our Swedish customer operations.

**»We are the leading digitalization partner for the energy sector, the defense sector and many civil contingency agencies, proving that Telia is increasingly the most trusted and secure digital infrastructure provider in the Nordics and Baltics.«**

As part of our transformation, we are investing in the upskilling and reskilling of our workforce to ensure we retain and attract the best digital talent. We have invested in new tools and training to increase our workforce's access to analytics for data-driven decisioning by 55%. We have expanded our shared service center in Lithuania by almost 50% in order to build in-house capability, especially in critical software skills including front-end development and analytics that had previously been outsourced. And we now operate with a third of the systems integrators we once worked with, enabling a significant reduction in third-party IT costs.

Our final strategic priority is **Delivering sustainably**, meaning we aim to create value for all our stakeholders, consistently, reliably and in a responsible manner. In 2022 we have returned to revenue growth, we are delivering on our transformation program, we have reshaped our business portfolio to improve capital allocation and crystallize value from both non-core assets and infrastructure, and we have returned almost SEK 14 billion to shareholders in the form of dividends and share buybacks. However, we have faced significant challenges in our C More Pay TV business, and from macro factors such as rising inflation and interest costs and supply chain disruption, resulting in weaker than originally planned cash generation and total shareholder return during 2022. With mitigations now in place to offset these challenges, a restructuring of our TV and Media unit underway, and a continued execution of our strategy, we are aiming to return to growth, consistently and reliably, across all the main financial metrics in 2023.

Delivering sustainably is also about being a responsible business that creates value for all stakeholders. As further detailed in the Sustainability section of this report, we are positively progressing towards our ambitions in Climate and circularity, Digital inclusion, and Privacy and security. External validation of our performance included a platinum medal from EcoVadis, placing Telia among the top 1% of companies surveyed; the highest possible ESG rating, AAA, from MSCI; a score of A- in CDP's Climate Change rating, up from the D score we received in 2018; a B- ESG rating from ISS; and a continued place in the FTSE4Good Index of responsible companies.

35% of our supply chain emissions are covered by science-based targets, and we remain committed to our goal of 72% by 2025. We underlined our commitment to renewable energy by signing Power Purchasing Agreements in Denmark and Estonia to secure our supply and help fund the production of renewable wind and solar energy. The shift to renewable electricity has contributed to a 78% reduction in greenhouse gas emissions in Telia's own operations, compared to 2018. The remaining emissions from our own operations are generated by backup power sources and our own car fleet. In Norway and Estonia, we piloted hydrogen as backup power, replacing diesel in selected sites. And the shift to electric vehicles (EVs) continued in 2022, with 17% of the vehicles in our fleet electric and 31% hybrid at the end of the year.

We are the leading digitalization partner for the energy sector, the defense sector and many civil contingency agencies, proving that Telia

is increasingly the most trusted and secure digital infrastructure provider in the Nordics and Baltics. And in the past two years we have reached more than one million people (of which more than 400,000 in 2022) with initiatives designed to build digital skills, targeting seniors, children, immigrants and small and medium-sized enterprises. Finally, in our consumer surveys, we achieved top-tier positions on privacy in four out of six markets.

While 2022 was a year of much progress, we are transforming a large, complex business in a challenging environment and there are no shortcuts to success. We have known from the start that achieving our ambitious goals demands focus, discipline and perseverance, and the challenges we faced this past year were a reminder of that. However, having returned Telia to growth, taken 5G network leadership in the region, passed our investment peak, and built the foundations for better operational momentum and cash conversion going forward, I remain confident that we are on the right track.

I want to thank every Telia colleague and partner for their continued hard work and commitment, and I want to thank our close to 500,000 shareholders for their confidence and support.

I could not be prouder to lead, or more determined to transform Telia at this time.

Stockholm, March 8, 2023

**Allison Kirkby**  
President and CEO



# Telia Company in brief

## Who we are

We are technology pioneers who have been digitalizing society for the past 170 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, authorities and societies to the secure and reliable 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. We are constantly innovating 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 secure and sustainably 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.

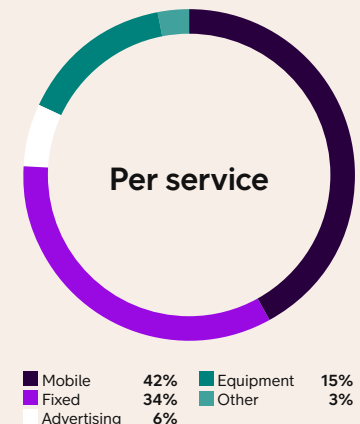
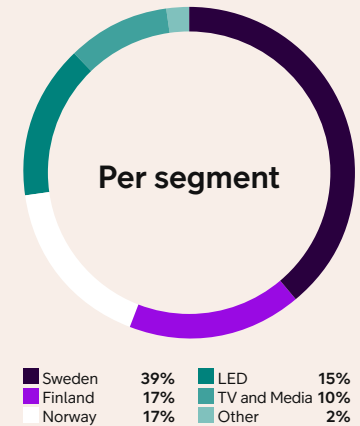
## We provide

<b>Mobile voice and data</b>	<b>TV and streaming</b>	<b>Media advertising</b>	<b>Value added services</b>
<b>Fixed voice and data</b>	<b>ICT Services</b>	<b>Devices</b>	

## Our markets and brands

	Position		
<b>Sweden</b> Telia, TV4, C More, Halebop, Fello	#1	#1	#2
<b>Finland</b> Telia, C More, MTV	#2	#3	#3
<b>Norway</b> Telia, Phonerio, C More, Onecall, MyCall	#2	#3	#3
<b>Denmark</b> Telia, CallMe, C More, MIT Tele	#4	#5	#4
<b>Lithuania</b> Telia, Ezys	#2	#1	#1
<b>Estonia</b> Telia, Diil, Super	#1	#1	#1
<b>Latvia</b> lmt	#1		

## Net sales 2022: 90.8 SEK billion



# 2022 in review

## Financial



Service revenue (SEK billion)  
77.1 (75.2)

Leverage (ratio)  
2.35x (2.14x)

Operational free cash flow  
(SEK billion) 5.7 (10.4)

**2.00** (2.05)

Dividend\* (SEK/share)

\* Proposal to AGM

## Operational



Fixed broadband subscriptions  
(million) 3.0 (2.9)

Fixed telephony subscriptions  
(million) 0.9 (1.0)

TV subscriptions (million)  
3.5 (3.4)

**19.8** (18.1)

Mobile subscriptions (million)

## Sustainability



85% (83%) reduction of  
CO<sub>2</sub>e emissions in own  
operations since 2018

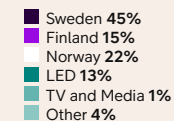
66% of waste from own  
operations was reused or  
recycled

35% (27%) of supply chain  
emissions covered by science-  
based targets

41% (37%) female leaders  
in the extended leadership team

1,015,914 individuals reached  
through digital inclusion  
initiatives since 2021

77/100 (76/100)  
in employee engagement score



Adjusted EBITDA

**30.3**

(SEK billion)



# Selected highlights 2022

## Extended pan-Nordic tower partnership

Telia Company announced a divestment of a minority stake in its Swedish tower business Brookfield and Alecta.

## Share buy-back program

A share buy-back program of SEK 5.4 billion was initiated to transfer net proceeds from the divestment of a minority stake in Swedish tower assets to shareholders. The program was finalized in November.

## Better security in Sweden

Telia Sweden launched a comprehensive security solution, providing an increased level of security for consumers in their ever more connected lives.

## Better electricity in Denmark and Estonia

Telia signed long-term Power Purchasing Agreements for solar power in Denmark and wind power in Estonia.

## 5G leadership in Lithuania

Telia Lithuania secured spectrum in the 700 MHz and 3,600 MHz frequency bands and was due to extensive preparations able to immediately reach a 5G population coverage of 80% after switching on the frequencies.

## Most satisfied mobile customers in Norway

Phonero came out on top in EPSI's Enterprise mobile customer satisfaction survey, receiving recognition for providing high-quality services and being easy to deal with.

## Best mobile network in Sweden

Telia's network secured the top position in all measurement categories and was again ranked by umlaut as the best.

## Significantly expanded 5G coverage

Telia made progress on its 5G rollout and covered 70% of the population across the footprint by year-end.

## Smarter network energy consumption

Telia Sweden entered into a partnership with the energy solution provider Polarium around battery-based energy storage.

## Leading position in private networks

Telia Finland became the first operator in the world to implement a virtual private network based on network slicing. A great solution for companies for which a dedicated private network is not a realistic option.

## Collaboration around tactical 5G networks

Telia Norway and the Norwegian Defense Materiel Agency entered into an agreement to collaborate around the development of tactical private 5G networks, including virtual networks, as part of Telia's national 5G network.

## Award winning sustainability work

Telia Company was awarded with the Platinum EcoVadis medal, placing Telia Company among the top 1% of the 75,000 companies assessed by EcoVadis worldwide.

## Making the energy grid in Sweden smarter

Telia and Ellevio set out to make the Swedish energy grid smarter via a long-term agreement under which Telia will deliver and manage the infrastructure for Ellevio's new data network, comprising around 8,000 sub-stations across the grid.

## Record high digital consumption

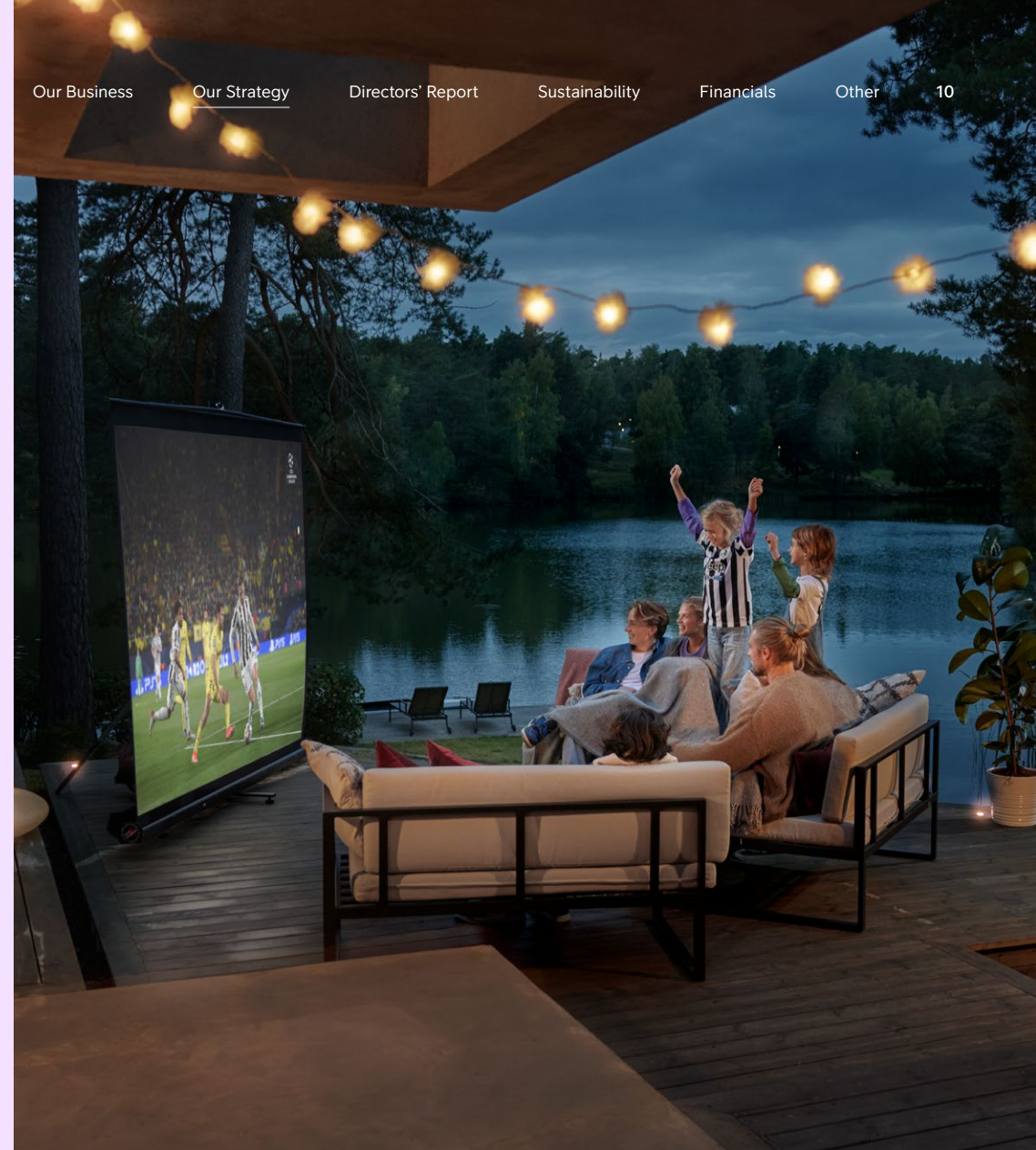
TV4 recorded an all-time high time spent on TV4 Play.

## Trends

# A world of connected opportunities

Telia operates in one of the world's most digitalized regions with the privilege of serving 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 about the global trends that affect Telia and our customers →](#)







## 01. Geopolitics dictate macroeconomics

The global economic and geopolitical situation changed dramatically during 2022 as a result of Russia's invasion of Ukraine, soaring inflation, energy shortages and mounting geopolitical polarization. This altered geopolitical landscape has increased the need for trusted and resilient infrastructure, including communication, as the number of cyberattacks has surged. Severe disruptions in energy supply and higher food prices have resulted in record inflation, prompting central banks to raise interest rates. This has weighed on the overall economy and is likely to produce a spending squeeze for consumers as real incomes fall. Telecom service are, given their essentialness, less likely to be affected than other sectors.

## 02. Simplified experiences

Tremendous innovation in digital experiences is simplifying all aspects of our lives. This ranges from food deliveries to insurance, asset sharing, shopping, and home digitalization. These innovations highlight the need for simplicity and great user experiences that every company needs to embrace to remain competitive. Around the corner, the emergence of the metaverse adds another dimension to digital experiences.

## 03. Ecosystems and platforms in the cloud

Value chains are evolving into ecosystems and interfaces are increasingly automated as application programming interfaces (APIs) are used to exchange data as well as control and interact with various components of a solution. Digital ecosystems can scale very efficiently and flexibly, even on a global level. Hyperscalers such as Amazon Web Services, Microsoft and Google are key parts of these ecosystems, which continue to grow rapidly as businesses move more of their workloads and critical services to the public cloud. These dynamics create a growing need for trusted and reliable connectivity.

## 04. Intelligent automation

Digitalization is rapidly moving towards cloud-native architectures. For organizations this can lead to the provision of substantially improved customer experiences, greater efficiency, and agility. But to capitalize on this shift, organizations need to rethink and redesign their ways of working. Key enablers include access to many types of digital data, agile working methods and Machine Learning and Artificial Intelligence algorithms. Together they provide the foundation for intelligently automated processes.

## 05. Integrated sustainability

Stakeholders such as policymakers, customers, consumers and investors are continuing to raise their expectations for sustainable practices and offerings. What was previously optional is today becoming mandatory through stricter legislation related to environment, human rights and governance. The ambition is to steer capital towards sustainable investments, avoid deceptive or misleading reporting and claims, and make it possible to compare corporate practices. In many respects energy has taken center stage and there is a clear need to reduce consumption to handle supply disruptions, and combat climate change. Cost levels also need to be managed from a societal viewpoint to mitigate a growing energy poverty risk and possible financial distress for businesses. In parallel, the urgent need to phase out fossil energy and transition into a net-zero and circular economy remains crucial. Further information on this trend on [page 80](#).

## 06. Changing talent market

In the talent market, the focus on appealing, purposeful human leadership is becoming ever more pronounced. Company values and opportunities to learn, develop new skills and grow are increasingly important criteria for job seekers. Following the pandemic, many job seekers expect to have the option to work remotely, for at least part of the week. The gig economy is still growing rapidly, despite Gen Z's perceived preference for stability.



# Reinventing a better Telia

In 2021 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 and data-driven with lower costs

## Delivering sustainably

through an accountable and empowered organization

## 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

[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 household 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...**

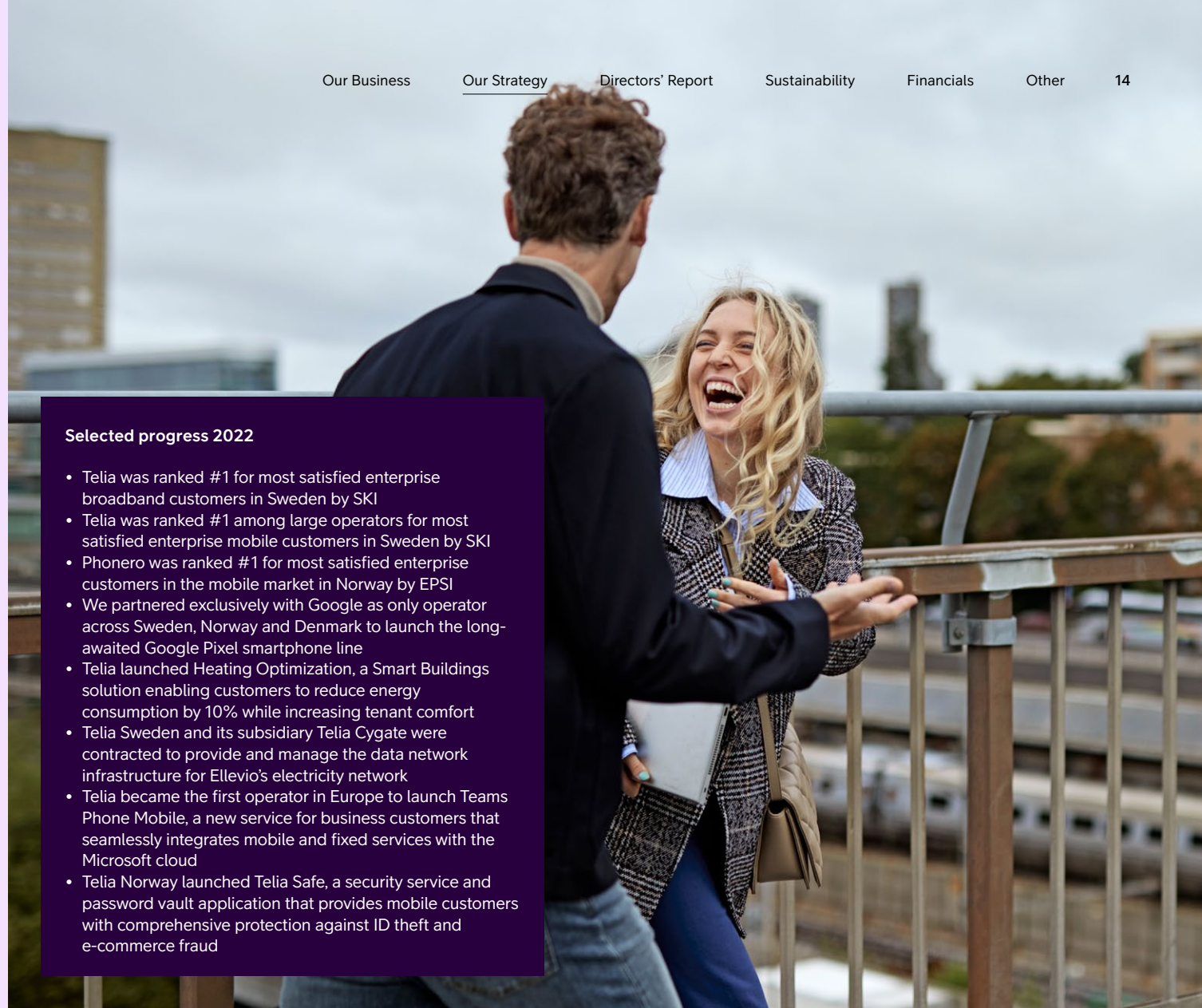
...by orchestrating services beyond connectivity, including cloud, IoT and security solutions as well as private networks dedicated to customers' specific needs

#### **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 2022**

- Telia was ranked #1 for most satisfied enterprise broadband customers in Sweden by SKI
- Telia was ranked #1 among large operators for most satisfied enterprise mobile customers in Sweden by SKI
- Phonero was ranked #1 for most satisfied enterprise customers in the mobile market in Norway by EPSI
- We partnered exclusively with Google as only operator across Sweden, Norway and Denmark to launch the long-awaited Google Pixel smartphone line
- Telia launched Heating Optimization, a Smart Buildings solution enabling customers to reduce energy consumption by 10% while increasing tenant comfort
- Telia Sweden and its subsidiary Telia Cygate were contracted to provide and manage the data network infrastructure for Ellevio's electricity network
- Telia became the first operator in Europe to launch Teams Phone Mobile, a new service for business customers that seamlessly integrates mobile and fixed services with the Microsoft cloud
- Telia Norway launched Telia Safe, a security service and password vault application that provides mobile customers with comprehensive protection against ID theft and e-commerce fraud





## Case: Inspiring customers

# Creating better connected healthcare in Region Skåne

Telia has been a strategic digitalization partner to Region Skåne, the municipality responsible for Sweden's southernmost county, since 2012. Over the years, Telia has provided the municipality with communication services, local private networks, medical alarms, contact centers and security services, among others, in addition to operating and managing its communication network infrastructure.

One of Region Skåne's primary areas of responsibility is healthcare. Hospitals are often under pressure to provide the best possible care with limited resources. As a result, they can't afford to lose track of their equipment. The Telia Tracking real-time location system (RTLS) is helping hospitals in Skåne to overcome this challenge.

Telia's RTLS uses radio-frequency identification (RFID) readers, Wi-Fi infrastructure and a combination of active and passive tags to keep track of equipment. The active tags are battery-powered and can be read at a greater range than the passive tags, which are powered by energy from the RFID readers. Currently, active tags are used in emergency rooms. By using existing Wi-Fi infrastructure for the tracking of active tags, Telia Tracking builds on the

investments already made by the region's hospitals. RFID readers will be placed around all the hospitals to enable the RTLS to receive information from passive tags, which are currently used to track staff uniforms. Eventually, passive tags could be used to track personal protective equipment, bed sheets and small medical devices. Staff can use their computers or smartphones to locate whatever has been tagged.

Tracking of potentially lifesaving equipment ensures that it is in the right place at the right time, increasing efficiency and helping to reduce loss and theft. In addition to basic location data, there are plans to enable users to be able to see if equipment is readily available, currently in use or needs to be repaired, as well as when it was last sanitized.

Ultimately, the use of Telia Tracking should enable hospital staff to concentrate on providing the best possible care for patients, rather than on trying to keep track of medical equipment. Equipment tracking also increases patient satisfaction and decreases the likelihood of potentially harmful delays to treatment.

As a vital partner to the public sector, we are reinventing better healthcare by bringing new digital services to one of Sweden's largest regions.

# 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...**

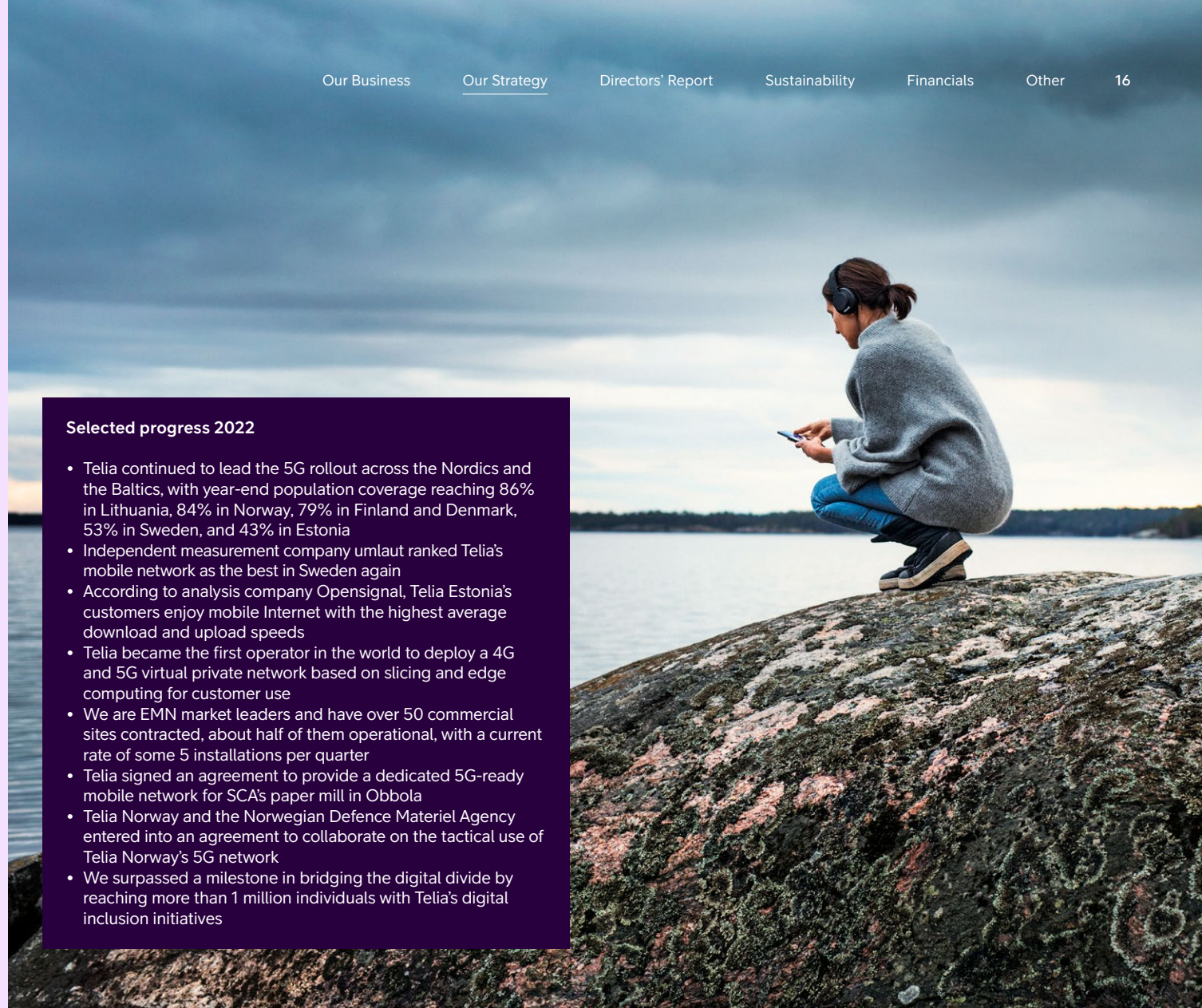
...by providing access to reliable connectivity for all and empowering users with digital skills

## **Expanding and crystalizing infrastructure value...**

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

## **Selected progress 2022**

- Telia continued to lead the 5G rollout across the Nordics and the Baltics, with year-end population coverage reaching 86% in Lithuania, 84% in Norway, 79% in Finland and Denmark, 53% in Sweden, and 43% in Estonia
- Independent measurement company umlaut ranked Telia's mobile network as the best in Sweden again
- According to analysis company Opensignal, Telia Estonia's customers enjoy mobile Internet with the highest average download and upload speeds
- Telia became the first operator in the world to deploy a 4G and 5G virtual private network based on slicing and edge computing for customer use
- We are EMN market leaders and have over 50 commercial sites contracted, about half of them operational, with a current rate of some 5 installations per quarter
- Telia signed an agreement to provide a dedicated 5G-ready mobile network for SCA's paper mill in Obbola
- Telia Norway and the Norwegian Defence Materiel Agency entered into an agreement to collaborate on the tactical use of Telia Norway's 5G network
- We surpassed a milestone in bridging the digital divide by reaching more than 1 million individuals with Telia's digital inclusion initiatives





## Case: Connecting everyone



As the 5G leader in Norway, we are reinventing better access to high-speed networks for all of Norway to benefit from.

# Providing Norway with a better 5G experience

Telia launched its 5G network in Norway in the municipality of Lillestrøm in May 2020. Since then, the high-speed network has expanded to connect cities and municipalities across the country, including Oslo, Bergen, Trondheim and Stavanger. During 2022, Telia's 5G population coverage in Norway increased from 50% to over 84% and we expect to complete the country's first nationwide 5G network in 2023.

In its Mobile Network Experience Report for Norway, published in June 2022\*, Opensignal, an independent analytics company, presented seven 5G awards. Telia received six joint awards and was the only operator to win a 5G category — 5G Video Experience — outright. 5G Video Experience quantifies the quality of mobile video experienced by Opensignal users on real-world video streams when connected to a 5G network. A score of 75/100 or above is considered excellent, signifying a very consistent experience across all users, video streaming providers and resolutions tested, with fast loading times and almost non-existent stalling. Telia's winning score was 82.7/100.

Telia's 5G network enables faster data speeds, more capacity and lower latency. This provides customers with a superior user experience — both on mobile and broadband via fixed wireless access (FWA). Demand for FWA from Telia, which

is a great alternative to fiber, remained high in Norway throughout 2022. FWA also enables high-speed broadband in remote areas where fiber is not an option, closing the digital access divide in Norway. In parallel with the nationwide 5G rollout, Telia is modernizing its entire mobile network, providing better speeds and coverage in the 4G network, while doubling capacity. These significant investments are contributing to increased digitalization and productivity across the country.

EPSI Rating's 2022 mobile survey revealed that Telia's 5G mobile customers are far more satisfied than non-5G customers. 5G has also significantly strengthened the perception of Telia's network quality, leading to increased brand consideration. Finally, Telia is growing in the mobile B2C market in Norway, driven in part by 5G. Revenue market share (RMS) increased from 33.2% in H1 2021 to 33.7% in H1 2022, according to NKOM's latest report in September 2022.

A nationwide 5G network will soon be a reality in Norway, creating even more opportunities for customers and society.

\* Opensignal Awards – Norway: [Mobile Network Experience Report June 2022](#), based on independent analysis of mobile measurements recorded during the period February 1 – May 1, 2022 © 2022 Opensignal Limited.

# 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

## **Leveraging analytics and data driven operations...**

...in our decision making and in value proposition creating processes to improve customer personalization

## **Establishing business agile IT...**

...by modernizing and standardizing our IT systems across the organization

## **Maintaining a privacy and security focus...**

...at the core of all our work with our own and our customers' digitalization journeys

## **Selected progress 2022**

- The real-time Digital Customer Experience feedback app went live across the group
- Year-over-year, the number of automated campaigns more than doubled in 2022
- We launched a faster, more personalized and simply better customer experience on the Telia.se website
- Legacy IT costs as a share of total IT costs decreased by 24% in 2022
- Simplified portfolio and scaled common products to >50% across target portfolio including assets such as Teams Phone Mobile and self-installation of 5G FWA
- Consolidation continued, with the number of strategic IT suppliers decreasing from 11 to 4
- >40% (i.e., 105) of our legacy products were retired during 2022
- 86 IT systems were decommissioned (leaving 239 remaining) to reduce complexity and costs and improve the user experience





## Case: Transforming to digital

We are improving and personalizing all our customer interactions by utilizing new digital tools and capabilities.

# Enhancing customer experience with AI

With the support of advanced analytics and artificial intelligence (AI), we have enhanced the customer experience in our core business, got to know our customers better and can now meet their needs in a better way. The result is a personalized experience across channels, including online, in customer care conversations and when we contact our customers with new offerings.

To get to where we are today, we started to implement new technology, including a customer data platform, predictive AI and tools for customer care support optimization in Sweden and Finland, which was then scaled to Norway, Estonia and Lithuania. This state-of-the-art technology helps us achieve a much better, action-oriented understanding of customer preferences and household needs. Of course, this only applies to customers who have given their explicit consent. Applying AI models, we can predict individual customer preferences by observing and learning from other customers with similar behaviors and needs.

As an example, the content displayed on the new Telia.se website differs based on individual visitor

preferences. AI models are also used to determine which customers are targeted by specific campaigns and to provide recommendations to customer care agents when they talk to our customers. This approach helps us solve our customers' needs more efficiently, resulting in shorter customer support calls. As a result of every customer call better addressing each customer's specific needs, sales conversion rates in those calls have doubled. We see the same positive trend when we apply targeted offerings in our outbound direct marketing activities, with those conversion rates quadrupling. Personalization has also reduced the number of customers who opt out of direct marketing by 60%, suggesting that our messages are well crafted.

We are using analytics and AI models on a broad scale and have reached almost one million customers in Finland and more than 1.2 million customers in Sweden with AI insights-driven communication in 2022. Personalization enables Telia to create a better multichannel experience, with total consistency between the ads customers see on social media, the content of emails from Telia and the conversations they have with our customer support.

# 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

## Securing execution excellence...

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

## 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

## Selected progress 2022

- Operational expenses excl. energy cost increases, reduced SEK 600 million during 2022 due to continued benefits from our transformation
- Employee Engagement reached 77/100, in line with the top 25th percentile of companies
- 41% of Telia's extended leadership team are women
- In collaboration with Amazon Web Services (AWS), we launched an internal training program to upskill 2,000 employees over the coming three years on AWS and cloud technologies
- We achieved the highest (Platinum) level in EcoVadis, a rating used by many B2B customers
- Awarded the highest score (AAA) by MSCI ESG Research, which provides insights to investors
- Long-term Power Purchase Agreements (PPAs) were signed in Denmark and Estonia, securing our supply of renewable electricity production
- Our IoT services for buildings and utilities enabled energy reductions equivalent to the annual electricity consumption of 90,000 Swedish households



## Case: Delivering sustainably

# Rethinking energy to deliver sustainably


Energy was at the center of many discussions in 2022. As a telco, Telia has both a responsibility to limit its own energy use and an opportunity to support its customers' efforts to do the same via digitalization. During the year, we made progress in both areas.

Since 2020, we only use renewable electricity to power our networks and data centers. In 2022, we took the next steps by signing Power Purchasing Agreements in Denmark and Estonia to secure supply and contribute to the production of wind and solar energy in our Nordic and Baltic footprint. Ultimately, the best kilowatt hour is the one never consumed. In this context, network modernization is essential to increase efficiency while carrying increased volumes of data as societies digitalize. Our 5G network is up to four times more energy-efficient than a 4G network in terms of energy per data bit transported.

Telia's total power consumption increased by 4% in 2022 due to the rollout of 5G, but the dismantling of older infrastructure helped to offset this. Copper-based access was, for example, replaced with mobile and fiber connectivity, which saves substantial amounts of energy. Fiber-based broadband is approximately 15 times more energy-efficient per

unit of data transported than the copper-based equivalent. In Sweden, our largest market, this transition has contributed to decreased electricity consumption compared to 2012, despite data volumes increasing by 1,800%. During the year, we also explored our role in the wider energy system by piloting smart battery solutions in Sweden. Peak shaving/load shift pilots in collaboration with battery provider Polarium demonstrated cost reductions of up to 10-15% achieved by charging lithium-ion batteries when prices are low and using stored capacity when demand and prices are high. The batteries also enable us to offer excess energy capacity to the grid at times when availability does not match supply, which makes the grid more resilient.

Our ambition is to limit energy use while enabling customers to digitalize and use resources more efficiently. Opportunities include replacing travel, optimizing logistics and energy use in buildings in a precise way. Our IoT deliveries to energy and real estate companies grew in 2022. In total, we enabled an estimated reduction of 810 GWh during the year, the equivalent of annual electricity consumption of 90,000 households in Sweden.

A scenic view of a residential area with multi-story apartment buildings, lush green trees, and a large body of water in the background under a clear sky.

**Our ambition is to limit energy use while enabling customers to digitalize and use resources more efficiently.**

# Directors' report



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, Denmark, Lithuania, Estonia and TV and Media.

In addition to the reported operating segments, operations in Latvia, Telia Finance and Group functions are included in Other operations. Group functions include Group Strategy & Commercial, Corporate Affairs, Finance, Common Products and Services, Communications, Brand and Sustainability, and People and Culture.

# Group development in 2022

## Financial highlights

SEK in millions, except key ratios, per share data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	90,827	88,343	2.8
Change (%) like for like <sup>1,3</sup>	1.8		
<i>of which service revenue<sup>1</sup></i>	77,126	75,180	2.6
<i>change (%) like for like<sup>1,3</sup></i>	2.1		
Adjusted <sup>2</sup> EBITDA <sup>1</sup>	30,328	29,861	1.6
Change (%) like for like <sup>1,3</sup>	0.0		
Margin (%)	33.4	33.8	
Adjusted <sup>2</sup> operating income <sup>1</sup>	11,332	10,033	12.9
Operating income	-9,417	15,232	
Income after financial items	-12,783	12,598	
Total net income	-14,165	11,836	
EPS total (SEK)	-3.63	2.86	
Operational free cash flow <sup>1</sup>	5,723	10,401	-45.0
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	15,959	15,885	0.5

1) See sections Alternative performance measures and Definitions.

2) See section Adjustment items.

3) Like for like excludes exchange rate effects and is based on the current group structure, i.e. including the impact of any acquired operations and excluding the impact of any disposed operations, both in the current and in the comparable period.

## Net sales

Net sales increased 2.8% to SEK 90,827 million (88,343) driven by increased service revenue generation across all markets as well as higher equipment sales in most markets, partly offset by the divestment of Telia Carrier in June 2021.

Net sales like for like increased 1.8% driven mainly by increased service revenue across all markets although primarily in Sweden, Norway and the Baltics.

Service revenue like for like increased 2.1% due to a positive development for mobile service revenue in all markets and to some extent also increased advertising revenue in the TV and Media unit.

Net sales SEK in millions	Jan–Dec 2022	Jan–Dec 2021	Change (SEK million)	Change (%)
Sweden	35,112	34,451	661	1.9
Finland	15,190	14,504	686	4.7
Norway	15,022	13,788	1,233	8.9
Denmark	5,298	5,214	85	1.6
Lithuania	4,784	4,320	464	10.7
Estonia	3,637	3,331	306	9.2
TV and Media	8,829	8,648	181	2.1
Other operations	4,204	5,723	-1,519	-26.5
<i>of which Telia Carrier</i>	-	1,944	-1,944	-100.0
<i>of which Latvia</i>	3,065	2,562	503	19.6
Eliminations & other	-1,248	-1,635	386	-23.6
<b>Total</b>	<b>90,827</b>	<b>88,343</b>	<b>2,485</b>	<b>2.8</b>

## Operating expenses

Operating expenses increased by 25.7% to 101,419 (80,685) impacted by impairments of SEK 19,838 million related to goodwill in Finland, Norway, Denmark, and Latvia as well as impairments of the C More brand in TV and Media and copper network assets in Sweden. See Notes C12 and C13.

Goods and sub-contracting services purchased and change in inventories increased by 8.1% to SEK 29,797 million (27,558) driven by most markets as well as increased costs for film and program rights in TV and Media.

Interconnect and roaming expenses decreased by 15.8% to SEK 3,076 million (3,655) primarily because of the Telia Carrier divestment in 2021.

Personnel expenses decreased by 1.3% due to efficiencies and the divestment of Telia Carrier, partly offset by negative impact from foreign exchange rate fluctuations.

Amortization, depreciation and impairment losses increased to SEK 38,936 million (20,023) driven by impairments.

Operating expenses SEK in millions	Jan–Dec 2022	Jan–Dec 2021	Change (SEK million)	Change (%)
Goods and sub-contracting services purchased and change in inventory	29,797	27,558	2,240	8.1
Interconnect and roaming expenses	3,076	3,655	-579	-15.8
Other network expenses	1,741	1,891	-150	-7.9
Personell expenses	13,979	14,166	-187	-1.3
Marketing expenses	3,376	3,265	111	3.4
Other expenses	9,253	8,584	670	7.8
Amortization depreciation and impairment losses	38,936	20,023	18,913	94.5
<b>Subtotal</b>	<b>100,159</b>	<b>79,141</b>	<b>21,018</b>	<b>26.6</b>
Other operating expenses	1,260	1,544	-285	-18.4
<b>Total</b>	<b>101,419</b>	<b>80,685</b>	<b>20,733</b>	<b>25.7</b>

## Adjustment items

Adjustment items affecting operating income amounted to SEK -20,749 million (5,198). 2022 was mainly impacted by impairments related to goodwill in Finland, Norway, Denmark, and Latvia as well as impairments of the C More brand in TV and Media and copper network assets in Sweden.

2021 was mainly impacted by a capital gain from the disposal of Telia Carrier.

Adjustment items <sup>1</sup> SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Within EBITDA</b>	<b>-911</b>	<b>5,290</b>
Restructuring charges, synergy implementation costs, costs related to historical legal disputes, regulatory charges and taxes etc.:		
Sweden	-109	-227
Finland	-131	-48
Norway	-78	-112
Denmark	-82	-163
Lithuania	-15	-18
Estonia	-9	-6
TV and Media	-30	-86
Other operations	-640	-722
<b>Sub total</b>	<b>-1,094</b>	<b>-1,383</b>
<i>whereof personnel redundancy restructuring costs</i>	-226	-561
<i>whereof transformation and integration consultant costs</i>	-421	-376
<i>whereof other</i>	-448	-446
Capital gains/losses	183	6,673
<b>Within Depreciation, amortization and impairment losses</b>	<b>-19,838</b>	<b>-91</b>
<b>Within Income from associated companies and joint ventures</b>	<b>-</b>	<b>-</b>
<b>Total adjustment items within operating income, continuing operations</b>	<b>-20,749</b>	<b>5,198</b>

1) See sections Alternative performance measures and Definitions.

## Adjusted EBITDA

Adjusted EBITDA increased 1.6% to SEK 30,328 million (29,861) as lower adjusted EBITDA for the TV and Media unit and the disposal of Telia Carrier in 2021 was more than compensated for by growth in all markets.

Adjusted EBITDA like for like, remained unchanged as a positive development for most markets was offset by mainly lower adjusted EBITDA for the TV and Media unit. The neutral development for adjusted EBITDA was achieved despite energy costs increasing by SEK 0.8 billion.

Adjusted EBITDA <sup>1</sup> SEK in millions	Jan–Dec 2022	Jan–Dec 2021	Change (SEK million)	Change (%)
Sweden	13,508	13,359	149	1.1
Finland	4,443	4,322	121	2.8
Norway	6,750	6,240	510	8.2
Denmark	1,072	906	166	18.3
Lithuania	1,688	1,511	177	11.7
Estonia	1,330	1,196	134	11.2
TV and Media	277	878	-601	-68.5
Other operations	1,260	1,449	-189	-13.1
<i>of which Telia Carrier</i>	<i>0</i>	<i>371</i>	<i>-371</i>	<i>-100.0</i>
<i>of which Latvia</i>	<i>890</i>	<i>840</i>	<i>49</i>	<i>5.9</i>
<b>Total</b>	<b>30,328</b>	<b>29,861</b>	<b>467</b>	<b>1.6</b>

1) See sections Alternative performance measures and Definitions.

## Operating income

Operating income decreased to SEK -9,417 million (15,232). 2022 was impacted by impairments related to goodwill in Finland, Norway, Denmark, and Latvia as well as impairments of the C More brand in TV and Media and copper network assets in Sweden. 2021 was mainly impacted by a capital gain from the disposal of Telia Carrier.

Adjusted operating income increased to SEK 11,332 million (10,033) driven by most markets, partly offset by the TV and Media unit.

Operating income SEK in millions	Jan–Dec 2022	Jan–Dec 2021	Change (SEK million)	Change (%)
Sweden	5,891	5,588	303	5.4
<i>adjusted operating income</i> <sup>1</sup>	6,422	5,833	589	10.1
Finland	-8,716	1,354	-10,070	
<i>adjusted operating income</i> <sup>1</sup>	915	1,069	-154	-14.4
Norway	-5,851	2,192	-8,043	
<i>adjusted operating income</i> <sup>1</sup>	2,727	2,351	375	16.0
Denmark	-594	-299	-296	98.9
<i>adjusted operating income</i> <sup>1</sup>	78	-67	145	
Lithuania	850	752	99	13.1
<i>adjusted operating income</i> <sup>1</sup>	856	756	100	13.2
Estonia	734	536	198	37.0
<i>adjusted operating income</i> <sup>1</sup>	669	542	127	23.4
TV and Media	-847	13	-859	
<i>adjusted operating income</i> <sup>1</sup>	-507	99	-606	
Other operations	-884	5,096	-5,980	
<i>adjusted operating income</i> <sup>1</sup>	171	-551	722	
Eliminations	–	–	–	–
<b>Total</b>	<b>-9,417</b>	<b>15,232</b>	<b>-24,649</b>	
<i>Total adjusted operating income</i> <sup>1</sup>	<i>11,332</i>	<i>10,033</i>	<i>1,299</i>	<i>12.9</i>

1) See sections Alternative performance measures and Definitions.

## Financial items, taxes and net income

Financial items totaled SEK -3,366 million (-2,634) of which SEK -3,002 million (-2,625) related to net interest expenses. 2022 was impacted by higher costs mainly related to higher interest rates and market value changes.

Income taxes amounted to SEK -1,381 million (-937). The effective tax rate was -10.8% (7.4). The effective tax rate was mainly impacted by impairments. The effective tax rate 2021 was mainly impacted by a tax-exempt capital gain from the disposal of Telia Carrier.

Total net income decreased to SEK -14,165 million (11,836) mainly related to impairments.

Other comprehensive income decreased to SEK 7,022 million (8,666) mainly related to remeasurements of defined benefit pension obligations.



## Financial position, credit facilities and cash flow

### Financial position

Goodwill and other intangible assets decreased to SEK 74,547 million (89,943) mainly due to impairments, partly offset by foreign exchange rate effects.

Investments in associated companies and joint ventures, pension obligation assets and other non-current assets increased to SEK 8,171 million (4,749) mainly due to positive remeasurements of defined benefit pension plans.

Long-term interest-bearing receivables decreased to SEK 7,629 million (9,244), mainly due to reclassification to Short-term interest-bearing receivables partly offset by market value changes in derivatives and net investments in investment bonds.

Short-term interest-bearing receivables increased to SEK 9,676 million (8,841), driven by collaterals for derivatives due to market value changes and reclassification from Long-term interest-bearing receivables partly offset by net divestments of bonds.

Long-term borrowings increased to SEK 94,555 million (91,637) impacted by an increase in derivatives partly offset by a decrease in bonds, including reclassification to Short-term borrowings.

Provisions for pensions and other long-term provisions decreased to SEK 5,022 million (7,001) mainly due to remeasurements of defined benefit pension plans.

Short-term borrowings decreased to SEK 7,007 million (10,017) mainly due to matured bonds partly offset by reclassification from Long-term borrowings.

Trade payables and other current liabilities, current tax payables and short-term provisions increased to SEK 35,734 million (32,729) mainly due to increase in accounts payables.

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

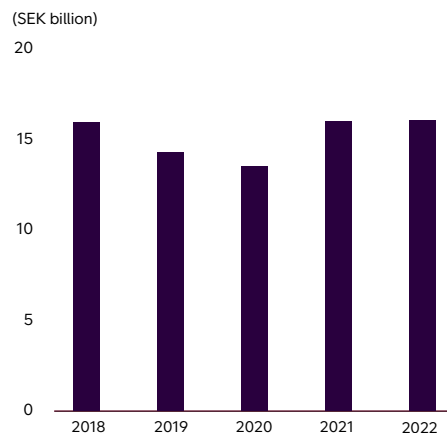
Condensed consolidated statements of financial position SEK in millions	Dec 31, 2022	Dec 31, 2021	Change (SEK million)	Change (%)
Goodwill and other intangible assets	74,547	89,943	-15,396	-17.1
Property, plant and equipment	74,824	72,741	2,083	2.9
Film and program rights, non-current	2,299	1,416	883	62.4
Right-of-use assets	16,549	15,485	1,064	6.9
Investments in associated companies and joint ventures, pension obligation assets and other non-current assets	8,171	4,749	3,422	72.1
Deferred tax assets	1,071	1,302	-231	-17.7
Long-term interest-bearing receivables	7,629	9,244	-1,615	-17.5
<b>Total non-current assets</b>	<b>185,090</b>	<b>194,879</b>	<b>-9,789</b>	<b>-5.0</b>
Film and program rights, current	3,022	3,005	17	0.6
Inventories	2,918	2,040	878	43.0
Trade and other receivables and current tax receivables	15,216	13,902	1,314	9.5
Short-term interest-bearing receivables	9,676	8,841	835	9.4
Cash and cash equivalents	6,871	14,358	-7,487	-52.1
<b>Total current assets</b>	<b>37,703</b>	<b>42,146</b>	<b>-4,443</b>	<b>-10.5</b>
<b>Total assets</b>	<b>222,793</b>	<b>237,025</b>	<b>-14,232</b>	<b>-6.0</b>
<b>Total equity</b>	<b>67,673</b>	<b>83,544</b>	<b>-15,871</b>	<b>-19.0</b>
Long-term borrowings	94,555	91,637	2,918	3.2
Deferred tax liabilities	10,514	10,185	329	3.2
Provisions for pensions and other long-term provisions	5,022	7,001	-1,979	-28.3
Other long-term liabilities	2,289	1,914	375	19.6
<b>Total non-current liabilities</b>	<b>112,379</b>	<b>110,736</b>	<b>1,643</b>	<b>1.5</b>
Short-term borrowings	7,007	10,017	-3,010	-30.0
Trade payables and other current liabilities, current tax payables and short-term provisions	35,734	32,729	3,005	9.2
<b>Total current liabilities</b>	<b>42,741</b>	<b>42,746</b>	<b>-5</b>	<b>0.0</b>
<b>Total equity and liabilities</b>	<b>222,793</b>	<b>237,025</b>	<b>-14,232</b>	<b>-6.0</b>

## CAPEX

CAPEX excluding right-of-use assets decreased to SEK 16,529 million (18,001) driven by decreased fees for licenses and spectrum. CAPEX, excluding fees for licenses, spectrum and right-of-use assets increased slightly to SEK 15,959 million (15,885).

Main CAPEX components were related to investments in the mobile and fixed networks, roll-out of fiber and 5G as well as customer cases.

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



Furthermore, licenses and spectrum permits were acquired for a total amount of SEK 570 million.

## Credit facilities

Telia Company deems 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 12.9 billion (26.4) 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 14.8 billion (16.8). Available liquidity amounted to SEK 27.7 billion (43.2).

Telia Company shall target a solid, long-term investment grade credit rating, defined as A- to

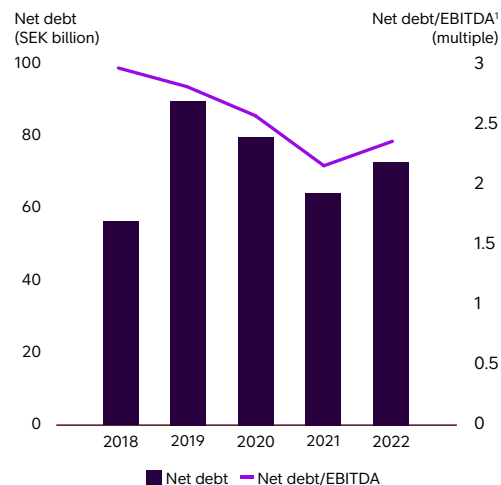
BBB+. The credit rating of Telia Company remained unchanged during 2022. Moody's credit rating of Telia Company for long-term borrowings is Baa1 with a stable outlook. Standard & Poor long-term credit rating is BBB+ and the short-term rating is A-2, both with a stable outlook. Telia Company operates 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 executed under the company's existing EMTN (Euro Medium Term Note) program of EUR 12 billion. The primary sources of external borrowing are described in Notes C21 and C27 to the consolidated financial statements.

During 2022, Telia Company issued a green hybrid bond of EUR 600 million (SEK 6.5 billion) to a coupon of 2.75% and a yield of 3.34% with the first reset date in June 2028. The issue was made under Telia's Green Bond Framework and the proceeds will primarily finance more energy efficient networks. In the third quarter of 2022, Telia Company issued a hybrid bond of EUR 600 million (SEK 6.5 billion) to a coupon of 4.62% and a yield of 4.88% with the first reset date in December 2027. Further, during the fourth quarter a 2-year senior bond of SEK 600 million to a coupon of 3.99% and a yield of 3.99% and another 2-year senior bond of SEK 2,400 million to a floating interest rate were issued.

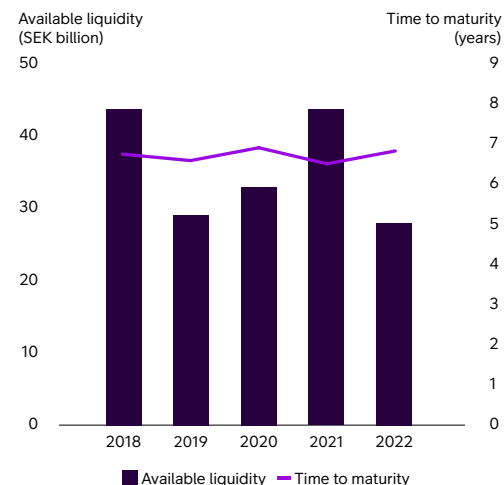
Outstanding bonds with a nominal amount corresponding to SEK 21.3 billion, of which hybrid bonds with a nominal amount corresponding to SEK 15.2 billion, were repaid during 2022. The nominal value of Telia Company's hybrid notes was reduced by SEK 2.3 billion during 2022.

### Net debt and Net debt/EBITDA<sup>1,2,3</sup>



- 1) Refers to Adjusted EBITDA.
- 2) Including continuing and discontinued operations and assets held for sale.
- 3) 2018 has not been restated for IFRS 16 Leases implemented in 2019.

### Available liquidity and time to maturity<sup>1</sup>



- 1) Available liquidity includes cash balances, deposits, investment bonds and unutilized credit facilities.

A new sustainability linked Revolving Credit Facility of EUR 1,200 million (SEK 13.0 billion) was signed during 2022 with a group of twelve relationship banks. The Facility has an initial tenor of 5 years and includes two extension options of one year each, subject to approval of the lenders, thereby ensuring full eligibility under the rating agencies' liquidity models. The new loan facility has a clear connection to Telia's sustainability strategy, as the loan margin is linked to Telia's sustainability performance within climate, diversity and digital skills.

At year-end, the average time to maturity of Telia Company's overall debt portfolio was approximately 6.8 years (6.4).

### Cash flow, continuing and discontinued operations

Cash flow from operating activities decreased to SEK 24,001 million (27,376) mainly due to negative working capital development.

Free cash flow decreased to 8,094 million (11,729) mainly due to negative working capital development.

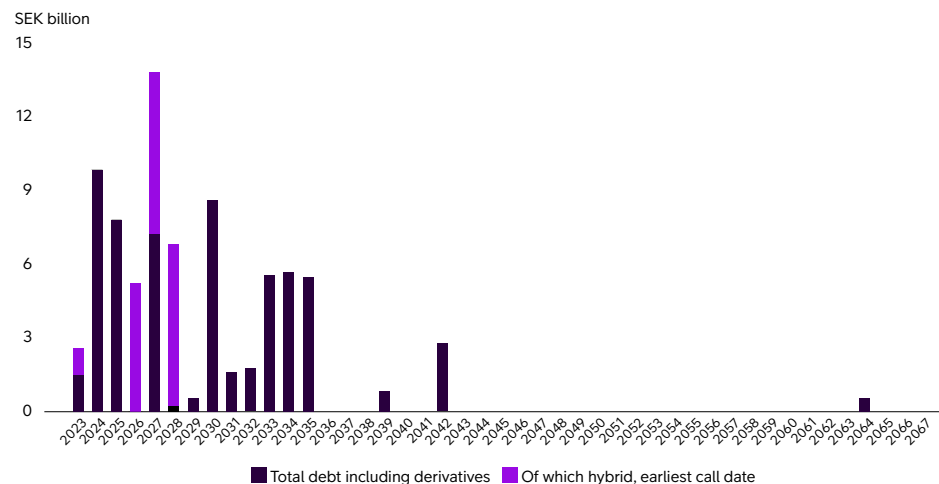
Operational free cash flow, from continuing operations, decreased to SEK 5,723 million (10,401) mainly due to negative working capital development and increased cash CAPEX.

Cash flow from investing activities amounted to SEK -9,936 million (-10,908). 2022 was mainly impacted by net inflow from short term investments while 2021 was mainly impacted by net outflow from short term investments, partly offset by the disposal of Telia Carrier.

Cash flow from financing activities decreased to SEK -21,779 million (-10,600). 2022 was impacted by the partial disposal of the tower business in Sweden which was more than offset by settlement of derivatives and repurchased treasury shares. 2021 was mainly impacted by the partial disposal of the tower businesses in Finland and Norway.

See Consolidated statements of cash flows and related Notes to the consolidated financial statements for further details.

### Debt portfolio maturity schedule – 2023 and onwards



### Condensed consolidated statements of cash flows

SEK in millions	Jan–Dec 2022	Jan–Dec 2021	Change
<b>Cash flow from operating activities</b>	<b>24,001</b>	<b>27,376</b>	<b>-3,375</b>
Cash CAPEX	-15,908	-15,647	-261
<b>Free cash flow</b>	<b>8,094</b>	<b>11,729</b>	<b>-3,636</b>
<i>of which operational free cash flow</i>	5,723	10,401	-4,678
Cash flow from other investing activities	5,971	4,739	1,232
<b>Cash flow from investing activities</b>	<b>-9,936</b>	<b>-10,908</b>	<b>972</b>
<b>Cash flow from financing activities</b>	<b>-21,779</b>	<b>-10,600</b>	<b>-11,179</b>
<b>Cash and cash equivalents opening balance</b>	<b>14,358</b>	<b>8,332</b>	<b>6,026</b>
<b>Cash flow for the period</b>	<b>-7,714</b>	<b>5,868</b>	<b>-13,583</b>
<i>of which continuing operations</i>	-7,714	6,000	-13,714
Exchange rate differences	227	157	70
<b>Cash and cash equivalents closing balance</b>	<b>6,871</b>	<b>14,358</b>	<b>-7,487</b>
<i>of which continuing operations</i>	6,871	14,358	-7,487

## Significant events in 2022

- 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 was closed on May 31, 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% of SEK 11,224 million on a cash and debt free basis. The transaction was closed on June 1, 2022. See Note C20.
- On March 22, 2022, Telia Company announced the issuance of its second green hybrid bond. The proceeds of EUR 500 million (SEK 5.2 billion) will finance more energy efficient networks, including the Swedish network transformation from copper to fiber and deployment of 5G, as well as digital solutions that enable customers to reduce energy use and emissions.
- On April 6, 2022, Telia Company announced the resolutions passed at the Annual General Meeting (AGM), including the appointment of the new board. Further the AGM approved implementation of a long-term incentive program 2022/2025.
- On May 9, 2022, Telia Company announced that the Board of Directors had decided to exercise the mandate for buy-back of shares in Telia Company to cover commitments under the "Long Term Incentive Program 2019/2022". See Note C20.
- On June 1, 2022, Telia Company announced the initiation of a previously announced share buy-back program. The decision comes after the closing of the Swedish tower transaction and the previously communicated intention to buy back shares, as announced in connection with Telia Company's interim report January-March 2022. The program was completed in November 2022. See Note C20.
- On July 15, 2022, Telia Estonia secured in an auction 130 MHz of spectrum in the 3.6 GHz band.
- On August 4, 2022, Telia Lithuania secured a 100 MHz frequency block in the 3.6 GHz auction.
- On August 26, 2022, Telia Lithuania secured a 2x10 MHz frequency block in the 700 MHz auction.
- On September 9, 2022, Telia Company announced that a new dual tranche EUR 1,200 million Revolving Credit Facility with a group of twelve relationship banks had been signed.
- On September 12, 2022, Telia Company issued a hybrid bond of EUR 600 million as part of Telia Company's refinancing of the upcoming call dates for the outstanding hybrid bond in April 2023.
- On September 21, 2022, it was announced that the Nomination Committee of Telia Company AB for the AGM 2023 has been appointed based on the ownership structure as of July 31, 2022.
- On September 30, 2022, Telia Company announced that EcoVadis has awarded Telia Company with the Platinum EcoVadis medal. This recognition places Telia among the top 1% of the 75,000 companies assessed by EcoVadis worldwide.
- On October 13, 2022, Telia Company announced that Mathias Berg, VP, Head of Advertising

Nordic and Deputy CEO TV4 Media, will join Telia Company's Group Executive Management team as SVP, Head of TV and Media, succeeding Casten Almqvist, who will leave Telia Company on December 1, 2022. In connection to this, plans to simplify the TV and Media organization and a consolidation of linear and streaming content under TV4 and MTV, were also communicated.

- In December 2022 Telia Norway and Fjordkraft entered into a long-term agreement under which Fjordkraft's mobile customers will be transferred to Telia's mobile network and that a new company will be established in which Fjordkraft will own 61% and Telia 39%.

## Significant events after year-end 2022

- On January 16, 2023, Telia Company announced changes to its Group Executive Management team through the merger of the Communications, Brand and Sustainability functions, appointing Ola Rembe as Senior Vice President, Head of Communications, Brand and Sustainability.
- On February 10, 2023, Telia Company announced that Dan Strömberg, Senior Vice President, Head of LED (Lithuania, Estonia and Denmark) and CEO of Telia Lithuania, plans to retire from Telia Company during the summer of 2023.
- On February 16, 2023, Telia Company issued a bond of EUR 500 million under its existing EMTN (Euro Medium Term Note) program.

## Outlook for 2023

- Service revenue, like for like, are estimated to grow by low single digit.
- Adjusted EBITDA, like for like, is estimated to be flat to grow by low single digit.
- CAPEX, excluding fees for licenses and spectrum and right of use assets, is estimated to be in the range of SEK 13.0-14.0 billion.
- The structural part of Operational free cash flow is estimated to be in the range of SEK 7.0-9.0 billion.

## 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.

## 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 2022 the share price in Stockholm decreased 24.7% and closed at year-end 2022, at SEK 26.66 (35.41). During the same period, the OMX Stockholm 30 Index declined 15.5%.

At year-end 2022, Telia Company's market capitalization was SEK 109 billion (145). 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, 2022, 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. During 2022 Telia Company acquired 157,862,328 shares for a total price of SEK 5,414 million representing 3.9% of the share capital. The purchases were made under the share buyback program and to cover commitments under the long-term incentive program (LTI) 2019/2022. During 2022 Telia Company transferred 332,875 shares to the participants in the LTI 2019/2022 and sold 7,037 shares on the stock exchange at a price of SEK 0.2 million. The transferred and sold shares represented 0.0% of the share capital. As of December 31, 2022, Telia Company held 157,522,416 treasury shares representing 3.9% of the share capital. The total price for these shares was SEK 5,400 million. The quotient value of the treasury shares was 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, 2022, Telia Company's Finnish pension fund held 366,802 shares and its Finnish personnel fund 692,704 shares in the company, respectively, in total representing 0.03% 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

	Total number of shares	% of total number of shares	% of outstanding shares
<b>December 31, 2022</b>			
Swedish State	1,614,513,748	39.5	41.1
Telia Company	157,522,416	3.9	-
BlackRock	134,137,714	3.3	3.4
Vanguard	90,276,431	2.2	2.3
Handelsbanken	55,376,854	1.4	1.4
Mondrian Investment Partners	36,773,747	0.9	0.9
Folksam	35,858,641	0.9	0.9
Norges Bank	33,357,957	0.8	0.8
Swedbank Robur	33,293,647	0.8	0.8
Storebrand	32,256,909	0.8	0.8
Other shareholders	1,866,263,638	45.6	47.5
<b>Total number of shares</b>	<b>4,089,631,702</b>	<b>100.0</b>	<b>100.0</b>

### Share data

	2022	2021
Paid year-end (SEK)	26.66	35.41
Highest paid during the year (SEK)	41.40	39.97
Lowest paid during the year (SEK)	26.22	33.75
Total number of shares at year-end (millions)	4,089.6	4,089.6
Number of shareholders at year-end	469,905	474,486
Earnings per share, total (SEK)	-3.63	2.86
Earnings per share, continuing operations (SEK)	-3.63	2.81
Dividend per share (SEK) <sup>1</sup>	2.00	2.05
Equity per share (SEK)	16.34	19.74

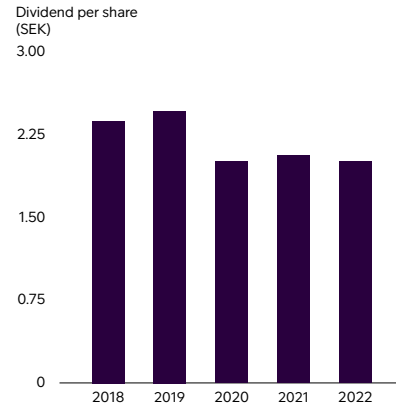
1) 2022 refers to proposal to AGM

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% of the company's total number of outstanding shares before the AGM 2023. 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 AGM on April 5, 2023, 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 AGM 2024. The maximum number of treasury shares held by the company may not exceed 10% 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.

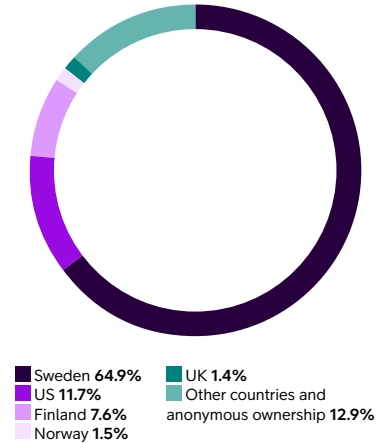
For 2022, the Board of Directors proposes to the AGM an ordinary dividend of SEK 2.00 per share (2.05), totaling SEK 7.9 billion (8.3). The dividend should be split and distributed in four tranches of SEK 0.50 per share.

**Ordinary dividend per share**



The proposed dividend is based on the total number of outstanding shares as of December 31, 2022, which amounted to 3,932,109,286. See also section Proposed appropriation of earnings.

**Shareholdings per country, december 31, 2022 (% of total number of shares)**



# 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 Prototyping unit they serve as catalysts that support and facilitate innovation efforts in operating units across the group. The Prototyping unit is leading the acceleration of both innovation speed and velocity through a high degree of market experimentation very early in the innovation process. The faster we see the innovation idea or

concept being vetted in the market the faster we learn if we deliver value or not for our customers. By opening the innovation process with a customer focus we decrease the risk of making new technology available where customers don't see value in these.

## Internet of Things (IoT)

When the solution Telia Global IoT Connectivity was launched in 2021 it was to simplify global IoT deployments for our customers. Now, this game-changing solution has been nominated for several global awards, and customers such as Kempower, Ponsse and Kumera are now able to go beyond roaming, stay compliant and hyper-scale their businesses when connecting products across the globe. The number of connected devices and smart sensor solutions are increasing, you can read more

about this in the data insights section below. But as an example, in 2022 we saw a 41% increase of connected IoT devices on our networks.

Within our Smart Buildings portfolio, which of course consists of both IoT and data insights capabilities, we offer Indoor Climate Monitoring, Indoor Air Quality, Smart Alarms & Apartments, Environmental Temperature Monitoring, Open & Close Monitoring, Elevator Emergency Communication – and in 2022 we launched a new solution, Heating Optimization. All in all, and in a time of unprecedented increase in energy prices, we continue to contribute to reducing energy consumption for our customers.

In our Smart Public Transport portfolio, also using both IoT and data insights capabilities, we continue to develop our solutions to create more sustainable cities in close collaboration with our customers. Solutions include Eco-Driving, automated ticketing solutions, onboard Wifi and more.















analyze CO<sub>2</sub> emissions in detail, for different routes and for different types of transportation.

## Patents and R&D expenses

As of December 31, 2022, Telia Company had 213 patent "families" and 1,180 patents or patent applications, with slight decline in figures compared to the previous year due to the optimization of the patent portfolio. In 2022, Telia Company continued to modernize the patent portfolio by focusing on emerging technologies, such as 5G/IoT, Smart Home, Security & Authentication and Data Center management.

Telia Company incurred R&D expenses of SEK 927 million (359) in 2022.

## Key areas of innovation in Telia Company

 Inspiring customers	 Connecting everyone	 Transforming to digital	 Delivering sustainably
<ul style="list-style-type: none"> <li> Smart home</li> <li> Health</li> <li> Gaming</li> </ul>	<ul style="list-style-type: none"> <li> IoT</li> <li> Cloud</li> <li> 5G (edge/emn)</li> </ul>	<ul style="list-style-type: none"> <li> Data insight</li> <li> Cyber security</li> <li> Digital experience</li> </ul>	<ul style="list-style-type: none"> <li> Sustainability</li> </ul>

## Crowd insights

Our solution Telia Crowd Insights is based on insights from anonymized and aggregated mobile data and our services are continuously being developed. The solutions are used by, for example, businesses and municipalities for better decision making and to improve areas such as traffic planning, urban planning and public transport and to enable more sustainable societies. Our service Travel Emission Insights, which enables municipalities to measure CO<sub>2</sub> emissions from people transport is now used by customers in several of our markets. The service allows to



# 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, rights-respecting and empowering – with the opportunity for all Telia people to operate at their full potential.

## Culture and Leadership

Culture and Leadership is key to the success of Telia's transformation, and significant focus and investment have been made into culture and leadership this year.

Having launched a new purpose, strategy and leadership framework in the past couple of years, focus for 2022 has been to work with our values to drive the evolution of our culture. Our values of Dare, Care, Simplify are loved by teams and leaders alike but not always demonstrated in our daily behaviors. We believe that living our values more consistently will support our transformation and our ultimate ambitions.

Our culture evolution starts from the top and evolves around co-creation with our people. Since August we have performed cultural alignment

sessions with Group Executive Management team and several culture focus groups have been held with our employees in all markets.

In November Telia Company's top 200 leaders across the Telia footprint participated in a 2-day cultural workshop followed by additional feedback sessions from focus groups and workshop with Group Executive Management.

Bridging over to 2023, the cultural journey will continue with updated Leadership programs for our leaders, continuing to integrate and activate the leadership framework. During first half of 2023 several workshop will take place across Telia markets focusing on behavioral change and how to ensure the changes are incorporated in all people processes.

## YouFirst

YouFirst is our group-wide approach to employee performance evaluation 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. During 2022 we have implemented a new framework for all employees and leaders to optimize their impact on company results – focusing performance with greater strategic alignment and personalized growth.

In the Learning area have we accelerated and delivered a broad portfolio for both

self-development, team development, up and reskilling. We have launched Change-management trainings and updated our common leadership program linked to our Leadership Expectations. We have increased the engagement in our digital platforms with the aim to drive a culture of growth, innovation, and continuous improvement by collaborating close with the business and influencing effectiveness, efficiency and productivity.

## Building a sustainable workforce

With a highly competitive talent market we continue 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 and analytics in combination with targeted upskilling efforts to accelerate our shift towards skilled 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 a public commitment that reskilling and upskilling initiatives should be based on equal opportunity, open and inclusive for all. During the year we have also continued to launch new digital interfaces for learning as well as new collaborations with several acclaimed content providers.

During the year, we established a baseline for one of our top people priorities; to define our future workforce and organizational design. Based on an analysis of our markets and units, we have set an ambition for Telia's workforce size, shape and composition over the 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.

## Respecting labor rights

We are committed to respect the rights of our employees, confirmed by our People policy. As we are operating in a context characterized by strict labor laws and a high degree of unionization, many aspects are secured through legal compliance measures embedded in Telia's processes and through collective bargaining agreements.

## Freedom of association and the right to collective bargaining

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 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. At year-end, 92% of employees were covered by collective bargaining agreements. 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 has been one strike during collective bargaining in the ICT sector in

Finland and a settlement was found during June. Besides that, there has been 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 the group. In all cases, local companies complied with applicable legal obligations relating to union information and consultation.

**Diversity, inclusion and equal opportunity**

We are committed to building a diverse and inclusive culture. As of 2021, Telia has a 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 chapter, Diversity, inclusion and well-being.

**Engagement, well-being and future way of working**

According to our employee engagement survey we have during the year continued to keep high physical well-being while preserving engagement and motivation. Read more in the Sustainability chapter, Diversity, inclusion and well-being.

During the year we have continued to work according to our "Office first" 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.

**Parental leave**

Benefits such as parental leave is applicable in each of our markets, in accordance with local laws. In all cases employees are subject to apply parental leave when a childbirth or an adoption takes place.

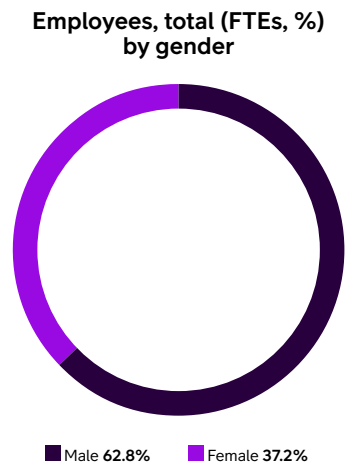
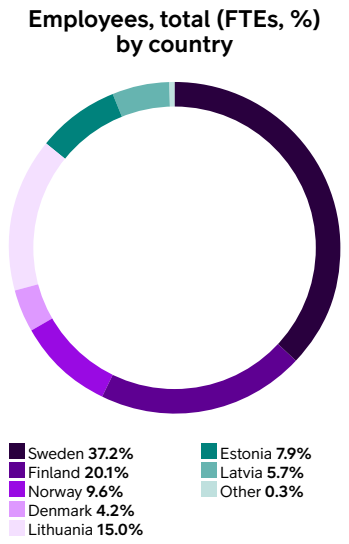
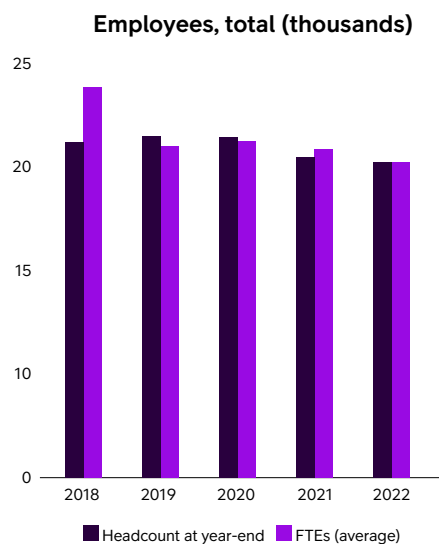
# Remuneration to executive management

**Remuneration principles for Group Executive Management 2023**

The AGM on April 2, 2020, decided on guidelines for remuneration to Group Executive Management which have remained applicable during 2022. The Board of Directors will propose changes to the guidelines to the AGM on April 5, 2023, see proposal below.

Group Executive Management is defined as the president and the other members of the management team who report directly to the CEO. These guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the 2023 AGM. These guidelines do not apply to remuneration resolved by the General Meeting.

The purpose of the guidelines is to ensure that Telia Company can recruit and retain qualified employees, which is a prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability objectives. The proposed guidelines will be effective at the time of the AGM decision.



### Total remuneration

The remuneration to the Group Executive Management shall be based on the principle that it is the total remuneration that shall be considered. The total remuneration shall be competitive, but not market leading and shall be evaluated against a set of peer group companies within the similar industry and of comparable size and complexity. It shall also create prerequisites for international recruitment and diversity within the Group Executive Management. The total remuneration may consist of fixed base salary, pension, other remuneration and other benefits. Telia Company shall not offer any variable remuneration to the Group Executive Management.

For employments governed by rules other than Swedish, pension and other benefits may be adjusted for compliance with local rules or established local practice. Such adjustments shall to the extent possible serve the overall objectives of these guidelines.

### Fixed base salary

The fixed base salary shall be based on competence, responsibility and performance. Market benchmarks should be made regularly. The individual performance shall be evaluated and be used as a basis for the annual review of fixed base salaries. The performance shall be evaluated in relation to the fulfilment of annual pre-determined targets which shall include financial, employee and sustainability targets.

### Pension, other remuneration and other benefits

Pensions and pension benefits shall be based on a defined contribution model, which means that a pension premium is paid amounting to a fixed percentage of all or part of the individual's annual

fixed base salary, unless legal requirements or collective agreements state otherwise. The pension premium may not exceed 30% of the annual fixed base salary. In addition, a cash allowance may be paid which together with the pension premium may not exceed 35% of the total remuneration.

The Company may provide other benefits in accordance with prevailing market practice from time to time. A member of the Group Executive Management may be entitled to, inter alia, car benefits as well as medical and healthcare benefits. The cost of such other benefits shall not exceed 10% of the annual fixed base salary.

Members of the Group Executive Management may for a limited period of time be offered certain benefits related to an international assignment or as a result of recruitment from another country. Such benefits may not in total exceed 25% of the annual fixed base salary.

### Conditions for termination and severance pay

The termination period for a member of the Group Executive Management may not be less than six months (twelve months for the Chief Executive Officer) upon termination by the employee and not more than twelve months upon termination by the Company. Upon termination by the Company, the individual may be entitled to a severance payment. Fixed base salary during the notice period and severance pay may together not exceed an amount equivalent to the fixed base salary for two years.

Severance pays shall not constitute basis for vacation pay or pension. Remuneration during the termination period and severance pay shall be reduced if the individual is entitled to remuneration

from a new employment or if the individual will be conducting own business during the termination period or the period under which severance pay is paid. In addition, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for potential loss of income and shall only be paid to the extent the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed base salary at the time of termination of employment, amount to not more than 60% of the fixed base salary at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than twelve months following termination of employment.

### Salary and employment conditions for employees outside of the Group Executive Management

In preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for the Company's employees have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time, as basis for the Remuneration Committee's and the Board of Directors' decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

### Shareholding targets for the Group Executive Management

The Board of Directors is of the opinion that a considerable long-term shareholding in Telia Company is an important part in aligning the interests of the Group Executive Management with the interests of the shareholders, and therefore

recommends the Chief Executive Officer and other members of the Group Executive Management to build up a personal holding of Telia Company shares equivalent to 100% of the Chief Executive Officer's and 50% of other members of the Group Executive Management's annual fixed base salary (net after tax) within timeframes set by the Board of Directors.

### The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, and preparing the Board's proposal for guidelines for remuneration to the Group Executive Management. The Board of Directors shall prepare a proposal for new guidelines when there is a need for material amendments to the guidelines, but at least every fourth year, and submit it 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 these guidelines as well as the current remuneration structures and compensation levels within the Company. The Board of Directors shall annually prepare a remuneration report which shall be submitted to the General Meeting for approval.

Decisions regarding remuneration shall be managed through a well-defined process that ensures that no individual is involved in the decision-making process related to their own remuneration. The Chief Executive Officer's total remuneration is decided by the Board of Directors based on the recommendation of its Remuneration Committee within the confine of these guidelines.

The total remuneration to the other members of the Group Executive Management is approved by the Remuneration Committee, based on the Chief Executive Officer's recommendations.

#### Deviation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve Telia Company's long-term interests, including its sustainability, or to ensure the group'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.

#### Description of material changes to the guidelines and how comments from shareholders have been taken into consideration

In relation to the remuneration guidelines adopted by the 2020 AGM, the guidelines have, other than editorial amendments, been adjusted so that pension premiums may not exceed 30% of the annual fixed base salary (previously 40%). In order to compensate for reduced pension premiums, the possibility of paying a cash allowance which, together with the pension premium, may not exceed 35% of the total remuneration has been introduced. The remuneration guidelines have further been supplemented with shareholding targets for members of Group Executive Management with the aim that they should have a significant long-term shareholding in Telia Company. Currently applicable Remuneration guidelines are available in Note C32 to the consolidated financial statements.

#### Long-term incentive program 2022/2025

The AGM held on April 6, 2022, resolved to launch a long-term incentive program (LTI) comprising of approximately 250 key employees. This program is not available for the members of Group Executive Management due to this being a requirement of our largest owner (the Swedish state). 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% 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.

The targets are Cashflow, Return on Capital Employed (ROCE), Total Shareholder Return (TSR) and Environmental, Social and Governance (ESG). The final allotment of Telia Company AB shares will be based 25% on Cashflow, 20% on a third-year final target for ROCE, 40% on TSR compared to a corresponding TSR development of a pre-defined peer group of companies and 15% on the ESG part. ESG is defined by three separate performance conditions based on Climate, Digital Inclusion and Privacy which have been set in line with targets in the Company's annual and sustainability reporting. The three ESG performance conditions entail 5% weight respectively.

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

Cashflow represents 25% of the Performance Shares (or 7.5% of the participant's annual salary):

- If 100% (or above) of the Cashflow target is met, 100% of Performance Shares under the Cashflow part will vest.
- If less than 90% of the Cashflow target is met, no Performance Shares under the Cashflow part will vest.
- If 90% of the Cashflow target is met, 25% of Performance Shares under the Cashflow part will vest.
- If between 90 to 100% of the Cashflow target is met, a proportionate amount of Performance Shares under the Cashflow part will vest.

ROCE represents 20% of the Performance Shares (or 6% of the participant's annual salary):

- If 100% (or above) of the Company's ROCE target is met, 100% of Performance Shares under the ROCE part will vest.
- If less than 90% of the Company's ROCE target is met, no Performance Shares under the ROCE part will vest.
- If 90% of the ROCE target is met, 25% of the Performance Shares under the ROCE part will vest.
- If between 90 to 100% of the ROCE target is met, a proportionate amount of Performance Shares under the ROCE part will vest.

The TSR part represents 40% of the Performance Shares (or 12% 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% of the Performance Shares under the TSR part will vest.
- If the Company's TSR is ranked third or fourth, 75% of the Performance Shares under the TSR part will vest.
- If the Company's TSR is ranked fifth or sixth, 50% of the Performance Shares under the TSR part will vest.
- If the Company's TSR is ranked seventh, 25% of the Performance Shares under the TSR part will vest.
- If the Company's TSR is ranked eight or lower, no Performance Shares under the TSR part will vest.

The ESG part represents 15% of the Performance Shares (or 4.5% of the participant's annual salary):

- If 100% (or above) of the ESG target is met, 100% of Performance Shares under the ESG part will vest.
- If the minimum level is not reached, no Performance Shares under the ESG part will vest.
- If the minimum level is reached, 25% of Performance Shares under the ESG part will vest.
- If between the minimum level and 100% of the ESG target is met, a proportionate amount of Performance Shares under the ESG part will vest.

The program may be repeated annually. Similar programs were launched in 2010-2021. The prevalence of an LTI program is subject to the approval of the AGM. 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 and Cost of sales increased to SEK 1,713 million (982) and SEK -1,103 million (-487) respectively mainly due to increased Net sales and Cost of sales related to film and program rights.

Financial items, net 2022 decreased to SEK -5,572 million (13,708). 2022 was negatively impacted by impairments related to the subsidiaries Telia Norge AS of SEK 8,600 million (-) and Telia Finland Oyj of SEK 6,350 million (4,500) offset by a capital gain of SEK 11,055 million from the disposal of Telia Towers Sweden AB. 2021 was positively impacted by capital gains of SEK 6,258 million from the disposal of the Telia Carrier subsidiaries and of SEK 4,610

million from the 49% disposal of Telia Towers AB. In addition, dividends from subsidiaries decreased to SEK 1,807 million (8,084) and the Financial items, net was negatively impacted by foreign exchange losses and increased interest expenses.

Non-current assets decreased to SEK 153,316 million (163,412) mainly due to impairments of the subsidiaries Telia Norge AS and Telia Finland Oyj partly offset by shareholder contributions made to other subsidiaries.

Current assets decreased to SEK 36,833 million (43,865) due to decreased cash and bank and short-term investments partly offset by increased other current interest-bearing receivables.

Equity decreased to SEK 71,153 million (85,434) impacted by negative Net income, dividends distributed and acquired Treasury shares.

Long-term liabilities increased to SEK 79,871 million (78,240) impacted by an increase in derivatives partly offset by a decrease in bonds, including reclassification to short-term liabilities.

Short-term liabilities and short-term provisions decreased to SEK 32,831 million (36,455) mainly due to matured bonds offset by a reclassification from long-term bonds.

The equity/assets ratio was 35.7%, assuming dividend SEK 2.00 per share. (39.7).

The average number of full-time employees was 271 (254).

## Proposed appropriation of earnings

### Proposed Appropriation of earnings:

	SEK
Non-restricted equity excluding net income	56,249,709,450
Net income	-808,377,479
<b>Total</b>	<b>55,441,331,971</b>

The board proposes that this sum be appropriated as follows:

	SEK
SEK 2.00 per share ordinary dividend to the shareholders <sup>1</sup>	7,864,218,572
To be carried forward	47,577,113,399
<b>Total</b>	<b>55,441,331,971</b>

<sup>1</sup> Based on outstanding shares as per December 31, 2022.

The dividend should be split and distributed into four equal tranches of SEK 0.5 per share in April 2023, August 2023, October 2023 and February 2024.

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](http://www.teliacompany.com/AGM)

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

# Country development in 2022

## Sweden

Telia continued to lead the 5G build-out and achieved 53% population coverage by the end of the year, remaining on track to reach the target of more than 90% population coverage by the end of 2023. The modernization of the existing 4G network also continued, helping to provide an even better customer experience, as evidenced by Telia's mobile network again being ranked as the best in Sweden by the independent benchmarking company umlaut. During the year, Telia also divested 49% of its Swedish tower business to Alecta and Brookfield (see Note C20), with the net proceeds of SEK 5.4 billion transferred to Telia Company's shareholders via a share buyback program.

During the year, Telia took several important steps to improve the customer experience for consumers. These included, among others, adding coverage of Sweden's top football league to its sports aggregation proposition and the launch of new unlimited mobile connectivity and content offerings, as well as streaming services. On the enterprise side, Telia continued to enjoy a high level of trust, which together with the broadest portfolio of services resulted in multiyear contracts with high-profile customers. Examples include an agreement to provide Ellevio, one of Sweden's largest electricity network companies, with digital infrastructure for its smart grid, and another deal to provide a full-service ICT solution for NCC, a leading construction company in the Nordics. Telia also reached an agreement with the Swedish Civil

Contingencies Agency to provide radio access network services. Telia also launched a solution that could help to reduce the energy consumed to heat buildings by up to 10%.

Consumer segment service revenue increased by 1.1% as strong mobile-, TV- and fixed broadband revenue development more than compensated for a continued decline in fixed telephony revenue. In the Enterprise segment, competition remained tough, and despite a continued decline in fixed telephony revenue, service revenue increased by 0.4%. This represents a substantial improvement compared to previous years.

Net sales increased by 1.9% to SEK 35,112 million (34,451) and like-for-like net sales increased by 1.9%, driven by increases in equipment sales and service revenue.

Like-for-like service revenue increased by 0.8% as growth in mobile-, TV- and fixed broadband revenue more than compensated for continued pressure on fixed telephony revenue, in particular, as well as lower revenue from business solutions.

Adjusted EBITDA increased by 1.1% to SEK 13,508 million (13,359) and the adjusted EBITDA margin decreased to 38.5% (38.8). Like-for-like adjusted EBITDA increased by 1.1%, thanks to increased service revenue and cost efficiencies realized.

SEK in millions, except margins, operational data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	35,112	34,451	1.9
<i>Change (%) like for like</i>	1.9		
<i>of which service revenue (external)</i>	29,852	29,582	0.9
<i>change (%) like for like</i>	0.8		
Adjusted EBITDA	13,508	13,359	1.1
<i>Margin (%)</i>	38.5	38.8	
<i>change (%) like for like</i>	1.1		
Adjusted operating income	6,422	5,833	10.1
Operating income	5,891	5,588	5.4
CAPEX excluding fees for licenses, spectrum and right-of-use assets	3,312	3,685	-10.1
Subscriptions (thousands)			
Mobile	8,136	6,914	17.7
<i>of which machine to machine (postpaid)</i>	3,395	2,120	60.2
Fixed telephony	398	509	-21.8
Broadband	1,252	1,248	0.3
TV	1,052	997	5.5
Employees	4,168	4,403	-5.3

Operating income amounted to SEK 5,891 million (5,588) and included an impairment of SEK -422 million related to copper network assets.

CAPEX excluding licenses, spectrum and right-of-use assets decreased to SEK 3,312 million (3,685), mainly driven by lower network investments.

The number of mobile subscriptions increased by 1,222,000 during the year, driven by 1,275,000 post-paid subscriptions used for machine-to-machine services. Fixed broadband subscriptions increased by 4,000 and TV subscriptions increased by 55,000 during the year.

## Finland

Telia continued to make good progress on the network modernization and 5G rollout agenda and, by year-end, had achieved 5G population coverage of 79%. Dedicated work to improve the network led to Telia winning awards in all five categories in the independent benchmarking company Tutela's report, based on assessments of the mobile network user experience in Finland using extensive crowdsourced measurements. Telia scored particularly well in overall Core Consistent Quality and average Coverage Score, and shared the number one position for 5G Consistent Quality and Video Experience. Furthermore, Telia became the first operator in the world to implement a virtual private network based on network slicing and edge computing.

Net sales increased by 4.7% to SEK 15,190 million (14,504) and like for like net sales increased by 0.1%, as lower equipment sales were more than offset by increased service revenue. Exchange rate fluctuations had a positive impact of 4.7%.

Like-for-like service revenue increased by 0.6% as 2.6% growth in mobile service revenue, driven by increased ARPU, was partly offset by decreased fixed service revenue, predominantly related to business solutions and fixed broadband.

Adjusted EBITDA increased by 2.8% to SEK 4,443 million (4,322) and the adjusted EBITDA margin declined to 29.3% (29.8). Like-for-like adjusted EBITDA decreased by 1.6%, mainly due to operational expenses increasing as realized efficiencies, and especially those related to resource costs, were more than offset by increased energy costs.

Operating income amounted to SEK -8,716 million (1,354), impacted by an impairment of SEK -9,500 million related to goodwill.

CAPEX excluding licenses, spectrum and right-of-use assets decreased to SEK 1,566 million (1,833).

The number of mobile subscriptions increased by 46,000 from an addition of 72,000 post-paid subscriptions used for machine-to-machine services. Fixed broadband subscriptions decreased by 7,000 and TV subscriptions increased by 32,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	15,190	14,504	4.7
Change (%) like for like	0.1		
<i>of which service revenue (external)</i>	12,782	12,125	5.4
<i>change (%) like for like</i>	0.6		
Adjusted EBITDA	4,443	4,322	2.8
<i>Margin (%)</i>	29.3	29.8	
<i>change (%) like for like</i>	-1.6		
Adjusted operating income	915	1,069	-14.4
Operating income	-8,716	1,354	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	1,566	1,833	-14.6
Subscriptions (thousands)			
Mobile	3,280	3,234	1.4
<i>of which machine to machine (postpaid)</i>	381	309	23.2
Fixed telephony	14	17	-17.6
Broadband	467	474	-1.5
TV	678	646	4.9
Employees	2,726	2,848	-4.3

## Norway

In parallel with the modernization of Telia's mobile network, the 5G rollout made good progress, resulting in 5G population coverage of 84% by the end of the year. Furthermore, Telia and Fjordkraft entered into a long-term agreement under which Fjordkraft's mobile customers will be transferred to Telia's award-winning mobile network in 2023.

On the consumer side, Telia added Netflix and TV2 to the more than 100 TV channels and streaming services already available in its TV offering. On the enterprise side, Telia secured several important contracts, including an agreement with the Armed Forces for the delivery of fixed and mobile connectivity services, as well as an agreement with 34 municipalities and roughly an equal number of municipal businesses in Rogaland and Vestland for connectivity services. In addition, Telia signed a strategic multiyear agreement for connectivity solutions with Usbl, one of Norway's largest developers of housing associations.

Net sales increased by 8.9% to SEK 15,022 million (13,788) and like-for-like net sales increased by 3.5% due to increased service revenue, which more than compensated for lower equipment sales. Exchange rate fluctuations had a positive impact of 5.5%.

Like-for-like service revenue increased by 5.6%, driven predominantly by mobile service revenue increasing by 6.9%, but partly also by increased fixed service revenue. The latter increased due to a positive development for revenue associated mainly with fixed broadband and TV.

Adjusted EBITDA increased by 8.2% to SEK 6,750 million (6,240) and the adjusted EBITDA margin decreased to 44.9% (45.3). Like-for-like adjusted EBITDA increased by 2.8% as service revenue growth and efficiency gains more than compensated for increased energy costs.

Operating income amounted to SEK -5,851 million (2,192), impacted by an impairment of SEK -8,500 million related to goodwill.

CAPEX excluding licenses, spectrum and right-of-use assets declined to SEK 2,932 million (3,043).

The number of mobile subscriptions increased by 90,000 during the year, of which 71,000 attributable to post-paid subscriptions used for machine-to-machine services. Fixed broadband subscriptions increased by 11,000 and TV subscriptions decreased by 2,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	15,022	13,788	8.9
Change (%) like for like	3.5		
<i>of which service revenue (external)</i>	12,803	11,510	11.2
<i>change (%) like for like</i>	5.6		
Adjusted EBITDA	6,750	6,240	8.2
<i>Margin (%)</i>	44.9	45.3	
<i>change (%) like for like</i>	2.8		
Adjusted operating income	2,727	2,351	16.0
Operating income	-5,851	2,192	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	2,932	3,043	-3.6
Subscriptions (thousands)			
Mobile	2,379	2,289	3.9
<i>of which machine to machine (postpaid)</i>	196	125	56.7
Fixed telephony	23	32	-28.1
Broadband	503	492	2.2
TV	475	477	-0.4
Employees	1,334	1,385	-3.7



## Denmark

Good progress was made in network modernization and the 5G rollout, resulting in population coverage of 79% by year-end. Telia also continued to work towards its ambition of becoming the natural choice for Danish families in connectivity, TV and streaming by expanding its portfolio of attractive streaming solutions and including C More in its mobile offerings. Telia also launched a home broadband service based on 5G technology to cover family internet, streaming and gaming needs, as well as the "Almost new" service, which offers high-quality refurbished mobile phones.

Net sales increased by 1.6% to SEK 5,298 million (5,214) and like-for-like net sales decreased by 2.9%, driven by lower equipment sales that more than offset increased service revenue. Exchange rate fluctuations had a positive impact of 4.6%.

Like-for-like service revenue increased by 2.0% as decreased fixed service revenue were more than offset by increased mobile service revenue, mainly driven by a growing ARPU.

Adjusted EBITDA increased by 18.3% to SEK 1,072 million (906) and the adjusted EBITDA margin increased to 20.2% (17.4). Like-for-like adjusted EBITDA increased by 11.3% due to increased service revenue and realized cost efficiencies.

Operating income amounted to SEK -594 million (-299), impacted by an impairment of SEK -600 million related to goodwill.

CAPEX excluding licenses, spectrum and right-of-use assets increased to SEK 538 million (462).

The number of mobile subscriptions increased by 92,000 during the year, of which 109,000 attributable to post-paid subscriptions used for machine-to-machine services. Fixed broadband subscriptions decreased by 2,000 and TV subscriptions decreased by 7,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	5,298	5,214	1.6
Change (%) like for like	-2.9		
<i>of which service revenue (external)</i>	4,079	3,807	7.1
<i>change (%) like for like</i>	2.0		
Adjusted EBITDA	1,072	906	18.3
<i>Margin (%)</i>	20.2	17.4	
<i>change (%) like for like</i>	11.3		
Adjusted operating income	78	-67	
Operating income	-594	-299	
CAPEX excluding fees for licenses, spectrum and right-of-use assets	538	462	16.4
Subscriptions (thousands)			
Mobile	1,712	1,620	5.7
<i>of which machine to machine (postpaid)</i>	362	254	42.9
Fixed telephony	49	62	-21.0
Broadband	64	66	-3.0
TV	17	24	-29.2
Employees	641	674	-4.9

## Lithuania

Telia secured spectrum in the 700MHz and 3.6Ghz bands and, thanks to several years of preparation for the launch of commercial 5G services, was able to instantly achieve 5G population coverage of 80% in the third quarter when the spectrum was switched on. 5G population coverage increased further to 86% by the end of the year, putting Telia in a good position to continue to provide customers in Lithuania with the best possible connectivity and customer experience. Telia also received recognition for its sustainability work in the form of a NAVA award for significant contributions to environmental protection. For example, Telia was the first operator to introduce refurbished mobile phones in Lithuania and, together with other operators, launched the Eco Rating initiative, which evaluates the environmental impact of mobile phones.

Net sales increased by 10.7% to SEK 4,784 million (4,320) and like-for-like net sales increased by 5.7%, driven mainly by increased service revenue. Exchange rate fluctuations had a positive impact of 5.0%.

Like-for-like service revenue increased by 6.5%, supported by growth of mobile and fixed service revenue. Mobile service revenue growth of 10.2% was the result of customer base expansion coupled with growing ARPU, whereas fixed service revenue increased by 3.9% due to strong growth in fixed broadband and business solutions revenue.

Adjusted EBITDA increased by 11.7% to SEK 1,688 million (1,511) and the adjusted EBITDA margin increased to 35.3% (35.0). Like-for-like adjusted EBITDA increased by 6.7%, attributable to the growth in service revenue, which more than compensated for significantly increased energy costs.

CAPEX excluding licenses, spectrum and right-of-use assets decreased to SEK 597 million (669).

The number of mobile subscriptions increased by 86,000 during the year. Fixed broadband subscriptions increased by 6,000 and TV subscriptions increased by 2,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	4,784	4,320	10.7
Change (%) like for like	5.7		
<i>of which service revenue (external)</i>	3,663	3,272	11.9
<i>change (%) like for like</i>	6.5		
Adjusted EBITDA	1,688	1,511	11.7
<i>Margin (%)</i>	35.3	35.0	
<i>change (%) like for like</i>	6.7		
Adjusted operating income	856	756	13.2
Operating income	850	752	13.1
CAPEX excluding fees for licenses, spectrum and right-of-use assets	597	669	-10.9
Subscriptions (thousands)			
Mobile	1,604	1,518	5.7
<i>of which machine to machine (postpaid)</i>	322	309	4.2
Fixed telephony	175	201	-12.9
Broadband	427	421	1.4
TV	257	255	0.8
Employees	1,555	1,599	-2.8

## Estonia

Network modernization and the 5G rollout continued at a high pace, resulting in a 5G population coverage of 43% by year-end. As part of Telia's sustainability ambitions, a long-term renewable electricity agreement was signed with the public energy company Eesti Energia, which will supply renewable wind-based electricity, estimated to cover around 70% of Telia's power needs. Telia also secured a contract with the Tallinn Water Company under which Telia will supply and manage around 25,000 smart water meters to better monitor and optimize water usage in the city.

Net sales increased by 9.2% to SEK 3,637 million (3,331) and like-for-like net sales increased by 4.2%, driven by increased service revenue. Exchange rate fluctuations had a positive impact of 4.9%.

Like-for-like service revenue increased by 5.7%, driven by mobile- and fixed service revenue increasing by 6.6% and 5.5%, respectively. Mobile service revenue growth was attributable to an expanding ARPU and subscriber base, whereas the fixed service revenue increase was predominantly driven by growth in fixed broadband and business solutions revenue, which together more than offset a continued decline in fixed telephony revenue.

Adjusted EBITDA increased by 11.2% to SEK 1,330 million (1,196) and the adjusted EBITDA margin increased to 36.6% (35.9). Like-for-like adjusted EBITDA increased by 6.2%, attributable to the growth in service revenue.

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

The number of mobile subscriptions increased by 81,000 during the year, of which 52,000 attributable to post-paid subscriptions used for machine-to-machine services. Fixed broadband subscriptions decreased by 1,000 and TV subscriptions decreased by 7,000.

SEK in millions, except margins, operational data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	3,637	3,331	9.2
Change (%) like for like	4.2		
<i>of which service revenue (external)</i>	2,994	2,689	11.3
<i>change (%) like for like</i>	5.7		
Adjusted EBITDA	1,330	1,196	11.2
<i>Margin (%)</i>	36.6	35.9	
<i>change (%) like for like</i>	6.2		
Adjusted operating income	669	542	23.4
Operating income	734	536	37.0
CAPEX excluding fees for licenses, spectrum and right-of-use assets	374	417	-10.3
Subscriptions (thousands)			
Mobile	1,266	1,186	6.8
<i>of which machine to machine (postpaid)</i>	448	396	13.2
Fixed telephony	192	209	-8.1
Broadband	242	243	-0.4
TV	200	207	-3.4
Employees	1,269	1,306	-2.8

## TV and Media

In Sweden, TV4 continued to strengthen its strong position in advertising and the share of viewing for TV4's linear channels among viewers aged 15-64 increased to 37%, compared to 36% in 2021. Furthermore, digital consumption continued to develop strongly, with time spent on TV4 Play increasing by 7%. In addition, it was announced that TV and Media was to consolidate all its linear and streaming content under TV4 in Sweden and MTV in Finland. As a result, TV4 and MTV will span linear, AVOD, HVOD and SVOD streaming services, thereby strengthening their status as national champions via a single cross-platform approach.

Net sales increased by 2.1% to SEK 8,829 million (8,648) and like-for-like net sales increased by 1.1%. Exchange rate fluctuations had a positive impact of 1.0%.

Like-for-like service revenue increased by 1.0% as an increase in advertising revenue thanks to successful capitalization on solid demand for linear and digital advertising was largely offset by declining TV revenue.

Adjusted EBITDA decreased by 68.5% to SEK 277 million (878) and the adjusted EBITDA margin decreased to 3.1% (10.2). Like-for-like adjusted EBITDA decreased by 68.4% as the growth in service revenue was more than offset by higher content costs, predominantly related to sports rights.

Operating income amounted to SEK -847 million (13), impacted by an impairment of SEK -316 million related to the C More brand.

CAPEX excluding licenses, spectrum and right-of-use assets increased to SEK 182 million (121).

The number of direct subscription video on demand (SVOD) subscriptions increased by 14,000 during the year.

SEK in millions, except margins, operational data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	8,829	8,648	2.1
Change (%) like for like	1.1		
<i>of which service revenue (external)</i>	8,826	8,647	2.1
<i>change (%) like for like</i>	1.0		
Adjusted EBITDA	277	878	-68.5
<i>Margin (%)</i>	3.1	10.2	
<i>change (%) like for like</i>	-68.4		
Adjusted operating income	-507	99	
Operating income	-847	13	
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	182	121	50.5
Subscriptions (thousands)			
TV	785	771	1.9
Employees <sup>1</sup>	1,264	1,251	1.0

<sup>1)</sup> Restated, see Note C1.



## Other operations

Other operations mainly includes operations in Latvia, Telia Finance and Group functions. Telia Company's ownership of Telia Carrier was divested on June 1, 2021, and Santa Monica Networks in Latvia was acquired on October 8, 2021 (see Note C34). Furthermore, SIA Telia Latvija, a leading enterprise telecom services provider in Latvia, was divested on June 1, 2022 (see Note C35).

Net sales declined by 26.5% to SEK 4,204 million (5,723) due to the divestment of the Telia Carrier business. Like-for-like net sales increased by 2.3%, driven partly by higher equipment sales, but mainly by increased service revenue.

Like-for-like service revenue increased by 4.7%, driven mainly by increased mobile service revenue in Latvia.

Adjusted EBITDA decreased by 13.1% to SEK 1,260 million (1,449) and the adjusted EBITDA margin increased to 30.0% (25.3), mainly due to the divestment of the Telia Carrier business. Like-for-like adjusted EBITDA increased by 9.6%, driven mainly by the Group functions part of Other operations, especially the Common Products and Services (CPS) organization.

Operating income amounted to SEK -884 million (5,096), impacted by an impairment of SEK -500 million related to goodwill in Latvia. 2021 was impacted by a capital gain of SEK 6,428 million attributable to the divestment of Telia Carrier.

In Latvia, net sales increased by 19.6% to SEK 3,065 million (2,562) and like-for-like net sales increased by 7.1%, driven by increased equipment sales and service revenue. Adjusted EBITDA increased by 5.9% to SEK 890 million (840) and like-for-like adjusted EBITDA decreased by 1.5%, as increased service revenue and equipment sales were not enough to offset higher operational expenses driven mainly by increased energy costs. The number of mobile subscriptions increased by 52,000 during the year.

Income from associated companies declined to SEK 96 million (97).

CAPEX, excluding fees for licenses, spectrum and right-of-use assets, increased to SEK 6,458 million (5,655), of which SEK 0.5 billion was related to Latvia, SEK 0.8 billion to Telia Finance and SEK 5.0 billion to the central CPS unit and referring to items such as IT systems, mobile networks, products and platforms that the other segments benefit from.

SEK in millions, except margins, operational data and changes	Jan–Dec 2022	Jan–Dec 2021	Change (%)
Net sales	4,204	5,723	-26.5
Change (%) like for like	2.3		
<i>of which Telia Carrier</i>	-	1,944	-100.0
<i>of which Latvia</i>	3,065	2,562	19.6
Adjusted EBITDA	1,260	1,449	-13.1
<i>of which Telia Carrier</i>	-	371	-100.0
<i>of which Latvia</i>	890	840	5.9
Margin (%)	30.0	25.3	
Income from associated companies	96	97	-0.8
<i>of which Latvia</i>	117	112	4.7
Adjusted operating income	171	-551	
Operating income	-884	5,096	
CAPEX excluding fees for licenses, spectrum and right-of-use assets <sup>1</sup>	6,458	5,655	14.2
Subscriptions (thousands)			
Mobile Latvia	1,399	1,347	3.9
<i>of which machine to machine (postpaid)</i>	401	380	5.4
Employees <sup>1</sup>	6,280	6,100	3.0

1) Restated, see Note C1.

## Risks and uncertainties

# Telia Company's Risk Universe

Telia Company has an established risk management framework in place to regularly identify, analyze, assess, and report business, financial as well as ethics and sustainability risks and uncertainties, and to mitigate such risks as appropriate. The Telia Company Risk Universe consists of a Principal Risk taxonomy based on 12 Principal Risk areas and over 30 sub-risk areas that are identified and prioritized together with Group Executive Management, as the most material risks that impact Telia's strategic objectives and operations. The Principal Risks are assessed and aggregated across the whole company using the Risk management framework.

Risk management is an integrated part of Telia'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
<b>Commercial and business model disruption</b>	<p>High inflation and increased interest rates risk driving the economy further into recession. At the same time, our industry is undergoing a historical transformation and there is an increasing need for innovation to ensure growth and maintain competitiveness. In addition, there is continued price pressure on services, driven by increasing competition in our B2B and B2C businesses.</p> <p><b>Potential impact</b> Failure to anticipate and respond to the current economic headwinds and industry dynamics, and to drive a change agenda that meets mature and developing demands in the market, may affect Telia's results and position in the value chain. Competition from a variety of sources, including current market participants, new entrants and new products and services, continues to intensify and may also adversely affect Telia's results.</p>	<ul style="list-style-type: none"> <li>• Sustaining a premium position is fundamental in supporting pricing activities to offset inflationary pressure.</li> <li>• Lead, monitor, and react to changes in customer and market behavior.</li> <li>• Focused execution of business transformation programs to ensure growth and cost savings.</li> <li>• Focus on partner collaboration to drive value creation.</li> </ul>

Risk	Description	Mitigating activities
<b>Execution and Transformation</b>	<p>To effectively execute our strategy, we invest in business transformation to improve agility and flexibility, reduce cost and complexity, and increase competitiveness, thereby boosting the attraction of our customer offering and, ultimately, our financial performance. Continuously managing risks, prioritizing the most important initiatives, and removing barriers to execution are key requirements for success.</p> <p><b>Potential impact</b> Our transformation initiatives set out a series of financial and non-financial benefits to be achieved across Telia. Failure to execute could have a negative impact on business transformation and growth initiatives, potentially deferring revenue upside and delaying cost reductions and efficiency gains from transformed operations.</p>	<ul style="list-style-type: none"> <li>• Strengthening our strategy-to-execution process by continuously simplifying, digitalizing, and improving the Telia Way of Working.</li> <li>• An extensive execution and transformation portfolio has been established across Telia and comprehensive work is underway to refactor and rebalance plans to further mitigate current geopolitical and inflationary headwinds.</li> <li>• A strategy-to-execution framework and process have been deployed to track business objectives and the progress made towards realizing them.</li> </ul>

Risk	Description	Mitigating activities
<b>Cybersecurity, network quality, and resilience</b>	<p>Telia'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.</p> <p><b>Potential impact</b> 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.</p> <p>New security and national security regulatory requirements may impact how we build our infrastructure and our ways of working, potentially leading to cost increases.</p>	<ul style="list-style-type: none"> <li>• A cybersecurity program based on international standards has been established to ensure we have the ability to identify, protect against, detect, respond to, and recover from security threats.</li> <li>• Operational processes have been deployed to ensure the security requirements of customers and authorities are met.</li> <li>• Strengthening of security awareness and culture through training.</li> <li>• An Operational Excellence program is in place to proactively assess and audit weaknesses in the operational capabilities of all business-critical services and platforms.</li> </ul> <p>Additional information is available in the Sustainability section chapter on <a href="#">Privacy and security</a>.</p>

Risk	Description	Mitigating activities
<b>Capabilities, skills, competence and leadership</b>	<p>People are at the core of everything we do at Telia, and their talents enable us to execute on our strategy. Following the pandemic, the competition for talent has increased. To secure access to the right talent and execute on its strategy, Telia needs to attract and retain highly skilled employees and continuously develop its capabilities and competencies. Creating a strong culture focusing on accountability, ownership and clarity has raised expectations related to speed of execution, people engagement and customer experience.</p> <p><b>Potential impact</b> A shortage of critical capabilities and competencies could lead to a shift in workforce composition and limit the progress on transformation.</p> <p>The high pace of change, cost pressures and ambiguity within the company could have a negative impact on employee health and wellbeing.</p>	<ul style="list-style-type: none"> <li>• Key initiatives are in place to drive strategic workforce planning, talent and skills mapping, and upskilling/reskilling of existing workforce.</li> <li>• Partnering and targeted recruitment efforts within specific competence areas.</li> <li>• Intensive training programs have been established with a strong focus on internal growth and technical skills (e.g., our Telia Cloud Academy).</li> <li>• Thorough follow-up on recurring employee surveys.</li> <li>• A holistic and insight-driven Health and Welfare program aligned with employee experience drivers.</li> </ul>



Risk	Description	Mitigating activities
<b>Third-party management</b>	<p>Telia relies on a vast number of suppliers, partners, and customers, some of which are in countries or industries that face challenges in upholding ethical and sustainable business practices. Despite efforts to conduct due diligence and audits, suppliers and business partners may be in violation of Telia's requirements and/or national and international laws and regulations.</p> <p>National and international sanction programs may also be imposed on our third parties, which may have a negative impact on our business.</p> <p><b>Potential impact</b> Failure of Telia's suppliers and partners to adhere to relevant laws, regulations and supplier requirements may risk or violate human and labor rights. Such failure or perceived failure may also damage the perception of Telia among customers or other stakeholders. Violations of laws, regulations or supplier requirements put suppliers and subcontractors at risk of needing to limit or terminate their operations, which may lead to Telia needing to seek new suppliers. This may have a negative impact on costs and/or delivery times. Violation of national and international sanction programs may result in penalties and damage to our brand and reputation.</p>	<ul style="list-style-type: none"> <li>The supplier code of conduct, which stipulates Telia's expectations on sustainable business practices, is included in all supplier contracts. In addition, the supplier security directive is included in contracts for suppliers that handle sensitive information.</li> <li>A risk-based supplier due diligence process is followed prior to signing or renewing contracts.</li> <li>Continuous monitoring through recurring screening and due diligence of high-risk suppliers, partners and customers.</li> <li>On-site and off-site audits are conducted by Telia or through the industry's Joint Audit Cooperation (JAC) initiative.</li> </ul> <p>Additional information is available in the Sustainability section chapter on <a href="#">Responsible sourcing</a>.</p>

Risk	Description	Mitigating activities
<b>Customer privacy</b>	<p>Ensuring the privacy and security of our customers' data is vital for our business. Vast amounts of data are generated in and through Telia's services and networks and we have a responsibility to protect this data from misuse, loss, unauthorized disclosure, or damage. New ways of connecting and data-driven business models increase the complexity of understanding and retaining control over how data is collected and used.</p> <p><b>Potential impact</b> 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 handles these matters, which in turn may impact the business. Failing to comply with national and EU legislation may result in significant financial penalties.</p>	<ul style="list-style-type: none"> <li>Continuous compliance reviews of GDPR implementation.</li> <li>Ongoing implementation of common tools and processes to further improve the quality and control of compliance with customer privacy requirements.</li> <li>Strengthening of the organization and mandate for Data Protection Officers (DPO) and other privacy experts.</li> <li>Mandatory training on data security and privacy awareness for all employees.</li> </ul> <p>Additional information is available in the Sustainability section chapter on <a href="#">Privacy and security</a>.</p>

Risk	Description	Mitigating activities
<b>Corruption and unethical business practices</b>	<p>The telecommunications industry is susceptible to a range of corrupt practices as it requires government approvals and necessitates large investments. In general, key areas with elevated corruption risks 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.</p> <p><b>Potential impact</b> Actual or perceived corruption or unethical business practices may damage the reputation of Telia. Actual corrupt activity may result in loss of trust and customers, financial penalties and debarment from procurement and institutional investment processes. As corruption is often a barrier for human rights and equal opportunities, actual corruption or fraud may lead to Telia being associated with human rights violations.</p>	<ul style="list-style-type: none"> <li>• Anti-bribery and corruption (ABC) program implemented in all parts of the organization.</li> <li>• Continuous development and testing of ABC-related controls, including implementation of measures to improve automatic controls.</li> <li>• As part of the merger and acquisition process, due diligence and handover plans are in place covering, for example, third party due diligence.</li> <li>• Education and communication on ABC to targeted employees, specifically those in high-risk roles and newly acquired businesses.</li> </ul> <p>Additional information is available in the Sustainability section chapter on <a href="#">Anti-bribery and corruption</a>.</p>

Risk	Description	Mitigating activities
<b>Environment</b>	<p>To forcefully address the climate crisis and the unsustainable use of natural resources, Telia has ambitious environmental goals in place. We see increasing requirements and expectations from customers, policy makers, investors, and others to manage negative impacts on environment and climate. Due to climate change, increasing numbers of extreme weather events (such as heat waves, flooding, and thunderstorms) pose risks to our infrastructures and services, which, in turn, are vital for societies to function.</p> <p><b>Potential impact</b> Failure to deliver on our commitments and goals and thereby not meeting stakeholders' requirements and/or expectations may lead to negative reputation, loss of revenue, inability to attract talent or limited access to "green capital". Increasing electricity prices, scarcity of renewable energy certificates or the introduction of carbon taxation could increase operational costs. Extreme weather may lead to operational disruptions and drive the need for additional investments.</p>	<ul style="list-style-type: none"> <li>• Ambitious short-, mid-, and long-term goals for GHG emissions and waste, such as Science Based Targets, and related programs.</li> </ul> <p>For in-depth information on environmental risks and mitigations, please see the Sustainability section chapter on <a href="#">Climate and circularity</a> and our TCFD report in <a href="#">Sustainability Note S4</a>.</p>

Risk	Description	Mitigating activities
<b>Regulation and licenses</b>	<p>Telia operates in a highly regulated industry. New legislation and precedents are constantly being developed in the EU and by the European Court of Justice, for example on net neutrality. This regulatory landscape imposes limits on the flexibility Telia has to manage its business. In several countries, Telia entities are designated as parties with significant market power in one or several telecom submarkets. As a result, Telia 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.</p> <p><b>Potential impact</b> Regulatory changes and fragmented local implementation and interpretation affecting Telia's business activities, as well as decisions by regulatory authorities or courts, including the granting or amending of telecom licenses and spectrum permits and increasing national security requirements, may affect Telia's strategy, ability to conduct business, and financial results.</p>	<ul style="list-style-type: none"> <li>• Proactive outreach to legislators and regulators when laws are adopted and implemented, as well as when laws are applied in submarkets, including intervention and remedies.</li> <li>• Continuous legal and regulatory monitoring to provide timely advice and assistance throughout the organization.</li> <li>• Working closely with the line organization to build competence and ensure the integration of analysis and advice early on in all relevant processes.</li> </ul>

Risk	Description	Mitigating activities
<b>Impairment losses and restructuring charges</b>	<p>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 affect management's expectation of future cash flows attributable to certain assets. Telia 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.</p> <p><b>Potential impact</b> Significant adverse changes in the economic, regulatory, business, or political and societal environment, as well as in Telia's business plans, may affect Telia's financial position, the results of operations, impairment losses and restructuring charges, which may adversely affect Telia's ability to pay dividends.</p> <p>For details on impairment testing, see section 'impairment testing' in Note C12.</p>	<ul style="list-style-type: none"> <li>• Management constantly reviews and refines business plans, and may make exit decisions or take other actions to effectively execute on business strategy.</li> </ul>

Risk	Description	Mitigating activities
<b>Human Rights</b>	<p>Human rights are universal, indivisible, and interdependent, making them challenging to rank and compare. At Telia, we continuously work to identify the most salient human rights risks 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 in relation to upcoming legislation on human rights due diligence and a social taxonomy.</p> <p><b>Potential impact</b> Details on the most salient human rights risks and how we address these can be found in the Sustainability section chapter on <a href="#">Human rights</a> on page 90.</p>	<ul style="list-style-type: none"> <li>Our human rights due diligence strategy is described in the Sustainability section chapter on <a href="#">Human rights</a> with additional information under sections on <a href="#">Digital inclusion</a>. Theme-specific mitigation activities are found under sections on <a href="#">Digital inclusion</a>, <a href="#">Privacy and security</a>, <a href="#">Freedom of expression and surveillance privacy</a>, <a href="#">Diversity, inclusion and well-being</a> and <a href="#">Responsible sourcing</a>.</li> </ul>

Risk	Description	Mitigating activities
<b>Macroeconomic and geopolitical</b>	<p>The overall macroeconomic environment is becoming increasingly uncertain. High inflation and rising interest rates may have a negative impact on customers' buying behavior and our business. The length, impact and outcome of the ongoing war in Ukraine is highly unpredictable and raises numerous risks, including further destabilization and deterioration of the macroeconomic environment and increased likelihood of cyberattacks that may affect our networks. The energy crisis, brought about by the Russian invasion of Ukraine and other environmental factors, has resulted in higher prices and increased volatility in the energy market and an overall weaker macroeconomic environment. Tensions between China and Taiwan contribute to increasing supply-chain uncertainties that may develop into a global semiconductor shortage.</p> <p><b>Potential impact</b> Volatility in energy costs have had, and will continue to have, a significant impact on Telia's energy expenses. In addition, high energy prices and high interest rates may have a negative impact on customer buying behavior, which could have an adverse impact on Telia's earnings. Supply disruptions and delays, in particular in connection with semiconductors, will likely lead to further price increases. Telia may also be subject to direct cyberattacks affecting our operations and our customers, or be impacted indirectly by cyberattacks against critical infrastructure.</p>	<ul style="list-style-type: none"> <li>Increased focus on structural cost takeouts and a more systematic approach to pricing.</li> <li>Price hedging to limit the volatility and financial impact of energy expenses.</li> <li>Increased follow-up of key business KPIs to mitigate any negative impact on financials.</li> <li>Active monitoring of the geopolitical risk landscape (e.g., Ukraine and Taiwan) and assessing any impact on Telia Company's business.</li> <li>Risk assessments and preparation of contingency plans.</li> <li>Increased crisis coordination throughout the group to mitigate negative impacts.</li> <li>Closely monitoring the demand-planning process to mitigate supply-chain shortages and long lead times.</li> </ul>



## 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. By integrating sustainability and responsible business practices in all aspects of business and strategy, we create long-term value for our shareholders and support sustainable development.

Telia plays a vital role in dealing with current and future societal and environmental challenges, which in turn increasingly define the playing field for economies of all sizes. The company also has an obligation to manage risks, impacts and opportunities. The company takes a double materiality approach by continuously assessing both how the company is impacting people and the environment and how people and the environment are impacting the company. Engagement with key stakeholder groups is an important component of the company's efforts to identify, understand and manage the most material current and future impacts and ensure that Telia makes a substantial contribution towards 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 is committed to a number of international standards 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
- The 1.5°C ambition expressed in the Paris Agreement

The content of these standards and initiatives forms the foundation of Telia's Code of Responsible Business Conduct which is approved by the Board and further elaborated through our policies and instructions.

# Corporate Governance Statement

## Corporate Governance

This Corporate Governance Statement was adopted by the Board at its meeting on March 8, 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 2022.

## 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

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*Updated information required by the Swedish Corporate Governance Code is available at [www.teliacompany.com/en/about-the-company/corporate-governance/](https://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](http://www.riksdagen.se/en), [www.government.se](http://www.government.se) – *Nasdaq Stockholm (issuer rules and surveillance)* at [www.nasdaq.com/solutions/rules-regulations-Stockholm](http://www.nasdaq.com/solutions/rules-regulations-Stockholm) – *Swedish Corporate Governance Code and specific features of Swedish corporate governance* at [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se) *Telia Company has one type of share. Each share represents one vote at the General Meeting. As of December 31, 2022, Telia Company had 469 905 shareholders.*

The Swedish State is the largest shareholder, owning 39.5% of the total shares at year-end 2022. 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](#).

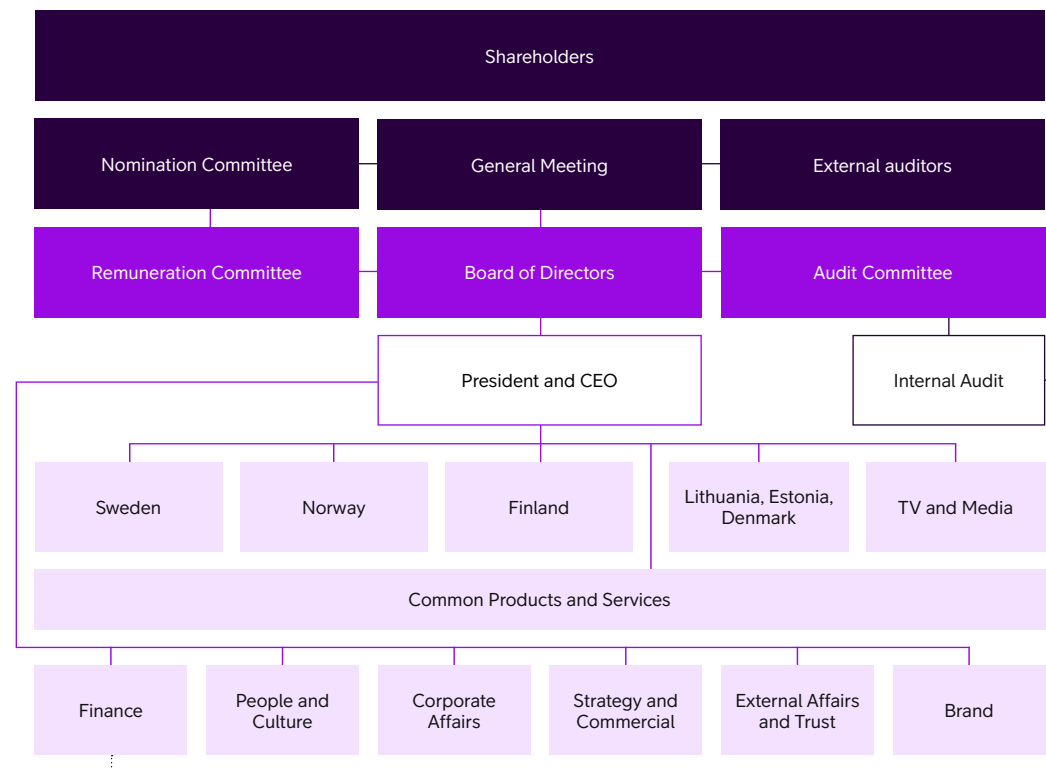
### Annual General Meeting 2022

The AGM 2022 was held as a postal voting meeting only, in accordance with temporary legislation due to the pandemic, and took place in Stockholm on April 6, 2022. The AGM 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
- Rules and procedures for the Nomination Committee

*Telia Company's Articles of Association are available at [www.teliacompany.com/en/about-the-company/corporate-governance/articles-of-association/](http://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/](http://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 2022



## Nomination Committee

The Nomination Committee shall, in accordance with the instruction for the Nomination Committee, be nominated by the four (4) largest shareholders in terms of votes at the end of July of the year before the AGM, and who wish to participate in the Committee's work for the period up to the AGM. The Nomination Committee of Telia Company for the AGM 2023 has been appointed based on the ownership structure as of July 31, 2022, and consists of:

- Magnus Johansson, Chair (the Swedish state)
- Filippa Gerstädt (Nordea Funds)
- Sussi Kvart (Handelsbanken Funds)
- Emelie Westholm (Folksam)

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

The AGM 2022 has adopted instructions for the work of the Nomination Committee which includes to:

- Propose the number of board members elected by the AGM
- 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 AGM
- 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 competencies 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

Based on the competence needs identified, the Nomination Committee evaluates the competences of the present board members and the aggregated composition of the Board. Considering 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 AGM.

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 five male members, elected by the AGM.

The AGM 2022 resolved to appoint board members in accordance with the Nomination Committee's proposals. The Nomination Committee reviews its instructions annually and proposes changes thereto to the AGM, as necessary.

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*Shareholders are welcome to send nomination proposals to the Nomination Committee. Proposals can be sent by e-mail to [forslagtillstyrelseledamot@teliacompany.com](mailto:forslagtillstyrelseledamot@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 nine members elected by the AGM, 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 AGM 2022, are Ingrid Bonde (Vice-Chair), Luisa Delgado, Rickard Gustafson, Jeanette Jäger, Nina Linander, Jimmy Maymann, Johannes Ametsreiter and Tomas Eliasson. Martin Tiveus was not available for re-election at the AGM 2022.

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.

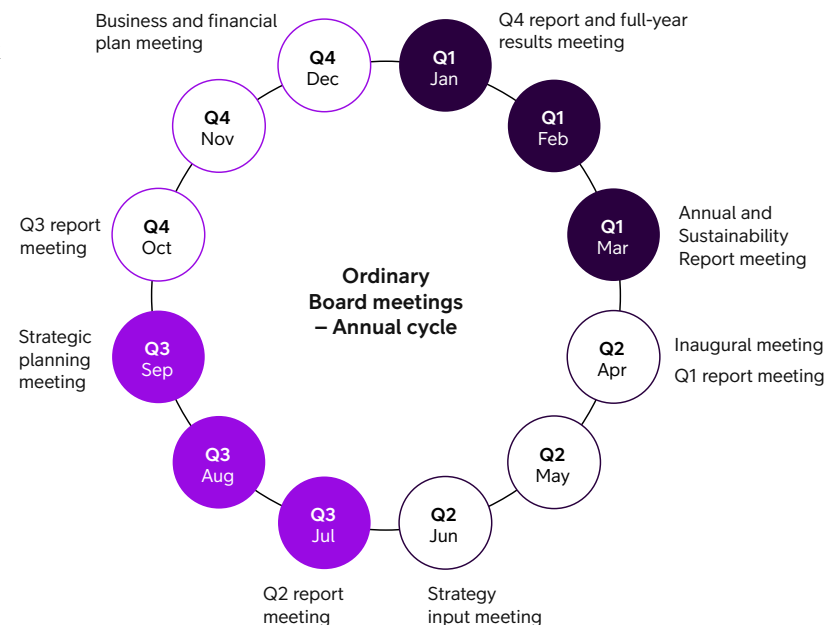
### Board meetings

The annual board cycle starts and ends at the AGM. 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

### The Board's Annual Work Cycle





- 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 2022

In 2022, the Board held nine (9) ordinary meetings (whereof one inaugural meeting) and three (3) extra meetings. 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
- 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
- M&A activities including the reaching of an agreement to sell 49% of Telia Company's towers business in Sweden
- 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
- Capital structure of the group
- Issues related to human resources, in particular succession planning and performance management
- Share buy backs

Further, the Board evaluated its internal work during 2022 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 monitoring and evaluating, 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 2022

Lars-Johan Jarnheimer is the Chair of the Remuneration Committee. In 2022, the Committee held four (4) 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

## 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
- Tomas Eliasson

### Audit committee work in 2022

Nina Linander is the Chair of the Audit Committee. In 2022, the Committee held six (6) 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 2022 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 & Culture, Chief Strategy & Commercial Officer, Chief External Affairs & Trust, 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.

Telia Company announced on January 16, 2023, changes to its Group Executive Management team through the merger of the Communications, Brand and Sustainability functions. Following this change, the functions of the Chief External Affairs and Trust Officer and Senior Vice President, Head of Brand, have been replaced by a Senior Vice President, Head of Communications, Brand and Sustainability.

# Group-wide Governance Framework

## Group-wide governance framework

### Customer Promises and key stakeholder obligations

### Deciding what we shall achieve

- Purpose
- Strategic Priorities
- 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 Responsible Business 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 management

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

### Customer 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 Nordic and the Baltic societies.

### Purpose

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.

### Strategic Priorities

Guided by our purpose to "Reinvent better connected living" we aim to grow our business and deliver sustainable value creation to our shareholders through four strategic priorities.

- *Inspiring customers*  
Inspiring our customers with brand and experiences that go beyond connectivity is about making sure we deliver the best possible digital communications experience to our 24 million customers across the Telia footprint.
- *Connecting everyone*  
Connecting everyone through the most trusted, reliable, and efficient modern networks is about strengthening and maintaining our network leadership in the region. Having secure and reliable infrastructure is at the core of our ability to offer connectivity.
- *Transforming to digital*  
To better serve our customers we need to transition Telia into a more agile, digital, and leaner company and we do so with the help of our third priority, "Transforming to digital" which is one of the most ambitious transformation agendas in our industry.
- *Delivering sustainably*  
Delivering sustainably through an accountable and empowered organization focuses on creating long-lasting and sustainable value for all our stakeholders by being a financially, socially, and environmentally strong and resilient company.

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'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's values, policy framework and the corresponding steering documents, Delegation of Obligations and Authority and the Code of Responsible Business Conduct.

### Set of values

Telia'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. The heads of group functions secure that necessary group policies 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 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

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'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.

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](http://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.

#### Code of Responsible Business Conduct

The Code of Responsible Business 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 Responsible Business Conduct is reviewed on an annual basis and is currently being revised and modernized to reflect Telia's current markets and geographical footprint.

#### Delivering on our promises

We always strive to deliver what we say we will, at the right time and in the right way, to build trust, demonstrate reliability and satisfy key stakeholders and customers.

#### 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 meeting business and customer expectations with more agility.

#### 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 and Trust, Corporate Affairs (including Telia Asset Management), Finance (including Sourcing and Real Estate), Common Products & Services, Group Strategy & Commercial (including Division X and Global Business), People & Culture and Brand & Insight.

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 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*

The 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 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 operations. The plan for each unit is followed up in business review meetings held monthly 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 the country and business unit levels. The operational KPIs are a key part of the follow-up and consist of several measurements that give management a good overview of the current state and progress over time. The Net Promoter Score (NPS®) framework is used to monitor and improve the customer experience that Telia 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 the section on Governance, Risk and Compliance, GRC.

#### *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 continuous leader-employee conversations that include coaching and feedback with all employees.

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



# Governance, Risk and Compliance (GRC)

A group Governance, Risk and Compliance (GRC) function has been established to ensure that Telia Company has an integrated and strategic approach towards aligning governance and policies with company objectives, while effectively managing risks and promoting ethical and responsible decision making through compliance with all relevant policies, laws and regulations.

The Head of the GRC function acts as the owner of the group common GRC process, is also the Chief Risk Officer and, since October 1, 2022, reports to the Chief Financial Officer.

Function responsibilities include:

- Oversee the Group-wide governance framework (see Group-wide governance framework) and own the group policy framework and the group framework for ERM, policies and instructions within his/her areas of responsibility and to monitor compliance 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 GRC collects and aggregates 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, risk, and

- compliance (GREC) committee on group level
- 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.

## Risks and uncertainties

Operating in a broad range of products, services and markets in the highly competitive and regulated telecommunications industry, Telia is subject to a wide variety of risks and uncertainties. Telia has defined risk as anything that could have a material adverse effect on the achievement of Telia Company's strategic and operational 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](#) of the consolidated financial statements.

## Risk management – the three lines model

Telia recognizes that successful risk management is fundamental to achieving business and growth opportunities, by striving for the highest possible returns within acceptable risk and cost levels. Risk management is initiated on an Enterprise level, with a collaboration between the Strategy and Enterprise Risk Management functions to identify key risks, threats and consequences to specific value drivers and strategic objectives. The identified risks are analyzed and prioritized together with the Executive management team,

who agree on a portfolio of Principal Risks. An Executive risk owner is assigned to each Principal Risk and tasked with defining the Principal Risk appetite, which is typically aligned with a Group Policy. The Principal Risks constitute the foundation of Telia Company's Risk Management Framework.

The management of risk within each Principal Risk area is an integral part of Telia's strategic and 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.

Risk management roles and responsibilities are aligned to the three lines model:

- **First line:** The Head of Countries and Group Functions are accountable for Risk Management in their respective units and they assign Risk Management Coordinators who ensure the implementation of the Risk Management Framework throughout the line organization. The line organization is responsible and accountable for assessing, responding and controlling, through internal control activities and reporting risks to local risk committees.
- **Second line:** Comprises the group-level Governance, Risk and Compliance (GRC) function incorporating Enterprise Risk Management (ERM) function and Group Compliance function, the Principal Risk area and assurance functions, the internal controls function within Group Finance, and the GREC (Governance, Risk, Ethics and Compliance) meetings. Principal Risk area coordinators are appointed by the Chief Risk

Officer and are responsible for maintaining a holistic view of the risk area by ensuring that the risk appetite is cascaded throughout the organization, monitoring, and evaluating the risk and control capabilities, overseeing the operational effectiveness of the area's risk processes across the Group and reporting risk posture to Governance, Risk, Ethics and Compliance (GREC).

- **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 aim of the continuous risk management process is to ensure all risks that may help or hinder the achievement of Telia's objectives are regularly assessed, managed, and monitored. The risk management process promotes transparency, feasibility, and traceability and Telia strives to fully integrate risk management into all business processes. Management ensures that a personal sense of responsibility and common view on, and awareness of, risk is established among employees, as well as facilitating the accountability for risks in daily decision making. Risk reporting is integrated into the business planning process and risks are 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, 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, and Group policies and instructions.

**Aligned assurance**

Telia 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.

**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**

2022 was the eighth year of operation for Telia's speak-up line, the whistle-blowing tool available in 11 languages. It enables 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 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 2022, 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](http://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 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'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 that operational efficiency is continuously improved

The objective of Telia's financial reporting is to align with high professional standards and to be full, fair, accurate, punctual and understandable.

### Control environment

The most essential elements of Telia'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 policies, instructions, or directives.

Management in each entity or group function is responsible for ensuring that:

- Monthly and quarterly financial statements comply with Telia'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 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 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, using Telia'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 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 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 monthly.

On behalf of Group Executive Management, the internal control function carries out an annual risk-based compliance review of key risks 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 evaluating and improving 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 2022, audits were performed in group functions, as well as in the countries. Important audit areas were:

- Transformation
- Information and IT security
- Finance
- Service assurance
- Compliance

The Head of Group Internal Audit reports functionally to the Audit Committee and administratively to the Telia Company Chief Financial 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 AGM can also appoint only one auditor if the auditor in question is a public accounting firm. The auditor(s) 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 third 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

- Conducting an examination of the statutory Sustainability Report. The auditors also 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 AGM. 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 the sections on the Board of Directors and Internal controls over financial reporting, respectively.

#### Current auditors and fees

At the AGM 2022, Deloitte AB was elected as auditor until the end of the AGM 2023. 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), Arvid Nordqvist HAB and Elite Hotels.

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

**Work experience and other assignments:** Previously Chair of the Board of Directors of Egmont International Holdings AS, 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:** 100,097

All shareholdings reported as per February 28, 2023. Shareholdings refer to any holdings of shares in Telia Company owned by the person or related natural or legal persons.



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:** Previously CFO and deputy CEO of Vattenfall, CEO of AMF, Director General of Finansinspektionen (Sweden's financial supervisory authority), Deputy Director General of the Swedish National Debt Office and VP Finance of SAS.

**Education:** MBA.

**Shares in Telia Company:** 10,000



Board member  
**Johannes Ametsreiter**

First elected at the AGM in 2022.

**Born:** 1967

**Nationality:** Austrian

**Work experience and other assignments:** Previously member of the Group Executive Committee of Vodafone PLC and CEO of Vodafone Germany, group CEO for Telekom Austria, executive positions at mobilkom Austria and serving as chairman of Austrian fintech PayBox A1 Bank.

**Education:** PhD in Philosophy and a Master of Arts from the University of Salzburg and also executive education courses at Harvard Business School, Stanford University and INSEAD.

**Shares in Telia Company:** 17,000



Board member  
**Stefan Carlsson**

Appointed as employee representative in 2009.

**Born:** 1956

**Nationality:** Swedish

**Board Member:** Deputy chair of the local chapter of Unionen (Unionsklubben at Telia Company) and a board member at The Unionen National Executive Committee.

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

**Shares in Telia Company:** 1,000



Board member  
**Luisa Deplazes De Andrade Delgado (Luisa Delgado)**

First elected at the AGM in 2021.

**Born:** 1966

**Nationality:** Swiss and Portuguese

**Board Chair:** Swarovski SIH (Verwaltungsrat) and Schleich GmbH (Advisory Board).

**Board Member:** DIA Group, Fortum Oyi, Ingka Holding, Barclays Bank Suisse SA and Breitling SA.

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

**Education:** 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 Lusiana in Lisbon and the FT Non-Executive Director Diploma.

**Shares in Telia Company:** 3,600





Board member

### Tomas Eliasson

First elected at the AGM in 2022.

**Born:** 1962

**Nationality:** Swedish

**Board Member:** Millicom International Cellular S.A and Boliden AB.

**Work experience and other assignments:** Previously CFO at Sandvik, Electrolux, Assa Abloy and Seco Tools.

**Education:** Degree in Business Administration and Economics from Uppsala University.

**Shares in Telia Company:** 6,500



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), President of Codan/Trygg-Hansa (2006–2011) and various executive positions in GE Capital in Europe and the US (1996–2006).

**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 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:** 11,385



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:** Previously 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.

**Board Member:** Maternity Foundation and Pitzner Group.

**Work experience and other assignments:** Currently investor specializing in digital advertising, digital technology and new media strategy. 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 Sääf**

Appointed as employee representative in 2022.

**Born:** 1957

**Nationality:** Swedish

**Board Chair:** Chair of the Academic white-collar workers in the private labor market at Telia and the Telia Company European Works Council, EWC.

**Shares in Telia Company:** 1,000



Board member  
**Rickard Wäst**

Appointed as employee representative in 2021.

**Born:** 1964

**Nationality:** Swedish

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

**Shares in Telia Company:** 0

## Remuneration and attendance during 2022

Name	Elected year	Position	Meeting attendance			Total remuneration (SEK thousand) <sup>1</sup>
			Board	Remuneration Committee	Audit Committee	
Lars-Johan Jarnheimer	2019	Chair of the Board and Chair of the Remuneration Committee	12/12	4/4		2,050
Ingrid Bonde	2020	Vice Chair of the Board and Member of the Audit Committee	12/12		6/6	1,096
Johannes Ametsreiter	2022		8/12			493
Luisa Delgado	2021	Member of the Remuneration Committee	11/12	4/4		737
Tomas Eliasson	2022	Member of the Audit Committee	7/12		4/6	493
Rickard Gustafson	2019	Member of the Remuneration Committee	11/12	4/4		737
Jeanette Jäger	2020		12/12			662
Nina Linander	2013	Chair of the Audit Committee	12/12		6/6	958
Jimmy Maymann	2018		12/12		2/6	829
Martin Tivéus <sup>2</sup>	2018		4/12			171
Agneta Ahlström <sup>3</sup>	2007	Employee representative	5/12			
Stefan Carlsson	2009	Employee representative	12/12			
Martin Sääf	2022	Employee representative	7/12			
Rickard Wäst	2021	Employee representative	11/12			

1) See also Note C32 to the Consolidated financial statements.

2) Left in April

3) Left 1 May

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

**Nationality:** British

**Work experience and other assignments:** Telia Company's President and CEO since May 2020, President and Group CEO of TDC Group (2018–2019), President and Group CEO (2015–2018) and Group CFO (2014–2015) at Tele2 AB, worked in the technology, media and telecom sector since 2010, initially at Virgin Media and then as CFO of Shine Group. Various senior financial and operational positions at Procter & Gamble between (1990–2010).

**Board Member:** BT Group plc and Brookfield Asset Management.

**Education:** SHND in Accounting from Glasgow Caledonian University and Fellow of the Chartered Institute of Management Accountants (FCMA).

**Shares in Telia Company:** 235,000



Executive Vice President General Counsel and Head of Corporate Affairs  
**Stefan Backman**

**Born:** 1975

**Nationality:** Swedish

**Work experience and other assignments:** Telia Company's General Counsel and Head of Corporate Affairs since 2022, General Counsel at Tele2 (2016–2022), various legal positions within Tele2 (2007–2016) and legal officer at the Swedish telecom regulator (2003–2007).

**Education:** Master of Laws from the University of Uppsala.

**Shares in Telia Company:** 20,000



Senior Vice President, Head of TV and Media  
**Mathias Berg\***

**Born:** 1975

**Nationality:** Swedish

**Work experience and other assignments:** CEO at TV4 and Head of TV and Media in Telia Company since December 2022. Previously Deputy CEO and Head of Advertising Nordic TV4 Media, more than 20 years of experience from the telecom and media industry such as TDC, MTG and several different positions within TV4 Group.

**Education:** Degree in business economics from Handelshögskolan in Stockholm.

**Shares in Telia Company:** 5,000

\*Mathias Berg was appointed SVP, Head of TV and Media, and a member of the Group Executive Management team per December 1, 2022, succeeding Casten Almqvist who left Telia Company on December 1, 2022.



Senior Vice President, Group Chief Operating Officer  
**Dr Rainer Deutschmann**

**Born:** 1970

**Nationality:** German

**Work experience and other assignments:** Telia Company's Group COO since 2020. Group COO at Dialog Axiata (2017–2020). CPI Officer at Reliance Jio (2014–2017). Various senior executive leadership positions in Deutsche Telekom AG, T-Mobile International AG, and McKinsey & Company (2001–2014). Independent Non-Executive Director at Rain South Africa Ltd. (2018–2020) and chairman of the Board of Directors Deutsche Telekom UK Ltd. (2012–2014).

**Education:** Dr. rer. nat. Summa Cum Laude in Physics at University of Technology in Munich.

**Shares in Telia Company:** 60,000



Senior Vice President, Chief Strategy & Commercial Officer  
**Markus Messerer**

**Born:** 1981

**Nationality:** Austrian

**Work experience and other assignments:** Telia Company's Chief Strategy & Commercial Officer since 2020, CEO of Alltrion AG (2018–2020), Head of Corporate Strategy at Swisscom AG (2013–2018) and head of Strategy at Telekom Austria AG (2009–2013).

**Education:** PhD in International Management and an Executive MBA, 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

**Nationality:** Norwegian

**Work experience and other assignments:** Telia Company's CFO since August 2020. CFO of Telia Norway (2015–2020). Senior Financial Advisor for region Europe in Telia Company 2015 and CFO of Telenor Denmark (2013–2014).

**Board Member:** IKT Norge.

**Education:** Master of Science from Norges Handelshøyskole.

**Shares in Telia Company:** 60,984



Executive Vice President,  
Head of Telia Sweden  
**Anders Olsson**

**Born:** 1969

**Nationality:** Swedish

**Work experience and other assignments:** Head of Telia Sweden since 2018. COO and Head of Global Services & Operations at Telia Company (2016–2018). CCO at Tele2 (2009–2015) and Market Area Director Central Europe and BeNeLux (2004–2009).

**Board Member:** TechSverige and Svenskt Näringsliv (the Confederation of Swedish Enterprise).

**Education:** Master of Science in Business Administration and Economics.

**Shares in Telia Company:** 230,000



Senior Vice President,  
Head of Telia Finland  
**Heli Partanen**

**Born:** 1972

**Nationality:** Finnish

**Work experience and other assignments:** Head of Telia Finland since 2020. Acting Vice CEO and head of daily operations of Telia Finland (2019–2020) and head of Consumer Business in Finland since (2016–2019).

**Board Chair:** Finnish Federation for Communication (Ficom ry) and Service Sector Employers Palta ry.

**Board Member:** Finnish Federation of Industries (EK).

**Education:** Exam from Helsinki Business College.

**Shares in Telia Company:** 18,818



Senior Vice President,  
Head of Communications,  
Brand and Sustainability  
**Ola Rembe\***

**Born:** 1969

**Nationality:** Swedish

**Work experience and other assignments:** Telia Company's Head of Communications, Brand and Sustainability since March 2023. Partner at Kekst CNC (2020–2023). Various senior positions within the Ericsson Group (2001–2019) including as Vice President of Brand and Communications.

**Education:** Economics and Political Science studies at the University of Lund.

**Shares in Telia Company:** 4,400



Senior Vice President,  
Chief People Officer  
**Maria Romberg Ewerth**

**Born:** 1978

**Nationality:** Swedish

**Work experience and other assignments:** Telia Company's Chief People Officer since 2022. Chief HR Officer at ASSA ABLOY AB (2019–2022). Several HR positions in ASSA ABLOY Entrance systems (2008–2019), JELD-WEN Sverige AB, VALEO Engine Cooling AB and Swedish Meats.

**Education:** Bachelor's degree in Human Resources and MBA.

**Shares in Telia Company:** 24,016

\*Due to a company reorganization announced on January 16, 2023, the role of Chief External Affairs & Trust was replaced and combined with Head of Brand, to create the new role of Head of Communications, Brand and Sustainability.



Senior Vice President,  
Head of LED

**Dan Strömberg**

**Born:** 1958

**Nationality:** Swedish

**Work experience and other assignments:** Head of LED (Lithuania, Estonia and Denmark) and CEO of Telia Lithuania since 2018. CEO of Telia Eesti (2016–2018). CEO of Omnitel in Lithuania (2013–2015) and CEO of Telia Denmark (2009–2012).

**Education:** Marketing and Finance degree from IHM Business School.

**Shares in Telia Company:** 53,595



Senior Vice President,  
Head of Telia Norway

**Stein-Erik Vellan**

**Born:** 1965

**Nationality:** Norwegian

**Work experience and other assignments:** Head of Telia Norway since 2019. Head of Telia Finland (2017–2019). Various positions within the Telenor Group (2001–2017) including as CEO of Telenor's operations in India, Serbia and Bulgaria.

**Education:** Marketing candidate.

**Shares in Telia Company:** 0

## Remuneration and other benefits during 2022 along with 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	18,360	307	75	7,313	<b>26,055</b>	
Other members of Group Executive Management (11 members)	63,052	2,603	3,163	16,844	<b>85,662</b>	<b>21 259</b>

See also Note C32 to the Consolidated financial statements.



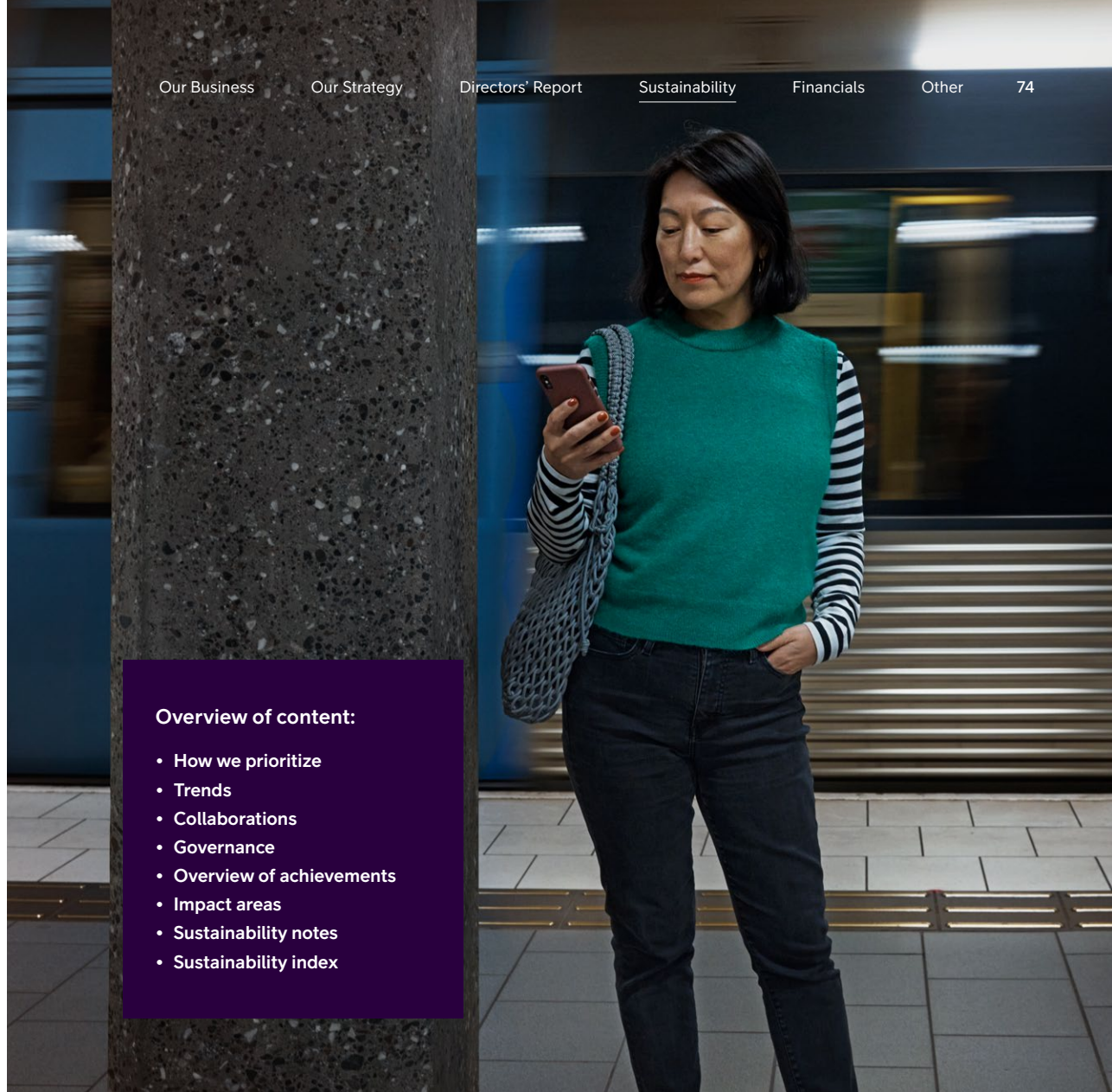
# Sustainability

# 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 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 this section we present our most material impact areas, what we have achieved so far and challenges we face along the way.

## Overview of content:

- [How we prioritize](#)
- [Trends](#)
- [Collaborations](#)
- [Governance](#)
- [Overview of achievements](#)
- [Impact areas](#)
- [Sustainability notes](#)
- [Sustainability index](#)



# How we prioritize

We continuously analyze which sustainability topics (impact areas) we need to act and report on, either because Telia's actions within the area in question may influence the world around us or because it may influence Telia's financial value (based on the double materiality definition).

In 2022 we took the next steps on this "double materiality" journey through which we confirmed nine material impact areas. As illustrated to the right, we have selected three of them as our main focus – Climate and circularity, Digital inclusion and Privacy and security. These are the areas that are connected to our core business and therefore offer particular leverage. The remaining six constitute 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](#), including specific context and trends for 2022 that affected our material impact areas.

## Our material impact areas

### Priority impact areas



Climate and circularity



Digital inclusion



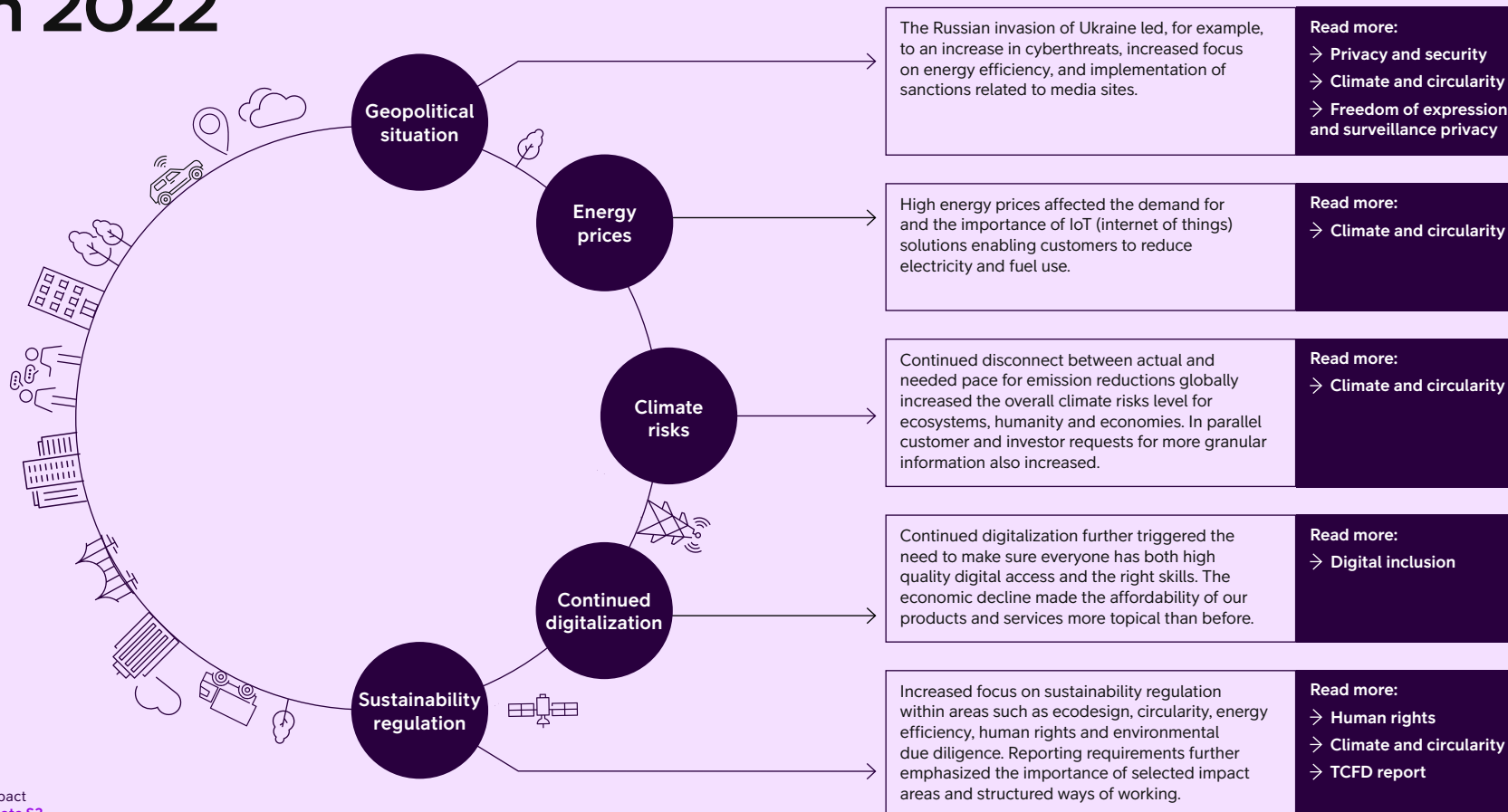
Privacy and security

### Other material impact areas

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

# Trends affecting our work in 2022

Certain trends in Telia's business environment during the year affected our work in particular and emphasized the importance of the selected impact areas.



Information about how we determine our material impact areas and main findings are found in [Sustainability note S3](#).



# Collaborations that shape our work

Collaborative initiatives enable us to better understand and act on our impacts, risks, and opportunities. By working together, we learn from experts and affected parties and pool resources to maximize outcome and leverage. Work with our partners contributes to our materiality assessments and enable us to find 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. Throughout the year, Telia collaborated in various workstreams including the ones on [Circular economy for devices](#) and the [ESG metrics for Mobile](#). We also contributed to a whitepaper on circular network equipment used as a starting point for industry dialogue with network manufacturers.



## 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.



## Joint Alliance for CSR

The Joint Alliance for CSR (JAC) is an association of telecom operators collaborating to develop the implementation of sustainability standards in their supply chains. Through JAC, members such as Telia share resources and best practices to further improve sustainability work in lower tiers of telecom supply chains.



## Exponential Roadmap Initiative

This cross-sector collaboration has 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](#), updated in 2022, which provides a framework for companies committed 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. Telia has contributed to practical guidance through the [Supplier Engagement Guide](#) to support companies in setting ambitious targets and initiate action. Support for companies with less resources is channeled via the [SME Climate Hub](#).



## 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. The core of its work is to share learnings and create leverage when governments risk acting in violation of freedom of expression and privacy. Telia is a member of the board.



## 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 has included work to develop industry guidance related to the EU taxonomy and provide feedback on various initiatives relating to circularity and the environmental impact of telecommunications networks.



## Eco Rating

Eco Rating is a rating scheme that evaluates the environmental impact of mobile phones throughout their lifecycle. Telia partnered with Deutsche Telekom, Orange, Telefónica and Vodafone to launch the initiative in 2021. The rating enables consumers to compare the environmental performance of various device models while spurring mobile phone manufacturers to reduce their environmental impact.



# Sustainability governance

Sustainability is integrated into our daily business and our 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 12 principal risk areas that incorporate our sustainability impact areas, and decides on acceptable risk levels (see 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 Enterprise Risk Management Model.

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

The Group Head of Sustainability reports to the Chief External Affairs 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.

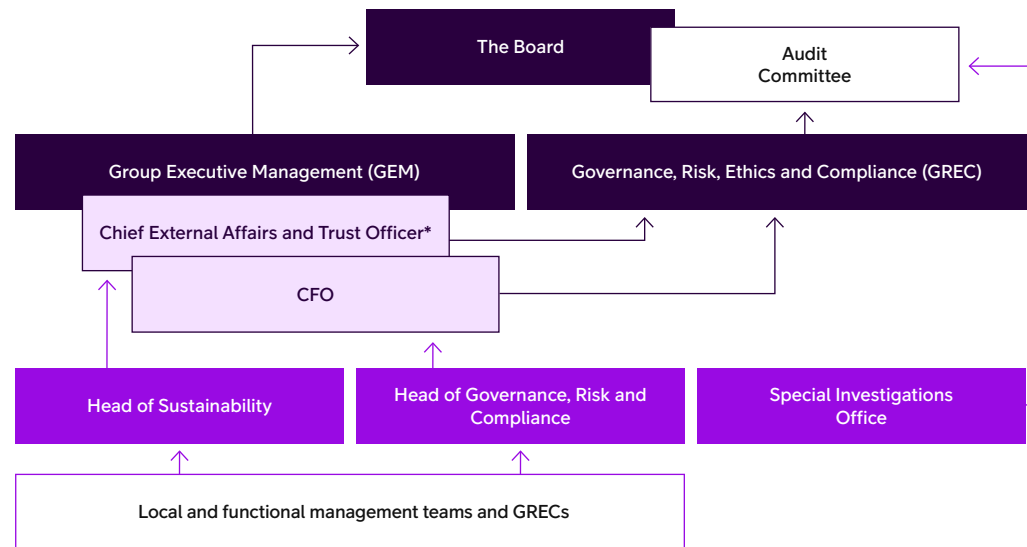
The Head of Governance, Risk and Compliance is in charge of the company's Enterprise Risk Management model, has operational responsibility and oversight over the anti-bribery and corruption program, and reports to the CFO.

The Special Investigations Office manages the company's whistle-blowing system (the Speak Up Line) with a direct reporting line to the Audit Committee of the Board.

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](#).



\*Telia Company announced on January 16, 2023, changes to its Group Executive Management team. From March 2023, Group Head of Sustainability reports to a newly appointed Senior Vice President, Head of Communications, Brand and Sustainability.

**Code of Conduct**

The Code of Conduct, issued by the Board, provides high-level guidance on the essence of the company's policies and instructions regarding various sustainability topics. It is therefore the company's ethical compass and applies to everyone at Telia – employees, members of the board, contractors, consultants, and freelancers. Training in the Code's content is mandatory and by year end 2022, 86% of all employees had completed the code training.

The Board approves all policies that form the Code. Policies are publicly available on [our website](#) and can be further elaborated through instructions approved by the CEO or responsible GEM member.

# Overview of 2022 achievements

Here we provide an overview of our main achievements during the year and how our impact areas are contributing to the UN Sustainable Development Goals (SDGs). In addition, Stakeholders can track our performance via external Sustainability ratings.

## 2022 External rating results

Sustainability ratings provide information about the overall performance and maturity of our work to our stakeholders and in turn help us identify opportunities for improvements. Below are some of the results for the year:

- Platinum medal in **EcoVadis**, placing Telia among the top 1%
- Scored A- in **CDP Climate Change**
- Received AAA by **MSCI's ESG rating**
- Ranked B- by **ISS ESG rating**
- Included in the **FTSE4Good Index**



Strategic pillar	Impact area	SDGs		2022 Achievements
		Direct impact	Indirect impact	
Inspiring customers	Climate and circularity	7	9, 11, 12, 13	<ul style="list-style-type: none"> <li>• Achieved 85% CO<sub>2</sub>e emissions reductions in own operations compared to 2018</li> <li>• Suppliers representing 35% of supply chain emissions have set science-based targets</li> <li>• 66% of waste in own and network operations reused or recycled</li> </ul>
Connecting everyone	Digital inclusion	5, 9	10	<ul style="list-style-type: none"> <li>• Reached 1,015,914 individuals with digital skills building initiatives targeting seniors, children, SMEs and others</li> </ul>
Transform to digital	Privacy and security	16		<ul style="list-style-type: none"> <li>• Achieved top tier positions (either first or second) on privacy in 4 out of 6 markets, according to Telia consumer survey</li> </ul>
Delivering sustainably	Human rights	3-5, 8, 10-12, 16		<ul style="list-style-type: none"> <li>• Reviewed and updated Telia's human rights risk mapping and salience analysis</li> </ul>
	Children's rights		4, 16	<ul style="list-style-type: none"> <li>• Conducted a Children's Rights Impact Assessment based on UNICEF's dedicated model</li> </ul>
	Freedom of expression and surveillance privacy	16		<ul style="list-style-type: none"> <li>• Took measures to respect users' rights in relation to high-risk requests (~15) from governments or local authorities</li> </ul>
	Employee diversity, health and well-being		5, 8, 10	<ul style="list-style-type: none"> <li>• 41% females in the Extended Leadership Team (~130 top leaders)</li> <li>• 78% of employees state that they are able to successfully balance work and personal life</li> </ul>
	Responsible sourcing	8, 12	16	<ul style="list-style-type: none"> <li>• Deep dived into labor rights risks related to field service in our markets</li> </ul>
	Anti-bribery and corruption	16		<ul style="list-style-type: none"> <li>• Completed anti-bribery and corruption risk assessments and program maturity assessments in all markets</li> </ul>

# Climate and circularity

Year	Goals	2022 progress
2040	<ul style="list-style-type: none"> <li>Net Zero by 2040, aligned with the requirements of the new Science Based Target initiative (SBTi) Net-Zero Standard</li> </ul>	<ul style="list-style-type: none"> <li>External approval of target pending</li> </ul>
2030	<ul style="list-style-type: none"> <li>Climate-neutral value chain by 2030, by at least halving emissions and offsetting the rest (base year: 2018)</li> <li>Reduce CO<sub>2</sub>e emissions in own operations (scope 1 and 2) by 90%</li> </ul>	<ul style="list-style-type: none"> <li>A reduction of 7% related to purchased goods/ services and capital goods<sup>1</sup> (since 2018). Climate-neutral in scope 1 and 2.</li> <li>85% reduction in own operations</li> </ul>
2025	Science-based targets <sup>2</sup> (base year: 2018); <ul style="list-style-type: none"> <li>Halve emissions in own operations<sup>3</sup></li> <li>Customer use, downstream<sup>4</sup>: Reduce emissions related to the use of sold and leased products by 29%</li> <li>Supply-chain, upstream<sup>5</sup>: Engage with suppliers so that suppliers representing 72% of emissions have set science-based targets</li> </ul>	<ul style="list-style-type: none"> <li>Reduced emissions by 85% (2021: 83%)</li> <li>Reduced emissions by 4% (2021: increased by 25%)</li> <li>Suppliers representing 35% of emissions have set science-based targets (2021: 27%)</li> </ul>
	<ul style="list-style-type: none"> <li>84% of materials from our own and network operations to be reused or recycled</li> </ul>	<ul style="list-style-type: none"> <li>66% were reused or recycled (2021: 74%)</li> </ul>
2023	Extend the lifetime of devices through: <ul style="list-style-type: none"> <li>a significant increase of sales of pre-owned/ reused mobile phones (B2C)</li> <li>a significant increase of sales of mobile phones provided as "Device as a Service" (B2B)</li> </ul>	<ul style="list-style-type: none"> <li>Pre-owned/reused represented 3% of total mobile phone sales in B2C (2021: 3%)</li> <li>DaaS represented 27% of total mobile phone sales in B2B (2021: 21%)</li> </ul>
2022	<ul style="list-style-type: none"> <li>Only use renewable electricity</li> <li>Reduce energy consumption per subscription equivalent by 5% (base year: 2018)</li> </ul>	<ul style="list-style-type: none"> <li>Achieved since 2020</li> <li>Reduced energy consumption by 7% (2021: 4%)</li> </ul>

1) Scope 3 categories 1 and 2  
 2) Approved by the Science Based Targets initiative  
 3) Scopes 1 and 2 (market-based)  
 4) Scope 3 categories 11, 13  
 5) Scope 3 categories 1, 2

## 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<sub>2</sub> emissions and zero waste by 2030.

- The zero CO<sub>2</sub> ambition focuses on creating a climate-neutral value chain by 2030. We are committed to at least halving absolute GHG emissions by 2030 and offsetting the rest while continuing to move towards net zero, which requires further emission reductions and permanent removal and storage of carbon. In 2022, we submitted for external validation of a 2040 long-term net-zero target aligned with the new SBTi Net-Zero Standard (SBTi validation pending).
- The work toward zero waste focuses on our operations, including network construction and maintenance done by contractors. The aim is to prevent, reduce, reuse or recycle waste instead of sending it to incineration or landfills.
- In addition, we are committed to enabling a net-zero and circular economy through our offerings.

Telia's long-term decarbonization journey is broken down into more detailed goals to be reached by 2022 and 2023, as well as 2025 **science-based targets**, aligned with the 1.5° C pathway for the ICT industry (see table to the left).

Our approach is proactive and structured. Five out of six markets are covered by ISO 14001

certification and three markets are covered by additional energy management systems (**Sustainability note S18**). Environmental screening of energy consumption, waste and GHG emissions precede investment decisions, which in turn affects, for example, product and service development. We acknowledge that we cannot achieve our goals alone. Therefore, we extensively collaborate and co-create with others to accelerate progress. Selected examples are presented in the section on **Collaborations that shape our work**.

 **Our work is governed by the Group Policy-Environment**

## Work during the year

### 01. CLIMATE

#### Creating a climate-neutral value chain

We have reduced absolute CO<sub>2</sub>e emissions from our own operations by 82% since 2018 (scope 1, 2 and business travel). Part of the achievement relates to our decision to only use renewable electricity when powering our operations, including networks and data centers. In the coming years, we will continue our efforts to reduce the remaining emissions from our own operations generated by diesel-powered backup generators, district heating and business travel, among other examples. Meanwhile, we are offsetting these remaining emissions through carbon credits, which resulted in us being **climate neutral in our own operations since 2020**.

As illustrated on the next page, 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. Working closely with suppliers to ensure emission reductions is therefore key to achieve our goals. In the procurement process we assess suppliers' climate management maturity to reward the best ones and influence the others. During 2022, we continued to engage with suppliers, urging them to set science-based targets, and by year end, suppliers corresponding to 35% of our 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 latest update of the most material emission areas in the value chain (category 1, 2, 11 and 13) shows a 7% decrease compared to base year (2018). The decrease is mostly due to changes in global carbon intensity factors (Environmentally-Extended Input-Output factors, EElOs) during the pandemic. To date, when we calculate the supply chain emissions, we largely depend on calculations based on EElOs, which makes it difficult to track emission reductions based on supplier selection and supplier action. We therefore aim for a higher share of supplier- and product-specific data the coming years, as suppliers increase their ability to report data. We have also joined forces with peers and other global companies, such as Ericsson, Ikea and Unilever, in the **1.5°C Supply Chain Leaders initiative** to provide support in both target setting and reporting via [the Supplier Engagement Guide](#) and the [SME Climate Hub](#).

In 2022, Telia together with Accenture created a modeling tool to monitor the expected emission curve up until 2040, based on current goals, planned actions, and expected effects from external drivers such as policy developments, the pace of energy transition, electrification, and digitalization, etc. The tool enables Telia to model effects due to changes in various parameters and see how it would impact an expected emission curve. The first analysis illustrated the need for an increased reduction pace in our supply chain and the need for a circular shift within Telia, our industry and society as a whole.

In 2022, an internal cross-functional group reviewed climate-related risks and opportunities from a 2025 perspective, to deduce how our business is likely to be affected by ongoing climate change. Areas covered included potential changes related to customer demand, changes in policy, access to capital and changes related to our supply chain. More information is available in the TCFD section of [Sustainability note S4](#).

#### Managing energy while digitalizing societies

Energy has been in focus for all players of society this past year and electricity consumption is one of Telia's most significant environmental aspects.

Our strategy to manage energy impacts and costs consists 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 for cooling
- Only using renewable electricity when powering our operations and looking for alternatives to the remaining fossil-based energy sources

## Climate highlights

# 85%

of absolute emission reductions in own operations since 2018

# 35%

of total supply chain emissions covered by Science Based Targets

# 100%

renewable electricity throughout our own operations since 2020

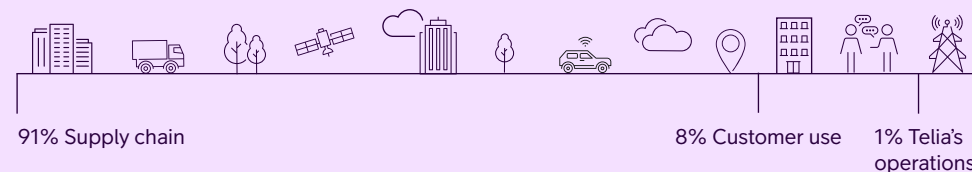
## Climate neutral

in own operations since 2020

CDP Climate Change score

# A-

### Where do the CO<sub>2</sub> emissions come from?\*



~90% of Telia's value chain CO<sub>2</sub> emissions are generated in our supply chain, the rest from when customers use our services and ~1% from Telia's own operations.

\* Shares based on Telia's 2020 emissions calculation

Additional climate data is presented in [Sustainability note S4](#).

- Providing customers with solutions that enable energy reductions (see next section).

During the year we consumed approximately 1,136 GWh (2021: 1,091 GWh) electricity in our own operations. Electricity use represented 94% of the total purchased energy while the remaining share consisted of district heating and district cooling, vehicle fuels, and natural gas. Since 2020, we only use electricity from renewable sources, covered by Guarantees of Origins or secured through long-term Power Purchasing Agreements for solar and wind. Energy efficiency measures have intensified during the past few years and compared to 2018, energy use per subscription equivalent has decreased by 7%.

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

 **Green bonds**

In 2020, Telia was the first telco in the Nordics to issue a green bond. In 2022 a new green hybrid bond of EUR 600 million was issued, making the current total outstanding volume of green bonds EUR 1,100 million. The proceeds have mainly been used to finance more energy efficient networks when we migrate from copper to fiber and 5G in Sweden, but also for green digital solutions that enable customers to reduce emissions and save energy. Read more in [the green bond report](#).

digital solutions to improve resource efficiency and reduce GHG emissions across sectors. Since 2020, we track “enablement effects” for some of our products and services: remote meetings and IoT for buildings, transport, and utilities. Based on products and services delivered during and before 2022, we estimate that these categories enabled emission reductions totaling approximately 330,000 tons of CO<sub>2</sub>e in 2022, the equivalent of emissions arising from over 2.4 million return trips by air between Stockholm and Helsinki.

Apart from the carbon enablement effect, Telia also measures energy reductions enabled by IoT. Electricity savings from such services are important to enable reductions of other types of environmental impacts and contribute to the overall energy saving needs of Europe in 2022, which faced energy scarcity. We estimate that in 2022 we enabled electricity savings of approximately 810 GWh through IoT solutions for smart buildings and utilities, equivalent to the annual energy consumption of 90,000 average Swedish households.

Moreover, the underlying connectivity we provide enables further indirect reductions that are more difficult to capture. For example, as a connectivity provider we enable various digital solutions by other digital players, such as circular economy business models that significantly reduce resource use.

Read more about our enablement methodology and the results in [Sustainability note S4](#).

**02. CIRCULARITY**

Shifting from a linear to a circular economy and starting to use natural resources in an efficient way

will be critical if we are to tackle climate change and start existing within planetary boundaries that are safe for humanity and ecosystems. On the back of this reality, we have 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. We are equally committed to enabling circularity through our offerings.

**Embedding circularity in our own operations**

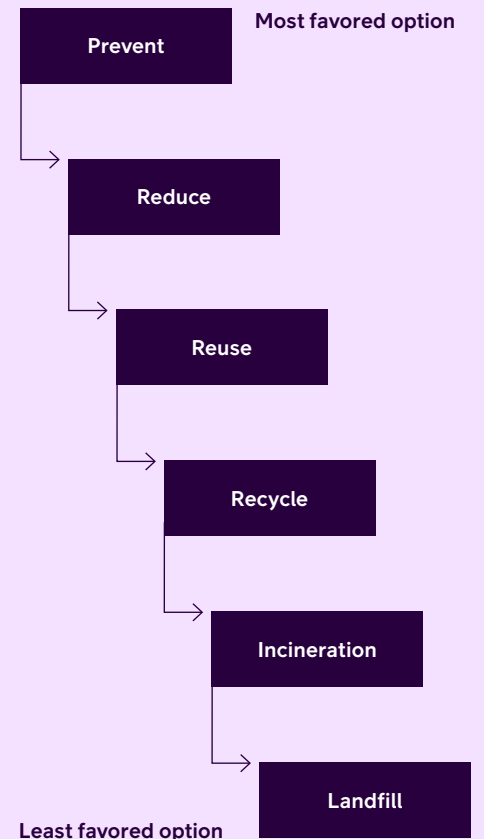
Our strategic focus lies on moving up in the waste hierarchy to prevent/ reduce waste and increase reuse and recycling rates. The current status towards our zero waste goal is shown on the next page with 66% of waste being either reused or recycled during the year, 33% incinerated (with or without energy recovery) and 1% directed to landfill. Recycling and reuse opportunities vary across our markets and across diverse waste types. Incineration with energy recovery is a very common practice in Telia’s markets. The decommissioning of telephone poles generates a big share of what is being incinerated today. There is no alternative since the poles are classified as hazardous waste due to the fact that they are impregnated. Additional waste data is presented in [Sustainability note S4](#).

**Offering circular products and services**

Environmental screening, focusing on emissions, energy, waste and hazardous materials, is included in our product development and sourcing process to impact products entering our flows.

We also aim to scale circular business models and during the year we increased sales of mobile phones offered as a service to extend the lifetime

**Waste hierarchy**





## Circularity highlights

■ Reuse 42%  
■ Recycle 24%  
■ Incineration with and without energy recovery 33%  
■ Sent to landfill 1%



**16%**

of routers and TV set-top boxes delivered to customers were reused

**27%**

of mobile phones sold to B2B customers were “as a service” to extend lifetime of the devices and enable reuse and recycling

Telia IoT services enabled customers to save electricity equivalent to annual consumption of

**90,000**

Swedish households

**10**

out of our top 12 mobile phone suppliers by spend were part of Eco Rating

of electronics and increase recycling rates. Such circular business models require consumer mind shifts but are becoming increasingly interesting for our customers when we add value by, for example, providing hardware support and insurance instead of just delivering a product.

In 2021, we launched **Eco Rating of mobile phones** in partnership with other operators to drive circular principles within the mobile phone manufacturing industry. The rating, which is based on lifecycle assessments, makes it easy for customers to understand the circularity aspects of a phone, it incentivizes mobile phone manufacturers to apply circular principles from the design to the end-of-life phase, and it helps Telia to prepare for upcoming new ecodesign requirements. By year end, 10 out of our top 12 mobile phone suppliers by spend were part of Eco Rating, and it was offered in all our markets – either to consumers or business customers, or to both.

### Enabling circularity in other sectors

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, digital solutions also enable dematerialization. These effects are sometimes indirect but reflect the importance of our core business – connectivity.

Circularity highlights and additional information are presented to the left and in **Sustainability note S4**.

# Reinventing energy

The 2022 energy crisis deeply affected Europe economically, environmentally and socially. At Telia, this triggered additional efforts to reinvent energy, by limiting consumption and exploring new roles in the broader energy system.

Our previous achievement, a full shift to renewable electricity through Guarantees of Origin, was complemented in 2022 by the signing of Power Purchasing Agreements in Denmark and Estonia to secure supply and contribute to the production of renewable wind and solar energy. The shift to renewable electricity has contributed to a 85% reduction in greenhouse gas emissions in Telia's own operations, compared to 2018.

Remaining emissions in our own operations relate to areas such as backup power and our car fleet. In Norway and Estonia, we piloted hydrogen as backup power, replacing diesel in some selected sites. The shift to electric vehicles (EVs) continued, with 17% being electric and 31% hybrid at the end of the year. The decision to switch to electric field service vehicles in Lithuania during the year will further increase the share of EVs in 2023.

During the year, we also explored new roles in the wider energy system:

- We connected our Helsinki Data Center (HDC) to the Finnish electricity market to allow for HDC's backup batteries to contribute to balancing production and consumption fluctuations in the Finnish electricity market, thereby contributing to the stabilization of the Finnish electricity grid. If a power outage or other exceptional situation occurs, the batteries will still be used to cover the data center's electricity demand before the backup power generators start to operate. A similar setup is being explored in Sweden.
- Telia Sweden initiated a collaboration with real estate company SBB to recycle excess heat from the Haninge Data Center to be used in school buildings, elderly housing and offices. The setup operates on geothermal principles, with SBB having built a bedrock-based borehole energy storage on one of its properties to store the excess heat produced by Telia's adjacent data center. At the same time as the data center will be cooled down by the same borehole layer. 100,000 square meters of SBB property receives self-sufficient heating, which corresponds to a saving of approximately 5,600 MWh per year.

# Digital inclusion

Year	Goals	2022 progress
2025	<ul style="list-style-type: none"> <li>Reach 1 million individuals by digital inclusion initiatives from 2021 to 2025</li> </ul>	<ul style="list-style-type: none"> <li>1,015,914 individuals reached since 2021 (408,394 in 2022)</li> </ul>

## Our approach

Telia Company is committed to connecting everyone to the most trusted, reliable, and efficient modern networks. Ensuring that everyone has access to reliable connectivity and the right digital skills is the key to making sure that no one is left behind in the digital world. 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. Those who are not risk being left behind when services such as healthcare, banking and education are digitalized, and many social arenas continue moving online.

## Work during the year

### Providing reliable access

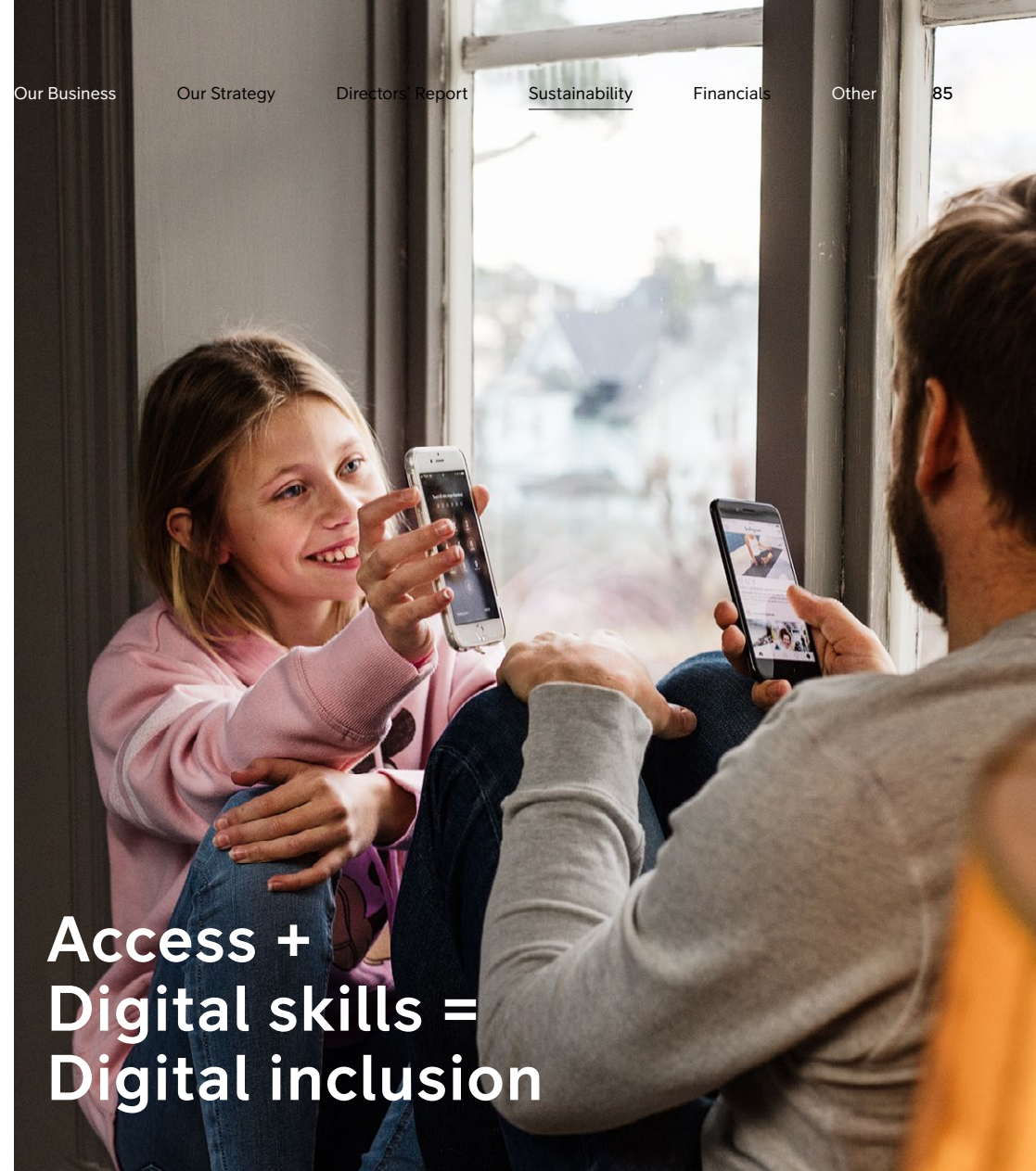
We are committed to providing high-quality services to our customers and in 2022 we continued making considerable investments to

improve connectivity quality for everyone. At the end of 2022, Telia provided the following:

- Almost 100% of the population with 4G data coverage
- 70% of the population with 5G data coverage and the aim to reach over 90% of the population in all Nordic markets by 2023
- 6.3 million homes across all markets covered by fiber access
- In areas where fiber access is not viable, we are providing Fixed Wireless Access (FWA) using the 4G and 5G networks

Stakeholder concerns relate to two main areas, the differences in quality between urban and rural areas, and the effects due to the shutdown of the copper network. Differences in quality between urban and rural areas exist but we have committed to improving network coverage across our markets. The shutdown of copper networks represents risks but these are carefully managed in coordination with municipalities and relevant authorities to prevent negative effects on individuals or communities.

Due to increased inflation and the economic downturn in 2022, risks related to the affordability aspect of digital inclusion increased. We are



**Access +  
Digital skills =  
Digital inclusion**





mitigating these by recommending lower cost subscription options to consumer who are facing challenges, or the possibility to switch to Telia's low-cost brands during challenging times.

Securing access for all is also about making it possible for individuals with disabilities to use our services. Telia's global design system is compliant with the Web Content Accessibility Guidelines (WCAG) 2.1 standard for color contrast, legibility, screen readers, etc. In addition, our internal Accessibility Center of Excellence continues to act as a knowledge hub to share accessibility expertise and increase collaboration.

#### Building digital skills

As societies digitize, risks and opportunities linked to digital skills are increasing. Therefore, in 2021 we launched a group-wide digital skills program, based on analyses of local needs. We aimed to reach one million individuals through these digital skills initiatives by 2025, targeting primarily seniors, children, immigrants, women, and SMEs. By the end of 2022, we had reached our goal (1,015,914 individuals reached in total since 2021), three years ahead of the set target date. In order to stretch ourselves further, we made the decision in early 2023 to add another million by 2025.

During the year, in collaboration with experts from Malmö University and Jönköping University, we initiated a project to develop a methodology to measure the impact of a selection of Telia's digital inclusion initiatives. The methodology and guide were tested on two digital inclusion initiatives in Sweden, to be finalized in 2023.

More information on how we calculate "reach" and conduct impact assessments is available in [Sustainability note S5](#). Examples of ongoing initiatives are presented on the next page.



#### Accessibility in our shops and offices

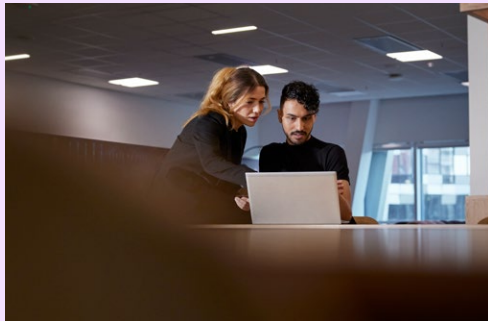
In 2022, Telia Estonia in collaboration with accessibility experts carried out an accessibility audit in its physical and online stores and trained 250 customer service employees on accessibility. In addition, Telia Estonia carried out a workshop called "Challenge Your Senses" at Telia's office buildings to give employees the opportunity to learn about visual, hearing and motor disabilities, with more than 200 participants.



#### Digital Inclusion Benchmark

The World Benchmarking Alliance encourages greater action towards achieving the UN Sustainable Development Goals. Through its Digital Inclusion Benchmark, it assesses 150 global digital technology companies on actions to strengthen digital inclusion. In its second benchmark report released in December 2021, Telia was ranked 11th out of 150 global companies, and fourth 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. The main findings from 2021 are available on [our website](#).

## Initiatives to build digital skills - selected examples



### Helping small businesses and startups to digitalize

Research shows that SMEs are falling behind in digital competencies, which could impact local economies and livelihoods if they are subject to the growing cyberthreats. **Technology Thursdays** is a webinar series, organized by Telia Finland, initiated to increase small and medium-sized businesses' knowledge about information security topics. Twice a month, the Technology Thursday webinars cover information security from different perspectives. In the webinars, cybersecurity experts discuss topics of information security from the perspective of both the end user and the company, giving the participants practical skills and knowledge to prepare for possible information security threats. During 2022, Technology Thursday webinars were joined by more than 3,000 participants.



### Improving the digital skills of seniors

Technology enables seniors to be socially active and access vital online services, such as those related to banking and health. However, technical aspects can be challenging. Launched in 2018, the "**Digital Senior**" initiative has so far helped approximately 12,000 senior citizens in over 33 municipalities in Sweden and Norway to improve their digital skills and confidence. The sessions, in which young people trained by experts teach the seniors new skills, also enable meetings across generations. In 2022, the Digital Senior program continued with 22 events in 3 municipalities and more than 1,000 participants.



### Helping new arrivals to increase their digital confidence

Immigrants in our markets face barriers that could prevent them from finding employment. Telia Finland, in partnership with the Startup Refugees network, created a **mentoring program** to enable refugees, asylum seekers and immigrants to get employment in the IT industry. The mentoring program consists of various activities such as mentoring by Telia employees, a tech recruitment workshop, a career day, and a webinar introducing reskilling opportunities for immigrants interested in working in the tech sector. Since its launch in 2020 more than 100 immigrants have participated in the initiative.



### Making digital lives safer for children

The online world gives children fantastic opportunities, but it also risks placing them in vulnerable situations. **Spoofy** is an online safety game, available both as an app and in a desktop version, which is connected to a website with additional digital skills materials for teachers and parents. It was launched in collaboration with consultancy CGI in Estonia during 2021 and in Lithuania in 2022 to teach younger children in a fun and gamified way about smart, safe, and friendly online behavior. In Estonia and Lithuania more than 55,000 children, parents and teachers have so far used the game and/or the digital skills materials available on the website.



# Privacy and security

Year	Goals	2022 progress
2023	• Top-tier positions on customer privacy in all markets	• Ranked first or second by consumers in four out of six markets
	• Preferred supplier, responsive to and proactively addressing customers' security needs	• Several contract wins with elevated security requirements during the year
Annual	• Continuous implementation of "privacy and security by design" approach	• Achieved for 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 to providing transparent information to users and ensuring 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 cyberattacks. We also provide customers with knowledge and tools to protect themselves and their businesses against various forms of cyberthreats.

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. SECURITY

### Our processes

The development of geopolitical events is accelerating risks associated with cyberattacks for our customers, our industry and society at large. These risks need to be managed with a broad spectrum of proactive measures that allow us to effectively adapt to rapidly changing security environments. On the human side, we invest heavily in both broad security awareness throughout all parts of our organization as well as in deep expertise in the different security disciplines. We habitually challenge and adjust our security processes to make sure that they are fit for purpose not only from an internal perspective but also through the lens of independent, external security auditors. As for security tools, we recognize that it is key not only to increase investments in a modern

and adequate suite but also to master its utilization to the fullest extent possible.

Our security governance framework is developed and refined in alignment with ISO 27001 and other relevant and well renowned best practice guidelines such as NIST CSF and CIS controls. It specifies requirements on information security and related risk management across all Telia functions and local organizations. We maintain an ISO 27001 certificate in relation to which external audits are carried out annually to ensure proper security measures and continuous improvement.

Our Global Security Operations Centre (GSOC) takes responsibility for our reactive capabilities 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).

## 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. National security legislation is placing increasingly stringent demands on several of our most important customers and Telia is in an advantageous position to continue delivering the type and level of security that the most demanding customers need. During the year, we won contracts with elevated security requirements from public agencies and businesses that play a critical role in society. Examples include

the Swedish Civil Contingencies Agency and the Norwegian Defense Materiel Agency.

In 2022, we also stepped up communication efforts targeting small and medium-sized companies and consumers with the aim of making them aware of increasing online risks and advising them how to take precautions. These efforts included articles, training sessions and new product launches such as Trygghetspaketet in Sweden and Trygg Surf in Norway. Additional information on how we approach small and medium-sized companies is available in the [Digital inclusion](#) chapter.

### ISO 27001 certification

Our ISO 27001 certification is an important part of the continuous strengthening of our practices and in meeting our customers' demands. During the year, the certificate was maintained with an unchanged scope, comprising areas such as Global Security Operations Information Security Governance, Enterprise Information Security Risk Management, Incident Management and Change Management, SOC services, contact center services, and cloud-based communication services. More information regarding local certifications is available in [Sustainability note S18](#).

### Work to secure Telia's business continuity

As digitalization gains pace, our customers and society as a whole are increasingly dependent on the services we provide. The invasion of Ukraine and subsequent events have put the spotlight on this fact. Therefore, we focus on the robustness and performance of the design and lifecycle of our

services. We make sure that continuity and recovery plans are 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.

## 02. 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 jointly with privacy experts, from the initial planning stages of a data processing operation
- Conducting a Privacy Assessment and when needed a Data Protection Impact Assessment (DPIA) before carrying out data processing where the initiative 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 processes 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 proactively 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 requests from individuals in data-protection cases and interacts with data-protection authorities in matters related to customer privacy. 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 Insight 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 the end of the year, four out of six markets were ranked first or second.

Going forward, we will 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 of how we use their data and which rights they have (examples provided below).

### Securing the rights of users

Individuals can exercise their GDPR rights by providing or withdrawing consent, objecting to certain processing purposes, or requesting to be forgotten. This can be achieved by contacting customer service, visiting Telia stores or accessing online customer self-service portals that enable individuals to easily access their accounts and make requests.

During 2022, we received around 2,700 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 that is mandatory for all employees (by year end 2022, 85% of all employees had completed the training). There are also specific courses for employees who handle personal data directly and have direct customer contact, such as customer care and retail staff, and for 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. To minimize risk of breaches, when a mitigating action is applied in one unit, it is also shared for implementation across the group subsidiaries.

In 2022, we confirmed 674 personal data breaches across our markets. Most cases were related to human errors or technical errors that caused personal data to be disclosed or accessed in an unauthorized way, for example if 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. Definitions of terms used in this chapter are found under **Sustainability note S6**.



### AI/data ethics

In 2019, Telia developed its Guiding Principles on AI Ethics, a document which has played an instrumental role in the process of developing data-driven services (Telia Crowd Insights). An internal assessment of Telia use cases in 2022, based on the upcoming EU AI Act showed that our overall AI risk exposure is low but that certain use cases are associated with higher risks such as credit scoring, voice authentication and workplace analytics. We will monitor new risk areas as they emerge through screening questions within areas such as sourcing. Risks often relate to privacy but also other human rights.

# Human rights

Year	Goals	2022 progress
2022	<ul style="list-style-type: none"> <li>Update the analysis of salient human rights risks</li> </ul>	<ul style="list-style-type: none"> <li>Completed</li> </ul>
Annual	<ul style="list-style-type: none"> <li>Continuous application of Human Rights Assessments in relevant business decisions</li> </ul>	<ul style="list-style-type: none"> <li>Assessment areas included: Children's rights, 5G deployment, Russian aggression towards Ukraine, AI, labor rights risks in local supply chains in infrastructure deployment, and human rights risk mapping for the full value chain</li> </ul>

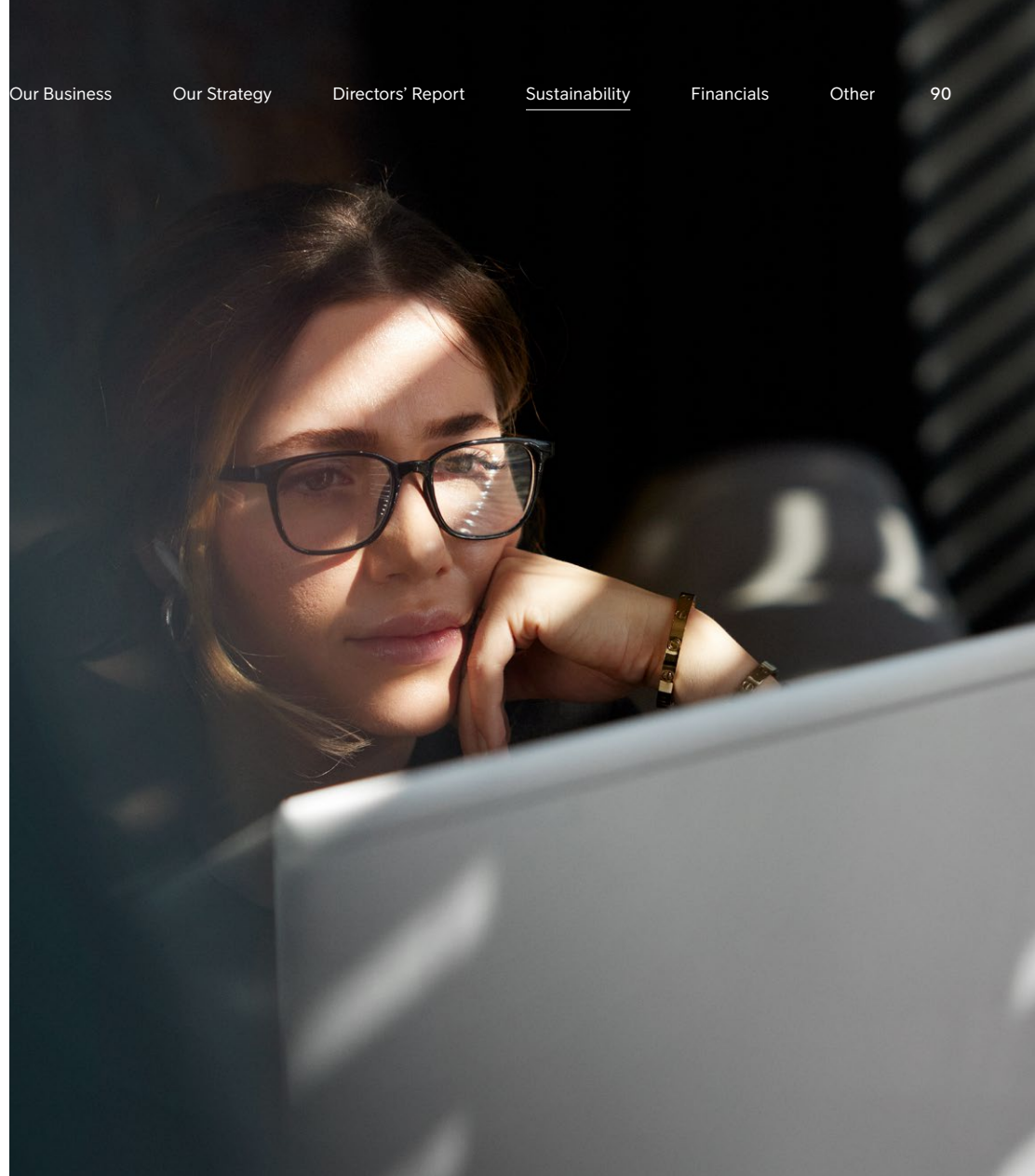
## Our approach

In line with the UN Guiding Principles for Business and Human Rights, Telia is committed to respecting 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**

## The most important human rights areas to address

Human rights are universal, indivisible, and interdependent. Therefore, the different human rights risks are difficult to rank and compare between each other. Still, it is important to identify the specific human rights that are most salient in our markets and value chain. In 2022, due to changes in socio economic factors in our markets and globally, we updated our salience analysis together with non-profit organization BSR – the outcome is presented on the next page.



Salient area	Value chain	Most salient issue within respective area	Telia response
Labor rights	Supply chain	Labor rights violations in parts of our supply chain, including forced and child labor	See <a href="#">Responsible sourcing</a>
Discrimination	Own operations Downstream	Discrimination related to, for example, gender, gender expression, ethnicity, sexual orientation, disability or age in recruitment, promotion and redundancy processes	See <a href="#">Diversity, inclusion and well-being</a>
Children's rights	Downstream	Availability of child sexual abuse material online	See <a href="#">Children's rights</a>
Freedom of expression and surveillance privacy	Downstream	Government surveillance of individuals through direct access to Telia's networks and systems	See <a href="#">Freedom of expression and surveillance privacy</a>
Privacy	Downstream	Privacy compliance when using customer data for advanced business insights	See <a href="#">Privacy and security</a>
Security	Downstream	Human rights affected by large cyberattacks/ disruptions to our services (right to life, safety, indirect effects due to economic losses, etc.)	See <a href="#">Privacy and security</a>
Environment	Supply chain, Own operations, Downstream	Human rights affected by ongoing and future climate change (right to life, safety, access to food, etc.)	See <a href="#">Climate and circularity</a>
Media freedoms	Supply chain, Own operations, Downstream	Government restrictions on independent journalism and freedom of expression	See <a href="#">Sustainability note S7</a>
Conflict minerals	Supply chain	Sourcing from conflict-affected contexts may exacerbate conflict dynamics and expose community members and workers to violence, displacement, and other violations of their rights.	See <a href="#">Sustainability note S19</a>

In addition to the above listed issues, there are other areas with human rights implications such as corruption, AI and trade sanctions. Also, when furthering digital inclusion, we can contribute to the realization of a broad set of human rights. On

the other hand, if the digital divide is growing, 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 by strengthening our governance and clarifying division of roles. Today, the newly established Human Rights Core Team, consisting of internal experts in salient human rights topics, has a dedicated role in performing due diligence. During the year, we strengthened the due diligence capabilities of additional staff groups through face-to-face training with a particular focus on members of the local risk forums (the GRECs). We also piloted human rights screenings in the product development process, in addition to what is already in place for privacy and security risks.

We conduct human rights impact assessments (HRIAs) on topics and areas identified in our continuous due diligence process. Assessments vary in scope and depth, depending on the topic and risk level. In 2022 we concluded a children's rights impact assessment aligned with a model provided by UNICEF (see further in the [Children's rights](#) chapter) and human rights assessments related to:

- Our deployment of 5G, using a report by Ericsson and human rights experts at Shift as starting point for further analysis from a telco perspective
- The Russian invasion of Ukraine
- Our local supply chain in infrastructure deployment
- Our deployment of AI (see further on page 89)

In addition, impact assessments are included in our day-to-day work on privacy and security-related risks (more information is available in the [Privacy](#)

[and security](#) chapter). We also do risk analyses of varying depth ahead of mergers, acquisitions, and divestments (more information is available in [Sustainability note S17](#)).

The Group Executive Management and the Board are regularly informed of the due diligence outcome through the Enterprise Risk Management process and related bi-annual risk reports (see [Risk and uncertainties](#) section).

### Grievance mechanism

Telia's Speak-Up Line, which serves as a grievance and whistle-blowing mechanism, is open for both employees and external stakeholders to raise concerns without fear of retaliation or reprisal and to provide fair investigation. For more information about cases reported through the Speak-up line, see [Sustainability note S16](#).



### Support to restore mobile communication in Ukraine

In the modern world, societies require connectivity to function properly. Severe connectivity disruptions have a negative impact on various human rights, for example by impairing access to health care, banking services or business transactions, all of which play a vital role in daily life. The Russian invasion of Ukraine destroyed critical network infrastructure in many parts of the country. To support the restoration of the Ukrainian network, Telia Lithuania donated network equipment that was replaced as a result of the rollout of 5G in Lithuania.



# Children's rights


Year	Goals	2022 progress
2022	<ul style="list-style-type: none"> <li>• Carry out a Children's Rights Impact Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Completed, using a dedicated framework by UNICEF</li> </ul>
Annual	<ul style="list-style-type: none"> <li>• Continuous blocking of child sexual abuse material in our networks</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved for the year across all networks</li> </ul>
	<ul style="list-style-type: none"> <li>• Continuous detection of child sexual abuse material in own IT systems</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved for the year</li> </ul>
	<ul style="list-style-type: none"> <li>• Provide child safeguarding services to our customers</li> </ul>	<ul style="list-style-type: none"> <li>• Available in four out of six markets</li> </ul>

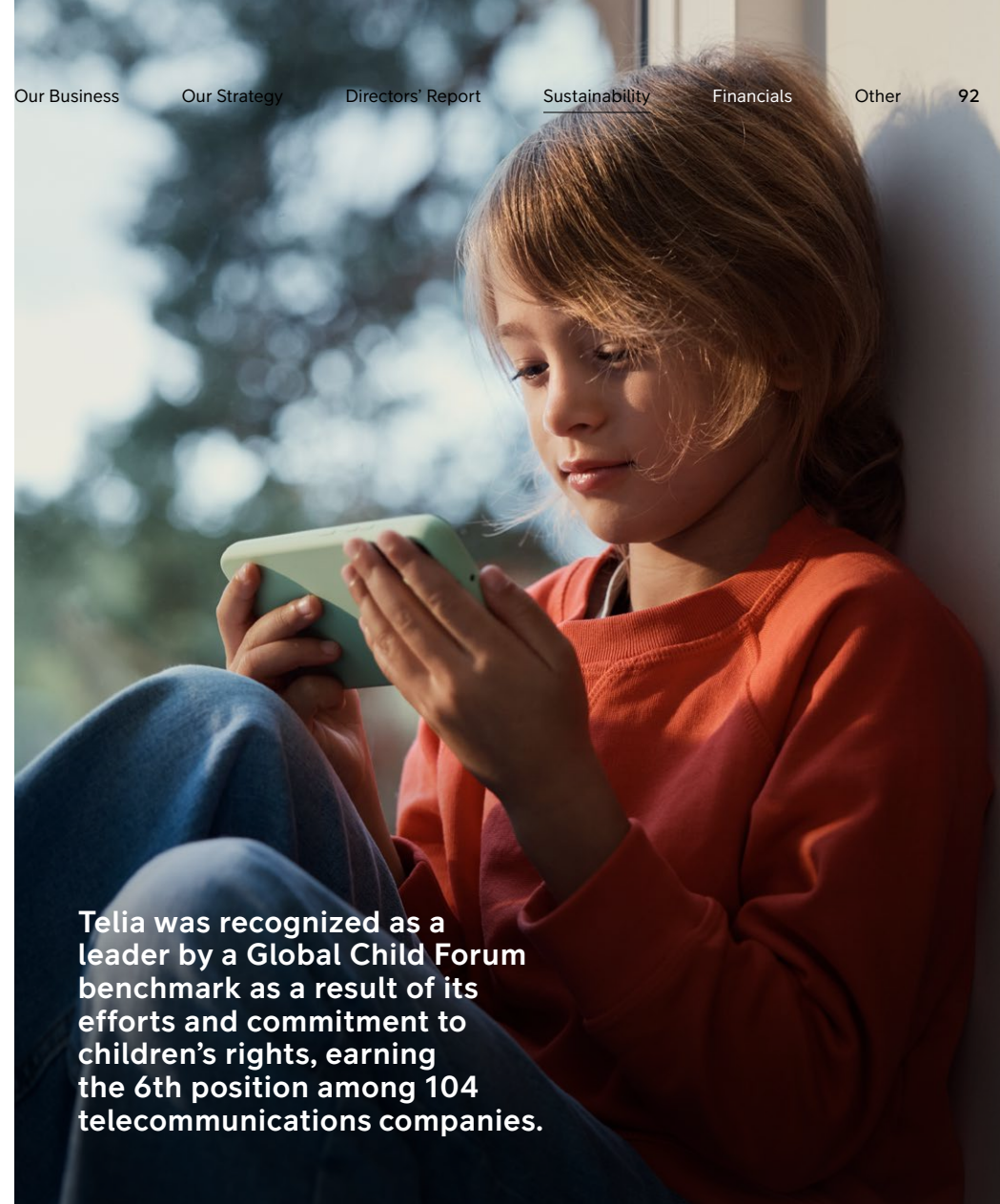
## Our approach

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 socialize, play and learn. However, children are particularly vulnerable to online risks such as cyberbullying, online abuse and inappropriate content.

Keeping children healthy and 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. Our long-standing collaboration with World Childhood Foundation is one example, which has helped us 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 also adopted the UN's Children's Rights and Business Principles as guidance to integrate children's rights and perspectives into our operations and offerings. Our focus is to protect children but also empower and listen 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.**



**Telia was recognized as a leader by a Global Child Forum benchmark as a result of its efforts and commitment to children's rights, earning the 6th position among 104 telecommunications companies.**





## Work during the year

### Integrating and promoting children's rights in business

In 2022 we carried out a holistic children's rights impact assessment of our business, to support future work in identifying, preventing, and mitigating risks to child rights, and capture opportunities to support children. Based on a self-assessment framework developed by UNICEF (Mo-CRIA), we did an extensive document review and desktop research, and conducted interviews with more than 20 Telia employees and two children's rights organizations. The assessment reflected a high level of child rights integration into our business and operations. A summary of findings and subsequent action plan to improve our future work is available on [our website](#).

In addition to the broader assessment mentioned above, we apply a tool to assess actual and potential impacts on children's rights during our product development process. The tool was developed in partnership with BSR, based on the UN Guiding Principles on Business and Human Rights and the UN's Children's Rights and Business Principles. In 2022, we used the tool to assess various smart watches for children.

As part of our family offering, in four out of six markets, 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. In the majority of our markets we

provide materials or tools for parents to support children in their everyday life online (see further in the [Digital inclusion](#) chapter).

To educate and activate our employees we offer trainings, both specifically on children's rights (created in collaboration with World Childhood Foundation) and on human rights more broadly.

### Fighting child sexual abuse material (CSAM)

Watching CSAM is a severe violation of children's rights and illegal in our markets. Research concludes that watching such materials increases the likelihood of abuse offline. We therefore 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 HR related remedies are initiated in accordance with national legislation. During the year, two detections and subsequent police reports were filed, resulting in criminal investigation.

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

### → Supporting children in need

Several studies across the countries where we operate, reveal an increase in the number of children that struggle with mental health issues and live in vulnerable situations, most probably exacerbated by the pandemic, the ongoing war and the global economic downturn. Below are some examples of how Telia is supporting children in need:

- Telia Estonia is collaborating with Triumf Hero, a gamified app that aims to ease the mental burden of children and youth by providing psychological support including psychoeducation and coping techniques. Through Telia's support the app is now also available in Ukrainian.
- For the third consecutive year Telia supported Bris, a Swedish children's rights organization that provides a helpline for children and young people. Our support has enabled more children to contact and get help from the child helpline thanks to extended opening hours. Telia's provision of services amounts to SEK 3 million to date (1 million annually since 2020).

### → Shaping our work by listening to children

For many years Telia has conducted Children's Advisory Panels (CAPs) to give children a voice about their experiences in the online world. Topics covered include children's experiences with privacy, online gaming, healthy online life, digital learning, and misinformation online. We use the findings to inform business decisions and how we shape family offerings and support materials. For more information on our CAP results, visit [our website](#).

# Freedom of expression and surveillance privacy

Year	Goals	2022 progress
Annual	<ul style="list-style-type: none"> <li>Continuous implementation of Telia's policy and the Global Network Initiative's (GNI's) principles and implementation guidelines</li> </ul>	<ul style="list-style-type: none"> <li>GNI's independent review and assessment completed for the year with successful outcome</li> </ul>
	<ul style="list-style-type: none"> <li>Continuous transparency related to government requests</li> </ul>	<ul style="list-style-type: none"> <li>Law Enforcement Disclosure Report published</li> </ul>


## Our approach

As a telco and TV and Media provider, Telia's networks and services provide access to information and contribute to the exchange of ideas in a way that supports freedom of expression, openness, transparency, and democracy. At the same time, policymakers increasingly introduce new surveillance measures to fight crime, terrorism, hate speech and more. These measures can potentially limit the freedom of expression and privacy of users and the trust in the services we provide.

Telia is committed to respecting 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.

States define the scope of surveillance and limitations to the free flow of information based on legislation and requests from authorities. We abide by 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 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 differentiate between two types of requests from governments/authorities:

- *Conventional requests* are day-to-day requests that are typically of lower risk, such as daily 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 requests that may have serious impacts on users' freedom of expression and privacy. Examples include demands to shut down Internet access, blocking of websites or requirements to retain data for surveillance when legislation is unclear.

Our Group policy and related 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 final joint decisions on how to mitigate human rights risks. While our process aims 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 2022, we closed some 15 unconventional requests and demands across our markets. To

ensure consistency, group-level experts facilitated local assessments and escalations. Requests included mainly blocking of specific content on the Internet and removal of TV-stations from Telia TV services, but also new legislation on take-down of terrorist content online, use of anonymized and aggregated data to fight corona, and blocking of mobile calls around prisons. In almost all the cases, Telia took measures to promote freedom of expression and surveillance privacy or mitigate risks in some way, for example by transparency, asking authorities to clarify their requests and/or by being transparent to the public about the request, and always to apply the rule of law. Such actions were defined jointly by local companies and representatives of Telia's Group Executive Management. For information on requests to block Russian originated content, ongoing at the end of the year, please visit our website.

### Promoting transparency

When we provide transparency regarding governments' surveillance and actions to limit freedom of expression, we contribute to the protection of 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) that include detailed statistics on conventional requests, as well as the approximate number of unconventional requests. The reports



also refer to some of the most relevant legislation. A main element in our reporting on countries' local laws is carried out through contributions to the [GNI database on Country Legal Frameworks Resource](#). Further information about the 2022 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), which aims to share learnings and leverage when governments act in ways that risk violating freedom of expression and privacy. Telia is a member of the board and participates in various committees and task forces. More information about the work in 2022 is available on the [GNI website](#).

#### GNI independent assessment of our work

As part of our membership, we have committed to implementing the GNI principles by putting concrete measures in place to promote and advance freedom of expression and the right to privacy. All GNI companies 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 over time.

Telia's second assessment was conducted in 2021/2022. Based on the recommendations in these assessments, Telia has taken the following actions, amongst others:

- Included freedom of expression and surveillance privacy in the company Enterprise Risk Management setup
- Set up a training on human rights for all employees and provided targeted training sessions for the most relevant teams
- Initiated work to review how Telia's due diligence efforts can cover third parties other than suppliers

Based on the assessor's report in May 2022, the GNI Board determined that Telia is making good-faith efforts to implement the GNI Principles with improvement over time. More information about the assessment can be found on [GNI's website](#). The GNI will issue a public report in 2023.



# Diversity, inclusion and well-being

Year	Goals	2022 progress
2025	• 50/50 gender balance in the Extended Leadership Team <sup>1</sup>	• 41% female, 59% male (2021: 37% / 63%)
2023	• Conduct a voluntary equality data survey to understand a wider set of workforce diversity aspects and needed interventions	• A second voluntary equality data sample survey was performed, in preparation for a large-scale survey planned for 2023
	• All managers trained in unconscious bias and inclusive recruitment practices	• 66% and 63% of managers trained, respectively (2021: 20% / 38%)
Annual	• Continuously decrease the raw gender pay gap <sup>2</sup>	• 12% (2021: 13%)
	• Increase diversity in Telia and in the tech sector through continuous partnerships focusing on digital and tech re- and up-skilling	• Regular interactions with members of diverse communities to showcase job opportunities and offer internships within tech
	• Ensure that diversity and inclusion aspects permeate our TV and Media business, on and off-air	• Awareness raising seminars and workshops on biases delivered for TV och Media staff reached ~220 participants (16% of total TV och Media employees)
2023	• 78% of employees state that they are able to successfully balance work and personal life <sup>3</sup>	• 78% (2021: 73%)

1) The Extended Leadership Team represents the company's ~130 top leaders (members of Group Executive Management, their direct reports and certain additional local/functional management team members when those have roles of particular strategic importance).  
 2) 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.  
 3) Measured through our internal employee engagement survey.

Sustainability-related aspects of our people and culture strategy relate to securing the human and labor rights of our greatest asset – our people. As we are operating in a context characterized by strict labor laws and a high degree of unionization, many aspects are secured through legal compliance measures embedded in Telia's processes and through collective bargaining agreements. Read more in the **People** section.

In our materiality analysis, two human rights areas have been identified as important to develop:

- Diversity and inclusion - to secure the right to equal opportunity and non-discrimination
- Health and well-being – to secure the right to health

## 01. DIVERSITY AND INCLUSION

### Our approach

Telia is committed to building a diverse and inclusive culture. We strive to provide equal opportunities and to ensure that our employees reflect the diversity of the customers and societies we serve. Beyond diversity, we strive for inclusivity, where no employee shall be discriminated against 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 main elements:

- **Employee and leadership engagement:** Increasing awareness and engagement through trainings and events for managers and employees, as well as engagement with internal diversity ambassadors.
- **Improved awareness and processes:** Eliminating bias and discrimination by integrating diverse, inclusive, and equal opportunity perspectives into company culture, including processes such as recruitment and succession planning.
- **Initiatives and partnerships:** Actively engaging and contributing to diversity and inclusion communities across our markets

The Group Diversity and Inclusion Lead coordinates a network that is responsible for local implementation and progress is reported back to the GEM to ensure continuous realignment and well-monitored progress.

 **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 to better understand the diversity of our employees (see next page). In addition, we conducted a second voluntary equality data sample survey (the first was in 2021), to see how inclusion is perceived in our workforce. We plan to further capture the voice of our employees through a large-scale voluntary equality data survey for the whole company, in 2023.

### Continuous improvements of HR processes

In 2022, we continued to refine key Human Resources processes, including recruitment, performance evaluations, on- and off-boarding, and compensation, to better support diversity, gender equality and equal opportunity. As an example, managers are provided with data dashboards ahead of the team performance evaluations at all levels of the company, to show the eventual imbalances in their teams including differences in performance scores by gender and age. During this process, trained facilitators ask questions to identify possible unconscious bias. In addition, all new managers undergo mandatory leadership training that includes diversity and inclusion modules. Inclusive leadership is an explicit pillar of Telia's Leadership Framework which forms the basis of Telia's leadership culture. More information is available in the [People](#) section.

### 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 2022 results showed an overall raw gender gap decrease of one percentage point in comparison to 2021. 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 have strengthened our initiatives to recruit, promote and retain female managers and decrease gender segregation within Tech, IT, and commercial roles by actively recruiting and upskilling more women to such roles. Individual, unexplainable pay inequalities for equal roles are handled through a process with clear actions for corrections.

### Activities to raise awareness

Through various internal and external initiatives, we discuss challenges and let a multitude of voices share their experiences and propose ways forward to reach our end goal to increase diversity at Telia and in the tech sector. During the year we reached more than 20,000 people (internal and external) through events we hosted, sponsored or collaborated in, on topics such as Gender equality, Women in tech, Race and ethnicity, Disability and accessibility, LGBTQI+ rights and the importance of allyship. As an example, we hosted the Diversity Talk "Close the gap" and the Global Virtual Pride with various Telco industry peers.

We engaged in several specific activities to address inclusion in the tech sector. Examples from the year include:

- Participation in Women in Tech themed events in most countries where we operate, to engage women of all ages and backgrounds to join the tech industry. Efforts and initiatives include external sponsorships, as well as internal development or mentorship programs for female leaders and employees, reaching over 700 women.
- Telia Sweden, Finland and Norway enabled 41 unemployed immigrants with higher education to enter the tech job market by offering internships at Telia and mentorships by Telia employees.
- TV och Media conducted several workshops on the subjects of norms, inclusion, minority stress and encounters with racist expressions. Approximately 16% of employees were reached with these efforts.

Please note that our digital inclusion work targeting customers and other external stakeholders is covered under the [Digital inclusion](#) chapter.



### Training

- By the end of 2022, 66% of managers had been trained in unconscious bias and 63% had been trained in inclusive recruitment practices.
- All Telia recruitment specialists are trained in inclusive recruitment practices to secure a diverse pipeline of talent for our company.



### External recognition in 2022

- Telia Estonia obtained the "Diverse Workplace" label by the Human Rights Center of Estonia.
- The Diversity Charter Lithuania recognized Telia Lithuania as one of the top two companies that maintain diversity and inclusion in the workplace.



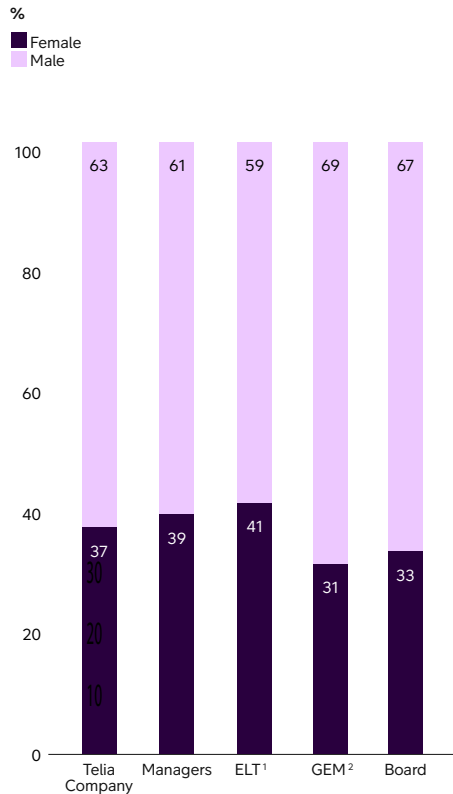
### Discrimination and harassment

We work to counter discrimination and have processes in place to handle breaches. During the year, around 12 discrimination and/or harassment-related reports were filed. Subsequent investigations resulted in 2 minor disciplinary actions and no terminations.

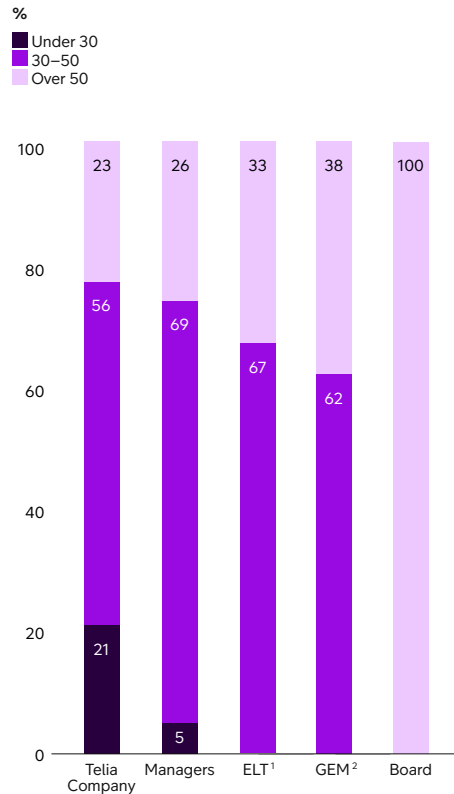


# Diversity statistics

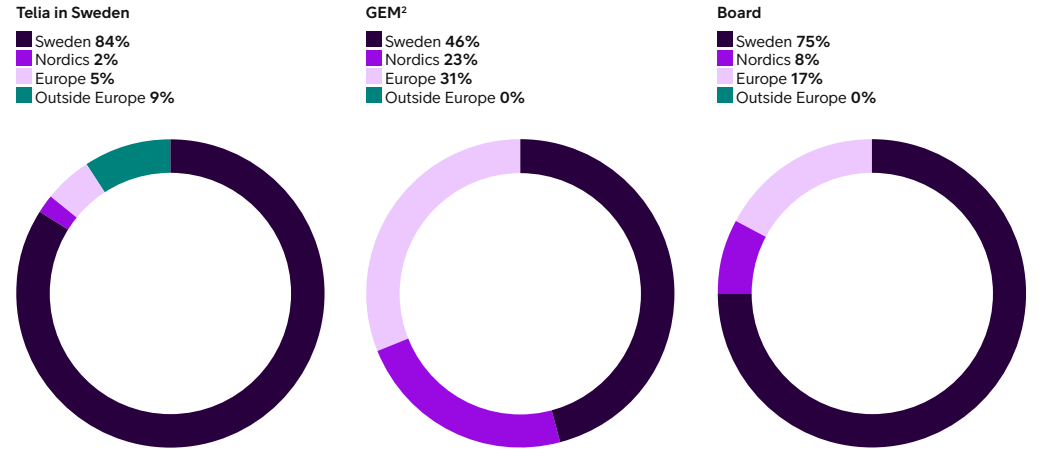
## Gender



## Age



## Region of birth



For more information on how we determine region of birth, see [Sustainability note S9](#).

### How is inclusion perceived?

**87%**  
of employees feel respected


Source: Telia's employee survey, Nov 2022

1) ELT - Extended Leadership Team (~130 individuals).  
2) GEM - Group Executive Management. Statistics are based on headcount data as of December 31, 2022

## 02. HEALTH AND WELL-BEING

### 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 maintenance and construction, which is 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 to report any relevant incidents to Telia's whistle-blowing tool. We also carry out onsite audits to check health and safety compliance. 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

#### Better connected working

In 2022 we continued our "better connected working" model, based on learnings from the pandemic. This model takes a flexible approach and enables employees to both thrive in our offices and use opportunities to work from home. Results from the annual employee engagement survey showed that 54% of employees primarily worked from the office, 39% primarily from home and 7% from other locations.

#### Measuring health and well-being

Overall health and well-being are measured as part of the employee engagement survey. Results indicate an increase of 5 percentage points in experienced overall personal work-life balance, in comparison to 2021. 78% of respondents were able to successfully achieve a good personal work-life balance and 73% identified as having good overall well-being. Our main challenges regarding health

and well-being are increased stress and workload, as well as respiratory infections as a post-pandemic effect. We continuously monitor these aspects through the sickness absence rate (SAR). Additional SAR information and statistics are available in [Sustainability note S10](#).

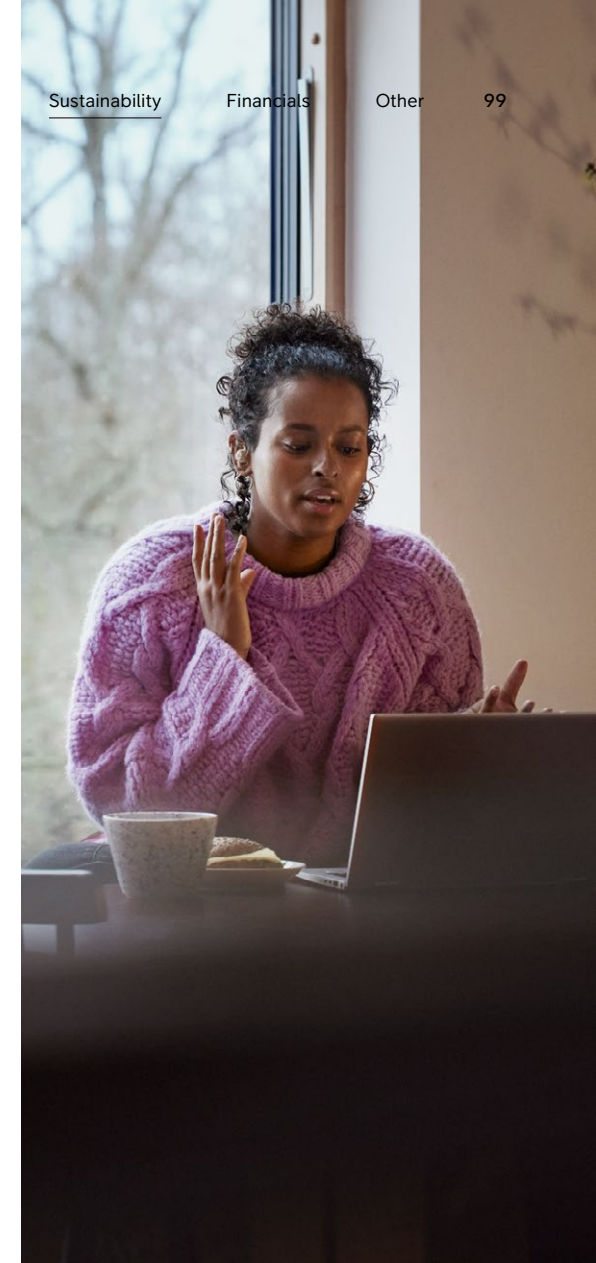
#### ISO 45001 certification

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, 42% 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 in [Sustainability note S18](#).

#### Incidents

During the year, no major injuries or fatalities were registered for our staff or contractors. Contractors reported 38 cases regarding minor injuries.

For more data about health and well-being, see [Sustainability note S10](#).



# Responsible sourcing

Year	Goals	2022 progress
2022	<ul style="list-style-type: none"> <li>All new and renewed supplier contracts screened according to the due diligence process</li> </ul>	<ul style="list-style-type: none"> <li>More than 90% of total spend were covered</li> </ul>
Annual	<ul style="list-style-type: none"> <li>All supplier non-conformities identified during the year closed within due date</li> </ul>	<ul style="list-style-type: none"> <li>125 non-conformities identified in the year, 58% closed within due date (42% remain open but are not critical)</li> </ul>

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 consider 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.

 [Our supplier requirements are set out in the Supplier Code of Conduct](#)

## Key elements in our work

### 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 chains.

### 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. The due diligence process consists of the following steps:

1. An up-front risk assessment is carried out to identify high-risk triggers such as high-risk countries from an anti-bribery and corruption perspective, and access to Telia's network or privacy data.
2. If risks are deemed high in the up-front risk assessment, 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. The in-depth due diligence assessment results in risks being graded as high, medium or low. Potential high risks and serious violations identified in the in-depth due diligence assessment could lead to disqualification of the supplier or trigger a supplier audit.
3. 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 are key to assess if suppliers comply with our requirements. Decisions about which suppliers to audit are made together with Group sourcing management and other business stakeholders, based on a dynamic approach in order to react to incidents and high-risk issues. Audits are concluded in the form of audit reports

### Due diligence coverage

- Anti-bribery and corruption
- Conflict minerals
- Environment
- Human rights
- Labor rights
- Management and ownership structure
- Occupational health and safety
- Privacy
- Security
- Trade sanctions

with identified non-conformities and mutually agreed Corrective Action Plans (CAP).

In addition to our own audit engagements, and to be able to expand our reach of supplier audit impact and leverage, Telia collaborates with other telecom operators through the Joint Alliance for CSR (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 dialogue with suppliers to increase their awareness and understanding of our expectations. Audit non-conformities, as well as risks and challenges that require a joint approach,



are raised at supplier executive meetings where top management from both sides engage to address topical issues and agree on action plans. If the companies do not reach an agreement and a supplier fails to meet an agreed CAP, termination of the supplier is considered. Information on selected engagement areas is presented on the next page.

### Work during the year

#### Review of process

During the year we have reviewed our way of working with the aim to recalibrate and ensure a risk-based approach. In this work we have put emphasis on human rights risks in our value chain which will help in the prioritization of appropriate risk mitigating activities such as audits going forward.

#### Due diligence and audit data

- More than 1600 suppliers went through the up-front risk assessment, covering more than 90% of the total supplier spend. This resulted in 578 (36%) in-depth due diligence assessments.
- 1% 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).
- 27 supplier audits were conducted by Telia, out of these 12 were Supplier Code of Conduct audits, 9 Security audits and 6 Quality audits. Through the audits, 125 non-conformities were identified during the year, 42% remain open, and none of these are critical.
- An additional 98 audits were conducted by JAC impacting approximately 133,000 workers in total. 8 audits were initiated by Telia, of which 4 were closed and 4 were ongoing at the end of the year.

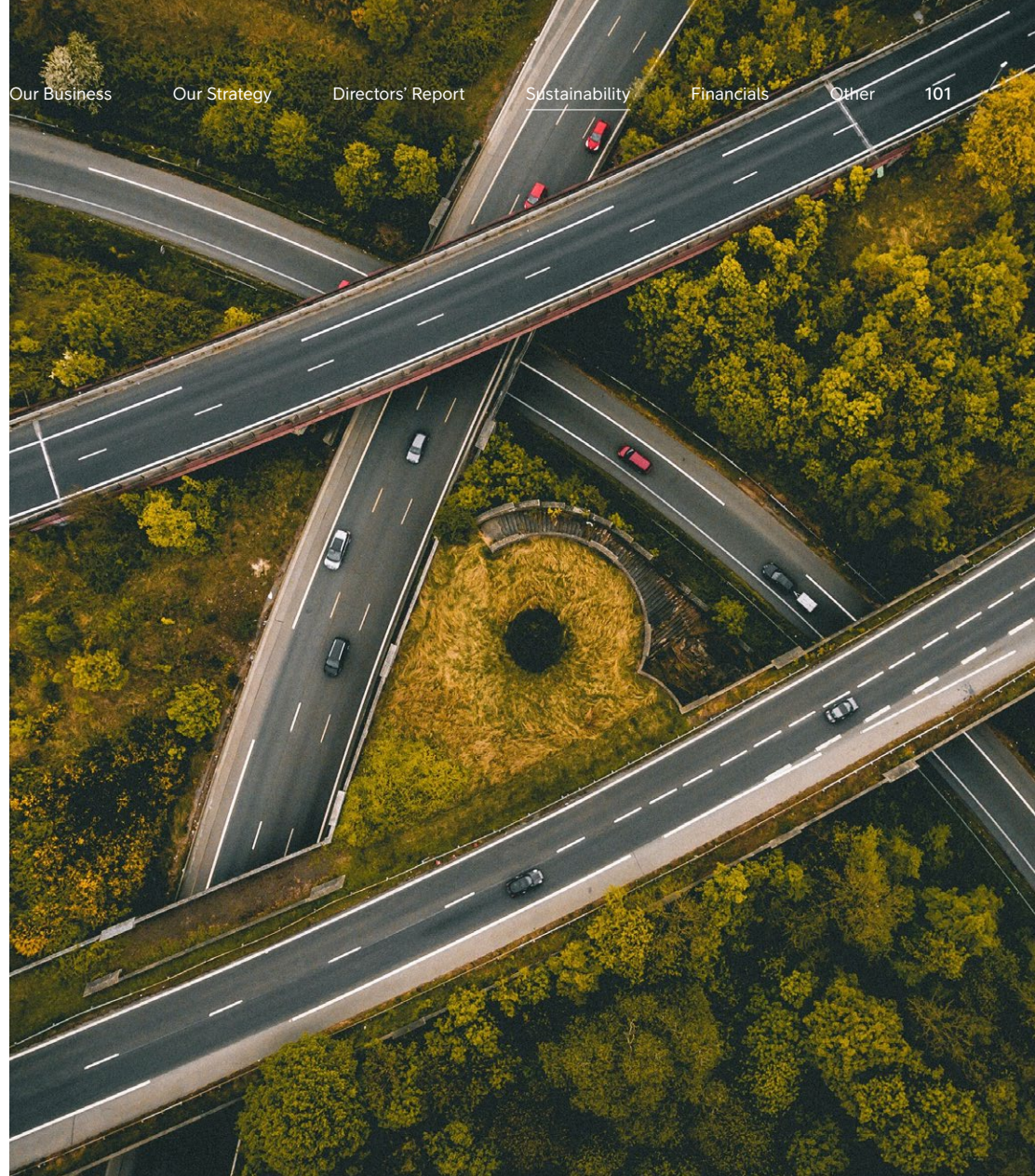
Audit results from the past couple of years show that first tier suppliers generally score relatively high in the areas of labor rights, human rights, security aspects related to asset management and personal data processing. The largest gaps identified for the suppliers were risk management and enforcing Telia's Supplier Code of Conduct requirements in their own supply chains. Results from audits conducted by JAC in lower tiers highlighted health and safety as the main challenges.



#### Work to counter supply disruptions

Global supply chains make companies vulnerable to supply chain disruptions. Since 2020 this has become more evident than before as our industry has been, and still is, experiencing shortages of semiconductors. This jeopardizes our 5G roll-out and the supply of various devices needed by our customers. At the end of 2022 we could conclude that we mitigated these risks very well, thanks to proactive and intensive interactions with our suppliers. This experience, however, demonstrates the need to promote resilience in the supply chain. Disruptions will most likely continue to be caused by various factors in the coming years, ranging from climate change effects to pandemics or geopolitics, among others.

Currently we are increasing our supply chain resilience through sustainability requirements for our suppliers, work to diversify our supplier base, and assessments of suppliers' business continuity capabilities already in our supplier selection phase. We run regular cross-company supply risk management processes and put focus on improving internal planning processes. In the years ahead we will continue developing this work further to increase resilience and avoid disruptions of supply.





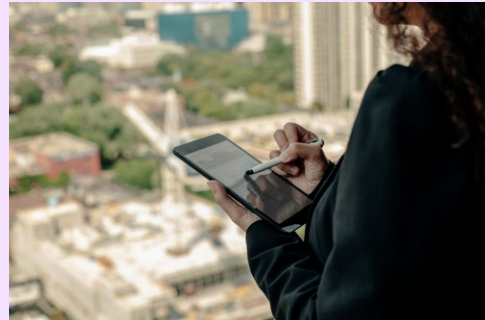
## 2022 supplier engagement focus

During 2022, as a result of input from due diligence and audit reports, media reports, and stakeholders' or suppliers' own observations, Telia has engaged on a deeper level with suppliers in key areas.



### Violations of labor rights in field service work

Due to a number of labor rights incidents related to field service suppliers in our core markets, Telia initiated a project in 2022 to influence this sector. We sent out a survey to all key suppliers in this category to assess the maturity level related to labor and broader human rights. Major findings include lack of processes for human rights due diligence and supply chain audits. The plan for 2023 is to secure corrective actions and proactive collaboration across the supply chain, in addition to increased awareness of the Speak-up line for stakeholders, as outlined in the Supplier Code of Conduct. For more information about the Speak-up line, see [Sustainability note S16](#).



### Forced labor in China

Telia has engaged with 28 suppliers that have been mentioned in public reports over the past couple of years. The reports link ICT companies to violations of the rights of the Uighur minority in China. We take these reports seriously and, at the end of the year, we had received satisfactory responses from 23 suppliers and further engaged with the other 5 suppliers through a dialogue via JAC.



### Engagement for climate action

Climate is an integrated part of our supplier evaluations and a key selection criterion when awarding new business. By the end of the year, 35% of supply chain emissions were covered by science-based targets, with an additional 16% in the pipeline awaiting external approval of targets. We engaged with suppliers in various ways, ranging from top management interactions at strategic meetings to [a call to action during the global climate summit \(COP27\)](#). We also provide support through the [Supplier Engagement Guide](#) to facilitate action (more information is available in the [Climate and circularity](#) chapter).



### Driving circularity within mobile phone manufacturing

Efforts to influence the environmental performance of mobile phones continued via the Eco Rating initiative launched in 2021. 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.



# Anti-bribery and corruption

Year	Goals	2022 progress
Annual	• Annual Anti-bribery and corruption (ABC) risk assessments performed in all markets	• Achieved for the year
	• Maturity assessments of the ABC program performed 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 12 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
- Annual mandatory Conflicts of Interest disclosure for the extended leadership team and for key employees during the onboarding process

Our exposure to corruption risks significantly decreased in the past few years due to the divestments of our global operations through Telia

Carrier and all subsidiaries in Eurasia. Today, most of our markets are in the lower risk spectrum, according to the Transparency International Corruption Perceptions Index (see illustration). Our supply chain, however, is global with suppliers operating within a wide risk spectrum which we manage through requirements in our Supplier Code of Conduct, our due diligence process and auditing of high-risk suppliers. More information is available in the [Responsible sourcing](#) chapter.

The ABC program is managed by the Group Governance, Risk and Compliance unit, which is responsible for the program design and coordination of 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](#).

 Our work is governed by the Group policy – [Anti-bribery and corruption](#)

## 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 in all markets. 2022 results indicate good maturity, with improvements noticed in internal control and third-party management.

### ABC risk assessments

ABC risk assessments were performed in all markets during the year. 2022 risk assessment results indicate a well-functioning program but due to the geopolitical situation the likelihood of overall ABC risk is low to medium with potential high financial and reputational impact. Furthermore, there is high awareness of and attention to ABC on both the country and Group level. Some areas of improvement have been identified as part of the risk assessments and plans are being developed to address those areas during 2023.

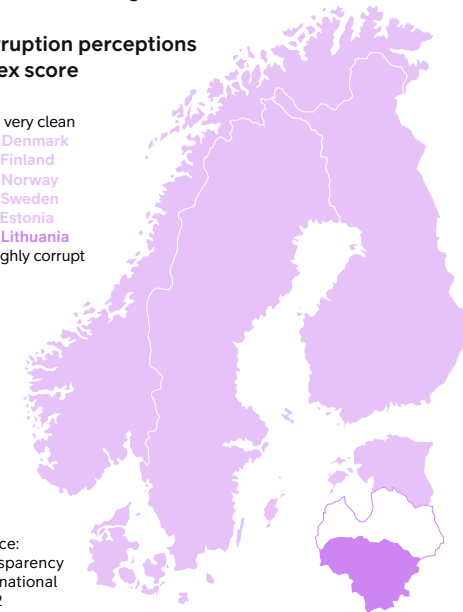
During 2022, a high-level internal audit was conducted on sponsorships and donations. The scope of the audit was the Nordic countries and all Group-level functions. No severe findings were revealed.

## Training

During onboarding, all employees are required to complete an e-learning on the Code of Conduct, which includes a specific section on anti-corruption. In addition, targeted face-to-face training is performed yearly on selected groups. In 2022, above 90% of the extended leadership team and Telia employees who are board members of Telia minority-owned companies received ABC-specific awareness training.

## Corruption perceptions index score

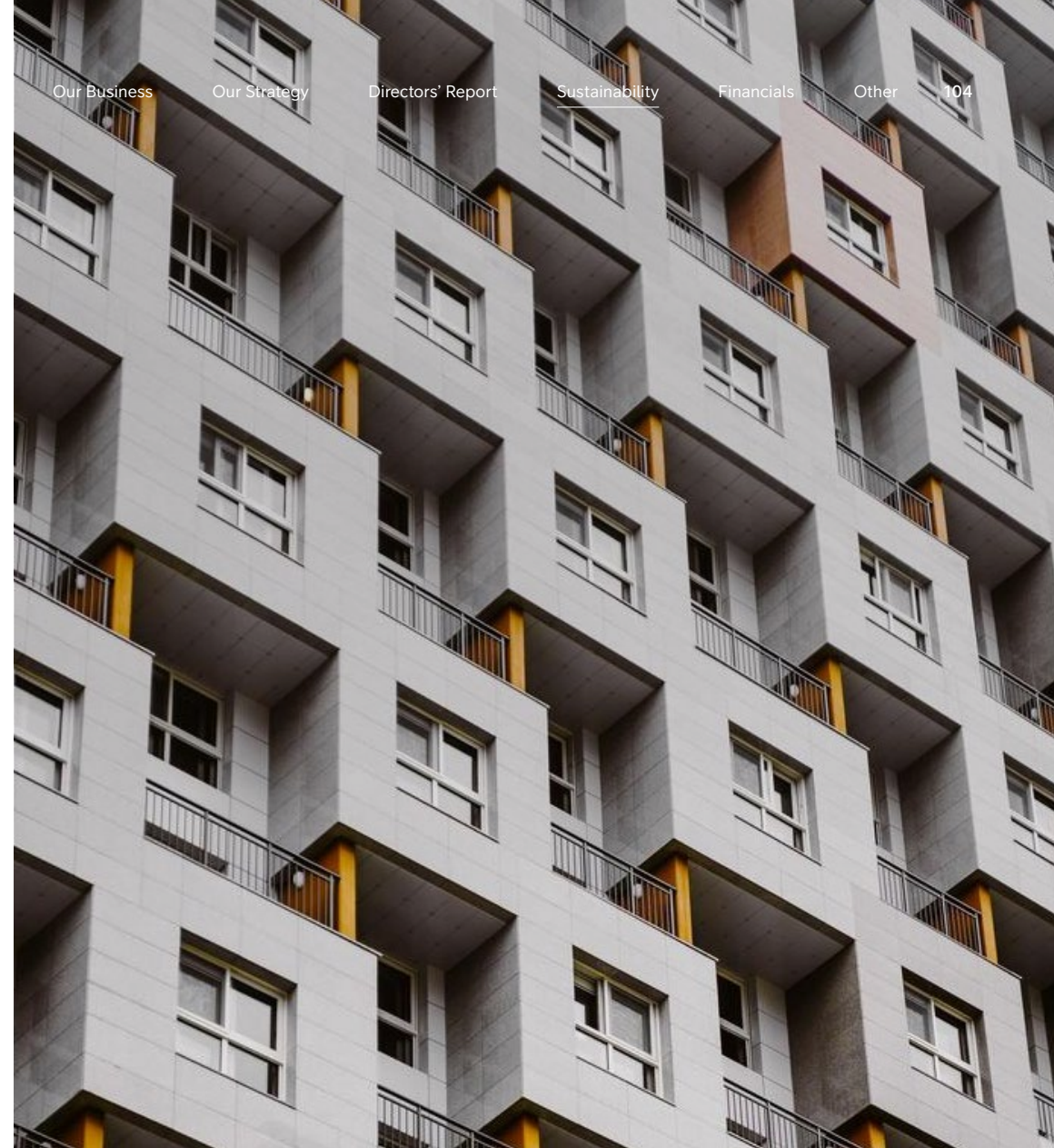
100= very clean  
 90 – Denmark  
 87 – Finland  
 84 – Norway  
 83 – Sweden  
 74 – Estonia  
 62 – Lithuania  
 0= highly corrupt



Source: Transparency International 2022

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## S1 General information

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

The report has been prepared according to Telia's Sustainability Reporting Framework, which, to facilitate comparability, is based on frameworks such as the Global Reporting Initiative, the Integrated Reporting Framework, the Global Compact Communication on Progress, the EU Non-Financial Reporting Directive, the UN Guiding Principles Reporting Framework and the Task Force on Climate-related Financial Disclosures. Telia's Sustainability Reporting Framework contains reporting principles, content guidance, detailed information on the basis for the preparation of information, and definitions. It is available at [www.teliacompany.com/sustainability/reporting](http://www.teliacompany.com/sustainability/reporting). To facilitate reading and comparability, please refer to the Sustainability Index on pages 126 and 127.

Please note:

- This sustainability report shall not be considered prepared strictly in accordance with any of the above listed regional or international 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.
- Material omissions or limited scope of information are explained in the respective note.

Deloitte has been engaged to provide limited assurance of this sustainability report, see [Auditors' Limited Assurance Report](#) in the Sustainability section for more information. All disclosures that constitute the sustainability report are covered by the limited assurance engagement.

Comments and feedback help us develop our work and reporting; you are welcome to contact us at [sustainability-group@teliacompany.com](mailto:sustainability-group@teliacompany.com).

## S2 Sustainability governance

For more information see [Sustainability Governance](#) in the Sustainability section. Additional information, including the governance of the company's overall risk management process, is available in the [Corporate governance](#) and [Risk and uncertainties](#) section.

The Code of Conduct and other governing documents can be found at [Telia's website](#). Telia adheres to the international frameworks listed in the [Statement of Materiality and Significant Audiences](#).

## S3 Materiality determination and stakeholder engagement

At regular intervals, we do materiality deep dives, for example during business strategy reviews (such as the previous one 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 continuous monitoring of various research, industry, and media reports, as well as surveys or conversations with particular stakeholder groups on specific topics to make sure we focus our work in the most material areas. We take a double materiality approach, assessing both how the company is impacting people and the environment, and how people and the environment are impacting the company. We strive to measure impacts but acknowledge that impact assessment models (e.g., social and financial) are still evolving.

Stakeholders are generally selected for engagement either because they represent the opinions of a stakeholder group (e.g., unions) or because we consider them knowledgeable due to their expertise (e.g., human rights organizations) and/or experience (e.g., children).

Information on the final outcome is presented in sections about [How we prioritize](#) and [Trends affecting our work in 2022](#), with additional detailed information in each impact area chapter and an overview of 2022 materiality findings on pages 106 and 107.

## Overview of 2022 materiality findings

The overview below shows each impact area through the double materiality perspective, related trends during the year and what stakeholders want us to prioritize.

Impact area	Double materiality perspective	Trends in the year	Stakeholder groups
<b>Climate and circularity</b>	<p>Our operations and offerings impact the environment both negatively (generation of emissions, waste etc.), and positively (low carbon, circular and energy efficient products and services that enable customers to transition into a low carbon economy).</p> <p>We are affected by current and expected future climate impacts on our business, such as extreme weather events, as well as changes in legal requirements, customer demands, employee expectations and access to capital.</p>	<ul style="list-style-type: none"> <li>• Upcoming EU regulations on eco-design, environmental claims, energy efficiency, and circularity of certain products.</li> <li>• A general increase in expectations from consumers and business customers, including demand for data to prove performance and benefits.</li> <li>• Increasing demands for products and services that enable customers to reduce emissions and energy use.</li> <li>• Increasing expectations from investors on net-zero targets and information about how companies plan to transition into a low-carbon economy.</li> <li>• The disconnect between the pace needed for climate action and actual emission reductions (globally and in Telia's markets) increases the likelihood of extreme weather events.</li> <li>• Increased tensions between social, economic, and climate-related issues slow down pace of action globally and in some of Telia's markets.</li> </ul>	Business customers Consumers Investors Policymakers
<b>Privacy and security</b>	<p>We embed data protection into our products and services and secure business continuity by protecting our systems through security processes.</p> <p>Significant data breaches and cyberattacks could impact business continuity, costs and trust/reputation.</p>	<ul style="list-style-type: none"> <li>• Increased risk of cyberattacks due to Russia's invasion of Ukraine.</li> <li>• Increased requirements on security from B2B customers and through upcoming EU regulation as well as the expected admission of Finland and Sweden to NATO.</li> <li>• Upcoming EU AI Act shapes expectations on corporate work related to AI ethics.</li> </ul>	Business customers Consumers Employees Investors Policymakers
<b>Digital inclusion</b>	<p>We provide access to connectivity for millions of customers and support groups that risk being left behind.</p> <p>The digital divide limits our customer base and creates negative perception of digitalization.</p>	<ul style="list-style-type: none"> <li>• Continued digitalization of society, including vital services, makes high-quality connectivity and relevant digital skills increasingly important.</li> <li>• High inflation and the economic downturn raised affordability concerns which may impact access to services for economically vulnerable groups.</li> </ul>	Consumers Investors Policymakers
<b>Human rights</b>	<p>Our services and ways of working are impacting the rights and well-being of approx. 20,000 employees, millions of customers, and thousands of workers in our supply chain. Our services also enable the realization of human rights.</p> <p>Violations of human rights in our value chain impact the trust in Telia and our ability to retain and attract employees, customers, and capital.</p>	<ul style="list-style-type: none"> <li>• Increased attention to human rights through upcoming legislation (EU Corporate Sustainability Due Diligence Directive and local versions).</li> <li>• Additional proof points of how digitalization can increase access to societal services, such as health care, and provide safer workplaces when dangerous tasks are automatized. In parallel, digitalization is restructuring the labor market with increasing need for up- and re-skilling of individuals.</li> <li>• Climate change increasingly impacts human rights negatively.</li> </ul>	Business customers Individuals Investors Policymakers
<b>Children's rights</b>	<p>Our services and ways of working impact the rights and well-being of children as users of our services, children of our employees and children in our supply chain.</p> <p>Negative impacts on children's rights and welfare affects the trust in Telia and our ability to retain and attract customers, employees and access to capital.</p>	<ul style="list-style-type: none"> <li>• Continuous reports on the vulnerability of children in the online world, including spread of child sexual abuse material, cyberbullying, misinformation and hate speech.</li> <li>• Development of upcoming legislation will regulate mandatory requirements on removal and blocking of CSAM.</li> </ul>	Consumers (including children) Investors Policymakers



Impact area	Double materiality perspective	Trends in the year	Stakeholder groups
<b>Freedom of expression and surveillance privacy</b>	Our services and ways of working impact the right to free expression and privacy of millions of customers. The way governments mandate and execute limitations to these rights may impact Telia's reputation and trust in digitalization overall.	<ul style="list-style-type: none"> <li>Unprecedented EU sanctions to limit the spread of disinformation from Russian TV channels and related sites.</li> <li>The EU adopted a regulation to address the dissemination of terrorist content online and proposed a regulation to lay down rules to prevent and combat child sexual abuse (see <a href="#">Children's rights</a>).</li> </ul>	Consumers (including children) Investors Policymakers
<b>Diversity, inclusion and non-discrimination</b>	Telia's ability to become aware of biases and create an inclusive workplace impacts the right to equal opportunity of employees and job seekers. Our ability to attract and retain a diverse employee base impacts how well we serve our diverse customer base, as well as Telia's innovation capability.	<ul style="list-style-type: none"> <li>Focus on disclosure of pay gap and salary ranges in job posts through the upcoming EU Pay Transparency Act.</li> </ul>	Employees Investors Policymakers
<b>Health and well-being</b>	Telia's ability to cultivate a healthy work environment and great culture impacts the health and well-being of 20,000 employees. It also impacts Telia's costs and ability to attract and retain talent.	<ul style="list-style-type: none"> <li>Hybrid work modes raise new topics related to health and well-being.</li> </ul>	Employees Investors Policymakers
<b>Responsible sourcing</b>	Telia's supplier requirements and sourcing behaviors impact local economies, livelihoods and the rights and well-being of workers in our supply chain. Successful implementation of supplier requirements increases resilience of suppliers' operations and limits risks for disrupted supplies, while non-compliances create reputational risks.	<ul style="list-style-type: none"> <li>Upcoming sustainability due diligence legislation (see <a href="#">Human rights</a>).</li> <li>Continued risk for supply chain disruptions caused by climate change effects, pandemics, and geopolitics.</li> </ul>	Business customers Investors Policymakers
<b>Anti-bribery and corruption</b>	Application of zero tolerance for all kinds of corruption. Corrupt practices within our value chain could be costly and affect the trust in Telia.	<ul style="list-style-type: none"> <li>Macroeconomic downturn increases bribery and corruption risks.</li> <li>International and government legislations follow a more stringent anti-bribery and corruption approach.</li> </ul>	Business customers Consumers Employees Investors

Some additional topics that affect our industry, such as labor rights, conflict minerals and AI ethics, are embedded in our overarching sustainability impact areas listed above. Certain topics that are on the rise but not seen as highly material, such as biodiversity and water, are addressed in other sustainability notes of this report.

Main sources for determining materiality and our reporting scope in 2022 included:

- Our own 2020 materiality deep dive based on desktop research validated through internal and external stakeholder dialogues.

- A 2022 materiality validation exercise conducted by Telia's internal subject matter experts who monitor developments, including through external reports and input from stakeholders, to continuously determine sustainability risks, opportunities and (where possible) impacts.
- An AI-based global materiality check to identify key conversations in our sector and related to Telia.
- Learnings from industry association GSMA's project on metrics for the mobile industry in partnership with Yale University, based on stakeholder engagement.

- 2022 expert analysis on ongoing climate-related trends among key stakeholders, and the business impact those trends could pose to Telia in the short-, mid-, and long term. And a deep dive into material transition risks and opportunities to Telia in a 2025-2027 perspective.
- Updated human rights risk mapping and salience analysis with BSR.
- SB Insight's 2022 consumer trend studies which identify how consumers in our markets think a telco should prioritize.
- Topics covered by ESG ratings, including how topics are weighted.

- Engagement with collaborative partners (some of them listed on page 77) to get deeper understanding of theme-specific impacts and topic boundaries.
- Concerns raised by stakeholders in the media and Telia's Speak Up Line.
- Continuous monitoring of policy development.

Information on determination of salient human rights issues is 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 [Telia's Sustainability Reporting Framework](#).

Energy consumption	2022	2021	2020
Electricity, GWh	1,136	1,091	1,136
District heating and district cooling, GWh	51	55	60
Fossil fuels for the vehicle fleet (petrol and diesel), GWh	13	13	16
Additional fossil fuel use (natural gas and oil), GWh	8	6	5
<b>Total, GWh</b>	<b>1,208</b>	<b>1,166</b>	<b>1,217</b>
Share of renewable electricity, %	100	100	100

### Greenhouse gas (GHG) emissions

Telia has been climate neutral in its own operations since 2020. This is achieved through absolute emission reductions (only using renewable electricity since 2020) and carbon offsetting of remaining emissions (scope 1, scope 2 market-based and scope 3 business travel). More information about selected offsets/carbon credits is available on [our website](#).

To be able to track absolute emissions from year to year, 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.

### Direct and indirect GHG emissions - Scopes 1 and 2

ktons CO <sub>2</sub> e	2022	2021 <sup>1</sup>	2020
Direct emissions (scope 1)	6	6	7
Indirect emissions (scope 2, market-based)	3	5	6
Indirect emissions (scope 2, location-based)	79	89	132

<sup>1</sup>) Revision of data, due to update of 2021 emission factors, compared to 2021 Annual and Sustainability Report

### 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. A full update of all categories is provided every second year. Most material categories (see below) are updated annually:

- Purchased goods and services (category 1) – OPEX, e.g., purchased mobile devices
- Capital goods (category 2) – CAPEX, e.g., network equipment
- Business travel (Scope 6)
- 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., from phones and routers

Other indirect emissions (scope 3), ktons CO <sub>2</sub> e <sup>1</sup>	2021	2020	2019	2018 <sup>2</sup>	2021 vs. base year 2018 (%)
Purchased goods and services; capital goods (categories 1 and 2)	938	956	995	1,005	-7%
Use of sold products; downstream leased assets (categories 11 and 13)	67	87	104	70 <sup>3</sup>	-4%
Business travel (category 6)	1	2	6	9	-89%
Other material categories, total	-	105	-	91	-
<b>Total</b>	<b>-</b>	<b>1,150</b>	<b>-</b>	<b>1,175</b>	<b>-</b>

<sup>1</sup>) Emissions are reported with one year delay

<sup>2</sup>) The implementation of an improved methodology enabled a more granular calculation of the 2018 baseline (compared to the 2019 Annual and Sustainability Report)

<sup>3</sup>) Correction of error in the base year (2018) data for category 11. This leads to change in short-term upstream SBT (minor impact though). To be sent to SBTi in 2023.

“Other material categories” includes the remaining seven categories considered material such as upstream transportation, fuel and energy-related activities, employee commuting, waste handling and end-of-life treatment of sold products, franchises, and investments.

Scope 3 data is presented in the table above.

Lower CO<sub>2</sub>e-emissions upstream (categories 1 and 2) in 2021, compared to base year 2018, are mostly due to decreasing carbon intensity emission factors (Environmental Economic Input Output factors, EEIOs) due to the pandemic. Other factors impacting reductions are potential reductions in spend by Telia, supplier-specific reductions and changes in calculation methodology (minor in 2021). We aim to reduce the application of generic calculations (EEIOs) and increase the share of supplier-specific data and product-specific LCA data. Overview of this development is shown in the table to the right.

### % of methodology, Scope 3 Cat 1 and 2\*

Year	EEIO	LCA	Supplier specific
2018	74%	20%	7%
2019	74%	19%	8%
2020	78%	19%	3%
<b>2021</b>	<b>69%</b>	<b>22%</b>	<b>8%</b>

\*The table covers the majority of our categories 1 and 2 emissions, 91%, excluding emission data from TV and Media, LMT Latvia, Cygate Finland, SYV Joint Network in Finland and Telia Inmics-Nebula in Finland.

From 2020 and onwards, 100% of business travel emissions (category 6) are offset through carbon offsetting. In 2022 the business travel emissions were 3 ktons CO<sub>2</sub>e.

### 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 since 2020. Work is still ongoing to improve data collection and quality, as contractors and waste management suppliers are adapting to provide us with Telia-specific data.

Waste (ktons)	2022	2021 <sup>1</sup>
<b>Construction waste</b>	<b>66</b>	<b>81</b>
Stone, gravel, asphalt	38	55
Impregnated wooden poles*	21	20
Metals	3	3
Cables	3	2
Wooden material from construction	1	<1
<b>Electronic waste*</b>	<b>2</b>	<b>1</b>
<b>Batteries*</b>	<b>1</b>	<b>1</b>
<b>Office waste</b>	<b>2</b>	<b>2</b>
<b>Total</b>	<b>71</b>	<b>85</b>

\*Hazardous waste  
1) Minor update of figures from contractors, in comparison to 2021 Annual and Sustainability Report

Read more about recycling, reuse and take-back rates in the [Climate and circularity](#) chapter.

### Water and biodiversity

Water is not regarded as a key environmental aspect for our own operations. Some data center facilities have water-based cooling, but 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 as a key environmental aspect for our own operations since our land holdings are limited. All infrastructural interventions, such as towers and fiber rollout, 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 apply the same requirements on their sub-contractors. These requirements also apply for water and biodiversity, when relevant. Moreover, Telia's circularity agenda is another way of limiting negative impacts on ecosystems in the supply chain.

### 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., for which our underlying connectivity services provide opportunities. Moreover, no eventual rebound effects are captured in our calculations.

Additional information about the methodology including underlying assumptions is available 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.
- Currently, no standards exist for enablement calculations. We therefore participate in the work of the [European Green Digital Coalition](#), launched by the European Commission in 2021 to advance enablement calculation and reporting methodologies for ICT technologies, aiming for standardization. Carbon Trust, which Telia engages for its reporting methodology, has been selected as an expert organization by the Commission for this task.
- 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.
- Data presented in previous Annual and Sustainability Reports is not fully comparable to the 2022 numbers since data capture was improved and certain calculation methods changed during the year.

Carbon and energy enablement data	Carbon (ktons CO <sub>2</sub> e)	Energy (GWh)
Smart buildings	7	82
Smart utilities	16	728
Smart transports	45	-
Remote meetings	262	-
<b>Total</b>	<b>330</b>	<b>810</b>

## Taxonomy reporting

The aim of the EU Taxonomy, as part of the European Green Deal, is to direct financial flows towards sustainable economic activities by providing a common classification system of what is considered sustainable. In 2021, companies were required to report only what is 'eligible' (covered) under the Taxonomy. This year, for the first time, we report whether the eligible activities are also 'aligned' (comply) with the Taxonomy's technical screening criteria, and if they meet the requirements on 'do no significant harm' and 'minimum social safeguards'.

The EU Taxonomy is still under development: so far only criteria for two of the six environmental objectives have been adopted. As illustrated below, Telia Company reports a limited percentage of Taxonomy eligible and aligned activities since telecommunications networks are not included (see Financial key performance indicators on pages 112-114). Our industry has highlighted this deficiency to the European Commission, advocating for networks to be covered in future Taxonomy delegated acts with dedicated, fit-for-purpose alignment criteria.

Please note that complete environmental data for Telia is provided in the [Climate and circularity](#) chapter and previous parts of this note, including the total carbon and energy footprint of our business, energy sources used, and circularity initiatives.

### Assessment of eligibility

Telia has assessed all economic activities within the Group to determine which activities should

be reported under the Taxonomy definitions. The following activities under the climate change mitigation environmental objective have been deemed eligible for Telia in 2022:

**8.1 Data processing, hosting and related activities:** Telia reports data centers – facilities used for centralized storage, management or processing of data together with all the infrastructure and equipment necessary to do so. The data centers we report are used by external customers and for Telia's internal purposes. In the absence of a standardized EU definition for data center, we have scoped our reporting to focus on data centers that meet a specified energy consumption threshold and are critical for the core network operation in a specific market or across company's operations.

**8.2 Data-driven solutions for GHG emissions reductions:** Under this activity, we report products and services with significant enabling effects but exclude the data transmission phase or technologies needed for data transmission processes. This interpretation is informed by discussions within the industry, where this is a prevailing approach, as well as by contacts with EU policymakers. Telia is currently providing the following solutions with significant enablement effects for customers:

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

TV and Media-related activities (8.3 and 13.3 under the climate change adaptation environmental objective) have been deemed insignificant, given that only CAPEX and OPEX related to implemented adaptation solutions can be reported. There is

uncertainty about reporting under the climate change adaptation environmental objective, despite guidance from the European Commission.

We have also assessed several additional economic activities that constitute purchase of taxonomy-aligned outputs, namely:

- 4.1 Electricity generation using solar photovoltaic technology
- 4.3 Electricity generation from wind power
- 4.11 Storage of thermal energy
- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

No turnover can be reported for these activities and the related financial KPIs would constitute OPEX under taxonomy definitions, which is not material for Telia's business model. Therefore, these economic activities have been excluded from the reporting scope.

Telia will continue to monitor future guidance and adjust its reporting in light of emerging best practices.

### Assessment of alignment

**8.1 Data processing, hosting, and related activities** There are three technical screening criteria for substantial contribution that need to be fulfilled under 8.1:

- Implementation of the EU Code of Conduct for Data Centre Energy Efficiency, verified by an independent third party and audited at least every three years
- Where a specific Code of Conduct practice is not relevant, explanation is provided, including the use of alternative best practices

- Global warming potential of the refrigerant used in the cooling system does not exceed 675

At the moment, there is no agreed methodology and process for verifying compliance with the EU Code of Conduct for Data Center Energy Efficiency. Hence, it is not possible for any data center under 8.1 to be aligned. The European Commission initiated work on a temporary methodology in 2022, but results were not available in time for the reporting cycle.

To date, one of Telia's reported data centers has implemented the EU Code of Conduct. This same data center also meets the requirement on refrigerants by applying water cooling in the operational cooling system.

### 8.2 Data-driven solutions for GHG emission reductions

There are two alignment criteria that need to be fulfilled for an activity to be Taxonomy-aligned under 8.2:

- ICT solution to be predominantly used for enabling GHG emission reductions
- Substantial lifecycle GHG emission savings compared to the best-performing alternative solution/technology

All services reported under 8.2 are aligned with the technical screening criteria. As no alternative solutions/technologies exist for the services reported under this activity, we consider, based on the criterion text, that a lifecycle assessment is not necessary. Nonetheless, in our analysis, we calculated the net benefits of the digital component of the reported solutions, demonstrating substantial greenhouse gas emissions and electricity savings from these services.



### Do no significant harm

A “do no significant harm” assessment was carried out to assess compliance for each of the two reported activities (8.1 and 8.2). Under “climate change adaptation”, the assessment consisted of Telia’s physical climate risk analysis at a company level, which is detailed under [Telia’s transition plan and TCFD reporting](#). We consider this analysis to be insufficient in granularity to ensure compliance with activity 8.1. We will complement the existing high-level analysis with deepened site-specific analyses to adjust ongoing mitigation activities. However, the company-level analysis meets the requirement in case of the data-driven solutions reported under activity 8.2, as digital services are not site-specific.

For activity 8.2, an additional assessment was carried out to ensure the requirements are met under “transition to circular economy”:

- Telia does not manufacture any servers or data storage equipment but purchases it from suppliers which operate within the EU. These suppliers mark their products with the CE label, as required under the Directive 2009/125/EC. Compliance is also ensured through supplier requirements based on the Supplier Code of Conduct.
- Telia Company has specific requirements in place for its suppliers in regard to restricted and banned substances covered by the EU Directives on restriction of the use of certain hazardous substances (RoHS) and waste from electrical and electronic equipment (WEEE).
- Telia Company is compliant with local waste management regulations and requirements, as well as the EU WEEE legislation. In addition, we purchase waste management services from

suppliers with relevant licenses in the specific markets. All electronic waste is separated and reused or recycled (for more information, see the [Climate and circularity](#) chapter).

### Minimum social safeguards

Minimum social safeguards are in place through the implementation of company-level policies and instructions related to, for example, human rights, anti-bribery and corruption, taxation and fair competition. These policies and instructions adhere to relevant international standards and guidelines (see the [Group-wide Governance Framework](#) section for a brief description). Furthermore, these areas are fully reflected in Telia Company’s risk management process, which is an integrated part of the business planning process and monitoring of business performance. More information about the risk management practices and principal risk areas can be found in the [Enterprise Risk Management and Compliance Framework](#) section. Our approach to assessing non-compliance to any of our policies and instructions involves continuous due diligence and various follow-up procedures, including grievance mechanisms, audits, and controversy screenings of suppliers.

### 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’s financial measures. Telia’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. To fully align with the Taxonomy reporting requirements, further efforts will be needed to improve our internal reporting systems and processes.

The three Taxonomy KPI denominators have been defined as follows by Telia in 2022:

- Turnover is defined as the external revenue under the International Financial Reporting Standards (IFRS), which corresponds to external net sales in Telia’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 include additions resulting from business combinations as well as gross increases of asset retirement obligations (costs of dismantling and restoration). Telia’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 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 assets.

- Direct non-capitalized costs related to research and development corresponds to the amount for research and development expenses in Telia’s consolidated statements of comprehensive income, excluding amortization, depreciation, and impairment expenses in that function. Telia 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’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 to establish the numerator for certain parts of the KPIs. For some of the Data Center activities, estimates have been made to calculate the share of OPEX and CAPEX related to external customers, these are the figures covered in the reporting. As a general note, Telia has applied a conservative approach both in identifying eligible activities and when estimating CAPEX and OPEX associated with such activities.

## Financial key performance indicators

Based on the assessment performed, we report the following Taxonomy-eligible and aligned turnover, capital expenditure (CAPEX) and operating expenditure (OPEX):

### Turnover

Code(s) (2)	Absolute turnover (3)	Proportion of turnover (4)	Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Taxonomy aligned proportion of turnover, year 2022 (18)	Taxonomy aligned proportion of turnover, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
			Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)						
Economic activities (1)	SEK million		%							Y/N								E	T	
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
A.1 Environmental sustainable activities <sup>1</sup>																				
Data-driven solutions for GHG emissions reductions	8.2	260	0.29	0.29	N/A	N/A	N/A	N/A	N/A	N/A	Y	N/A	Y	N/A	N/A	Y	0.29	N/A	E	
Turnover of environmental sustainable activities <sup>1</sup> (A.1)		260	0.29	0.29	-	-	-	-	-								0.29	N/A		
A.2 Taxonomy-Eligible but not environmental sustainable activities <sup>2</sup>																				
Data processing, hosting and related activities - Data Centers	8.1	407	0.45																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities <sup>2</sup> (A.2)		407	0.45																	
<b>Total (A.1 + A.2)</b>		<b>667</b>	<b>0.73</b>														<b>-</b>	<b>-</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
Turnover of Taxonomy-non-eligible activities (B)		90,160	99.27																	
<b>Total (A + B)</b>		<b>90,827</b>	<b>100</b>																	

1) Taxonomy-aligned

2) Not Taxonomy-aligned activities



**OPEX**

Economic activities (1)	Code(s) (2)	Absolute OPEX (3) SEK million	Substantial contribution criteria							DNSH criteria (Does Not Significantly Harm)							Minimum safeguards (17)	Taxonomy aligned proportion of OPEX, year 2022 (18)	Taxonomy aligned proportion of OPEX, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
			Proportion of OPEX (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	%					
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																					
<b>A.1 Environmental sustainable activities<sup>1</sup></b>																					
Data-driven solutions for GHG emissions reductions	8.2	240	8.13	8.13	N/A	N/A	N/A	N/A	N/A	N/A	Y	N/A	Y	N/A	N/A	Y	8.13	N/A	E		
OPEX of environmental sustainable activities <sup>1</sup> (A.1)		240	8.13	8.13	-	-	-	-	-								8.13	N/A			
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities<sup>2</sup></b>																					
Data processing, hosting and related activities - Data Centers	8.1	138	4.68																		
OPEX of Taxonomy-eligible but not environmentally sustainable activities <sup>2</sup> (A.2)		138	4.68																		
<b>Total (A.1 + A.2)</b>		<b>378</b>	<b>12.81</b>														<b>-</b>	<b>-</b>			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																					
OPEX of Taxonomy-non-eligible activities (B)		2,573	87.19																		
<b>Total (A + B)</b>		<b>2,951</b>	<b>100</b>																		

1) Taxonomy-aligned

2) Not Taxonomy-aligned activities



# Telia's transition plan and TCFD reporting

Telia sees climate change management as a decisive factor for future business success and acknowledges the importance of providing investors and other stakeholders with information about how we plan to transition into a low-carbon economy and keep Telia resilient. 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 the role of management related to the full sustainability agenda, including climate, is described in the [Sustainability governance](#) chapter. Additional climate-specific information is provided here.

## Board oversight

In 2019, the Board adopted Telia's 2030 climate targets. In 2021, the Board approved the new Telia purpose and updated business strategy, in which climate and circularity were embedded and selected as one out of the three most prioritized impact areas with dedicated short-, mid- and long-term goals. To continuously exercise oversight, the Board receives half-year and full-year updates from management on both progress towards the goals

and climate-related risks. The latter is part of the company's [Enterprise Risk Management process](#), where Environment, which embeds Climate and circularity, is one of 12 principal risk areas that the Board is overseeing. Each year the Board approves the externally assured Annual and Sustainability Report through which Telia's climate performance is reported to external stakeholders.

## The role of management

The Group Executive Management (GEM) jointly owns the environmental agenda, and its members are responsible for assessment and management of climate-related matters including strategic business decisions, goal setting, and target execution. In addition, there is an environmental steering committee to facilitate continuous strategic work, find solutions and ways forward related to barriers, risks, and opportunities, and make proposals to the full GEM as needed. The steering committee consists of four members of the GEM, the Group Head of Strategy, and the Group Head of Sustainability.

In 2022, a decision was made to more clearly distribute responsibilities for KPIs related to climate and circularity within local and functional management teams and integrate the same KPIs into the performance evaluation of key individuals. Implementation was ongoing at the end of the year. Moreover, ESG parameters, including Telia's 2025 supply chain climate target, were included in the Long-Term Incentive program (variable pay) applicable to the extended leadership team<sup>1</sup>.

## Strategy

Since Telia's first TCFD report in 2019, we have continuously developed our reporting and underlying assessments of risks and opportunities. In the table on the next page, we present key risks and opportunities with additional information on the following pages, including impacts on strategy and financial planning.

During 2022 we have identified expected climate-related risks and opportunities in the short- mid- and long-term time horizon. Short term is defined as from now to 2025, mid term from 2025 to 2027 and long term from 2027 to 2030. Due to uncertainties, we use a longer timeframe for physical climate risks – currently up until 2040. In our view, each risk described under transition risks below can be turned into an opportunity, through successful mitigation activities.

## Transition risks

### Identification of risks and opportunities

Transition risks and opportunities are continuously assessed as part of our monitoring of, for example, 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). In 2022 we updated our analysis and deepened our understanding by letting a cross-functional group of internal subject matter experts screen information from various sources and analyze potential shifts (policy/legal, technological, market and reputation) and what risks and opportunities those could pose for Telia for short- mid- and

long-term perspective, with a particular focus on the mid-term one, 2025-2027. The analysis outlined four key shifts, related to: (1) expectations on our products & services, (2) opportunities for products with enablement effect (3) expectations on our data centers & networks and (4) expectations related to Telia's overall resilience. The work was overseen by Group-level representatives from Sustainability, Finance, Strategy and Risk management so that adjustments could be made in their respective areas of work.

In short, we found:

- *Policy/legal:* New policy and legal requirements are currently very much driven by the EU Green Deal, the EU Circular Action Plan and related national legislation. Several new and upcoming laws are making previous voluntary work mandatory, loopholes are being closed and transparency requirements aim to make the environmental performance of companies/products/services comparable. We expect these changes to increase the return on investments in sustainability-related work and make greenwashing and "lighter" sustainability work more difficult and subject to penalization. In addition to legislation targeting all large companies (such as CSRD and CSDDD), ICT/telcos are targeted specifically in relation to, for example, the energy efficiency of data centers, eco-design and the energy efficiency of mobile phones, the "right to repair" electronics, transparency, and other requirements regarding the environmental impacts of networks. High reputational risks, rather than fines, are expected for laggards and cases of non-compliance.

<sup>1</sup>) The Extended Leadership Team consists of the company's ~130 top leaders (members of Group Executive Management, their direct reports and certain additional local/functional management team members when those have roles of particular strategic importance). In this context, please note that members of the GEM are excluded from any variable pay schemes, as a requirement from our largest owner.

## Risk and opportunity overview

External driver	Risk and opportunity description	Impact <sup>1</sup>	Mitigations
<b>Transition risks and opportunities</b>			
<b>Products and services</b>			
<b>Policy</b> <b>Legal</b> <b>Market</b> <b>Reputation</b>	Ability to meet growing requirements/expectations on low-carbon, energy efficient and circular products and services – will impact revenue, access to capital, legal compliance and Telia's reputation.	High	<ul style="list-style-type: none"> <li>Telia's climate and circularity goals and program are continuously reviewed to secure that we meet external expectations</li> <li>Decision in 2020 to only use renewable electricity when powering our operations, including networks and data centers – this positively impacts, for example, subscriptions and cloud offerings provided by Telia</li> <li>Offerings based on circular business models (Device as a Service, refurbishment of devices)</li> <li>Environmental screening ahead of investment decisions that affect operations and product development</li> <li>Suppliers required to set science-based targets or equivalent</li> <li>Energy efficiency criteria included in relevant procurement</li> </ul> See the <a href="#">Climate and circularity</a> chapter for further information.
<b>Market</b> <b>Reputational</b>	Ability to scale positive impacts by enabling customers to reduce environmental impact through digital solutions – will impact revenue, access to capital and reputation.	Medium	<ul style="list-style-type: none"> <li>Transports, Buildings and Utilities selected as prioritized verticals to scale impact by focusing on high-impacting sectors</li> <li>Increased sales of remote meeting services and cloud services which enable dematerialization and energy/travel reductions</li> <li>Telia's Travel Emissions Insights offered to public customers to enable city planners to achieve emission reductions from transport</li> </ul> See page 109 for further information.
<b>Energy</b>			
<b>Policy</b> <b>Market</b> <b>Technology</b>	Ability to limit energy use through energy efficiency measures in network and data center operations – will impact costs, revenue, access to capital and Telia's reputation.	High	<ul style="list-style-type: none"> <li>Substantial efforts in legacy network dismantling, modernization of networks and other energy efficiency measures</li> <li>Exploration of Telia's role in the wider energy system (battery storage, peak shaving, feeding back to the grid, reuse of excess heat, etc.)</li> </ul> See pages 81 and 84 for further information.
<b>Policy</b> <b>Market</b> <b>Reputational</b>	Ability to secure access to renewable energy at competitive prices.	High	<ul style="list-style-type: none"> <li>Entered long-term Power Purchasing Agreements in Denmark and Estonia.</li> </ul>

1) To assess impact, Telia uses its Risk Heatmap which is part of the company's Enterprise Risk Management Framework. Impact levels are determined as Very high, High, Medium, or Low, based on assumptions on financial, strategic, regulatory, customer experience and reputational impacts.

External driver	Risk and opportunity description	Impact <sup>1</sup>	Mitigations
<b>Physical risks</b>			
<b>Temperatures</b>	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 backup battery lifetime and increased equipment defects due to thunderstorms.	Medium	Disruption risks handled via Telia's service continuity management. Preventive actions taken based on experiences from previous extreme weather events.
<b>Wind speed</b>	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 service disruptions.	Medium	Same as above.
<b>Precipitation</b>	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 service disruptions.	Medium	Same as above.
	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 service disruptions. Heavy rain and snow will also increase the risk of power outages.	Medium	Same as above.

1) To assess impact, Telia uses the Risk Scoring Criteria that are part of the company's Enterprise Risk Management Framework. Impact levels are determined as Very high, High, Medium, or Low, based on assumptions on financial, strategic, regulatory, customer experience and reputational impacts.

### Market

- We see and expect increasing 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. The Sustainable Finance Reporting Directive (in force from 2024) aims to redirect capital to sustainable economic activities and will gradually start impacting access to capital. This is already materializing in growing interest in Green Bonds and Sustainability Linked Loans, as well as more granular requests from ESG rating agencies, analysts and lenders.
- Results from the 2022 SB Insights B2C study highlights climate and circularity among the top three prioritized topics for consumers across our

markets. There are certain differences between the Nordic and Baltic markets, with Nordic customers having the highest expectations on climate performance to date.

- Business customers are raising the bar as they move from ambitions to action and increasingly seek advice on how they can lower their footprint through low-carbon, energy-efficient and circular products, as well as digital services that drive efficiencies. Such opportunities are increasing as 5G expands and Industry 4.0 emerges.
- Reputation: Telia's customer surveys show high trust in Telia and our sector is connected to relatively low negative associations. The ability to become low-carbon, energy-efficient and circular is expected to determine the future reputations of both individual companies and the industry.

- **Technology:** High-quality connectivity and digital solutions are crucial to enable a transition into a net-zero economy. Final impacts will also depend on how technology is deployed, if suppliers manage to transform to low-carbon and circular economies, as well as the sectors' ability to handle conflicting goals. As an example, regional autonomy ambitions for security reasons may drive increasing infrastructure needs locally.

We expect these transitional trends to intensify up until 2025/2027, which leads us to prioritize the risks and opportunities listed in the table above. Uncertainties relate to the pace of change, which may be affected by the current economic downturn, the energy crisis, the level of ambition of next years' government policy, and the frequency and severity of extreme weather events.

### Impact on strategy

The ongoing trends described above confirm the importance of Telia's climate and circularity goals being embedded in the business strategy, which in turn impact various aspects of our business, as well as underlying area-specific strategies and ways of working. Here are a few examples:

- **Own operations:** Our environmental goals have led to 85% in emissions reductions since 2018 related to energy and fuel (scope 1 and 2). We are continuing our efforts to reduce emissions further and have mapped which steps to take to achieve a 90% reduction by 2030 at the latest (base year: 2018).
- **Supply chain management:** Emission reductions in our supply chain are key to achieve our goals. Hence, climate performance is embedded in Telia's

supplier selection and engagement processes, whereby we request companies to set science-based targets. In several areas we work with peers to generate an industry shift (see example of Eco Rating of smart phones and GSMA collaboration related to circular approaches to networks on pages 102 and 77). We believe our “all company” approach is the best way to secure top management commitments and substantial reductions, while also increasing the resilience in our supply chain, rather than zooming in on specific product/service deliveries to Telia.

- *Investments and product development:* Investment decisions related to product development and other areas are preceded by environmental screening covering impact on emissions, energy, and waste. In addition, we are scaling circular business models and sales of enablement products/services.

We have not conducted any transitional scenario analysis related to various levels of temperature rise. However, in 2022, we created a modelling tool together with Accenture to assess how Telia's current targets and various external factors, such as expected legal developments and the pace of the shift to renewable energy, electrification and digitalization, etc., may impact our ability to achieve our goals. The tool is used to assess impacts of various future scenarios related to such drivers. The 2022 exercise demonstrated that, based on our current assumptions, external drivers will significantly contribute to emission reductions, which adds to the expected effects from Telia's current climate goals. However, to achieve our goals we need a higher pace of reductions in our supply chain, as well as a larger net-zero and circular shift in the broader society.

#### *Impact on financial planning*

Financial planning is affected by our various initiatives, e.g., purchasing of renewable electricity, carbon offsets and long-term Power Purchasing Agreements, as well as investments in energy-efficiency measures, the development of new products and offerings (continuous development of Telia's IoT platform, cloud and crowd insights offerings, circular business models such as Device as Service and internal loop for refurbished mobile phones). Some initiatives generate extra costs (offsets and purchasing of Guarantees of Origin), while others reduce costs (e.g., refurbishment initiatives) or generate increased or new revenue as we generate extra value to our customers. Two examples are Device as a Service (DaaS), whereby we simplify the lives of customers while limiting the environmental impact, and our IoT offerings, which strengthen our ambition to be the customer's digital partner of choice.

#### **Physical risks**

*Identification of risks and opportunities*  
During 2021, we carried out our first 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 Representative Concentration Pathways (RCPs) 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 greenhouse gases 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:

- *Heatwaves:* 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.
- *Wind speed:* Annual maximum wind speed is affected by a complex set of variables that control storm paths, strength, and frequency, resulting in greater uncertainty in comparison to other climate indicators.
- *Precipitation:* Changes in precipitation are expected to be small in the earlier timeframes, with increasing risks in the later period.

Going forward, we will complement the high-level analyses with deepened region- or site-specific analyses to adjust ongoing mitigation activities.

#### *Impact on strategy and financial planning:*

Potential implications of the changes outlined above are, in most cases, related to disruptions (power outages and connection losses), which we work with systematically within Telia's Service Continuity Management, regardless of the cause – see the [Privacy and security](#) and [Responsible sourcing](#) chapters for further information (the latter for information about work to prevent disruption of supply). To date, the organization's experiences of

extreme weather have shaped preventive actions in our local markets. In 2023, we will look further into eventual risks related to network equipment we purchase.

To date, the above-mentioned processes and activities are part of continuous work and financed as such, without any specific climate-related financing or inclusion in financial planning.

#### **Risk management**

##### **Processes for identifying and assessing climate-related risks**

Over the past few years, we have taken several steps to integrate climate into Telia's risk management processes:

- In 2018/19, we conducted a materiality assessment that preceded the adoption of Telia's 2030 climate goals for the value chain.
- In 2020, we further mapped and calculated our climate and waste impacts, as well as our enablement effect, to better understand the size of risks and opportunities which informed more detailed target setting for 2023 and 2025.
- In 2021, we conducted our first physical risk assessment.
- In 2022, we set up a cross-functional transition plan working group to regularly assess climate-related risks and opportunities, with the first report delivered to Group Executive Management (GEM) at the end of the year.

Since 2021, Environment (Climate and circularity) is selected as one of 12 principal risk areas that are covered in Telia's [Enterprise Risk Management \(ERM\) Framework](#), used to regularly identify, analyze, assess, and report risks and uncertainties.

As part of the ERM process, the overall maturity level of the environmental work is regularly assessed in a structured way using the same model that is applied for all principal risk areas at Telia. We also use Telia's ERM heat map to assess the impact level of transitional risks, based on assumptions regarding financial, strategic, regulatory, customer experience and reputational impacts. The impact levels are described in the table on page 116.

#### Processes for managing climate-related risks

Risks and opportunities that we identify are prioritized and managed through Telia's environmental program or directly integrated into key processes for suitable work areas (e.g., service continuity management, product development, etc.). Risk prioritization is based on the impact levels described in the table on page 116.

#### Metrics and targets

Telia adopted its 2030 targets in 2019 and its 2025 science-based targets in 2020 aligned with the ICT sector's 1.5C pathway. These long- and mid-term goals were broken down into short-term targets for 2022 and 2023. In 2022, we submitted a 2040 net-zero target to the Science Based Targets initiative (SBTi) to get external approval for a goal aligned with the new SBTi Net-Zero Standard (approval pending).

Metrics used to track progress are:

- Scope 1, 2 and 3 emissions according to the GHG protocol (see page 108)
- Enablement reporting developed with consultancy Carbon Trust (see page 109)
- Taxonomy eligibility and alignment for data centers (8:1) and enablement services (8:2) (see page 110)

- Impact level in Telia's ERM Risk Scoring (very high, high, medium, low) (see table on page 116).

A full overview of metrics, targets and progress to date is available in the [Climate and circularity](#) chapter and in the earlier parts of this Note.

## 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 with the following KPIs.

#### Providing reliable access

Progress to ensure access is measured through KPIs for population coverage. We also work to increase access to our services for individuals with disabilities (no quantifiable KPI available).

#### Building digital skills

Reach refers to the number of individuals that we have reached via our digital inclusion initiatives. Individuals covered are those who risk being disadvantaged, digitally excluded, or placed in a vulnerable situation. To put our goal of one million into context, Telia had 14.4 million with consumers and enterprise mobile subscribers in 2022.

The initiative in question raises awareness about risks and opportunities in the online world with the aim of building digital skills. The former is essential to build the latter.

Key target groups today are:

- Seniors (to for example access necessary services such as health care and banking)
- Children (to be well equipped in the online world). In the case of children, we also include reach related to parents and teachers who are key for skills building and empowerment related to children.
- Immigrants (to remove barriers as they enter highly digital societies)
- Women (to be re-skilled in order to increase equal opportunities in the IT and technology sector)
- SMEs (to not lag behind due to limited digital maturity including related to cybersecurity).

Both physical and digital channels are used. Format and channels are shaped by target group needs and potential to reach beyond smaller groups of individuals in e.g face-to-face trainings.

The vast majority of our initiatives are conducted in collaboration with important stakeholders or partners such as municipalities (for seniors) or organizations specialized in a topic (child rights organization). Initiatives are accounted for if there is an important/ substantial contribution from Telia either as an initiator of the initiative, or through a financial or in-kind contribution.

Reach by digital inclusion initiatives includes direct reach (number of participants in face-to-face training programs, seminars, workshops, or other digital skills building events) and indirect reach (number of unique viewers of specific websites with digital skills building guide materials, number of downloads of educational apps, number of receivers of printed digital skills guide materials, number of participants in webinars etc).

In 2022, we initiated a project in collaboration with Malmö University and Jönköping University to develop a model for measuring the impact of a selection of our digital inclusion initiatives. To better understand the impact and evaluate the initiatives in question, we have previously conducted impact assessments for three initiatives: Digital Senior in Sweden (2018, with a 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). For additional information about our initiatives, visit [our website](#).

## 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 of some business units (TV4, C More and MTV Oy) differ from Group processes (regarding, for example, 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

Salient human rights issues – listed in the Human rights chapter of this report – are defined as per the UN Guiding Principles Reporting Framework: “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:

- Children’s 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 labor rights, including risks of discrimination)
- Internal and external diversity networks (for topics related to diversity and inclusion)
- Audit results through Joint Audit Cooperation (on labor rights in supply chains, including forced and child labor)
- 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

### Access to remedy

Telia learns about a human rights risk or harm through our Speak-Up Line and also via customer care, sourcing, employee complaints processes, etc.

Telia’s Speak-Up Line serves as our operational level grievance mechanism and is available, in several languages, to both internal and external stakeholders.

Telia provides remedy such as by:

- *Restitution* as to privacy incidents by deleting or requiring others to delete e.g., unlawfully disclosed personal data or to correct erroneous personal data.
- *Satisfaction* as to privacy incidents and customer complaints more broadly by investigating and acknowledging the harm and providing an apology directly to the customer and/or via media. All customer complaints are assessed with the purpose to prevent any harm from happening again.

- *Compensation* as to privacy incidents, either under agreements or GDPR.
- *Guarantees of measures and non-repetition* as to privacy and security incidents by e.g. improvement of internal guidelines and processes and as to employee issues e.g. in the form of disciplinary actions against responsible employees.

### Media freedoms

For information about Telia’s commitment to media freedoms, please refer to our [Group Policy Media Owner Commitments](#) which defines 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.

## 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 2023 LEDR report includes statistics regarding conventional requests from 2020 to 2022. A summary Telia’s LEDR report is presented on the next page as part of the external assurance.

Figures both on the following page 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 2020, please see our [resource page](#) for Law Enforcement Disclosure Reports.

## Authority requests

NB: Direct access is not included in the statistics.

### Denmark

	2022	2021	2020
Lawful interception	4,676	4,310	5,871
Historical data	1,442	1,745	1,947
Subscription data	10,275	7,386	8,924
Challenged/ rejected requests	21	0	0

### Estonia

	2022	2021	2020
Lawful interception <sup>1</sup>	No statistics	No statistics	Direct access – no statistics
Historical data	7,974	8,835	19,269
Subscription data <sup>2</sup>	670,909	695,335	1,078,670
Challenged/ rejected requests	13	20	24

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

	2022	2021	2020
Lawful interception <sup>1</sup>	8,178	6,414	5,218
Historical data	4,982	4,885	3,230
Subscription data	11,109	10,023	10,647
Challenged/ rejected requests <sup>2</sup>	75	64	88

1) In Telia Finland the internal 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.

2) Note that 'Challenged/rejected requests' are in most cases related to erroneous target information from the Police.

### Lithuania<sup>1</sup>

	2022	2021
Lawful interception <sup>2</sup>	No permission to publish	No permission to publish
Historical data	97,926	110,138
Subscription data	78,262	96,638
Challenged/ rejected requests	24	34

1) Telia Company and Telia Lithuania had not, until the second half of 2020, been granted permission to publish statistics as to any of the categories regarding how many requests were received in Lithuania.

2) 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

	2022	2021	2020
Lawful interception	953	1,067	1,603
Historical data	4,638	4,331 <sup>1</sup>	4,406
Subscription data	9,796	9,419	9,496
Challenged/ rejected requests <sup>2</sup>	71	14	31

1) Telia Norway from second half of 2021 and onwards includes manual emergency positioning requests, in accordance with the applicable definition of 'Historical data'. Numbers might therefore be slightly higher than before.

2) As to the 'Challenged/rejected requests' category, these are invalid requests due to administrative form errors.

### Sweden

	2022	2021	2020
Lawful interception	3,729	3,258	3,695
Historical data	7,308	7,142	7,137
Subscription data	3,481	3,074	2,599
Challenged/ rejected requests	197	190	212

## S9 Diversity and inclusion

See the [Diversity, inclusion and well-being](#) chapter for more information. Complementary information is available in the [People](#) section of the Board of Directors' Report.

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 on the region of birth by providing personal identity numbers to the Central Bureau of Statistics (SCB). The outcome is presented on page 98.

Region of birth, as defined by 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 presented according to the definition provided by SCB. Please note that data for GEM and the Board only considers where the individual was born.

## S10 Health and well-being

See the [Diversity, inclusion 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 rate (SAR) represents the percentage ratio of absence days related to sickness per days of total contractual work time.

Sickness absence rate (%)	2022	2021
Denmark	3.2	2.8
Estonia	2.0	1.8
Finland	2.8	2.4
Norway	5.4	4.7
Sweden	2.7	2.4
<b>Weighted average, all countries</b>	<b>3.0</b>	<b>2.6</b>

Our target is to constantly have lower sickness absence rates than the national industry average. Monitoring of the sickness absence rate is crucial, and actions are taken locally when there is an increase.

### Lost-time injuries

The lost-time injury frequency (LTIF) figure represents the number of injuries resulting in absence from work per million theoretical work hours.

Lost-time injury frequency	2022	2021
Denmark	2.72	0.50
Estonia	0.30	1.25
Finland	0.12	0.11
Lithuania	0.00	0.50
Norway	0.00	0.00
Sweden	0.00	0.00
<b>All countries</b>	<b>0.17</b>	<b>0.21</b>

In our industry the overall accident rate is low. To illustrate what the data above represents, Finland's score of 0.12 means there was one accident in that market in 2022. Our target is to have a LTIF lower than 0.52. However, there main focus is to monitor activities and take immediate action if the LTIF changes significantly.

## 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 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 in the in-depth due diligence assessment. Suppliers are expected to enforce and verify compliance with Telio's requirements within their own operations and through their supply chains.

Independent human rights impact assessments carried out in 2017 for one of our operations in the Nordics (Telio Sweden) and one in the Baltics (Telio Lithuania) indicated a high unlikelihood of child, forced and compulsory labor related to our own geographical contexts. Our conclusion is that this still applies.

Continuous audits carried out by Telio and the Joint Alliance for CSR (JAC) indicate that child labor issues are rare. During the year, no findings related to child labor were found through Telio's audits. JAC had 9 child labor-related findings (the respective JAC members sponsoring the audits are responsible for following up and closing such non-conformities).

In the past couple of years, reports linked our industry and some of Telio's suppliers to forced labor. During 2022, follow up work was still carried out to address these (see the [Responsible sourcing](#) chapter).

A general statement regarding the UK Modern Slavery Act is available on [Telio's website](#). The statement provided on the website is not part of the sustainability report and has not been subject to limited assurance.

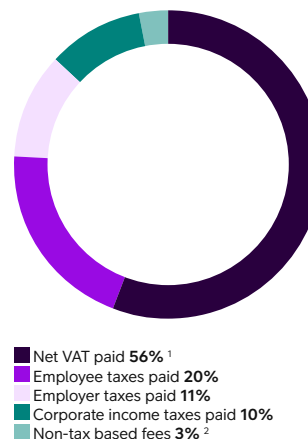
## S13 Responsible tax practices

Transparent, fair, and ethical tax practices form part of Telio's basis for business operations. Telio 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.

Corporate income taxes paid SEK million	2022	2021	2020
Denmark	-77	-7	2
Estonia	78	49	67
Finland	145	30	15
Latvia	-5	7	1
Lithuania	14	68	62
Norway	676	585	496
Russia	0	2	5
Sweden	690	1,211	743
Turkey	11	1	1
Other countries	0	0	-18
<b>Total</b>	<b>1,532</b>	<b>1,946</b>	<b>1,374</b>

In addition to corporate income tax payments, Telio generates billions of SEK in other tax payments and non-tax-based fees such as telecom licenses throughout its footprint. The total tax contribution in 2022, including both taxes borne and taxes collected, amounted to SEK 19.1 billion (19.3).

### Total tax contribution



- 1) If a Telio 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.
- 2) Non-tax based fees are governmental fees that are not defined as taxes, for example spectrum fees.

## S14 Electromagnetic fields (EMF)

When we build our mobile networks, the health and safety of the 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 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 [Telio Company's website](#).

## S15 Sponsorships, donations and disaster relief

### Sponsorships

To ensure that 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 and disaster relief

Telia provides short-term philanthropic donations such as financial or in-kind support for disaster relief or other extraordinary circumstances. Substantial financial donations during the year included donations to a Swedish children's rights organization, Bris. Read more in the [Children's rights](#) chapter.

Telia and local companies are constantly prepared to participate 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. For a period during 2022, Telia provided support to Ukraine through free or reduced rate calls to/from Ukraine, distribution of free pre-paid SIM cards for refugees and free access to news channels for Telia customers. Through a live fundraising event, TV4 collected close to 40MSEK that was donated to four NGOs. More information about support activities for Ukraine is available on [our website](#).

## 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 (103) reports were recorded in the whistle-blowing channel Speak-up line, of which 50 (40)% were filed 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. In 2023 we plan to simplify the Speak-up line and increase awareness of the tool, as part of the roll out a new Code of Conduct and reinforcement of the Supplier Code of Conduct.

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 to the right. 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 investigations conducted. All whistle-blowing reports from the TV and Media business unit are, however, included in the following statistics.

Number of whistle-blowing case reports	2022	2021
Business ethics-related (e.g., fraud, corruption), handled by the Special Investigations Office	32	31
Human resources-related (e.g., harassment, poor leadership), handled by Group or local Human Resources investigators	41	43
Other or incorrectly reported (e.g., customer or supplier complaints), sent to be handled by the relevant function	30	29
<b>Total</b>	<b>103</b>	<b>103</b>

Reporting channel (%)	2022	2021
Speak-up line portal	88	79
Sent to the Speak-up line e-mail address	8	18
Direct contact with ethics and compliance officers at Group or local level	2	0
Line managers	2	3

Internal investigation KPI (%)	Target	2022	2021
Whistle-blowing cases closed within eight weeks*	80	79	88

\* 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 was updated and further developed in 2022. It includes general guidance on ethics and compliance as well as sustainability related topics.

### Significant divestments during the year

*Telia Towers* – Sweden – Signed, announced, and closed in 2022.

Telia divested 49% of its ownership of *Telia Towers Sweden* to Brookfield and Alecta, after a similar divestment of *Telia Towers Norway* and *Finland* in 2021. 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 ensure that they share Telia's view on how to run the business. *Telia Towers Sweden* will remain a subsidiary to Telia and Telia's group policies will remain fully applicable. 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 2022.

## S18 Management systems

The Telia Management System is developed in accordance with several international standards, primarily for Quality, Environment, Occupational Health and Safety and Information Security. The management system is certified according to

several ISO standards; but 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)
<b>Telia Company AB</b>	✓	✓		✓
<b>Telia Denmark</b>				
<b>Telia Estonia</b>	✓	✓	✓	✓
<b>Telia Finland</b>	✓	✓	✓	✓
<b>Telia Lithuania</b>	✓	✓	✓	✓
<b>Telia Norway</b>		✓	✓	
<b>Telia Sweden</b>	✓	✓		✓

In addition to the above ISO certificates, local energy management systems are in place for Sweden (STEMFS), Finland (EES+) and Estonia (ISO50001).

## S19 Responsible sourcing

The goals and process described in the [Responsible sourcing](#) chapter 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, to safeguard the dividing line between editorial work and Telia as a media owner.

For information about how Telia works to prevent the use of Conflict Minerals, visit [our website](#).

# 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.

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## UN Global Compact

UN Global Compact ten principles	Page reference
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2. Businesses should make sure that they are not complicit in human rights abuses	90-91, 120, 123
<b>Labour</b>	
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	34-35
4. Businesses should work to eliminate all forms of forced and compulsory labour	100-102, 123
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# Financials

## Consolidated statements of comprehensive income

SEK in millions	Note	Jan–Dec 2022	Jan–Dec 2021
<b>Continuing operations</b>			
Net sales	C5, C6	90,827	88,343
Cost of sales	C7	-59,944	-58,311
<b>Gross profit</b>		<b>30,883</b>	<b>30,031</b>
Selling and marketing expenses	C7	-13,102	-13,985
Administrative expenses	C7	-7,086	-6,500
Research and development expenses	C7	-927	-359
Other operating income	C8	1,072	7,471
Other operating expenses	C8	-20,360	-1,531
Income from associated companies and joint ventures	C15	102	104
<b>Operating income</b>	<b>C5</b>	<b>-9,417</b>	<b>15,232</b>
Finance income	C9	345	283
Finance costs	C9	-3,711	-2,916
<b>Income after financial items</b>		<b>-12,783</b>	<b>12,598</b>
Income taxes	C10	-1,381	-937
<b>Net income from continuing operations</b>		<b>-14,165</b>	<b>11,661</b>
<b>Discontinued operations</b>			
Net income from discontinued operations	C35	-	176
<b>Total net income</b>		<b>-14,165</b>	<b>11,836</b>

SEK in millions, except per share data	Note	Jan–Dec 2022	Jan–Dec 2021
Items that may be reclassified to net income:			
Foreign currency translation differences from continuing operations	C11	2,548	3,030
Cash flow hedges	C11	267	61
Cost of hedging	C11	155	143
Debt instruments at fair value through OCI	C11	-7	-40
Income taxes relating to items that may be reclassified	C10, C11	317	52
Items that will not be reclassified to net income:			
Equity instruments at fair value through OCI	C11	-52	126
Remeasurements of defined benefit pension plans	C11, C22	4,759	6,654
Income tax relating to items that will not be reclassified	C10, C11	-964	-1,360
<b>Other comprehensive income</b>		<b>7,022</b>	<b>8,666</b>
<b>Total comprehensive income</b>		<b>-7,142</b>	<b>20,502</b>
Net income attributable to:			
Owners of the parent		-14,638	11,680
Non-controlling interests	C20	474	156
Total comprehensive income attributable to:			
Owners of the parent		-8,007	20,321
Non-controlling interests		865	181
Earnings per share (SEK), basic and diluted, total	C20	-3.63	2.86
Earnings per share (SEK), basic and diluted, continuing operations		-3.63	2.81
Earnings per share (SEK), basic and diluted, discontinued operations	C35	-	0.04



## Consolidated statements of financial position

SEK in millions	Note	Dec 31, 2022	Dec 31, 2021
<b>Assets</b>			
Goodwill	C12	50,583	66,302
Other intangible assets	C12	23,965	23,641
Property, plant and equipment	C13	74,824	72,741
Film and program rights, non-current	C14	2,299	1,416
Right-of-use assets	C28	16,549	15,485
Investments in associated companies and joint ventures	C15	1,053	971
Deferred tax assets	C10	1,071	1,302
Pension obligation assets	C22	4,653	1,347
Long-term interest-bearing receivables	C16	7,629	9,244
Other non-current assets	C16	2,465	2,431
<b>Total non-current assets</b>		<b>185,090</b>	<b>194,879</b>
Film and program rights, current	C14	3,022	3,005
Inventories	C17	2,918	2,040
Trade and other current receivables and assets	C18	14,991	13,764
Current tax receivables		225	137
Interest-bearing receivables	C19	9,676	8,841
Cash and cash equivalents	C19	6,871	14,358
<b>Total current assets</b>		<b>37,703</b>	<b>42,146</b>
<b>Total assets</b>		<b>222,793</b>	<b>237,025</b>

SEK in millions	Note	Dec 31, 2022	Dec 31, 2021
<b>Equity and liabilities</b>			
Equity attributable to owners of the parent		64,239	80,731
<i>of which capital</i>		20,850	26,328
<i>of which reserves and retained earnings</i>		43,389	54,403
Equity attributable to non-controlling interests	C20	3,434	2,812
<b>Total equity</b>		<b>67,673</b>	<b>83,544</b>
Long-term borrowings	C21	94,555	91,637
Deferred tax liabilities	C10	10,514	10,185
Provisions for pensions and employment contracts	C22	1,279	2,682
Other long-term provisions	C23	3,743	4,319
Other long-term liabilities	C24	2,289	1,914
<b>Total non-current liabilities</b>		<b>112,379</b>	<b>110,736</b>
Short-term borrowings	C21	7,007	10,017
Short-term provisions	C23	573	316
Current tax payables		755	761
Trade payables and other current liabilities	C25	34,406	31,652
<b>Total current liabilities</b>		<b>42,741</b>	<b>42,746</b>
<b>Total equity and liabilities</b>		<b>222,793</b>	<b>237,025</b>

## Consolidated statements of cash flows

SEK in millions	Note	Jan–Dec 2022	Jan–Dec 2021
Net income		-14,165	11,836
Adjustments for:			
Amortization, depreciation and impairment losses		38,936	20,023
Amortization and impairment losses for film and program right assets		5,557	4,977
Capital gains/losses on sales/disposals of non-current assets and operations		-72	-6,614
Income from associated companies and joint ventures, net of dividends received		34	48
Pensions and other provisions		-1,444	-1,353
Compensation from the pension fund		900	1,300
Financial items		698	94
Income taxes		-151	-1,008
Miscellaneous non-cash items		0	30
<b>Cash flow before change in working capital</b>		<b>30,294</b>	<b>29,333</b>
Increase (-)/Decrease (+) in film and program right assets		-847	-388
Increase (+)/Decrease (-) in film and program right liabilities		317	698
Increase (-)/Decrease (+) in operating receivables		-524	259
Increase (-)/Decrease (+) in inventories		-793	-92
Increase (+)/Decrease (-) in operating liabilities		1,111	2,544
<b>Change in working capital</b>		<b>-735</b>	<b>3,020</b>
Adjustment for amortization and impairment losses for film and program rights		-5,557	-4,977
<b>Cash flow from operating activities</b>		<b>24,001</b>	<b>27,376</b>
<i>of which from discontinued operations</i>		-	-131
Intangible assets and property, plant and equipment acquired		-15,908	-15,647
Intangible assets and property, plant and equipment divested		137	117
Business combinations and other equity instruments acquired	C34	-58	-394
Operations and other equity instruments divested		195	9,353
Loans granted and other similar investments		-1,987	-12,731
Repayment of loans granted and other similar investments		1,663	11,584
Net change in short-term investments		6,021	-3,191
<b>Cash flow from investing activities</b>		<b>-9,936</b>	<b>-10,908</b>
<i>of which from discontinued operations</i>		-	-

SEK in millions	Note	Jan–Dec 2022	Jan–Dec 2021
<b>Cash flow before financing activities</b>		<b>14,065</b>	<b>16,468</b>
Repurchased treasury shares including transaction costs		-5,521	-21
Acquisition of non-controlling interests		-	-12
Disposal of non-controlling interests		-	7,861
Dividends paid to owners of the parent		-8,252	-8,179
Dividends paid to holders of non-controlling interests		-473	-209
Capital contributions non-controlling interests		5,475	7
Proceeds from borrowings		15,746	9
Repayment of borrowings		-24,083	-9,550
Net change in short-term borrowings		-232	301
Settlement of derivative contracts for economic hedges and CSA		-4,438	-806
Cash received for repurchase agreements		38,033	7,979
Cash paid for repurchase agreements		-38,033	-7,979
<b>Cash flow from financing activities</b>		<b>-21,779</b>	<b>-10,600</b>
<i>of which from discontinued operations</i>		-	-
<b>Net change in cash and cash equivalents</b>		<b>-7,714</b>	<b>5,868</b>
<i>of which from discontinued operations</i>		-	-131
<b>Cash and cash equivalents, opening balance</b>		<b>14,358</b>	<b>8,332</b>
Net change in cash and cash equivalents for the year		-7,714	5,868
Exchange rate differences in cash and cash equivalents		227	157
<b>Cash and cash equivalents, closing balance</b>	<b>C19</b>	<b>6,871</b>	<b>14,358</b>
<i>of which from continuing operations</i>		-6,871	14,358

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	Equity transactions in associates	Retained earnings	Total owners of the parent	Non-controlling interests	Total equity
<b>Closing balance, December 31, 2020</b>		<b>13,856</b>	<b>12,480</b>	<b>-183</b>	<b>-37</b>	<b>1,469</b>	<b>6,157</b>	<b>-2,945</b>	<b>31,582</b>	<b>62,378</b>	<b>1,118</b>	<b>63,496</b>
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
<i>Total transactions with owners</i>		-	-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
<i>Total comprehensive income</i>		-	-	48	114	95	3,090	-	16,974	20,321	181	20,502
<b>Closing balance, December 31, 2021</b>		<b>13,856</b>	<b>12,472</b>	<b>-134</b>	<b>76</b>	<b>1,564</b>	<b>9,247</b>	<b>-2,945</b>	<b>46,595</b>	<b>80,731</b>	<b>2,812</b>	<b>83,544</b>
Dividends	C20	-	-	-	-	-	-	-	-8,252	-8,252	-433	-8,685
Share-based payments	C32	-	20	-	-	-	-	-	-	20	-	20
Repurchased treasury shares	C20	-	-5,499	-	-	-	-	-	-	-5,499	-	-5,499
Change in non-controlling interests	C20	-	-	-	-	-	-	-	5,255	5,255	190	5,445
<i>Total transactions with owners</i>		-	-5,479	-	-	-	-	-	-2,997	-8,476	-243	-8,718
Net income	C20	-	-	-	-	-	-	-	-14,638	-14,638	474	-14,165
Other comprehensive income	C11, C20	-	-	212	123	-58	2,559	-	3,794	6,631	391	7,022
<i>Total comprehensive income</i>		-	-	212	123	-58	2,559	-	-10,844	-8,007	865	-7,142
Cash flow hedge transfer to assets		-	-	-10	-	-	-	-	-	-10	-	-10
<b>Closing balance, December 31, 2022</b>		<b>13,856</b>	<b>6,994</b>	<b>68</b>	<b>199</b>	<b>1,506</b>	<b>11,807</b>	<b>-2,945</b>	<b>32,754</b>	<b>64,239</b>	<b>3,434</b>	<b>67,673</b>

# Notes to consolidated financial statements

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## C1. Basis of preparation

### General

The annual report and consolidated financial statements have been approved for issue by the Board of Directors on March 8, 2023. 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 AGM on April 5, 2023.

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. Any restatements of financial or operational data are disclosed if material.

### Restatement of financial and operational data

As a result of a reorganization as of December 2022, Capex excluding fees for licenses and spectrum and

right-of-use assets, segment assets as well as number of employees have been restated for comparability between TV and Media and Other operations. The restatement effect for Capex excluding fees for licenses and spectrum and right-of use assets is presented in the table below. The restatement effect for segment assets as of December 31, 2021, was SEK -376 million for TV and Media and SEK +376 million for Other operations. The restatement effect for number of employees was -126 for TV and Media and +126 for Other operations.

SEK in millions	Jan–Dec 2021		Jan–Mar 2022		Apr–Jun 2022		Jan–Jun 2022		Jun–Sep 2022		Jan–Sep 2022	
	TV and Media	Other operations	TV and Media	Other operations	TV and Media	Other operations	TV and Media	Other operations	TV and Media	Other operations	TV and Media	Other operations
CAPEX excluding fees for licenses and spectrum and right-of-use assets	-142	142	-30	30	-50	50	-80	80	-40	40	-120	120



### Recently issued accounting standards New and amended standards and interpretations effective in 2022

As of January 1, 2022, the following amended standards and interpretations became applicable:

- Amendments to IFRS 3, "Reference to the Conceptual framework"
- Amendments to IAS 16, "Proceeds before intended use"
- Amendments to IAS 37, "Onerous contracts - costs of fulfilling a contract"
- Annual improvements 2018-2020, amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

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 amended standards and interpretations effective on or after January 1, 2023

Telia Company has not pre-adopted any of the new or amended standards effective on or after January 1, 2023.

The new standard IFRS 17 "Insurance contracts" is effective January 1, 2023. IFRS 17 covers principles for recognition, measurement, presentation, and disclosure of insurance contracts and replaces IFRS 4 "Insurance contracts". The standard applies to all types of insurance contracts regardless of the type of entities that issue them and provides a general model for valuation of insurance contracts, supplemented by a simplified approach and some specific adaptations.

IFRS 17 will be applicable for Telia Company's insurance contracts issued to customers via its insurance company Telia Försäkring AB. The insurance contracts refer to property insurance related to equipment sold to customers. The coverage period for these insurance contracts is less than one year and Telia Company will account for these contracts applying the simplified Premium Allocation Approach (PAA) under which the insurance premiums received are recognized as a liability for remaining coverage and insurance revenue is recognized over the period when the insurance coverage is provided. Telia Company will also apply the exceptions for insurance contracts with a short coverage period under which the liabilities for remaining coverage and incurred claims are not discounted. The implementation of IFRS 17 will have no material impact on Telia Company's financial statements when the standard is applied for the first time.

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 IAS 1 and IFRS Practice Statement 2, "Disclosure of accounting policies", 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

- Amendments to IAS 1 "Classification of liabilities as current or non current", effective January 1, 2024
- Amendments to IAS 1 "Non-current liabilities with covenants", effective January 1, 2024
- Amendments to IFRS 16 "Lease liability in a sale and leaseback", effective January 1, 2024

Other issued amendments are deemed not applicable for Telia Company.

### EU endorsement status

As of the beginning of March 2023, amendments to standards and interpretations mentioned above had been adopted by the EU, except for amendments to IAS 1 "Classification of liabilities as current or non-current" and "Non-current liabilities with covenants" and amendments to IFRS 16 "Lease liability in a sale and leaseback".

## 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, revenue 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 revenue 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 revenue and operating costs. If the group sells goods or services as an agent (for example insurance in some countries) revenue and payments to suppliers are recorded in revenue 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 revenue 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 primary 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 primary 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.

Revenue 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 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. Around 45% 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 lessee'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 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 2022 and 2021, amortization, depreciation and impairment losses for intangible assets, property, plant and equipment and right of use assets totaled SEK 38,936 million and SEK 20,023 million, respectively. Amortization and impairment losses for film and program rights and cost to obtain a contract were SEK 5,557 million (4,977) and SEK 1,362 million (1,215), 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.

#### Currently, the following amortization and depreciation rates are applied.

Trade names	Individual evaluation, minimum 10%, except for trade names with indefinite useful lives
Telecom and frequency licenses, numbering rights	Remaining license period, minimum 5%
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% or individual evaluation
Other intangible assets	20–33% or individual evaluation
Buildings	2–10%
Land improvements	2%
Capitalized improvements on leased premises	Remaining term of corresponding lease
Mobile networks (base stations and other installations)	14.5–20%
Switching systems and transmission systems	10–20%
Transmission media (cable)	5–10%
Equipment for special networks	10%
Usufruct agreements of limited duration	Agreement term or time corresponding to the underlying asset
Other installations	2–33%
Customer premises equipment under service arrangements	33%, or agreement term if longer
Film and program rights	20-100%
Cost to obtain a contract	Straight line, based on historic and projected churn
Right-of-use assets	Expected lease term, 3-50%

### 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 revenue 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 Committee of the Board of Directors. Potential significant climate related risks (as well as other types of risks in Telia Company's Risk Universe) and the group's ongoing and future mitigating activities are reflected in the forecasts. Climate related 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). 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. The CAPEX-to-sales forecasts are considering that investment decisions are preceded by environmental screening of energy consumption, waste and GHG emissions, which in turn affects for example product and service development and network construction. The group-wide re-use and recycling program for network equipment is part of the forecasts.

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 TV and Media the sales growth and the Adjusted EBITDA-margin development in the forecast deviate from historical trends. For the forecast period the development is based on the effects from the ongoing simplification of the organization and consolidation of linear and streaming content under TV4 and MTV. The CAPEX-to-sales ratio development in the forecasts for all CGUs except TV and Media deviate from historical trends due to lower future investment levels as the peak of the 5G network modernization has been passed. For Denmark the sales growth development in the forecast deviates from historical trends due to the planned pricing activities within the mobile connectivity area. For additional information on goodwill and its 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 assets" 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.

### 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 11,413 million per December 31, 2022 (11,001). See Note C25.

### The war in Ukraine

On February 24, 2022, Russian military forces launched a military action against Ukraine. Telia Company's operational exposure to the war in Ukraine including the imposed sanctions is deemed limited. However, the war has resulted in higher prices and increased volatility in the energy market and an overall deteriorated macroeconomic environment, which is likely to continue, and the energy prices are expected to remain at a high level. The group's energy costs are almost SEK 0.8 billion higher for 2022 on a like for like basis.

The war in Ukraine has not had any significant impact on Telia Company's expected credit losses. Telia Company's financial risk management is in all material aspects unchanged, but with additional focus to maintain a continued strong liquidity position. Debt capital markets remains open to Telia Company, and the main funding need 12 months is limited. The increase in interest rates, which is partly related to the Ukraine war, has had a negative impact on the market value of Telia Company's investment bonds, resulting in a limited negative effect on the finance net in 2022. See also section "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, revenue 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% 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 intangible 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. When selling a subsidiary to an associated company transaction gain or loss is recognized in full without any elimination.

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 and Group functions are combined into Other operations. 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.

### Revenue recognition

Revenue principally consist of mobile service revenue including subscription, interconnect and roaming and fixed service revenue including telephony, broadband, TV, installation fees, and business

solutions, as well as advertising revenue, revenue from equipment sales and leases. There is both revenue from products and services sold separately and from products and services sold as a bundle.

Revenue is recognized based on a single principle based five-step model which is applied to all contracts with customers. Revenue is 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.

Revenue is 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 revenue are only recognized to the extent that it is highly probable that a significant reversal will not occur.

#### **Service revenue**

Service revenue is recognized over time, in the period in which the service is performed, based on actual traffic or over the contract term, as applicable. Revenue from voice and data services is recognized when the services are used by the customer. Subscription fees are recognized as revenue over the subscription period. Sales relating to prepaid phone cards, primarily mobile, are deferred as a contract liability and recognized as revenue based on the actual usage of the cards.

Revenue from interconnect traffic with other telecom operators is 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 recognized separately 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 revenue**

Revenue from equipment sales is 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 revenue recognized is adjusted for expected returns, estimated based on historical data. Equipment is 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 revenue**

The performance obligation for advertising is satisfied when the advertisement is actually shown, published or displayed and the revenue is recognized at that time. The revenue is 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). Revenue 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 revenue 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", revenue are recognized over time. When the promise to grant a license is classified as a "right to use", revenue 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 principal, 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, revenue is 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 revenue. 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

granted 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 bundle 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 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 income and finance costs

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

Income 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. In certain countries such as Latvia and Estonia, income tax is levied on dividends paid or declared. For these countries deferred tax is recognized on undistributed earnings and current tax is recognized in the period when distributions are made. 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. 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.

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 of property, plant and equipment are 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 are 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 at fair value through profit or loss 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 increased significantly since initial recognition

The loss allowance for trade receivables and contract assets is always measured at an amount equal 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 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 bonds 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.

### 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, 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. Equity transactions in associates are the effect on the group from equity transactions such as buy-back 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 recognized 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 revenue 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 revenue.

## **C4. Changes in group composition and events after the reporting period**

### **Group composition**

#### **Subsidiaries**

Telia Company AB's subsidiaries as of December 31, 2022, are disclosed in Note P11. Subsidiaries with non-controlling interests are disclosed in Note C20. For information regarding business combinations and disposals, see Note C34 and C35 respectively.

#### **Associated companies and joint ventures**

For information regarding associated companies and joint ventures, 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% of the shares in SUNAB, TT and Springworks International. Telia Company owns 51% 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 16, 2023, Telia Company announced changes to its Group Executive Management team through the merger of the Communications, Brand and Sustainability functions, appointing Ola Rembe as Senior Vice President, Head of Communications, Brand and Sustainability.

On February 10, 2023, Telia Company announced that Dan Strömberg, Senior Vice President, Head of LED (Lithuania, Estonia and Denmark) and CEO of Telia Lithuania, plans to retire from Telia Company during the summer of 2023.

On February 16, 2023, Telia Company issued a bond of EUR 500 million under its existing EMTN (Euro Medium Term Note) program.

## C5. Segment information

Telia Company's operating model is based on geographical areas with the exception of the segment TV and Media. 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.

- 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.

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 2022 or December 31, 2022

SEK in millions, except number of employees	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations and other	Group
Net sales	35,112	15,190	15,022	5,298	4,784	3,637	8,829	4,204	-1,248	90,827
<i>of which external</i>	35,034	14,998	14,967	5,247	4,763	3,625	8,826	3,368	-	90,827
Adjusted EBITDA	13,508	4,443	6,750	1,072	1,688	1,330	277	1,260	-	30,328
Adjustment items within EBITDA	109	131	78	73	6	-66	24	556	-	911
Amortization, depreciation and impairment losses	7,508	13,028	12,523	1,595	831	668	1,098	1,685	-	38,936
<i>of which impairment losses<sup>1</sup></i>	-447	-9,500	-8,500	-600	-	-	-316	-513	-	-19,876
Income from associated companies and joint ventures	-1	0	0	2	-	6	-1	96	-	102
<b>Operating income</b>	<b>5,891</b>	<b>-8,716</b>	<b>-5,851</b>	<b>-594</b>	<b>850</b>	<b>734</b>	<b>-847</b>	<b>-884</b>	<b>-</b>	<b>-9,417</b>
Financial items, net										-3,366
Income taxes										-1,381
<b>Net income from continuing operations</b>										<b>-14,165</b>
Investments in associated companies and joint ventures	2	3	35	7	-	51	5	950	-	1,053
Other operating segment assets	46,758	38,300	49,687	7,765	7,498	6,259	13,343	25,620	-2,586	192,644
Current and deferred tax assets										1,296
Other unallocated assets										27,800
<b>Total assets</b>										<b>222,793</b>
Operating segment liabilities	13,351	5,224	7,327	2,815	1,975	1,382	3,381	8,072	-2,591	40,937
Current and deferred tax liabilities										11,269
Other unallocated liabilities										102,915
<b>Total non-current and current liabilities</b>										<b>155,120</b>
Investments	5,531	2,474	3,455	1,167	978	582	438	6,785	-	21,411
<i>of which CAPEX excluding fees for licenses, spectrum and right-of-use assets</i>	3,312	1,566	2,932	538	597	374	182	6,458	-	15,959
Number of employees	4,168	2,726	1,334	641	1,555	1,269	1,264	6,280	-	19,237

1) For more information regarding impairments, see Note C12 and Note C13.

## 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
<i>of which external</i>	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
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
<i>of which impairment losses</i>	-	-	-28	-76	6	-	-	-22	-	-121
Income from associated companies and joint ventures	0	-6	3	1	0	9	-1	97	-	104
<b>Operating income</b>	<b>5,588</b>	<b>1,354</b>	<b>2,192</b>	<b>-299</b>	<b>752</b>	<b>536</b>	<b>13</b>	<b>5,096</b>	<b>0</b>	<b>15,232</b>
Financial items, net										-2,634
Income taxes										-937
<b>Net income from continuing operations</b>										<b>11,661</b>
Investments in associated companies and joint ventures	3	3	35	5	-	41	6	877	-	971
Other operating segment assets <sup>1</sup>	46,395	44,793	56,744	7,465	6,674	5,641	12,649	24,111	-2,394	202,078
Current and deferred tax assets										1,439
Other unallocated assets										32,538
<b>Total assets</b>										<b>237,025</b>
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
<b>Total non-current and current liabilities</b>										<b>153,482</b>
Investments, continuing operations <sup>1</sup>	6,332	2,719	4,905	1,186	1,195	526	133	6,085	-	23,080
<i>of which CAPEX excluding fees for licenses, spectrum and right-of-use assets, continuing operations<sup>1</sup></i>	3,685	1,833	3,043	462	669	417	121	5,655	-	15,885
Number of employees <sup>1</sup>	4,403	2,848	1,385	674	1,599	1,306	1,251	6,100	-	19,566

1) 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 2022 and 2021, respectively. Disaggregation of revenue has been based on Telia Company's reportable segments.

SEK in millions	Jan-Dec 2022									
	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total
Mobile subscription revenue	12,852	6,530	7,460	2,653	1,481	1,080	-	1,505	-	33,562
Interconnect	479	331	438	260	111	65	-	83	-	1,767
Other mobile service revenue	564	743	807	441	35	17	-	38	-	2,646
<b>Total mobile service revenue</b>	<b>13,896</b>	<b>7,605</b>	<b>8,705</b>	<b>3,354</b>	<b>1,627</b>	<b>1,162</b>	<b>-</b>	<b>1,626</b>	<b>-</b>	<b>37,975</b>
Telephony	1,297	59	97	119	167	92	-	1	-	1,832
Broadband	4,876	611	1,578	244	714	639	1	9	-	8,671
TV	2,265	550	1,701	78	399	312	2,831	-	-	8,138
Business solutions	2,651	2,394	449	99	324	321	-	1	-	6,238
Other fixed service revenue	3,873	1,332	111	90	419	459	0	47	-	6,331
<b>Total fixed service revenue</b>	<b>14,963</b>	<b>4,946</b>	<b>3,936</b>	<b>631</b>	<b>2,023</b>	<b>1,823</b>	<b>2,832</b>	<b>57</b>	<b>-</b>	<b>31,209</b>
<b>Advertising revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,820</b>	<b>-</b>	<b>-</b>	<b>5,820</b>
Other service revenue	994	231	161	94	13	8	175	445	-	2,122
<b>Total service revenue<sup>1</sup></b>	<b>29,852</b>	<b>12,782</b>	<b>12,803</b>	<b>4,079</b>	<b>3,663</b>	<b>2,994</b>	<b>8,826</b>	<b>2,127</b>	<b>-</b>	<b>77,126</b>
<b>Total equipment revenue<sup>1</sup></b>	<b>5,182</b>	<b>2,216</b>	<b>2,164</b>	<b>1,168</b>	<b>1,099</b>	<b>631</b>	<b>-</b>	<b>1,241</b>	<b>-</b>	<b>13,701</b>
<b>Total external net sales</b>	<b>35,034</b>	<b>14,998</b>	<b>14,967</b>	<b>5,247</b>	<b>4,763</b>	<b>3,625</b>	<b>8,826</b>	<b>3,368</b>	<b>-</b>	<b>90,827</b>
Internal net sales	78	192	55	51	21	12	3	835	-1,248	0
<b>Total net sales</b>	<b>35,112</b>	<b>15,190</b>	<b>15,022</b>	<b>5,298</b>	<b>4,784</b>	<b>3,637</b>	<b>8,829</b>	<b>4,204</b>	<b>-1,248</b>	<b>90,827</b>

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

SEK in millions	Jan-Dec 2021									
	Sweden	Finland	Norway	Denmark	Lithuania	Estonia	TV and Media	Other operations	Eliminations	Total
Mobile subscription revenue	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 revenue	532	587	628	347	36	14	-	26	-	2,170
<b>Total mobile service revenue</b>	<b>13,580</b>	<b>7,070</b>	<b>7,732</b>	<b>3,081</b>	<b>1,407</b>	<b>1,035</b>	<b>-</b>	<b>1,476</b>	<b>-</b>	<b>35,381</b>
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 revenue	3,829	1,190	94	48	380	391	0	1,583	-	7,516
<b>Total fixed service revenue</b>	<b>14,926</b>	<b>4,816</b>	<b>3,620</b>	<b>633</b>	<b>1,849</b>	<b>1,641</b>	<b>2,995</b>	<b>1,629</b>	<b>-</b>	<b>32,109</b>
<b>Advertising revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,530</b>	<b>-</b>	<b>-</b>	<b>5,530</b>
Other service revenue	1,076	240	158	93	16	13	122	441	-	2,159
<b>Total service revenue<sup>1</sup></b>	<b>29,582</b>	<b>12,125</b>	<b>11,510</b>	<b>3,807</b>	<b>3,272</b>	<b>2,689</b>	<b>8,647</b>	<b>3,546</b>	<b>-</b>	<b>75,180</b>
<b>Total equipment revenue<sup>1</sup></b>	<b>4,734</b>	<b>2,191</b>	<b>2,261</b>	<b>1,343</b>	<b>1,014</b>	<b>610</b>	<b>-</b>	<b>1,010</b>	<b>-</b>	<b>13,162</b>
<b>Total external net sales</b>	<b>34,316</b>	<b>14,316</b>	<b>13,771</b>	<b>5,150</b>	<b>4,286</b>	<b>3,299</b>	<b>8,647</b>	<b>4,556</b>	<b>-</b>	<b>88,342</b>
Internal net sales	134	188	17	64	33	32	0	1,166	-1,635	0
<b>Total net sales</b>	<b>34,451</b>	<b>14,504</b>	<b>13,788</b>	<b>5,214</b>	<b>4,320</b>	<b>3,331</b>	<b>8,648</b>	<b>5,723</b>	<b>-1,635</b>	<b>88,343</b>

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



External net sales by customer location and non-current assets<sup>1</sup>, respectively, were distributed among individually material countries as follows.

	Jan-Dec 2022		Jan-Dec 2021		Dec 31, 2022		Dec 31, 2021	
	Net sales				Non-current assets <sup>1</sup>			
	SEK in millions	%	SEK in millions	%	SEK in millions	%	SEK in millions	%
Sweden	42,154	46.4	42,892	48.6	58,288	34.3	57,923	32.0
Finland	16,985	18.7	16,274	18.4	38,532	22.7	44,605	24.6
Norway	14,977	16.5	13,780	15.6	49,288	29.0	56,254	31.0
Denmark	5,265	5.8	5,168	5.8	6,810	4.0	6,586	3.6
Lithuania	4,991	5.5	4,331	4.9	8,119	4.8	7,211	4.0
Estonia	3,625	4.0	3,299	3.7	5,626	3.3	5,159	2.8
All other countries	2,831	3.1	2,600	2.9	3,193	1.9	3,473	1.9
<b>Total</b>	<b>90,827</b>	<b>100.0</b>	<b>88,343</b>	<b>100.0</b>	<b>169,857</b>	<b>100.0</b>	<b>181,212</b>	<b>100.0</b>

<sup>1</sup>) 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.

External net sales by customer location were distributed among economic regions as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021
European Economic Area (EEA)	90,365	87,050 <sup>1</sup>
<i>of which European Union (EU) member states</i>	<i>75,311</i>	<i>73,102<sup>1</sup></i>
Rest of Europe	411	608 <sup>1</sup>
North-American Free Trade Agreement (NAFTA)	28	454
Rest of world	23	231
<b>Total</b>	<b>90,827</b>	<b>88,343</b>

<sup>1</sup>) 2021 is restated with SEK 401 million between lines.

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 1,522 million (1,490). Amortization in 2022 amounted to SEK 1,362 million (1,215). Other changes during the year were mainly due to new contracts of SEK 1,371 million (1,339). 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 493 million (517) of which SEK 115 million (137) are included in Other non-current assets and SEK 378 million (379) are included in Trade and other current receivables and assets.

### Contract liabilities

Contract liabilities primarily relate to deferred revenue such as prepaid cards, prepaid subscriptions, loyalty programs and variable considerations. Total contract liabilities amounted to SEK 3,337 million (3,230), of which SEK 10 million (9) are included in Other long-term liabilities and SEK 3,327 million (3,221) are included in Trade payables and other current liabilities. The opening balance for contract liabilities has, in all material aspects, been recognized as revenue during the year.

For information on revenue 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, 2022.

SEK in millions, Expected revenue recognition of unsatisfied performance obligations	2023	2024	2025	2026 and onwards	Total Dec 31, 2022	Total Dec 31, 2021
Total unsatisfied performance obligations	9,920	4,243	1,287	452	15,901	16,001

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 2022	Jan–Dec 2021
Goods and sub-contracting services purchased and change in inventories	-29,797	-27,558
<i>whereof amortization and impairment losses of film and program rights<sup>1</sup></i>	-5,557	-4,977
Interconnect and roaming expenses	-3,076	-3,655
Other network expenses	-1,741	-1,891
Personnel expenses (see also Note C32)	-13,979	-14,166
Marketing expenses	-3,376	-3,265
<i>whereof amortization of cost to obtain a contract</i>	-1,362	-1,215
Other expenses	-9,253	-8,584
Amortization, depreciation and impairment losses <sup>2</sup>	-19,836	-20,037
<b>Total</b>	<b>-81,059</b>	<b>-79,155</b>

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.

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 2022	Jan–Dec 2021
Cost of sales <sup>1,2</sup>	-17,355	-17,023
Selling and marketing expenses	-1,213	-1,644
Administrative expenses	-1,093	-1,205
Research and development expenses	-175	-165
<b>Total functions</b>	<b>-19,836</b>	<b>-20,037</b>
Other operating expenses <sup>3</sup>	-19,100	14
<b>Total</b>	<b>-38,936</b>	<b>-20,023</b>

1) 2022 include an impairment related to the copper network assets in Sweden, see Note C13.

2) 2022 include an impairment related to the C More brand in TV and Media, see Note C12.

3) 2022 include impairments related to goodwill in Finland, Norway, Denmark, and Latvia, see Note C12.

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 2022	Jan–Dec 2021
<b>Other operating income</b>		
Capital gains	202	6,862
Exchange rate gains	664	461
Commissions, license and patent fees, etc.	97	57
Grants	4	17
Recovered accounts receivable	92	73
Court-settled fees with other operators	3	-
Damages received	11	-
<b>Total other operating income</b>	<b>1,072</b>	<b>7,471</b>
<b>Other operating expenses</b>		
Capital losses	-66	-168
Transaction costs in business combinations	-119	-266
Provisions for onerous contracts	0	-
Exchange rate losses	-837	-508
Restructuring costs	-227	-562
Impairment losses	-19,100	-
Court-settled fees with other operators	-	-3
Damages paid	-10	-23
<b>Total other operating expenses</b>	<b>-20,360</b>	<b>-1,531</b>
<b>Net effect on income</b>	<b>-19,287</b>	<b>5,940</b>
<i>of which net exchange rate gains (+)/losses (-) on derivative instruments measured at fair value through income statement</i>	132	-17

Other operating expenses in 2022 include impairments of SEK -19,100 million related to goodwill in Finland, Norway, Denmark and Latvia, see Note C12. Other operating income in 2021 includes a capital gain of SEK 6,408 million related to the disposal of Telia Carrier.

## C9. Finance income and finance costs

Finance income and finance costs were distributed as follows.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Finance income</b>		
Interest income	154	104
Interest income on finance leases	65	81
Other finance income	2	2
Net exchange rate gains	54	28
Unwinding of discounts, receivables	70	68
<b>Total finance income</b>	<b>345</b>	<b>283</b>
<b>Finance costs</b>		
Interest expenses	-2,927	-2,461
Interest expenses on lease liabilities	-416	-391
Unwinding of provision discount	-102	-55
Net interest on the net defined benefit liability	-10	-76
Capitalized interest	132	118
Financial losses, financial instruments, net	-382	-43
Capital losses on other financial investments	-6	-8
<b>Total finance costs</b>	<b>-3,711</b>	<b>-2,916</b>
<b>Net effect on income</b>	<b>-3,366</b>	<b>-2,634</b>

SEK in millions	Jan–Dec	Jan–Dec	Jan–Dec	Jan–Dec	Jan–Dec	Jan–Dec
	2022	2021	2022	2021	2022	2021
	<b>Interest related expenses</b>		<b>Net exchange rate gains and losses</b>		<b>Interest related income</b>	
Fair value hedge derivatives	-6,686	-1,058	-	-	-	-
Cash flow hedge derivatives	-355	-461	2,091	760	-	-
Derivatives at fair value through income statement	-69	-19	-432	-484	-28	-1
Financial assets at amortized cost	-	-	1,491	1,254	125	63
Bonds at fair value through Income statement	-	-	-	-	30	24
Borrowings in fair value hedge relationships	4,556	-769	-4,355	-1,571	-	-
Borrowings and other financial liabilities at amortized cost	-194	-34	1,259	69	-	-
Interest on lease liabilities and lease receivables	-416	-391	-	-	65	81
Other	-55	-78	-	0	27	18
<b>Total</b>	<b>-3,220</b>	<b>-2,810</b>	<b>54</b>	<b>28</b>	<b>218</b>	<b>185</b>

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	Jan–Dec
	2022	2021
<b>Tax items recognized in net income</b>		
Current tax	-1,941	-1,836
Adjustment of current tax related to prior years	-1	21
Effect on current tax from tax reduction	46	-
Deferred tax, temporary differences	575	599
Deferred tax, tax loss	8	46
Adjustment of deferred tax related to prior years	-69	106
Effect on deferred tax from tax reduction	-	127
<b>Total tax expense recognized in net income</b>	<b>-1,381</b>	<b>-937</b>
<b>Tax items recognized in other comprehensive income</b>		
Current tax	317	91
Deferred tax	-964	-1,399
<b>Total tax recognized in other comprehensive income</b>	<b>-647</b>	<b>-1,308</b>
<b>Tax items recognized directly in equity</b>		
Current tax	22	-
<b>Total tax recognized directly in equity</b>	<b>22</b>	<b>-</b>

Income before taxes was SEK -12,783 million in 2022 and SEK 12,598 million in 2021. The difference between the nominal Swedish income tax rate and the effective tax rate comprises the following components.

%	Jan–Dec 2022	Jan–Dec 2021
Swedish income tax rate	20.6	20.6
Effect of higher or lower tax rates in subsidiaries	-0.5	-0.6
Withholding tax on earnings in subsidiaries and associated companies	0.0	0.0
Prior year adjustment of current tax expense	0.0	-0.2
Prior year adjustment of deferred taxes	-0.5	-0.8
Effect on tax expense from tax reduction	0.4	-1.0
Income from associated companies	0.0	0.0
Current year losses and change in temporary difference for which no deferred tax asset was recognized	-0.3	0.0
Non-deductible expenses <sup>1</sup>	-30.6	0.8
Tax-exempt income <sup>2</sup>	0.1	-11.4
<b>Effective tax rate in net income</b>	<b>-10.8</b>	<b>7.4</b>
<i>Effective tax rate excluding effects from associated companies</i>	<i>-10.8</i>	<i>7.4</i>

1) Non-deductible expenses in 2022 was mainly related to impairment of goodwill in Finland, Norway, Denmark and Latvia.

2) Tax exempt income in 2021 was mainly impacted by tax exempt capital gain related to the disposal of Telia Carrier.

## Deferred tax assets and liabilities

Movement in deferred tax assets and liabilities were as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021
<b>Deferred tax assets</b>		
Opening balance	1,302	1,449
Change recognized in comprehensive income	13	-935
Acquired/disposed operations	6	44
Offset tax liabilities/assets, other reclassifications	-362	685
Exchange rate differences	112	59
<b>Deferred tax assets, closing balance</b>	<b>1,071</b>	<b>1,302</b>
<b>Deferred tax liabilities</b>		
Opening balance	10,185	9,723
Change recognized in comprehensive income	463	-413
Acquired/disposed operations	-	-16
Offset tax liabilities/assets, other reclassifications	-362	685
Exchange rate differences	228	206
<b>Deferred tax liabilities, closing balance</b>	<b>10,514</b>	<b>10,185</b>



Deferred tax assets and liabilities are allocated to the following temporary differences and tax loss carry-forward.

SEK in millions	2022						
	Opening balance	Recognized in income statement	Recognized in other comprehensive income	Acquired/ disposed operations	Exchange rate differences	Other reclassification	Closing balance
<b>Gross deferred tax assets</b>							
Non-current assets	4,060	-445	-	6	107	-	3,728
Provisions	787	551	-964	-	21	-	395
Liabilities	912	845	-	-	24	-	1,781
Trade receivables and other current assets	16	87	-	-	-	-	103
Interest expense, capitalized R&D and tax reduction <sup>1</sup>	272	-76	-	-	7	-	203
Tax loss carry-forward	866	-195	-	-	23	-	694
<b>Subtotal</b>	<b>6,913</b>	<b>767</b>	<b>-964</b>	<b>6</b>	<b>182</b>	<b>-</b>	<b>6,904</b>
<b>Valuation allowance</b>							
Non-current assets	-6	6	-	-	-	-	-
Trade receivables and other current assets	-2	2	-	-	-	-	-
Tax loss carry-forward	-755	203	-	-	-70	-	-622
<b>Subtotal</b>	<b>-762</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>-70</b>	<b>-</b>	<b>-622</b>
Offset deferred tax assets/liabilities	-4,849		-	-		-362	-5,211
<b>Total deferred tax assets</b>	<b>1,302</b>	<b>977</b>	<b>-964</b>	<b>6</b>	<b>112</b>	<b>-362</b>	<b>1,071</b>
<b>Deferred tax liabilities</b>							
Withholding taxes subsidiaries and associates <sup>2</sup>	287	164	-	-	-	-	451
Non-current assets	12,851	-420	-	-	228	-	12,659
Provisions	338	765	-	-	-	-	1,103
Accounts receivables and other current assets	48	-22	-	-	-	-	26
Profit equalization reserves	1,510	-24	-	-	-	-	1,486
<b>Subtotal</b>	<b>15,034</b>	<b>463</b>	<b>-</b>	<b>-</b>	<b>228</b>	<b>-</b>	<b>15,725</b>
Offset deferred tax assets/liabilities	-4,849		-	-	-	-362	-5,211
<b>Total deferred tax liabilities</b>	<b>10,185</b>	<b>463</b>	<b>-</b>	<b>-</b>	<b>228</b>	<b>-362</b>	<b>10,514</b>
<b>Net deferred tax assets (+) / liabilities (-)</b>	<b>-8,883</b>	<b>514</b>	<b>-964</b>	<b>6</b>	<b>-116</b>	<b>0</b>	<b>-9,443</b>

1) Including tax reduction for machinery and equipment in Sweden. 2) Including deferred tax liability related to undistributed earnings in Estonia and Latvia.

Deferred tax assets and liabilities are allocated to the following temporary differences and tax loss carry-forward.

SEK in millions	2021							Closing balance
	Opening balance	Recognized in income statement	Recognized in other comprehensive income	Acquired/ disposed operations	Exchange rate differences	Other reclassification		
<b>Gross deferred tax assets</b>								
Non-current assets	4,587	-594	-	44	23	-	4,060	
Provisions	1,762	127	-1,112	-	10	-	787	
Liabilities	344	547	-	-	21	-	912	
Trade receivables and other current assets	13	3	-	-	0	-	16	
Interest expense, capitalized R&D and tax reduction <sup>1</sup>	151	120	-	-	1	-	272	
Tax loss carry-forward	885	-26	-	-	7	-	866	
<b>Subtotal</b>	<b>7,742</b>	<b>177</b>	<b>-1,112</b>	<b>44</b>	<b>62</b>	<b>-</b>	<b>6,913</b>	
<b>Valuation allowance</b>								
Non-current assets	-99	94	-	-	0	-	-6	
Trade receivables and other current assets	-2	0	-	-	-	-	-2	
Tax loss carry-forward	-824	72	-	-	-3	-	-755	
<b>Subtotal</b>	<b>-925</b>	<b>166</b>	<b>-</b>	<b>-</b>	<b>-3</b>	<b>-</b>	<b>-763</b>	
Offset deferred tax assets/liabilities	-5,368	685	-	-	-	-166	-4,849	
<b>Total deferred tax assets</b>	<b>1,449</b>	<b>1,028</b>	<b>-1,112</b>	<b>44</b>	<b>59</b>	<b>-166</b>	<b>1,302</b>	
<b>Deferred tax liabilities</b>								
Withholding taxes subsidiaries and associates <sup>2</sup>	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	
<b>Subtotal</b>	<b>15,091</b>	<b>-534</b>	<b>287</b>	<b>-16</b>	<b>206</b>	<b>-</b>	<b>15,034</b>	
Offset deferred tax assets/liabilities	-5,368	685	-	-	-	-166	-4,849	
<b>Total deferred tax liabilities</b>	<b>9,723</b>	<b>151</b>	<b>287</b>	<b>-16</b>	<b>206</b>	<b>-166</b>	<b>10,185</b>	
<b>Net deferred tax assets (+) / liabilities (-)</b>	<b>-8,274</b>	<b>877</b>	<b>-1,399</b>	<b>60</b>	<b>-147</b>	<b>0</b>	<b>-8,883</b>	

1) Including tax reduction for machinery and equipment in Sweden. 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, 2022, were expected to expire as follows.

Expected expiry, SEK in millions	2023	2024	2025	2026	2027	2028-2032	Unlimited	Total
Unrecognized deferred tax assets	-	-	-	-	-	48	574	622

As of December 31, 2022 and 2021, unrecognized deferred tax liabilities for undistributed earnings in subsidiaries, including estimated such income tax

that is levied on dividends paid, totaled SEK 5 million and SEK 6 million, respectively.

### Tax loss carry-forward

Deferred tax assets originating from tax loss carry-forward 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 were SEK 2,725 million in 2022 (3,592).

Tax loss carry-forward as of December 31, 2022 is expected to expire as follows.

Expected expiry, SEK in millions	2023	2024	2025	2026	2027	2028-2032	Unlimited	Total
Tax loss carry-forward	-	-	-	-	-	275	2,450	2,725

## C11. Other comprehensive income

Other comprehensive income was distributed as follows.

SEK in millions	Equity component	Jan–Dec 2022	Jan–Dec 2021
<b>Other comprehensive income that may be reclassified to net income</b>			
<b>Foreign currency translation differences</b>			
Translation of foreign operations, continuing operations	Foreign currency translation reserve	4,099	3,065
Translation of foreign non-controlling interests, continuing operations	Non-controlling interests	391	25
Transferred to net income on disposal of operations	Foreign currency translation reserve	12	354
Hedging of foreign operations, continuing operations	Foreign currency translation reserve	-1,954	-414
Income tax effect, continuing operations	Foreign currency translation reserve	403	85
<b>Total foreign currency translation differences</b>		<b>2,951</b>	<b>3,115</b>
<i>of which attributable to non-controlling interests</i>		<i>391</i>	<i>25</i>
<b>Cash flow hedges</b>			
Net changes in fair value	Hedging reserve	206	-283
Transferred to financial items in net income	Hedging reserve	61	344
Income tax effect	Hedging reserve	-55	-12
<b>Total cash flow hedges</b>		<b>212</b>	<b>48</b>
<b>Cost of hedging</b>			
Changes in fair value	Cost of hedging reserve	155	143
Income tax effect	Cost of hedging reserve	-32	-29
<b>Total cost of hedging</b>		<b>123</b>	<b>114</b>
<b>Debt instruments at fair value through OCI</b>			
Net changes in fair value	Fair value reserve	-7	-4
Transferred to financial items in net income	Fair value reserve	-	-36
Income tax effect	Fair value reserve	1	9
<b>Total debt instruments at fair value through OCI</b>		<b>-5</b>	<b>-31</b>
<b>Total other comprehensive income that may be reclassified to net income</b>		<b>3,280</b>	<b>3,246</b>
<i>of which total income tax effects (see also Note C10)</i>		<i>317</i>	<i>52</i>
<i>of which attributable to non-controlling interests</i>		<i>391</i>	<i>25</i>

SEK in millions	Equity component	Jan–Dec 2022	Jan–Dec 2021
<b>Other comprehensive income that will not be reclassified to net income</b>			
<b>Equity instruments at fair value through OCI</b>			
Net changes in fair value	Fair value reserve	-52	126
<b>Total equity instruments at fair value through OCI</b>		<b>-52</b>	<b>126</b>
<b>Remeasurements of defined benefit pension plans</b>			
Remeasurements	Retained earnings	4,759	6,654
Income tax effect	Retained earnings	-964	-1,360
<b>Total remeasurements of defined benefit pension plans</b>		<b>3,794</b>	<b>5,294</b>
<b>Total other comprehensive income that will not be reclassified to net income</b>		<b>3,742</b>	<b>5,420</b>
<i>of which total income tax effects (see also Note C10)</i>		<i>-964</i>	<i>-1,360</i>
<b>Total other comprehensive income</b>		<b>7,022</b>	<b>8,666</b>
<i>of which attributable to non-controlling interests, continuing operations</i>		<i>391</i>	<i>25</i>

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 212 million as of December 31, 2022, and SEK 48 million as of December 31, 2021. Future gains or losses will affect net income in 2023, 2024, 2025 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.

SEK in millions	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
	Goodwill		Other intangible assets	
Accumulated cost	87,984	83,500	70,720	65,566
Accumulated amortization	-	-	-44,922	-40,285
Accumulated impairment losses	-37,402	-17,198	-1,833	-1,640
<b>Carrying value</b>	<b>50,583</b>	<b>66,302</b>	<b>23,965</b>	<b>23,641</b>
<i>of which work in progress</i>	-	-	3,136	2,776
Carrying value, opening balance	66,302	63,313	23,641	22,629
Investments	-	-	4,095	5,008
<i>of which capitalized interest</i>	-	-	41	30
Disposals	-	-	-	-3
Discards	-	-	-1	-5
Operations acquired	0	416	-	5
Adjusted purchase price allocation, Santa Monica Networks (Note C34)	-121	-	131	-
Operations divested (Note C35)	-	-60	-19	-8
Reclassifications	-	-	247	38
Amortization for the year	-	-	-4,420	-4,472
Impairment losses for the year	-19,100	-	-329	-36
Reversal of impairment losses	-	-	-	14
Exchange rate differences	3,501	2,633	620	472
<b>Carrying value, closing balance</b>	<b>50,583</b>	<b>66,302</b>	<b>23,965</b>	<b>23,641</b>

A total goodwill impairment of SEK 19,100 million relating to Finland, Norway, Denmark and Latvia has been recognized within Other operating expenses in 2022. See goodwill table below and section Impairment testing.

An impairment of the total carrying value of the C More brand relating to segment TV and Media of SEK 316 million has been recognized within Cost of sales in 2022. The brand was part of Trade names in the intangible assets table below. See also section Impairment testing. Impairment of other intangible assets in 2021 was mainly related to a reassessment of certain intangible assets in Denmark following a balance sheet review.

The carrying value for intangible assets with indefinite useful lives is SEK 1,815 million (2,125) and

is related to brands in TV and Media. These brands serve as umbrella brands under which the various TV and Media businesses are operated. The TV and Media brands (except for the C More brand) 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 remaining useful lives for these brands have been deemed indefinite.

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.

The goodwill impairment and the total carrying value of goodwill were distributed by reportable segments and cash generating units as follows.

SEK in millions	Impairment 2022	Dec 31, 2022	Dec 31, 2021
Sweden	-	2,047	2,047
Finland	9,500	19,027	26,407
Norway	8,500	19,069	26,851
Denmark	600	1,857	2,274
Lithuania	-	3,121	2,890
Estonia	-	2,837	2,627
TV and Media	-	1,456	1,492
Other operations	500	1,168	1,715
<i>of which Latvia</i>	500	943	1,492
<i>of which other</i>	-	225	224
<b>Total goodwill</b>	<b>19,100</b>	<b>50,583</b>	<b>66,302</b>



The total carrying value of other intangible assets was distributed by asset type as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Trade names	1,931	2,244
Telecom licenses and spectrum permits	6,982	6,911
Customer and vendor relationships, interconnect and roaming agreements	6,454	6,878
Capitalized development expenses <sup>1</sup>	5,299	4,702
Other	158	125
Work in progress, advances <sup>1</sup>	3,140	2,780
<b>Total other intangible assets</b>	<b>23,965</b>	<b>23,641</b>

<sup>1</sup> Capitalized development expenses and Work in progress, advances mainly refer to IT systems, supporting the selling and marketing, and administrative functions.

## Impairment testing

### Goodwill

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.

Based on the impairment tests performed in the fourth quarter 2022 a total goodwill impairment of SEK 19,100 million has been recognized in 2022. The impairment tests reflect the changed macro-economic landscape and higher Weighted Average Cost of Capital (WACC) for the group, due to increased market interest rates in 2022, which resulted in the need for impairment of goodwill relating to Finland, Norway, Denmark and Latvia. The recoverable amounts for these CGUs as of December 31, 2022, amounted to SEK 35,553 million for Finland, SEK 44,631 million for Norway, SEK 5,783

million for Denmark and SEK 4,369 million for Latvia. The impairment test for the CGU TV and Media has not identified any impairment need as of December 31, 2022, however the estimated recoverable amount was in the proximity of the carrying value as of December 31, 2022, and the CGU is sensitive to changes in WACC or the assumptions in the long term plan.

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. 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 key assumptions in the value in use calculations were sales growth, Adjusted EBITDA margin development, the weighted average cost of capital (WACC), CAPEX-to-sales ratio (CAPEX excluding Right-of-use assets), and the terminal growth rate of free cash flow. 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.

For TV and Media the sales growth and the Adjusted EBITDA-margin development in the forecast deviate from historical trends. For the forecast period the development is based on the effects from the ongoing simplification of the organization and consolidation of linear and streaming content under TV4 and MTV. The CAPEX-to-sales ratio development in the forecasts for all CGUs except TV and Media deviate from historical trends due to lower future investment levels as the peak of the 5G network modernization has been passed. For Denmark the sales growth development in the forecast deviates from historical trends due to the planned pricing activities within the mobile connectivity area.

Approved forecasts consider potential significant climate related risks (as well as other types of risks in Telia Company's Risk Universe) and the group's ongoing and future mitigating activities. Climate related 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).

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 network hardware and power saving features.
- managing power consumption through decommissioning legacy networks and modernizing sites, for example copper-based access is replaced with mobile and fiber connectivity and relevant units are placed outdoors to reduce the need of cooling and
- using renewable electricity when powering our operations covered by Guarantees of Origins or secured through long-term Power Purchasing Agreements for solar and wind and looking for alternatives to remaining fossil-based energy sources.

The CAPEX-to-sales forecasts are considering that investment decisions are preceded by environmental screening of energy consumption, waste and GHG emissions, which in turn affects for example product and service development and network construction. The group-wide re-use and recycling program for network equipment is part of the forecasts.

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 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.

2022								
Years/%	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 (%)	5,7	6,0	6,2	5,9	7,2	7,4	7,1	7,7
Pre-tax WACC rate (%)	7,3	7,5	8,0	8,2	8,5	10,5	8,5	9,4
Terminal growth rate of free cash flow (%)	2,0	1,8	2,0	2,0	2,3	2,5	2,4	2,0

2021								
Years/%	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

### Sensitivity analysis - goodwill

The estimated recoverable amounts for Finland, Norway, Denmark, Latvia and TV and Media were in proximity of the carrying values as of December 31, 2022. As of December 31, 2021, the estimated recoverable amounts for Finland and Norway 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, Adjusted EBITDA margin and CAPEX-to-sales ranges (CAPEX excluding Right-of-use assets) during the next 5 years for the cash generating units (CGUs) that are sensitive to reasonable changes in assumptions.

2022					
5-year period/%	Finland	Norway	Denmark	Latvia	TV and Media
Sales growth, lowest in period (%)	0.6	0.2	-0.2	2.3	0.5
Sales growth, highest in period (%)	3.0	1.6	3.1	4.7	5.3
Adjusted EBITDA margin, lowest in period (%)	30.1	44.2	21.0	27.9	5.4
Adjusted EBITDA margin, highest in period (%)	33.2	45.4	26.6	28.7	19.2
CAPEX <sup>1</sup> -to-sales, lowest in period (%)	12.4	18.0	9.3	14.5	1.6
CAPEX <sup>1</sup> -to-sales, highest in period (%)	16.2	23.2	14.5	21.3	2.5

1) CAPEX excluding right-of-use assets

2021		
5-year period/%	Finland	Norway
Sales growth, lowest in period (%)	1.3	0.8
Sales growth, highest in period (%)	2.2	3.3
Adjusted EBITDA margin, lowest in period (%)	31.6	45.0
Adjusted EBITDA margin, highest in period (%)	35.0	48.7
CAPEX <sup>1</sup> -to-sales, lowest in period (%)	14.1	17.6
CAPEX <sup>1</sup> -to-sales, highest in period (%)	17.7	30.0

1) CAPEX excluding right-of-use assets

The upper part of the following table sets out how many percentage points each key assumption 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.

Percentage points, SEK in billions	2022				TV and Media
	Finland	Norway	Denmark	Latvia	
Sales growth each year in the 5-year period (%)	0.0	0.0	0.0	0.0	-1.9
Adjusted EBITDA margin each year in the 5-year period and beyond (%)	0.0	0.0	0.0	0.0	-0.9
CAPEX <sup>1</sup> -to-sales ratio each year in the 5-year period and beyond (%)	0.0	0.0	0.0	0.0	2.4
Terminal growth rate (%)	0.0	0.0	0.0	0.0	3.2
Post-tax WACC rate (%)	0.0	0.0	0.0	0.0	0.8
Effect of a one percentage-point upward shift in WACC (SEK in billions)	-4.5	-5.6	-0.6	-0.5	-1.2
Change in the recoverable value to equal the carrying value (SEK in billions)	0.0	0.0	0.0	0.0	-1.0

1) CAPEX excluding right-of-use assets

Percentage points, SEK in billions	2021	
	Finland	Norway
Sales growth each year in the 5-year period (%)	-0.3	-0.2
Adjusted EBITDA margin each year in the 5-year period and beyond (%)	-0.5	-0.6
CAPEX <sup>1</sup> -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

1) CAPEX excluding right-of-use assets

### Brands with indefinite useful lives

Following the decision to consolidate the C More business under TV4 in Sweden and MTV in Finland, the impairment test of the C More brand (based on value in use) resulted in an impairment of the total carrying value of SEK 316 million in 2022.

The recoverable amounts for the other brands in TV and Media, which have indefinite useful lives, 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. 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.

Years/%	2022	2021
Projected cash flow period (years)	10	10
Revenue growth (%)	0.5-1.9	0.6-6.6
Post-tax WACC rate (%)	11.0	9.2
Terminal growth rate of revenue (%)	2.0	2.0
Royalty rates (weighted average) (%)	3.5-3.7	2.4-2.8

## C13. Property, plant and equipment

The carrying value was distributed and changed as follows.

SEK in millions	December 31, 2022							Total	Whereof leased out total <sup>1)</sup>
	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			
Accumulated cost	7,102	7	215,191	8,510	11,663	2,333	233,957	10,850	
Accumulated depreciation	-4,280	-6	-143,359	-6,239	-7,797	-1,228	-155,436	-7,472	
Accumulated impairment losses	-225	-	-3,333	-116	-145	-	-3,703	-116	
Advances	-	-	6	-	-	-	6	-	
<b>Carrying value</b>	<b>2,597</b>	<b>2</b>	<b>68,506</b>	<b>2,155</b>	<b>3,722</b>	<b>1,105</b>	<b>74,824</b>	<b>3,262</b>	
<i>of which assets under construction</i>	-	-	10,214	-	-	-	10,214	-	
Carrying value, opening balance	2,315	2	67,040	1,920	3,386	923	72,741	2,845	
Investments	154	-	10,636	721	1,716	752	12,506	1,473	
<i>of which capitalized interest</i>	-	-	91	-	-	-	91	-	
Disposals	-51	0	-7	1	-109	-6	-166	-5	
Dismantling, restoration and discard	19	-	-93	0	-1	-	-75	0	
Operations acquired	0	-	0	-	0	-	0	-	
Operations divested	-2	-	-	-	-49	-	-50	-	
Grants received	0	-	-62	-	-10	-	-73	-	
Reclassifications	344	0	-965	180	432	3	-189	183	
Depreciation for the year	-265	0	-9,412	-660	-1,827	-623	-11,504	-1,283	
Impairment losses for the year	-1	-	-446	-63	0	-	-447	-63	
Advances and settlement of advances, net	-	-	-34	-	34	-	-	-	
Exchange rate differences	83	0	1,849	56	149	56	2,081	112	
<b>Carrying value, closing balance</b>	<b>2,597</b>	<b>2</b>	<b>68,506</b>	<b>2,155</b>	<b>3,722</b>	<b>1,105</b>	<b>74,824</b>	<b>3,262</b>	

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).

## 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 <sup>1)</sup>
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
<b>Carrying value</b>	<b>2,315</b>	<b>2</b>	<b>67,040</b>	<b>1,920</b>	<b>3,386</b>	<b>923</b>	<b>72,741</b>	<b>2,845</b>
<i>of which assets under construction</i>	-	-	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
<i>of which capitalized interest</i>	-	-	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 and settlement of advances, net	-	-	-	-	-	-	-	-
Exchange rate differences	18	0	1,648	77	108	14	1,773	91
<b>Carrying value, closing balance</b>	<b>2,315</b>	<b>2</b>	<b>67,040</b>	<b>1,920</b>	<b>3,386</b>	<b>923</b>	<b>72,741</b>	<b>2,845</b>

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 2022 mainly relate to the copper network in segment Sweden which is expected to be dismantled by the end of 2026. An impairment test has been performed based on the latest copper network dismantling plan, which resulted in an impairment of SEK 422 million of the Swedish copper network assets within Plant and machinery. The impairment is recognized within Cost of sales and refers to segment Sweden. After the impairment, the carrying value of the Swedish copper network assets amounts to SEK 1,247 million.

Impairments in 2021 mainly related to a reassessment of certain assets in Denmark following a balance sheet review.

No general changes of useful lives were made in 2022. 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, 2022	Dec 31, 2021
Depreciable property (buildings, etc.)	2,190	1,942
Non-depreciable property (land)	407	373
<b>Total property</b>	<b>2,597</b>	<b>2,315</b>

## C14. Film and program rights

The total carrying value for Film and program rights was distributed and changed as follows:

SEK in millions	Dec 31, 2022	Dec 31, 2021
	<b>Film and program rights</b>	
Accumulated cost	10,937	8,914
Accumulated amortization	-7,092	-5,971
Accumulated impairment	-140	-129
Advances (Prepaid)	1,614	1,606
<b>Carrying value</b>	<b>5,320</b>	<b>4,420</b>
<i>of which non-current</i>	2,299	1,416
<i>of which current</i>	3,022	3,005
Carrying value, opening balance	4,420	4,019
Additions	6,411	5,367
Amortization for the year (included in EBITDA)	-5,557	-4,977
Exchange rate differences	47	11
<b>Carrying value, closing balance</b>	<b>5,320</b>	<b>4,420</b>

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.

Contractual obligations regarding future acquisitions (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, 2022	Dec 31, 2021
	<b>Film and program rights commitments</b>	
Within 1-3 years	8,611	9,122
Within 4-10 years	4,905	5,435
<b>Total</b>	<b>13,516</b>	<b>14,556</b>

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, 2022	Dec 31, 2021
Interests in associated companies	1,012	931
Interests in joint ventures	41	40
<b>Total carrying value</b>	<b>1,053</b>	<b>971</b>

Items recognized in net income and in total comprehensive income were distributed as follows.

SEK in millions	January–December	
	2022	2021
Share of income from associated companies	102	101
Income from joint ventures	-	3
<b>Recognized in net income</b>	<b>102</b>	<b>104</b>
<b>Recognized in total comprehensive income</b>	<b>102</b>	<b>104</b>

Information on 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, 2022	Dec 31, 2021
Carrying value of associated companies (group's share)	1,012	931
Carrying value of joint ventures (group's share)	41	40
<b>Total carrying value of investments in associated companies and joint ventures</b>	<b>1,053</b>	<b>971</b>

Statements of comprehensive income, SEK in millions	Jan-Dec 2022	Jan-Dec 2021
<b>Associated companies</b>		
Net sales (100%)	4,076	3,284
Net income (group's share)	102	101
<b>Total comprehensive income from associated companies</b>	<b>102</b>	<b>101</b>
<b>Joint ventures</b>		
Net income (group's share)	-	3
<b>Total comprehensive income joint ventures (group's share)</b>	<b>-</b>	<b>3</b>
<b>Group's share of total comprehensive income in associated companies and joint ventures</b>	<b>102</b>	<b>104</b>
Dividends received from associated companies	136	152
<b>Total dividends received from associated companies and joint ventures</b>	<b>136</b>	<b>152</b>

The carrying value was distributed and changed as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Goodwill and fair value adjustments	19	24
Share of equity	1,034	947
<b>Carrying value</b>	<b>1,053</b>	<b>971</b>
Carrying value, opening balance	971	950
Share of net income for the year	102	104
Dividends received	-136	-150
Acquisitions and operations acquired	-	11
Reclassifications	46	33
Exchange rate differences	71	24
<b>Carrying value, closing balance</b>	<b>1,053</b>	<b>971</b>

The carrying value is broken down by reportable segment in Note C5 and by company as follows.

Company, corp. reg. no., registered office	Participation (%)	Number of shares	Equity participation in consolidated accounts		Carrying value in the parent company	
			2022	2021	2022	2021
SEK in millions						
<b>Parent company holdings</b>						
<b>Swedish companies</b>						
SNPAC Swedish Number Portability Administrative Centre AB, 556595-2925, Stockholm	20	400	2	3	1	1
Solidsport AB, 556671-5586, Stockholm	23	6,666	10	14	20	20
<b>Non-Swedish companies</b>						
Valokuitu Kotiin Holding 1 Oy, 3101702- 4, Helsinki	40	2,670,669	0	1	32	24
Other operating, dormant and divested companies			0	7	0	23
<b>Total parent company</b>					<b>54</b>	<b>67</b>
<b>Subsidiaries' holdings</b>						
<b>Swedish companies</b>						
Mediamätning i Skandinavien MMS AB, 556353-3032, Stockholm	24	5,100	5	6		
Other operating and dormant companies			0	0		
<b>Non-Swedish companies</b>						
SK ID Solutions AS, 10747013, Tallinn	50	32	51	41		
SIA Tet, 000305278, Riga	49	101,850,587	940	855		
4T af 1. oktober 2012 ApS, 32348882, Copenhagen	25	-	8	7		
Suomen Numerot NUMPAC Oy, 1829232-0, Helsinki	25	3,000	2	2		
Strex AS, 985867569, Oslo	49	49,001	33	33		
Other operating and dormant companies			2	2		
<b>Total group</b>			<b>1,053</b>	<b>971</b>		

For additional information related to associated companies, see Notes C29.

## C16. Long-term interest-bearing receivables and Other non-current assets

For Long-term interest-bearing receivables and Other non-current assets, fair values equal carrying values. The total carrying values were distributed as follows.

SEK in millions	Carrying value	
	Dec 31, 2022	Dec 31, 2021
Equity instruments at fair value through OCI <sup>1</sup>	601	576
Equity instruments at fair value through income statement	18	18
Bonds at fair value through OCI	205	781
Bonds at fair value through income statement	3,496	5,149
Interest rate and cross-currency interest rate swaps at fair value	2,029	1,283
<i>of which designated as fair value hedges</i>	-	574
<i>of which at fair value through income statement</i>	73	310
<i>of which designated as cash flow hedges</i>	1,957	398
<b>Financial assets at fair value</b> (See Notes C26 and C27)	<b>6,350</b>	<b>7,807</b>
Loans and receivables at amortized cost	1,740	1,831
Finance lease receivables at amortized cost	353	405
<b>Financial assets at amortized cost</b> (See Notes C26 and C27)	<b>2,093</b>	<b>2,236</b>
Cost to obtain a contract	1,522	1,490
Contract assets	115	137
Deferred expenses	15	5
<b>Total Long-term interest-bearing receivables and Other non-current assets</b>	<b>10,094</b>	<b>11,675</b>
<i>of which interest-bearing</i>	<i>7,629</i>	<i>9,244</i>
<i>of which non-interest-bearing</i>	<i>2,465</i>	<i>2,431</i>

<sup>1</sup>) For more information regarding Equity instruments measured at fair value through OCI, see Note C26.

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, 2022, contractual cash flows for Loans and receivables represented the following expected maturities.

Expected maturity, SEK in millions	2024	2025	2026	2027	Later years	Total
Loans and receivables	1,026	228	35	327	125	1,740

For more information on financial instruments by category/fair value hierarchy level and exposure 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, 2022	Dec 31, 2021
Goods for resale	2,793	2,045
Other inventories and expense incurred on construction contracts	125	-4
<b>Total</b>	<b>2,918</b>	<b>2,040</b>

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, 2022	Dec 31, 2021
Currency derivatives at fair value	52	157
<i>of which designated as cash flow hedges</i>	-	5
<i>of which at fair value through income statement</i>	52	152
<b>Financial assets at fair value</b> (see Notes C26 and C27)	<b>52</b>	<b>157</b>
Accounts receivable at amortized cost	9,230	8,448
Loans and receivables at amortized cost	2,380	2,337
<b>Financial assets at amortized cost</b> (see Notes C26 and C27)	<b>11,610</b>	<b>10,785</b>
Other current receivables	992	1,048
Current contract assets	378	379
Deferred expenses	1,959	1,395
<b>Total trade and other current receivables and assets</b>	<b>14,991</b>	<b>13,764</b>

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, 2022	Dec 31, 2021 <sup>1)</sup>
<b>Geographical area</b>		
Nordic countries	9,220	8,449
Baltic countries	1,889	1,846
Other countries	501	490
<b>Total carrying value</b>	<b>11,610</b>	<b>10,785</b>
<b>Customer segment</b>		
Consumers	3,852	3,422
Business customers	7,100	6,618
Other operators	647	628
Distributors	11	117
<b>Total carrying value</b>	<b>11,610</b>	<b>10,785</b>

1) Comparative figures have been restated.

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 post-paid 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. For more information on

financial instruments by category/fair value hierarchy level and exposure to credit risk, see Note C26 and section "Credit risk management" in Note C27, 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, 2022	Dec 31, 2021
Accounts receivable invoiced	10,106	9,416
Allowance for expected credit losses for accounts receivable	-876	-968
<b>Total accounts receivable</b>	<b>9,230</b>	<b>8,448</b>
Accounts receivable not due, net of allowance for expected credit losses	6,567	6,018
Accounts receivable past due, net of allowance for expected credit losses	2,663	2,430
<i>of which less than 30 days</i>	1,955	1,704
<i>of which 30–180 days</i>	385	310
<i>of which more than 180 days</i>	323	416
<b>Total accounts receivable</b>	<b>9,230</b>	<b>8,448</b>

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, 2022	Dec 31, 2021
Loans and receivables not due, net of allowance for expected credit losses	2,317	2,300
Loans and receivables past due but not impaired, net of allowance for expected credit losses	63	37
<i>of which less than 30 days</i>	1	37
<i>of which 30–180 days</i>	62	-
<i>of which more than 180 days</i>	-	-
<b>Total loans and receivables</b>	<b>2,380</b>	<b>2,337</b>



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 417 million in 2022 and SEK 598 million in 2021. Recovered accounts receivable were SEK 92 million in 2022 and SEK 73 million in 2021. 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, 2022	Dec 31, 2021
Opening balance	968	995
Net of charges for expected credit losses in the period and receivables written-off	-112	-9
Operations acquired and divested	-	-
Reversals of allowances	-30	-37
Exchange rate differences	50	19
<b>Closing balance</b>	<b>876</b>	<b>968</b>

## 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, 2022	Dec 31, 2021
Interest rate swaps and cross-currency interest rate swaps at fair value	260	56
<i>of which designated as fair value hedges</i>	28	43
<i>of which designated as cash flow hedges</i>	220	12
<i>of which at fair value through Income Statement</i>	12	-
Short-term investments with maturities over 3 months	2,309	6,097
<i>of which bonds at fair value through income statement</i>	1,678	6,049
<i>of which bonds at fair value through OCI</i>	631	48
<b>Financial assets at fair value</b> (see Notes C26 and C27)	<b>2,569</b>	<b>6,153</b>
Loans and receivables at amortized cost	6,783	2,322
Finance lease receivables at amortized cost	324	366
<b>Financial assets at amortized cost</b> (see Notes C26 and C27)	<b>7,107</b>	<b>2,688</b>
<b>Total interest bearing receivables</b>	<b>9,676</b>	<b>8,841</b>

Carrying values for items measured at amortized cost are assumed to approximate fair values as the risk of changes in value is insignificant. For more information on financial instruments by category,

fair value hierarchy level and exposure to credit risk, see Note C26 and section "Credit risk management" in Note C27, 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, 2022	Dec 31, 2021
Short-term investments with maturities up to and including 3 months	-	380
<i>of which bonds at fair value through income statement (see Note C26)</i>	-	380
Cash and bank	6,871	13,978
<b>Total cash and cash equivalents (see Notes C26 and C27)</b>	<b>6,871</b>	<b>14,358</b>

The carrying values are assumed to approximate fair values as the risk of changes in value is insignificant. For more information on financial instruments by category, fair value hierarchy level and exposure to credit risk, see Note C26 and section "Credit risk management" in Note C27, respectively. See 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		
<b>Issued share capital, December 31, 2020, 2021 and 2022</b>	<b>13,856,271,299</b>	<b>4,089,631,702</b>	<b>3.39</b>

### Treasury shares

On April 6, 2022, the AGM authorized the Board of Directors to decide on a share buy-back program. Repurchases of shares may be made on one or more occasions before the AGM 2023. On June 1, 2022, the Board of Directors decided to initiate a share buy-back program with the intention to buy back shares for SEK 5.4 billion starting no earlier than June 15, 2022 and ending no later than February 28, 2023. The total price for the repurchased shares under the share buy-back program during 2022 was SEK 5,400 million. Transaction costs, net of tax, was SEK 86 million.

During May 2022 Telia Company acquired additional 339,912 treasury shares, at an average price of SEK 40.01 to cover commitments under the Long term Incentive Program (LTI) 2019/2022 (595,632 shares at an average price of SEK 35.32 under the LTI program 2018/2021). The total price for the repurchased shares during 2022 was SEK 14 million (21) and transaction costs, net of tax, amounted to SEK 0 million (0). During 2022 Telia Company transferred 332,875 shares (595,632) to the incentive program participants. The remaining 7,037 shares were sold through the stock exchange for SEK 0.2 million.

In total the acquisitions of treasury shares under the share buy-back program and the LTI program reduced other contributed capital within parent shareholder's equity by SEK 5,499 million during 2022 (21). As of December 31, 2022, Telia Company held 157,522,416 treasury shares (0) and the total number of issued and outstanding shares was 4,089,631,702 (4,089,631,702) and 3,932,109,286 (4,089,631,702) respectively.

### 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%. The group holds 49% 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%. The NCI in Telia Towers AB, which includes the tower businesses in Finland, Norway and Sweden, is 49%.

On January 27, 2022, Telia Company signed an agreement to divest a 49% stake in its Swedish tower business to Brookfield and Alecta at a price corresponding to an enterprise value for 100% of SEK 11,224 million on a cash and debt free basis. The transaction was subject to customary regulatory approvals and was closed on June 1, 2022. The transaction resulted in an increase of Retained earnings in equity attributable to owners of the parent of SEK 5,255 million (net including transaction costs of SEK 29 million) and an increase of equity attributable to non-controlling interests of SEK 190 million. The disposal had a positive cash flow effect for the group in the second quarter 2022 of SEK

5,475 million which was recognized in line-item Capital contributions non-controlling interests within financing activities. If, and when there is a transfer of the tower assets from their respective business unit,

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, 2022 SEK in millions, except percentages	Telia Lietuva, AB, Lithuania	Latvijas Mobilais Telefons SIA, Latvia	Telia Towers AB, Sweden <sup>1</sup>	Other subsidiaries	Total
<b>Assets</b>					
Non-current assets	5,994	2,586	6,070		
Current assets	1,040	916	575		
<b>Liabilities</b>					
Non-current liabilities	-1,245	-846	-1,150		
Current liabilities	-1,748	-973	-887		
<b>Net assets</b>	<b>4,041</b>	<b>1,683</b>	<b>4,609</b>		
NCI percentage	11.8	39.7	49.0		
<b>Carrying amount of NCI</b>	<b>479</b>	<b>669</b>	<b>2,258</b>	<b>28</b>	<b>3,434</b>
Net sales	4,758	1,652	1,869		
Net income	657	460	616		
<b>Net income allocated to NCI</b>	<b>78</b>	<b>183</b>	<b>302</b>	<b>-89</b>	<b>474</b>
Cash flows from operating activities	1,294	625	1,159		
Free cash flow	97	215	747		

<sup>1</sup>) Telia Towers AB owns the tower businesses in Finland (Telia Towers Finland Oy), Norway (Telia Towers Norway AS) and Sweden (Telia Towers Sweden AB).

December 31, 2021 SEK in millions, except percentages	Telia Lietuva, AB, Lithuania	Latvijas Mobilais Telefons SIA, Latvia	Telia Towers AB, Sweden <sup>1</sup>	Other subsidiaries	Total
<b>Assets</b>					
Non-current assets	5,199	2,340	3,820		
Current assets	1,506	750	262		
<b>Liabilities</b>					
Non-current liabilities	-1,039	-401	-366		
Current liabilities	-1,982	-1,246	-369		
<b>Net assets</b>	<b>3,684</b>	<b>1,442</b>	<b>3,347</b>		
NCI percentage	11.8	39.7	49.0		
<b>Carrying amount of NCI</b>	<b>437</b>	<b>573</b>	<b>1,640</b>	<b>163</b>	<b>2,812</b>
Net sales	4,279	1,565	-		
Net income	702	336	-		
<b>Net income allocated to NCI</b>	<b>83</b>	<b>133</b>	<b>-</b>	<b>-61</b>	<b>156</b>
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).

### Earnings per share and dividends

	Jan–Dec 2022	Jan–Dec 2021
Net income attributable to owners of the parent (SEK million)	-14,638	11,680
Average number of outstanding shares, basic and diluted (thousands)	4,035,313	4,089,632
Earnings per outstanding share, basic and diluted (SEK)	-3.63	2.86
Ordinary cash dividend (for 2022 as proposed by the Board of Directors)		
– Per share (SEK)	2.00	2.05
– Total (SEK million)	7,864	8,384

## C21. Long-term and short-term borrowings

### Open-market financing programs

Telia Company has the following open-market financing programs.

Program	Characteristics	Limit currency	Dec 31, 2022				Dec 31, 2021			
			Limit	Utilized	Interest rate type		Average maturity (years)	Limit	Utilized	
					(in millions)					(in millions)
Telia Company AB	Euro Medium Term Note (EMTN)	Uncommitted, International, Long-term	EUR	12,000	5,385	302	5,083	7,5	12,000	5,751
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.

SEK in millions	Dec 31, 2022		Dec 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Long-term borrowings</b>				
Interest rate derivatives at fair value	7,078	7,078	771	771
<i>of which designated as hedging instruments</i>	7,078	7,078	768	768
<i>of which at fair value through income statement</i>	-	-	3	3
Cross-currency interest rate derivatives at fair value	170	170	800	800
<i>of which designated as hedging instruments</i>	60	60	765	765
<i>of which at fair value through income statement</i>	110	110	35	35
<b>Financial liabilities at fair value</b> (see Notes C26 and C27)	<b>7,247</b>	<b>7,247</b>	<b>1,571</b>	<b>1,571</b>
Open-market financing borrowings in fair value hedge relationships	38,915	43,439	53,451	59,477



SEK in millions	Dec 31, 2022		Dec 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Open-market financing borrowings at amortized cost	33,698	34,335	23,215	28,084
<i>of which hedging net investments</i>	18,167	18,942	5,589	7,598
Other borrowings at amortized cost	723	723	541	541
Lease liabilities at amortized cost	13,971		12,859	
<b>Financial liabilities at amortized cost</b> (see Notes C26 and C27)	<b>87,308</b>		<b>90,066</b>	
<b>Total long-term borrowings</b> (see Notes C26 and C27)	<b>94,555</b>		<b>91,637</b>	
<b>Short-term borrowings</b>				
Interest rate derivatives at fair value	50	50	92	92
<i>of which designated as hedging instruments</i>	50	50	92	92
Cross-currency interest rate derivatives at fair value	179	179	223	223
<i>of which designated as hedging instruments</i>	179	179	108	108
<i>of which at fair value through income statement</i>	-	-	115	115
<b>Financial liabilities at fair value</b> (see Notes C26 and C27)	<b>229</b>	<b>229</b>	<b>315</b>	<b>315</b>
Utilized bank overdraft and short-term credit facilities at amortized cost	-	-	6	6
Open-market financing borrowings in fair value hedge relationships	1,709	1,726	6,001	6,037
Open market financing borrowings at amortized cost	949	957	-	-
Other borrowings at amortized cost	858	858	823	823
Lease liabilities at amortized cost	3,261		2,872	
<b>Financial liabilities at amortized cost</b> (see Notes C26 and C27)	<b>6,778</b>		<b>9,702</b>	
<b>Total short-term borrowings</b> (see Notes C26 and C27)	<b>7,007</b>		<b>10,017</b>	

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 0.05% (0.07) and the share of total number of active insured in ITP 2 is 0.63% (0.67). Expected contribution to the ITP 2 plan for 2023 is SEK 15 million. At the end of 2022, Alecta's surplus, in the collective funding ratio, is preliminary estimated to 172% (172).

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; 20% active members, 32% deferred members and 48% 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.

SEK in millions	Dec 31, 2022				Dec 31, 2021			
	Sweden	Finland	Norway	Total	Sweden	Finland	Norway	Total
Present value of funded pension obligations	18,376	5,457	680	24,513	23,046	7,427	582	31,055
Fair value of plan assets	-21,926	-6,697	-578	-29,202	-24,476	-6,381	-530	-31,387
<b>Surplus (-)/deficit (+) of funded plans</b>	<b>-3,551</b>	<b>-1,240</b>	<b>102</b>	<b>-4,689</b>	<b>-1,430</b>	<b>1,046</b>	<b>53</b>	<b>-332</b>
Present value of unfunded pension obligations	1,314	-	-	1,314	1,666	-	-	1,666
<b>Net assets (-)/provisions (+) for pension obligations</b>	<b>-2,236</b>	<b>-1,240</b>	<b>102</b>	<b>-3,375</b>	<b>236</b>	<b>1,046</b>	<b>53</b>	<b>1,335</b>
<i>of which recognized as provisions</i>	<i>1,173</i>	<i>3</i>	<i>102</i>	<i>1,279</i>	<i>1,583</i>	<i>1,046</i>	<i>53</i>	<i>2,682</i>
<i>of which recognized as assets</i>	<i>-3,409</i>	<i>-1,243</i>	<i>-</i>	<i>-4,653</i>	<i>-1,347</i>	<i>-</i>	<i>-</i>	<i>-1,347</i>

Total pension expenses were distributed as follows.

SEK in millions	Jan–Dec 2022				Jan–Dec 2021			
	Sweden	Finland	Norway	Total	Sweden	Finland	Norway	Total
Current service cost	63	238	16	318	184	243	14	441
Gain/loss on settlements	-	-	-	-	-	-8	-	-8
<b>Total pension expenses in operating income from defined benefit obligations</b>	<b>63</b>	<b>238</b>	<b>16</b>	<b>318</b>	<b>184</b>	<b>235</b>	<b>14</b>	<b>433</b>
Interest expense	411	92	13	516	360	49	9	419
Interest income	-416	-79	-11	-507	-305	-33	-8	-346
<b>Total net interest in financial items</b>	<b>-5</b>	<b>12</b>	<b>1</b>	<b>10</b>	<b>55</b>	<b>16</b>	<b>2</b>	<b>73</b>
<b>Total pension expenses from defined benefit obligations</b>	<b>59</b>	<b>250</b>	<b>18</b>	<b>327</b>	<b>239</b>	<b>251</b>	<b>15</b>	<b>506</b>
<b>Pension expenses in operating income from defined contribution plans</b>				<b>1,243</b>				<b>1,177</b>
<b>Remeasurement gains (-)/losses (+)</b>								
Gain/loss from change in financial assumptions	-6,284	-2,861	59	-9,086	-2,066	-905	-19	-2,989
Experience gains/losses	2,720	246	4	2,969	-769	-128	44	-854
Gain/loss from change in demographic assumptions	-923	-	-	-923	-	-	-	-
Return on plan assets (excluding interest income)	2,066	208	8	2,282	-1,978	-781	-52	-2,811
<b>Total gains/losses recorded in OCI, defined benefit pension plans</b>	<b>-2,422</b>	<b>-2,407</b>	<b>71</b>	<b>-4,759</b>	<b>-4,813</b>	<b>-1,814</b>	<b>-27</b>	<b>-6,654</b>

### Specifications to defined benefit obligations and fair value of plan assets

Movements in the present value of defined benefit obligations were as follows.

SEK in millions	2022				2021			
	Sweden	Finland	Norway	Total	Sweden	Finland	Norway	Total
<b>Opening balance, present value of pension obligations</b>	<b>24,712</b>	<b>7,427</b>	<b>582</b>	<b>32,721</b>	<b>27,981</b>	<b>8,156</b>	<b>497</b>	<b>36,634</b>
Opening balance, liabilities directly associated with assets classified as held for sale	-	-	-	-	619	-	-	619
<b>Total opening balance</b>	<b>24,712</b>	<b>7,427</b>	<b>582</b>	<b>32,721</b>	<b>28,600</b>	<b>8,156</b>	<b>497</b>	<b>37,253</b>
Current service cost	63	238	16	318	184	243	14	441
Interest expenses	411	92	13	516	360	49	9	419
Benefits paid	-1,009	-156	-10	-1,175	-1,016	-139	-10	-1,165
Other	-	-20	-	-20	-	-	-	-
Operations divested	-	-	-	-	-581	-28	-	-610
<b>Remeasurement gains (-)/losses (+)</b>								
Gain/loss from change in financial assumptions	-6,284	-2,861	59	-9,086	-2,066	-905	-19	-2,989
Experience gains/losses	2,720	246	4	2,969	-769	-128	44	-854
Gain/loss from change in demographic assumptions	-923	-	-	-923	-	-	-	-
Exchange rate differences	-	491	16	507	-	179	47	225
<b>Closing balance, present value of pension obligations</b>	<b>19,690</b>	<b>5,457</b>	<b>680</b>	<b>25,827</b>	<b>24,712</b>	<b>7,427</b>	<b>582</b>	<b>32,721</b>

Movements in the fair value of plan assets were as follows.

SEK in millions	2022				2021			
	Sweden	Finland	Norway	Total	Sweden	Finland	Norway	Total
<b>Opening balance, fair value of plan assets</b>	<b>24,476</b>	<b>6,381</b>	<b>530</b>	<b>31,387</b>	<b>23,492</b>	<b>5,467</b>	<b>405</b>	<b>29,364</b>
Interest income	416	79	11	507	305	33	8	346
Contribution to pension funds	-	117	41	159	-	136	43	179
Payment from pension funds	-900	-	-	-900	-1,300	-	-	-1,300
Benefits paid	-	-156	-10	-166	-	-139	-10	-149
Operations divested	-	-	-	-	-	-20	-	-20
Other	-	-20	-	-20	-	-	-	-
<b>Remeasurement gains (-)/losses (+)</b>								
Return on plan assets (excluding interest income)	-2,066	-208	-8	-2,282	1,978	781	52	2,811
Exchange rate differences	-	503	15	518	-	123	31	154
<b>Closing balance, fair value of plan assets</b>	<b>21,926</b>	<b>6,697</b>	<b>578</b>	<b>29,202</b>	<b>24,476</b>	<b>6,381</b>	<b>530</b>	<b>31,387</b>

### Principal actuarial assumptions

The actuarial calculation of pension obligations and pension expenses is based on the following principal assumptions. 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 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, 2022				Dec 31, 2021			
	Sweden	Finland	Norway	Weighted average	Sweden	Finland	Norway	Weighted average
Discount rate	3.8	3.7	2.9	3.8	1.7	1.2	2.2	1.6
Inflation	2.3	2.3	2.0	2.3	1.8	2.0	1.5	1.8
Longevity								
<i>life expectancy 65-year-old male (year)</i>	21	19	22	21	22	20	22	22
<i>life expectancy 65-year-old female (year)</i>	23	25	25	24	25	26	25	25

Sensitivity of the defined benefit obligations to changes in the assumptions was as follows.

SEK in millions	Dec 31, 2022				Dec 31, 2021			
	Impact on defined benefit obligation				Impact on defined benefit obligation			
	Sweden	Finland	Norway	Total	Sweden	Finland	Norway	Total
Discount rate +0.5 p.p.	-1,565	-401	-59	-2,026	-2,307	-702	-52	-3,060
Discount rate -0.5 p.p.	1,708	451	65	2,224	2,468	808	58	3,335
Inflation/Indexation +0.5 p.p. <sup>1</sup>	1,788	386	63	2,237	2,541	769	57	3,366
Inflation/Indexation -0.5 p.p. <sup>1</sup>	-1,617	-285	-57	-1,959	-2,228	-667	-51	-2,946
Longevity +1 year	959	152	16	1,128	1,323	220	10	1,553

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 be 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 17 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 75% 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% since inception. As of December 31, 2022, the strategic asset allocation decided by the Board of the Swedish Fund, was 49% fixed income, 34% equities and 17% 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 weak during 2022 and market conditions are expected to be challenging going forward as well. 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 Asset category	December 31, 2022				December 31, 2021			
	Quoted	Unquoted	Total	%	Quoted	Unquoted	Total	%
Equity instruments	9,351	861	10,212	35	9,848	467	10,315	33
Debt instruments	12,327	472	12,799	44	13,529	392	13,921	44
Real estate	506	1,822	2,328	8	575	1,400	1,975	6
Cash and cash equivalents	-	-	-	-	358	-	358	1
Alternative investments	607	3,257	3,863	13	1,070	3,748	4,818	15
<b>Total</b>	<b>22,790</b>	<b>6,412</b>	<b>29,202</b>	<b>100</b>	<b>25,380</b>	<b>6,007</b>	<b>31,387</b>	<b>100</b>
<i>of which shares in Telia Company</i>	<i>10</i>	<i>-</i>	<i>10</i>	<i>0.03</i>	<i>13</i>	<i>-</i>	<i>13</i>	<i>0.04</i>

#### 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 153 million in 2023.



## C23. Other provisions

Changes in other provisions were as follows.

SEK in millions	December 31, 2022			Total
	Restructuring provisions	Asset retirement obligations	Other provisions	
Opening balance	330	2,914	1,391	4,635
Provisions for the period	236	167	65	468
Utilized provisions	-390	-377	-66	-833
Reversals of provisions	-10	-1	-4	-15
Reclassifications	-1	-	-	-1
Timing and interest-rate effects	-	-165	-	-165
Exchange rate differences	6	57	164	227
<b>Closing balance</b>	<b>171</b>	<b>2,595</b>	<b>1,550</b>	<b>4,316</b>
<i>of which non-current portion</i>	<i>41</i>	<i>2,189</i>	<i>1,513</i>	<i>3,743</i>
<i>of which current portion</i>	<i>130</i>	<i>406</i>	<i>37</i>	<i>573</i>

### 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, 2022, are expected to be fully utilized in the period 2023–2100, 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 2023–2055. 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 liabilities were distributed as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Norwegian license fee liabilities at amortized cost	635	750
Danish license fee liabilities at amortized cost	692	461
Finnish license fee liabilities at amortized cost	15	87
Lithuania license fee liabilities at amortized cost	219	62
Other liabilities at amortized cost	258	66
<b>Financial liabilities at amortized cost</b> (see Notes C26 and C27)	<b>1,819</b>	<b>1,426</b>
Interest rate swaps at fair value through income statement	7	-
<b>Financial liabilities at fair value</b> (see Notes C26 and C27)	<b>7</b>	<b>-</b>
Prepaid operating lease agreements	263	265
Other liabilities	200	223
<b>Total other long-term liabilities</b>	<b>2,289</b>	<b>1,914</b>

See Note C26 for more information on financial instruments classified by category and fair value hierarchy level and to Note C27 on management of liquidity risk.

Contractual cash flows for liabilities at amortized cost are presented in section "Liquidity risk management" to Note C27.

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, 2022	Dec 31, 2021
Derivatives designated as hedging instruments	21	-
Derivatives at fair value through income statement	46	14
<b>Financial liabilities at fair value</b> (see Notes C26 and C27)	<b>67</b>	<b>14</b>
Accounts payable at amortized cost	20,286	17,346
<i>of which accounts payable under vendor financing arrangements</i>	<i>11,413</i>	<i>11,001</i>
Current liabilities at amortized cost	3,779	4,151
<b>Financial liabilities at amortized cost</b> (see Notes C26 and C27)	<b>24,065</b>	<b>21,497</b>
Other current liabilities	6,947	6,920
Contract liabilities (Deferred income)	3,327	3,221
<b>Total trade payables and other current liabilities</b>	<b>34,406</b>	<b>31,652</b>

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.

Contractual cash flows for liabilities at amortized cost and for financial liabilities at fair values 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, 2022	Dec 31, 2021
<b>Financial assets</b>			
Derivatives designated as hedging instruments	C16, C18, C19	2,205	1,034
Financial assets at fair value through income statement		155	480
<i>of which derivatives at fair value through income statement</i>	C16, C18, C19	137	462
<i>of which other investments at fair value through income statement</i>	C16	18	18
Financial assets at fair value through OCI	C16, C19	1,437	1,405
Long- and short-term bonds measured at fair value through income statement	C16, C19	5,174	11,578
<b>Financial assets at fair value</b>		<b>8,971</b>	<b>14,497</b>
Financial assets at amortized cost	C16, C18, C19	27,681	29,687
<b>Total financial assets</b>		<b>36,651</b>	<b>44,184</b>
<b>Financial liabilities</b>			
Derivatives designated as hedging instruments	C21, C25	7,388	1,734
Derivatives measured at fair value through income statement	C21, C24, C25	162	166
<b>Financial liabilities at fair value</b>		<b>7,550</b>	<b>1,900</b>
Financial liabilities at amortized cost	C21, C24, C25	119,968	122,691
<b>Total financial liabilities</b>		<b>127,519</b>	<b>124,592</b>

### 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.

SEK in millions	Note	December 31, 2022				December 31, 2021			
		Carrying value	of which			Carrying value	of which		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets at fair value</b>									
Equity instruments at fair value through OCI	C16	601	4	-	596	576	-	-	576
Equity instruments at fair value through income statement	C16	18	-	-	18	18	-	-	18
Long- and short-term bonds at fair value through OCI	C16, C19	836	836	-	-	830	830	-	-
Long- and short-term bonds at fair value through income statement	C16, C19	5,174	5,174	-	-	11,578	9,883	1,695	-
Derivatives designated as hedging instruments	C16, C18, C19	2,205	-	2,205	-	1,034	-	1,034	-
Derivatives at fair value through income statement	C16, C18, C19	137	-	137	-	462	-	462	-
<b>Total financial assets at fair value by level</b>		<b>8,971</b>	<b>6,015</b>	<b>2,342</b>	<b>614</b>	<b>14,497</b>	<b>10,713</b>	<b>3,191</b>	<b>594</b>
<b>Financial liabilities at fair value</b>									
Derivatives designated as hedging instruments	C21, C25	7,388	-	7,388	-	1,734	-	1,734	-
Derivatives at fair value through income statement	C21, C24, C25	162	-	162	-	166	-	166	-
<b>Total financial liabilities at fair value by level</b>		<b>7,550</b>	<b>-</b>	<b>7,550</b>	<b>-</b>	<b>1,900</b>	<b>-</b>	<b>1,900</b>	<b>-</b>

There were no material transfers between Level 1, 2 or 3 in 2022 or 2021.

### 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, 2022		Total
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	
<b>Level 3, opening balance</b>	<b>576</b>	<b>18</b>	<b>594</b>
Changes in fair value	-46	-	<b>-46</b>
<i>of which recognized in other comprehensive income</i>	-46	-	<b>-46</b>
Purchases/Equity conversions	77	-	<b>77</b>
Reclassifications	-10	-	<b>-10</b>
Settlements	-3	-	<b>-3</b>
Exchange rate differences	3	-	<b>3</b>
<b>Level 3, closing balance</b>	<b>596</b>	<b>18</b>	<b>614</b>

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

## 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 is focused on the refinancing risk, other 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 mainly considered as backup support. 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 the first quarter of 2022 a green hybrid bond of EUR 500 million was issued (SEK 5.4

billion) to a coupon of 2.75% and a yield of 2.88% with a first reset date after 6.25 years. During the fourth quarter of 2022, Telia Company issued additional volume of EUR 100 million (SEK 1.1 billion) to the same coupon of 2.75% and a yield of 5.63% with the first reset date after 5.75 years so the total volume outstanding under this green hybrid bond is EUR 600 million. The proceeds will primarily finance more energy efficient networks. Further, in the third quarter of 2022, Telia Company issued another hybrid bond of EUR 600 million (SEK 6.5 billion) to a coupon of 4.62% and a yield of 4.88% with the first reset date after 5.25 years and in the fourth quarter a 2-year senior bond of SEK 600 million to a coupon of 3.99% and a yield of 3.99% and another 2-year senior bond of SEK 2,400 million to a floating interest rate. Outstanding bonds with a nominal amount corresponding to SEK 21.3 billion, of which hybrid bonds with a nominal amount corresponding to SEK 15.2 billion with call dates in October 2022 and April 2023, were repaid during 2022. The nominal value of Telia Company's hybrid notes has been reduced by SEK 2.3 billion during 2022. The total outstanding volume of hybrid per year end is EUR 1,800 million.

### Capital management

Telia Company's capital structure and dividend policy is decided by the Board of Directors with a floor of SEK 2.00 per share and an ambition for low to mid-single digit percentage growth.

For 2022, the Board of Directors proposes to the AGM an ordinary dividend of SEK 2.00 per share (2.05), totaling SEK 7.9 billion (8.3). The dividend



should be split and distributed into four tranches of SEK 0.50 per share.

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 2022. 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 highly important allowing 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% of hybrid bonds, which is consistent with the market practice for this type of instrument. As per December 31, 2022, Telia Company's capital amounted to SEK 77,635 million (93,972), whereof equity SEK 67,673 million (83,544) and 50% of hybrid bonds SEK 9,962 million (10,428).

#### 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, 2022	Dec 31, 2021
Other non-current assets excluding Equity instruments, Costs to obtain a contract, Contract assets and Deferred expenses	C16	7,824	9,449
Trade and other receivables and assets excluding Other current receivables, Current contract assets and Deferred expenses	C18	11,662	10,942
Short-term interest-bearing receivables	C19	9,676	8,841
Cash and cash equivalents	C19	6,871	14,358
<b>Total</b>		<b>36,033</b>	<b>43,590</b>

1) 2021 is restated by SEK 594 million for comparability.

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 behaviour, if necessary supplemented by credit and business information from external sources. Incurred expenses for credit losses in relation to consolidated net sales was approximately 0.5% in 2022 and 0.7% in 2021.

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.

### 2022

SEK in millions Rating Category (S&P / Moody's)	Cash and bank	Cash equivalents	Long and short-term investments	Counterparty exposures de- rivatives
AAA / Aaa	-	-	5,616	-
AA+ to AA- / Aa1 to Aa3	3,496	-	354	69
A+ to A- / A1 to A3	3,374	-	40	55
BBB+ to BBB- / Baa1 to Baa3	-	-	-	-
Non-investment grade	-	-	-	-
<b>Total</b>	<b>6,871</b>	<b>-</b>	<b>6,010</b>	<b>124</b>

### 2021

SEK in millions Rating Category (S&P / Moody's)	Cash and bank	Cash equivalents	Long and short-term investments	Counterparty exposures de- rivatives
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	-	-	-	-
<b>Total</b>	<b>13,978</b>	<b>380</b>	<b>12,028</b>	<b>191</b>

#### 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, 2022	Dec 31, 2021
<b>Surplus liquidity</b>		
Cash and bank	6,871	13,978
Cash equivalents <sup>1</sup>	-	380
<b>Cash and cash equivalents</b> (see also Note C19)	<b>6,871</b>	<b>14,358</b>
Short-term investments <sup>2</sup> (see also Note C19)	2,309	6,097
<b>Total</b>	<b>9,180</b>	<b>20,456</b>
Long-term investments <sup>3</sup> (see also Note C16)	3,701	5,931
<b>Total surplus liquidity</b>	<b>12,881</b>	<b>26,386</b>
<b>Committed credit facilities</b>		
Revolving credit facilities (limit amount)	13,292	15,383
Bank overdraft and short-term credit facilities (limit amount)	1,508	1,433
Utilized credit facilities	-	-6
<b>Total unutilized committed credit facilities</b>	<b>14,800</b>	<b>16,810</b>
<b>Liquidity position</b>	<b>27,681</b>	<b>43,196</b>

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, 2022 Limit	Dec 31, 2021 Limit
Telia Company AB	Revolving credit facility	Committed, syndicated	September 2027	EUR	13,292	15,383
Telia Company AB and subsidiaries	Bank overdraft facility	Committed, bilateral	Extended yearly	(various)	1,508	1,433

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.

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.

### 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.

Expected maturity SEK in millions	Note	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	2024	2025	2026	2027	Later years	Total
Utilized bank overdraft and short-term credit facilities	C21	-	-	-	-	-	-	-	-	-	-
Open-market financing program borrowings	C21	-615	-1,537	-446	-2,457	-12,697	-10,021	-7,090	-15,677	-47,053	<b>-97,593</b>
Other borrowings	C21	0	-11	0	0	-281	-	-332	-	-1,065	<b>-1,689</b>
<b>Cross-currency interest rate swaps and interest rate swaps</b>											
Payables	C25	-707	-11,677	-1,004	-3,113	-16,012	-9,363	-8,505	-4,322	-3,180	<b>-57,883</b>
Receivables	C19	504	11,470	639	2,878	15,485	8,743	8,080	4,057	1,218	<b>53,074</b>
<b>Currency swaps and forward exchange contracts</b>											
Payables	C24, 25	-10,321	-559	-8	-2	-	-	-	-	-	<b>-10,890</b>
Receivables	C19	10,355	559	7	2	-	-	-	-	-	<b>10,923</b>
Financial guarantees	C23	-	-	-	-	-	-	-	-	-	-
Other long-term liabilities	C24	-	-	-	-	-515	-305	-267	-255	-564	<b>-1,906</b>
Trade payables and other current liabilities	C25	-17,020	-2,769	-1,333	-2,943	-	-	-	-	-	<b>-24,065</b>
Lease Liabilities	C28	-961	-808	-703	-799	-2,657	-2,439	-2,288	-2,152	-7,372	<b>-20,179</b>
Credit and performance guarantees	C30	-	-	-1	-	-	-	-	-	-	<b>-1</b>
<b>Total</b>		<b>-18,765</b>	<b>-5,332</b>	<b>-2,849</b>	<b>-6,434</b>	<b>-16,677</b>	<b>-13,385</b>	<b>-10,402</b>	<b>-18,349</b>	<b>-58,016</b>	<b>-150,209</b>

In the table Hybrid bonds are represented at their reset date.

SEK in millions	Jan– Mar 2023	Apr– Jun 2023	Jul– Sep 2023	Oct– Dec 2023	2024	2025	2026	2027	Later years	Total
AUD Interest bearing asset	-	-	-	-	-	-	-	-	-	-
Interest bearing liabilities	-7	-	-7	-	-14	-14	-14	-14	-617	-687
Derivatives	7	-	7	-	14	14	14	14	617	687
<b>Net</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
DKK Interest bearing asset	-	-	-	-	-	-	-	-	-	-
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-
Derivatives	-3,076	-	-	-	-	-	-	-	-	-3,076
<b>Net</b>	<b>-3,076</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-3,076</b>
EUR Interest bearing asset	60	-	-	-	-	-	-	-	-	60
Interest bearing liabilities	-559	-1,424	-390	-675	-8,740	-8,974	-6,802	-14,757	-35,546	-78,867
Derivatives	3,120	1,273	-37	76	6,522	4,838	5,325	3,034	-1,837	22,314
<b>Net</b>	<b>2,621</b>	<b>-151</b>	<b>-427</b>	<b>-599</b>	<b>-2,218</b>	<b>-4,136</b>	<b>-1,477</b>	<b>-11,723</b>	<b>-38,383</b>	<b>-56,493</b>
GBP Interest bearing asset	6	-	-	-	-	-	-	-	-	6
Interest bearing liabilities	-	-	-	-135	-135	-135	-135	-135	-5,089	-5,764
Derivatives	-6	-	-	135	135	135	135	135	5,089	5,758
<b>Net</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
JPY Interest bearing asset	-	-	-	-	-	-	-	-	-	-
Interest bearing liabilities	-4	-	-4	-	-8	-8	-8	-8	-887	-927
Derivatives	4	-	4	-	8	8	8	8	887	927
<b>Net</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
NOK Interest bearing asset	-	-	-	-	-	-	-	-	-	-
Interest bearing liabilities	-30	-73	-7	-26	-125	-125	-125	-758	-3,675	-4,944
Derivatives	-587	-190	-135	-2,265	-7,006	-2,332	-1,703	-75	-142	-14,435
<b>Net</b>	<b>-617</b>	<b>-263</b>	<b>-142</b>	<b>-2,291</b>	<b>-7,131</b>	<b>-2,457</b>	<b>-1,828</b>	<b>-833</b>	<b>-3,817</b>	<b>-19,379</b>
USD Interest bearing asset	43	-	-	-	-	-	-	-	-	43
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-
Derivatives	238	21	7	2	-	-	-	-	-	268

SEK in millions	Jan– Mar 2023	Apr– Jun 2023	Jul– Sep 2023	Oct– Dec 2023	2024	2025	2026	2027	Later years	Total
<b>Net</b>	<b>281</b>	<b>21</b>	<b>7</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311</b>
Other Interest bearing asset	-	-	-	-	-	-	-	-	-	-
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-
Derivatives	-	-	-	-	-	-	-	-	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total, net</b>	<b>-791</b>	<b>-393</b>	<b>-562</b>	<b>-2,888</b>	<b>-9,349</b>	<b>-6,593</b>	<b>-3,305</b>	<b>-12,566</b>	<b>-42,200</b>	<b>-78,637</b>

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."

#### 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.

#### 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% SEK in millions 2022	Impact on Net income if currency rate depreciates by 10% SEK in millions 2021
EUR	-0.4	0.6
NOK	4.7	5.5
DKK	-1.8	-0.3
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.

SEK in millions	2022			2021		
	Net investments	Hedged through borrowings or derivatives	Net	Net investments	Hedged through borrowings or derivatives	Net
DKK	1,818	-	1,818	2,272	-	2,272
EUR	38,463	-30,943	7,520	43,534	-16,899	26,635
NOK	23,365	-	23,365	29,543	-	29,543
<b>Total</b>	<b>63,646</b>	<b>-30,943</b>	<b>32,703</b>	<b>75,349</b>	<b>-16,899</b>	<b>58,450</b>

### Translation exposure sensitivity

The positive impact on group equity would be approximately SEK 3.3 billion (5.8) 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 2022 is mainly due to impairments related to goodwill in Finland, Norway, Denmark, and Latvia.

### 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 borrowings 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. 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.

%	Dec 31, 2022 <sup>1</sup>	Dec 31, 2021 <sup>1</sup>
Long-term borrowings	4.1	2.7
Short-term borrowings	5.0	2.7

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, 2022 <sup>1</sup>	Dec 31, 2021 <sup>1</sup>
Duration (interest rate risk)	3.2	2.9
Average maturity (years)	6.8	6.4
Short-term borrowings	3,746	7,145
Long-term borrowings	80,584	78,778
Interest rate adjustment <1year	42,081	57,568
Interest rate adjustment >1year	42,249	28,355

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. 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 2023	Apr– Jun 2023	Jul– Sep 2023	Oct– Dec 2023	2024	2025	2026	2027	Later years	Total
<b>Fixed</b>										
Interest bearing asset <sup>1</sup>	195	175	515	819	930	1,194	1,204	350	55	<b>5,437</b>
Interest bearing liabilities <sup>1</sup>	-	-1,107	-	-587	-8,043	-8,172	-5,538	-14,202	-40,816	<b>-78,466</b>
Derivatives	500	4,607	500	587	5,611	6,842	3,957	-299	20,703	<b>43,007</b>
<b>Net</b>	<b>695</b>	<b>3,675</b>	<b>1,015</b>	<b>819</b>	<b>-1,502</b>	<b>-135</b>	<b>-378</b>	<b>-14,151</b>	<b>-20,058</b>	<b>-30,021</b>
<b>Float</b>										
Interest bearing asset <sup>1</sup>	-	-	-	-	-	-	-	-	-	-
Interest bearing liabilities <sup>1</sup>	-3,345	-	-	-	-	-	-	-	-	<b>-3,345</b>
Derivatives	-35,551	-5,802	-	-	-	-	-	-	-	<b>-41,353</b>
<b>Net</b>	<b>-38,896</b>	<b>-5,802</b>	-	-	-	-	-	-	-	<b>-44,698</b>
<b>Total, net</b>	<b>-38,201</b>	<b>-2,127</b>	<b>1,015</b>	<b>819</b>	<b>-1,502</b>	<b>-135</b>	<b>-378</b>	<b>-14,151</b>	<b>-20,058</b>	<b>-74,719</b>

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 84.3 billion, carrying value, with duration of interest of 3.2 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 42.1 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 334 million (476). At the same time the effect on equity would be a decrease of SEK 31 million (33) due to cash flow hedges.

Carrying value of the loan portfolio would change by approximately SEK 1.8 billion (2.4), 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 30% of the funding is allowed to mature within 2 years. As of year end the average maturity of Telia Company's borrowings was 6.8 years and 16% 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.

## December 31, 2022

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
Interest and cross-currency interest rate swaps	2,290	-	2,290	-1,270	-1,027	-8
Currency swaps and forward exchange contracts	52	-	52	-9	-	44
Other	8	-6	2	-	-	2
<b>Total</b>	<b>2,350</b>	<b>-6</b>	<b>2,344</b>	<b>-1,279</b>	<b>1,027</b>	<b>38</b>

## December 31, 2021

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
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
<b>Total</b>	<b>1,504</b>	<b>-5</b>	<b>1,499</b>	<b>-1,027</b>	<b>-199</b>	<b>273</b>

## December 31, 2022

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
Interest and cross-currency interest rate swaps	7,532	-	7,532	-1,270	-4,143	2,118
Currency swaps and forward exchange contracts	18	-	18	-9	-	10
Other	51	-	51	-	-	51
<b>Total</b>	<b>7,601</b>	<b>-</b>	<b>7,601</b>	<b>-1,279</b>	<b>-4,143</b>	<b>2,179</b>

## December 31, 2021

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
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
<b>Total</b>	<b>1,952</b>	<b>-9</b>	<b>1,943</b>	<b>-1,027</b>	<b>-601</b>	<b>315</b>

### 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 2022

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
<b>Fair value hedges</b>								
Interest rate risk	Derivatives	Long/Short-term receivables/ borrowings	1,500	16	-378	38,148	-4,974	-4,474
<b>Cash flow hedges</b>								
Foreign exchange risk	Derivatives	Long/Short-term receivables/ borrowings	16,595	1,819	1,716	8,331	-226	561
<b>Net investment hedges</b>								
Foreign exchange risk	Bonds	Long/Short-term receivables/ borrowings	-	-	-	30,943	-31,478	-14,027

### 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
<b>Fair value hedges</b>								
Interest rate risk	Derivatives	Long/Short-term receivables/ borrowings	17,606	394	-1,131	24,078	501	435
<b>Cash flow hedges</b>								
Foreign exchange risk	Derivatives	Long/Short-term receivables/ borrowings	7,657	102	50	20,107	787	-1,025
<b>Net investment hedges</b>								
Foreign exchange risk	Bonds	Long/Short-term receivables/ borrowings	-	-	-	1,648	17,451	2,450
Foreign exchange risk	Derivatives	Long/Short-term receivables/ borrowings	-	-	-	-	-	-1,923

## Hedged items 2022

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 adjustment on closed hedge relations	Ineffectiveness recognized in profit or loss
<b>Line item in balance sheet</b>						
Long/Short-term borrowings	40,625	46,861	-6,236	-6,923	723	-
<b>Line item in income statement</b>						
Finance net	-	-	-	-	-	-84

## 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 adjustment on closed hedge relations	Ineffectiveness recognized in profit or loss
<b>Line item in balance sheet</b>						
Long/Short-term borrowings	59,452	58,765	687	-1,679	1,019	-
<b>Line item in income statement</b>						
Finance net	-	-	-	-	-	18

## Hedged items 2022

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
<b>Line item in balance sheet</b>						
Long/Short-term borrowings						
Equity		-333	-400	-	-	-
<b>Line item in income statement</b>						
Finance net	-	-	-	-	-	61
Other comprehensive income	-1,127	-	-	-1,127	-	-

## 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
<b>Line item in balance sheet</b>						
Long/Short-term borrowings						
Equity	-	21	-339	-	-	-
<b>Line item in income statement</b>						
Finance net	-	-	-	-	-	343
Other comprehensive income	860	-	-	860	-	-

## Hedged items 2022

SEK in millions Net investment hedges, foreign exchange risk	Assets					
	Change in value on the hedged item during the year	Foreign 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	-	5,961	-	-	-	-
Line item in income statement						
Finance net	-	-	-	-	-	-
Other comprehensive income	1,954	-	-	1,954	-	-

## Hedged items 2021

SEK in millions Net investment hedges, foreign exchange risk	Assets					
	Change in value on the hedged item during the year	Foreign 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 comprehensive income	414	-	-	414	-	-

## 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 39 years. The average useful life of the right-of-use assets 2022 range between 5 and 14 years. Approximately 44% 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, 2022	Dec 31, 2021
<b>Right-of-use assets</b>		
Technical space	7,402	7,089
Technical equipment	4,243	3,493
Non-technical space	3,716	3 622
Land	1,016	1,061
Other	172	220
<b>Total</b>	<b>16,549</b>	<b>15,485</b>

Additions to the right-of-use assets during 2022 amounted to SEK 4,579 million (4,440), whereof SEK 1,718 million (2,299) related to new contracts, mainly for technical and non-technical space as well as technical equipment. SEK 2,861 million (2,141) related to lease modifications mainly due to indexations and 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, 2022	Dec 31, 2021
<b>Lease liabilities<sup>1</sup></b>		
Non-current	13,971	12,859
Current	3,261	2,872
<b>Total</b>	<b>17,232</b>	<b>15,731</b>

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) 2022	Dec 31, 2022	Dec 31, 2021
<b>Depreciation of right-of-use assets</b>			
Technical space	9	1,238	1,144
Technical equipment	6	906	799
Non-technical space	8	782	807
Land	14	89	80
Other	5	121	135
<b>Total depreciation</b>		<b>3,136</b>	<b>2,964</b>
Interest expense (included in finance cost)		416	391
Expenses relating to short-term leases, low-value assets and variable lease payments <sup>1</sup>		52	51
<b>Total expenses</b>		<b>3,603</b>	<b>3,406</b>

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 2022 or 2021.

#### Amounts recognized in the consolidated statements of cash flow

The total cash outflow for leases in 2022 amounted to SEK 3,205 million (3,091). 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 (13). The term of new contracts signed in 2022 was 13 quarters (13). Of all contracts, 76% (72) carry a fixed interest rate and 24% (28) a floating interest rate. Many contracts include renewal options.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Selling profit	39	33
Finance income on the net investment in the lease	65	81
<b>Total</b>	<b>104</b>	<b>114</b>

#### Finance lease maturity analysis

Lease payments receivable have the following maturities.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Less than 1 year	375	432
1-2 years	181	229
2-3 years	92	116
3-4 years	66	57
4-5 years	29	13
5 years+	3	1
<b>Total undiscounted lease payments receivable</b>	<b>745</b>	<b>849</b>
Unearned finance income	-68	-78
<b>Net investment in the lease</b>	<b>677</b>	<b>771</b>

As of December 31, 2022 expected credit losses for lease payments receivables totaled SEK 3 million (3). 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). 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, 2022	Dec 31, 2021
Lease income	2,437	2,545

There were no material variable lease payments related to operating leases during 2022 or 2021.

### Maturity analysis for operating lease payments

SEK in millions	Dec 31, 2022	Dec 31, 2021
Less than 1 year	2,368	2,227
1-2 years	1,663	1,475
2-3 years	1,322	1,078
3-4 years	1,092	732
4-5 years	941	579
5 years+	656	344
<b>Total undiscounted lease payments receivables</b>	<b>8,043</b>	<b>6,435</b>

## C29. Related party transactions

### The Swedish State

At year-end, the Swedish State held 39.5% of total shares in Telia Company. The remaining 60.5% 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 38 million in 2022 and SEK 35 million in 2021. 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 2022 and 2021.

### 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	
	2022	2021
<b>Sales of goods and services</b>		
Valokuitu Kotiin Holding	11	5
Operators Clearing House	6	3
Tet (former Lattelecom)	1	1
<b>Total sales of goods and services</b>	<b>18</b>	<b>9</b>
<b>Purchases of goods and services</b>		
Mediamätning i Skandinavien	27	24
Tet (former Lattelecom)	4	2
Suomen Numerot NUMPAC Oy	4	5
Other	3	0
<b>Total purchases of goods and services</b>	<b>38</b>	<b>30</b>
<b>Total trade and other receivables</b>	<b>4</b>	<b>1</b>
<b>Total trade and other payables</b>	<b>4</b>	<b>12</b>

#### Pension and personnel funds

As of December 31, 2022, Telia Company's Finnish pension fund held 366,802 shares and its Finnish personnel fund 692,704 shares in the company, respectively, in total representing 0.03% 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, 2022	Dec 31, 2021
Credit and performance guarantees, etc.	1	1
<b>Subtotal</b> (see Liquidity risk – Note C27)	<b>1</b>	<b>1</b>
Guarantees for pension obligations	321	287
<b>Total contingent liabilities</b>	<b>322</b>	<b>288</b>

As of December 31, 2022, credit and performance guarantees amounts to 1 MSEK, expected to mature in the third quarter 2023.

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 40 million (38).

### Other unrecognized contractual obligations

As of December 31, 2022, 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 2023	Apr–Jun 2023	Jul–Sep 2023	Oct–Dec 2023	2024	2025	2026	2027	Later years	Total
Intangible assets	38	11	4	3	4	-	-	-	-	60
Property, plant and equipment	1,664	1,479	695	666	272	-	-	-	-	4,776
Leases	5	5	5	5	20	19	21	23	24	127
<b>Total</b>	<b>1,707</b>	<b>1,495</b>	<b>704</b>	<b>674</b>	<b>296</b>	<b>19</b>	<b>21</b>	<b>23</b>	<b>24</b>	<b>4,963</b>

As of December 31, 2022, contractual obligations totaled SEK 18,479 million (20,399), of which SEK 13,516 million (14,556), 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 its 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 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 in the first quarter 2023. However, no material provision has been recognized since it is deemed probable that the amount will be repaid.

The Finnish Tax Agency (FTA) has in an advance ruling concluded that Telia Towers Finland Oy is to be classified as a Real estate company. Telia has

won an appeal of the advance ruling in Helsinki administrative court confirming Telia Towers Finland Oy is not to be classified as a Real estate company, however, the court ruling has been appealed by FTA. The FTA has during the fourth quarter of 2022 issued a decision requesting Telia Company to pay the Real Estate Transfer Tax related to Telia Towers Finland Oy of approximately SEK 0.2 billion. Telia Company has appealed the decision and also requested and received respite with the payment until final decision is reached in court. Management's assessment is that it is probable that Telia Company will win the final appeal in court and no provision has therefore been recognized.

## C31. Cash flow information

### Non-cash transactions, continuing and discontinued operations

#### Asset retirement obligations (AROs)

In 2022 and 2021, obligations regarding future dismantling and restoration of technical sites entailed non-cash investments of SEK 167 million and SEK 151 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 31 million in 2022 and SEK 40 million in 2021.

### Dividends, interest and income taxes, continuing and discontinued operations

SEK millions	Jan-Dec 2022	Jan-Dec 2021
Dividends received	136	152
Interest received	275	212
Interest paid	-2,843	-2,682
Income taxes paid	-1,532	-1,946

### Dividends to holders of non-controlling interests, continuing and discontinued operations

SEK in millions	Jan-Dec 2022	Jan-Dec 2021
<b>Subsidiaries</b>		
Telia Towers AB	-235	-
Latvijas Mobilais Telefons SIA	-166	-139
Telia Lietuva, AB	-73	-70
Other subsidiaries	-	-
<b>Total dividends to holders of non-controlling interests</b>	<b>-473</b>	<b>-209</b>

## Liabilities and cash flows arising from financing activities

SEK in millions	Dec 31, 2021	Cash flows	Non-cash changes					Dec 31, 2022
			Acquisitions/ Divestments	New and changed lease contracts	Foreign exchange changes	Fair value changes	Other changes <sup>1</sup>	
<b>Long-term borrowings</b>	<b>91,637</b>	<b>3,893</b>	<b>-11</b>	<b>3,468</b>	<b>4,592</b>	<b>-811</b>	<b>-8,212</b>	<b>94,555</b>
Long-term lease liabilities	12,859	-	-11	3,468	517	-	-2,861	13,971
Long-term borrowings less lease liabilities	78,778	3,893	-	-	4,075	-811	-5,351	80,584
<i>of which derivatives hedging long-term borrowings</i>	<i>1,533</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-534</i>	<i>6,059</i>	<i>80</i>	<i>7,138</i>
<b>Short-term borrowings</b>	<b>10,017</b>	<b>-12,361</b>	<b>-8</b>	<b>-</b>	<b>-1,020</b>	<b>-12</b>	<b>10,390</b>	<b>7,007</b>
Short-term lease liabilities	2,872	-2,748	-2	-	102	-	3,037	3,261
Short-term borrowings less lease liabilities	7,145	-9,613	-6	-	-1,122	-12	7,354	3,746
<i>of which derivatives hedging short-term borrowings</i>	<i>200</i>	<i>-31</i>	<i>-</i>	<i>-</i>	<i>57</i>	<i>27</i>	<i>-24</i>	<i>229</i>
<b>Total liabilities from financing activities</b>	<b>101,654</b>	<b>-8,468</b>	<b>-20</b>	<b>3,468</b>	<b>3,571</b>	<b>-823</b>	<b>2,178</b>	<b>101,561</b>
<b>Assets hedging borrowings<sup>2</sup></b>	<b>-1,710</b>	<b>-4,540</b>	<b>-</b>	<b>-</b>	<b>-1,397</b>	<b>333</b>	<b>-63</b>	<b>-7,376</b>
<i>of which derivatives hedging long-term borrowings</i>	<i>-972</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-1,381</i>	<i>292</i>	<i>104</i>	<i>-1,957</i>
<i>of which derivatives hedging short-term borrowings</i>	<i>-56</i>	<i>57</i>	<i>-</i>	<i>-</i>	<i>-230</i>	<i>6</i>	<i>-26</i>	<i>-248</i>
<b>Total liabilities from financing activities net of assets hedging borrowings<sup>2</sup></b>	<b>99,944</b>	<b>-13,007</b>	<b>-20</b>	<b>3,468</b>	<b>2,175</b>	<b>-490</b>	<b>2,115</b>	<b>94,185</b>

1) Other changes mainly refer to reclassification between long- and short-term borrowings due to maturity.

2) Assets to hedge borrowings are included in cash flow from financing activities.

SEK in millions	Dec 31, 2020	Cash flows <sup>3</sup>	Non-cash changes					Dec 31, 2021
			Acquisitions/ Divestments	New and changed lease contracts	Foreign exchange changes	Fair value changes	Other changes <sup>1</sup>	
<b>Long-term borrowings</b>	<b>100,239</b>	<b>-1,134</b>	<b>32</b>	<b>3,247</b>	<b>695</b>	<b>-2,465</b>	<b>-8,977</b>	<b>91,637</b>
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
<i>of which derivatives hedging long-term borrowings</i>	<i>3,650</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-1,426</i>	<i>-570</i>	<i>-121</i>	<i>1,533</i>
<b>Short-term borrowings</b>	<b>8,345</b>	<b>-7,826</b>	<b>6</b>	<b>-</b>	<b>202</b>	<b>-23</b>	<b>9,313</b>	<b>10,017</b>
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
<i>of which derivatives hedging short-term borrowings</i>	<i>151</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-32</i>	<i>-8</i>	<i>90</i>	<i>200</i>
<b>Total liabilities from financing activities</b>	<b>108,584</b>	<b>-8,960</b>	<b>38</b>	<b>3,247</b>	<b>897</b>	<b>-2,488</b>	<b>337</b>	<b>101,654</b>
<b>Assets hedging borrowings<sup>2</sup></b>	<b>-4,205</b>	<b>-1,087</b>	<b>-</b>	<b>-</b>	<b>1,237</b>	<b>2,556</b>	<b>-211</b>	<b>-1,710</b>
<i>of which derivatives hedging long-term borrowings</i>	<i>-3,059</i>	<i>9</i>	<i>-</i>	<i>-</i>	<i>-48</i>	<i>2,086</i>	<i>39</i>	<i>-972</i>
<i>of which derivatives hedging short-term borrowings</i>	<i>-70</i>	<i>-819</i>	<i>-</i>	<i>-</i>	<i>544</i>	<i>448</i>	<i>-158</i>	<i>-56</i>
<b>Total liabilities from financing activities net of assets hedging borrowings<sup>2</sup></b>	<b>104,379</b>	<b>-10,047</b>	<b>38</b>	<b>3,247</b>	<b>2,134</b>	<b>67</b>	<b>125</b>	<b>99,944</b>

1) Other changes mainly refer to reclassification between long- and short-term borrowings due to maturity.

2) Assets to hedge borrowings are included in cash flow from financing activities

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.

### Business combinations, other acquisitions and disposals

The Telia Company group is continually restructured by acquiring and divesting equity instruments or operations.

In 2022, the total net cash outflow from business combinations and other equity instruments acquired was SEK 58 million.

In 2021, the total net cash outflow from business combinations and other equity instruments acquired

was SEK 394 million mainly related to the acquisition of Santa Monica Networks. For information on business combinations, see Note C34.

The total cash inflow from divested operations and other equity instruments in 2022 amounted to SEK 195 million.

The total cash inflow from divested operations and other equity instruments in 2021 amounted to SEK 9,353 million mainly related to the disposal of Telia Carrier.



## C32. Human resources

**Employees, salaries, and social security expenses**  
During 2022, the number of employees decreased by 329 to 19,237 at year-end from 19,566 at

year-end 2021. Operations were conducted in 8 countries in 2022 and 24 countries in 2021. The decrease was due to the disposal of Telia Carrier.

The average number of full-time employees by country was as follows.

Country	Jan–Dec 2022		Jan–Dec 2021	
	Total (number)	of whom men (%)	Total (number)	of whom men (%)
Sweden	7,144	63.9	7,550	63.4
Finland	3,851	68.9	4,244	67.6
Norway	1,840	71.1	1,882	72.6
Denmark	808	70.8	887	71.3
Lithuania	2,889	53.7	2,762	53.2
Latvia	1,097	50.9	1,047	50.7
Estonia	1,520	53.0	1,432	58.2
Russian Federation	-	-	14	50.0
United Kingdom	-	-	23	65.2
Other countries	53	90.6	157	76.4
<b>Total</b>	<b>19,202</b>	<b>62.8</b>	<b>19,998</b>	<b>63.2</b>

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, 2022		Dec 31, 2021	
	Boards of directors	Other senior executives	Boards of directors	Other senior executives
Women	31.9	38.4	34.1	35.6
Men	68.1	61.6	65.9	64.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Total salaries and other remuneration, along with social security expenses and other personnel expenses, were as follows.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Salaries and other remuneration</b>	<b>11,897</b>	<b>12,018</b>
Social security expenses		
Employer's social security contributions	2,203	2,270
Pension expenses	1,561	1,684
<b>Total social security expenses</b>	<b>3,764</b>	<b>3,954</b>
Capitalized work by employees	-1,637	-1,429
Other personnel expenses	182	186
<b>Total personnel expenses<sup>1</sup></b>	<b>14,206</b>	<b>14,729</b>

1) Of which SEK 227 million (562) 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.

SEK in millions	Jan–Dec 2022		Jan–Dec 2021	
	Senior executives (of which variable pay)	Other employees	Senior executives (of which variable pay)	Other employees
Salaries and other remuneration <sup>1</sup>	191 (86)	11,706	170 (80)	11,848

1) Of which Corporate Officers SEK - million (11) and Other employees SEK 190 million (448) recognized in Other operating expenses.

Pension expenses for all senior executives totaled SEK 34 million 2022 and SEK 34 million in 2021.

In 2022 and 2021, employee profit-sharing costs in Telia Company's Finnish subsidiaries amounted to SEK 32 million and SEK 14 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 2022 AGMs 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 2,194,830 (PSP 2019), 2,355,802 (PSP 2020), 2,764,502 (PSP 2021) and 3,428,025 (PSP 2022) Telia Company shares, corresponding to approximately 0.06% of the total number of outstanding shares for PSP 2019, 0.06% for PSP

2020, 0.07% for PSP 2021 and 0.09% for PSP 2022 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 2022

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% on accumulated EBITDA and 50% 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. The 2021 program got a target on Return on Capital Employed (ROCE) in addition to EBITDA and TSR. The final allotments of performance shares will be based on 25% weighting on accumulated EBITDA, 50% on TSR and 25% on ROCE. To align the performance measures with the Group's strategic priorities, an Operational Free Cashflow (OFC) target and an Environmental, Social and Governance (ESG) target was introduced for the 2022-program in addition to the TSR and the ROCE targets. The final allotments of performance shares in the 2022 program will be based on 40% weighting on TSR, 20% on ROCE, 25% on OFC and 15% on ESG. The maximum number of performances shares a participant can receive corresponds to 30% 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% of each participant's base salary.

PSP 2019 vested during the spring 2022 and final rewards were distributed to 135 participants remaining in the program. Three participants received cash payments equivalent to the value of 7,037 shares. During the second, third and fourth quarters 2022 Telia Company transferred 332,875 shares to the

participants in the "Long Term Incentive program 2019/2022" (LTI program) at an average price of SEK 40.01 per share. The total cost for the transferred shares was SEK 13 million and transaction costs, net of tax, amounted to SEK 0 million.

The summarized performance share program activity in 2022 was as follows.

Performance share program	2022/2025	2021/2024	2020/2023	2019/2022
<b>Participants</b>				
Number of participants, December 31, 2021	-	200	178	147
New participants in 2022	262	-	-	-
Terminated employments in 2022	-13	-30	-32	-12
Final allotments in 2022	-	-	-	-135
<b>Number of participants, December 31, 2022</b>	<b>249</b>	<b>170</b>	<b>146</b>	<b>-</b>
Total outstanding share rights, December 31, 2022	3,198,594	2,203,807	1,603,272	-
Preliminary allotments, December 31, 2021	-	-	-	367,981
Preliminary allotments in 2022	3,369,623	-	-	-
Forfeited shares	-1,684,593	-22,144	-73,053	-
Cancelled shares	-171,029	-427,574	-355,157	-28,069
Final allotments	-	-	-	339,912
<b>Number of allotted shares, December 31, 2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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	2022/2025	2021/2024	2020/2023	2019/2022
Fair value at the date of allotment (SEK in millions)	43	16	11	10
<b>Assumptions used (percentages)</b>				
Achievement of EBITDA-based performance condition	-	0	0	0
Achievement of ROCE-based performance condition	80	0	-	-
Achievement of Operational free cash flow-based performance condition	0	-	-	-
<b>Achievement of ESG-based performance conditions</b>				
Climate	100	-	-	-
Digital inclusion	100	-	-	-
Privacy	25	-	-	-
<b>Achievement of TSR-based performance condition was based on</b>				
Estimated volatility, Telia Company	22	22	20	18
Estimated volatility, peer group companies	19-36	17-29	16-39	14-28
Average reciprocal correlation between Telia Company and the peer group companies	46	47	50	41
Risk-free interest rate	1.2	-0.1	-0.3	-0.6

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 2022	Jan-Dec 2021
Salaries and other remuneration	20	13
Social security expenses	5	3
<b>Total personnel expenses, performance share programs</b>	<b>25</b>	<b>16</b>

## Remuneration to corporate officers

### Board of Directors

As resolved by the 2022 AGM of shareholders (AGM) in Telia Company, annual remuneration is paid to the members of the Board of Directors in the amount of SEK 2,000,000 (1,910,000) to the Chair, SEK 940,000 (900,000) to the Vice-Chair and SEK 670,000 (640,000) to each of the other directors, elected by the AGM. In addition, annual

remuneration is paid to the members of the Board's Audit Committee in the amount of SEK 300,000 (285,000) to the Chair and SEK 170,000 (160,000) 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 (75,000) to the Chair and SEK 75,000 (75,000) to each of the other members.

## Remuneration to Board members

SEK in thousands	Board <sup>1</sup>	Audit Committee	Remuneration Committee	Total remuneration
<b>Board of Directors, 2022</b>				
Lars-Johan Jarnheimer	1,975	-	75	<b>2,050</b>
Ingrid Bonde, Vice-Chair	929	167	-	<b>1,096</b>
Johannes Ametsreiter from April 6	493	-	-	<b>493</b>
Luisa Delgado	662	-	75	<b>737</b>
Tomas Eliasson from April 6	493	-	-	<b>493</b>
Rickard Gustafson	662	-	75	<b>737</b>
Jeanette Jäger	662	-	-	<b>662</b>
Nina Linander	662	296	-	<b>958</b>
Jimmy Maymann	662	167	-	<b>829</b>
Martin Tivéus until April 6	171	-	-	<b>171</b>
<b>Total</b>	<b>7,367</b>	<b>630</b>	<b>225</b>	<b>8,222</b>

SEK in thousands	Board <sup>1</sup>	Audit Committee	Remuneration Committee	Total remuneration
<b>Board of Directors, 2021</b>				
Lars-Johan Jarnheimer	1,885	-	73	<b>1,958</b>
Ingrid Bonde, Vice-Chair	888	157	-	<b>1,045</b>
Luisa Delgado from April 12	407	-	48	<b>454</b>
Rickard Gustafson	631	-	68	<b>699</b>
Jeanette Jäger	631	-	-	<b>631</b>
Nina Linander	631	282	-	<b>913</b>
Jimmy Maymann	631	157	-	<b>788</b>
Anna Setzman until April 12	173	-	-	<b>173</b>
Olaf Swantee until April 12	173	-	-	<b>173</b>
Martin Tivéus	631	-	-	<b>631</b>
<b>Total</b>	<b>6,680</b>	<b>596</b>	<b>189</b>	<b>7,465</b>

<sup>1)</sup> Board remuneration, remuneration for Audit Committee and remuneration for Remuneration Committee are presented in separate columns above. The remuneration is paid monthly. Lars-Johan Jarnheimer, Ingrid Bonde, Luisa Delgado, Rickard Gustafsson, Jeanette Jäger, Nina Linander and Jimmy Maymann were re-elected at the AGM 2022. New board members are Johannes Ametsreiter and Tomas Eliasson. 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 three 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 2, 2020, decided on guidelines for remuneration to Group Executive Management which have remained applicable during 2022. 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 longterm interests, including its sustainability goals<sup>1</sup>.

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% 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% 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% 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% 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

<sup>1</sup>) For more information regarding the Company's business strategy, please see <https://www.teliacompany.com/en/about-the-company/strategy/>

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 Board of Directors will propose changes to the guidelines to the Annual General Meeting on April 5, 2023, see section 'Remuneration to executive management' in the Directors' Report.

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 remuneration <sup>1</sup>	Other benefits <sup>2</sup>	Pension expense <sup>3</sup>	Total remuneration	Capital value of pension commitment <sup>4</sup>
<b>Group Executive Management, 2022</b>						
Allison Kirkby, CEO	18,360	307	75	7,313	26,055	
Other members of Group Executive Management (including 3 EVPs and 9 SVPs)	63,052	2,603	3,163	16,844	85,662	21,259
<b>Total</b>	<b>81,412</b>	<b>2,910</b>	<b>3,238</b>	<b>24,157</b>	<b>111,717</b>	<b>21,259</b>
<b>Other former members of Group Executive Management</b>						
Other former members of Group Executive Management (2 individuals) <sup>5</sup>	22,986	198	735	5,437	29,356	
Other former CEOs and EVPs (8 individuals)						123,662
<b>Total</b>	<b>22,986</b>	<b>198</b>	<b>735</b>	<b>5,437</b>	<b>29,356</b>	<b>123,662</b>
<b>Grand total</b>	<b>104,398</b>	<b>3,108</b>	<b>3,974</b>	<b>29,594</b>	<b>141,073</b>	<b>144,921</b>

SEK in thousands	Base salary	Other remuneration <sup>1</sup>	Other benefits <sup>2</sup>	Pension expense <sup>3</sup>	Total remuneration	Capital value of pension commitment <sup>4</sup>
<b>Group Executive Management, 2021</b>						
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
<b>Total</b>	<b>75,525</b>	<b>2,501</b>	<b>5,609</b>	<b>20,668</b>	<b>104,303</b>	<b>24,804</b>
<b>Other former members of Group Executive Management</b>						
Other former members of Group Executive Management (2 individuals) <sup>5</sup>	21,830	897	204	5,621	28,552	
Other former CEOs and EVPs (8 individuals)						149,171
<b>Total</b>	<b>21,830</b>	<b>897</b>	<b>204</b>	<b>5,621</b>	<b>28,552</b>	<b>149,171</b>
<b>Grand total</b>	<b>97,355</b>	<b>3,398</b>	<b>5,813</b>	<b>26,288</b>	<b>132,855</b>	<b>173,975</b>

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 2022) 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 2021 can be found in the Annual and Sustainability Report 2021. 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% of base salary up to 7.5 income base amounts and to 40% 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 7,312,924 (compared to a base salary of SEK 18,360,000 representing 39.8%).

The contributions into the scheme are vested immediately. The income base amount is determined annually by the Swedish Government and was SEK 71,000 for 2022. 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% of their base salary up to 7.5 income base amounts and 30% of such salary above 7.5 income base amounts.

One Member of Group Executive Management have an additional contribution of 5% of the base salary. One Member of Group Executive Management in Sweden have a 30% contribution of base salary up to 60 income base amounts. 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 AGM 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 2022	Jan–Dec 2021
<b>Remuneration</b>		
<b>Deloitte</b>		
Audit	36	32
Audit-related services	2	1
Tax services	2	1
All other services	0	1
<b>Total Deloitte</b>	<b>40</b>	<b>35</b>
<b>Other audit firms</b>		
Audit	1	1
Audit-related services	0	0
Tax services	1	0
All other services	1	-
<b>Total Other audit firms</b>	<b>3</b>	<b>1</b>

## 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. The preliminary purchase price allocation disclosed in the Annual and Sustainability report 2021 has been adjusted during 2022 based on the finalized valuation of identified intangible assets and related deferred tax. The carrying value

of intangible assets has been increased by SEK 131 million (whereof customer relationships SEK 100 million and brands SEK 31 million) and a related deferred tax liability of SEK 10 million has been recognized. Goodwill has been reduced by the corresponding net amount of SEK -121 million. The cost of the combination, the fair values of net assets acquired and goodwill for the combination are presented in the table below.

SEK in millions	Santa Monica Networks
<b>Cost of combination</b>	<b>366</b>
<b>Fair value of net assets acquired</b>	
Intangible assets	132
<i>of which customer relationships</i>	<i>100</i>
<i>of which brands</i>	<i>31</i>
Other non-current assets	7
<b>Non-current assets</b>	<b>140</b>
Other current assets	136
Cash and cash equivalents	21
<b>Current assets</b>	<b>158</b>
<b>Total assets acquired</b>	<b>297</b>
Deferred tax liabilities	10

SEK in millions	Santa Monica Networks
Other non-current liabilities	30
<b>Non-current liabilities</b>	<b>40</b>
<b>Current liabilities</b>	<b>178</b>
<b>Total liabilities assumed</b>	<b>219</b>
<b>Total fair value of net assets acquired</b>	<b>79</b>
<b>Goodwill</b>	<b>287</b>

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). No part of goodwill is expected to be deductible for tax purposes.

Acquisition related costs of SEK 2 million have been recognized as other operating expenses in

2021. The fair value and gross contractual amounts of acquired receivables were SEK 68 million (accounts receivables). The total value has been collected.

## C35. Discontinued operations and disposals

### **Net income from discontinued operations (region Eurasia)**

Former segment region Eurasia (including holding companies) was classified as held for sale and discontinued operations since December 31, 2015. The last disposal was closed in 2020. There was no net income from discontinued operations in 2022. 2021 had net income from discontinued operations of SEK 176 million related to a gain from changes in provisions for transaction warranties and EPS from discontinued operations was SEK 0.04.

### **Disposals**

#### **Digital Health**

On March 1, 2022, Telia Company divested its Digital Health business to Camanio AB at a price of SEK 39 million, which resulted in a capital gain and positive cash flow effect of SEK 39 million.

### **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 was subject to customary regulatory approvals and was closed on May 31, 2022. The disposal resulted in a capital loss of SEK 5 million and a positive cash flow effect of SEK 108 million classified as investing activities.

## Parent company income statements

SEK in millions	Note	Jan–Dec 2022	Jan–Dec 2021
Net sales	P2	1,713	982
Cost of sales	P3	-1,103	-487
<b>Gross income</b>		<b>609</b>	<b>495</b>
Selling and marketing expenses	P3	-43	-26
Administrative expenses	P3	-1,044	-617
Research and development expenses	P3	-167	-295
Other operating income	P4	139	229
Other operating expenses	P4	-287	-354
<b>Operating loss/income</b>		<b>-793</b>	<b>-568</b>
Finance income	P5	14,918	21,099
Finance costs	P5	-20,491	-7,391
<b>Income after financial items</b>		<b>-6,365</b>	<b>13,140</b>
Appropriations	P6	6,079	5,663
<b>Income before taxes</b>		<b>-286</b>	<b>18,804</b>
Income taxes	P6	-522	-926
<b>Net income</b>		<b>-808</b>	<b>17,877</b>

## Parent company statements of comprehensive income

SEK in millions	Note	Jan–Dec 2022	Jan–Dec 2021
<b>Net income</b>		<b>-808</b>	<b>17,877</b>
Items that may be reclassified to net income			
Cash flow hedges, net change in fair value		206	-283
Cash flow hedges, transferred to finance costs in net income		61	344
Cost of hedging		155	143
Debt instruments at fair value through OCI		-	-36
Income taxes relating to items that may be reclassified		-87	-34
Items that may not be reclassified to net income			
Equity instruments at fair value through OCI		-52	126
<b>Total other comprehensive income</b>	P7	<b>283</b>	<b>260</b>
<b>Total comprehensive income</b>		<b>-525</b>	<b>18,137</b>

## Parent company balance sheets

SEK in millions	Note	Dec 31, 2022	Dec 31, 2021
<b>Assets</b>			
Intangible assets	P8	0	2
Property, plant and equipment	P9	0	0
Deferred tax assets	P6	-	73
Other financial assets	P11	153,316	163,337
<b>Total non-current assets</b>		<b>153,316</b>	<b>163,412</b>
Film and program rights, current	P10	667	609
Trade and other receivables	P12	28,838	23,992
Current tax receivables		70	-
Short-term investments	P13	1,678	6,429
Cash and bank	P13	5,581	12,834
<b>Total current assets</b>		<b>36,833</b>	<b>43,865</b>
<b>Total assets</b>		<b>190,149</b>	<b>207,277</b>

SEK in millions	Note	Dec 31, 2022	Dec 31, 2021
<b>Shareholders' equity and liabilities</b>			
<i>Restricted equity</i>			
Share capital		13,856	13,856
Statutory reserve		1,855	1,855
Reserve for capitalized development expenses		0	1
<i>Non-restricted equity</i>			
Fair value reserve		2,053	1,780
Retained earnings		54,196	50,065
Net income		-808	17,877
<b>Total shareholders' equity</b>		<b>71,153</b>	<b>85,434</b>
<b>Untaxed reserves</b>	P6	<b>5,862</b>	<b>6,707</b>
Provisions for pensions and employment contracts	P15	322	351
Deferred tax liabilities	P6	18	-
Other provisions	P16	92	90
<b>Total provisions</b>		<b>432</b>	<b>441</b>
<i>Interest-bearing liabilities</i>			
Long-term borrowings	P17	79,861	78,237
Short-term borrowings	P17	30,364	33,749
Current tax payables		-	43
<i>Non-interest-bearing liabilities</i>			
Long-term liabilities	P18	9	3
Short-term provisions, trade payables and other current liabilities	P16, P19	2,467	2,664
<b>Total liabilities</b>		<b>112,701</b>	<b>114,695</b>
<b>Total shareholders' equity and liabilities</b>		<b>190,149</b>	<b>207,277</b>

## Parent company cash flow statements

SEK in millions	Note	Jan–Dec 2022	Jan–Dec 2021
Net income		-808	17,877
Adjustments for:			
Amortization, depreciation and impairment losses		14,979	4,514
Amortization film and programe right assets		1,103	487
Capital gains/losses on sales/disposals of non-current assets		-11,108	-10,879
Pensions and other provisions		-103	-321
Financial items		2,922	651
Group contributions and appropriations		-6,079	-5,663
Income taxes		-84	-234
<b>Cash flow before change in working capital</b>		<b>821</b>	<b>6,431</b>
Increase (-)/Decrease (+) in film and program right assets		-58	-78
Increase (-)/Decrease (+) in operating receivables		455	-300
Increase (+)/Decrease (-) in operating liabilities		-239	711
<b>Change in working capital</b>		<b>158</b>	<b>332</b>
Adjustment for amortization film and program rights		-1,103	-487
<b>Cash flow from operating activities</b>		<b>-124</b>	<b>6,276</b>
Repayment of capital in subsidiary		-	1,000
Equity instruments acquired		-6,183	-429
Equity instruments and operations divested		11,953	16,751
Net change in loans granted and other similar investments		-1,611	-12,989
Net change in interest-bearing current receivables		6,083	-3,465
Repayment of long-term loans		985	10,891
<b>Cash flow from investing activities</b>		<b>11,228</b>	<b>11,760</b>

SEK in millions	Note	Jan–Dec 2022	Jan–Dec 2021
<b>Cash flow before financing activities</b>		<b>11,104</b>	<b>18,036</b>
Repurchased treasury shares including transaction costs		-5,521	-21
Dividend to shareholders		-8,252	-8,179
Group contributions net		5,368	4,437
Proceeds from borrowings		15,400	18
Repayment of borrowings		-21,322	-6,616
Settlement of derivative contracts for economic hedges and CSA		-4,438	-806
Cash received for repurchase agreements		38,033	7,979
Cash paid for repurchase agreements		-38,033	-7,979
<b>Cash flow from financing activities</b>		<b>-18,765</b>	<b>-11,167</b>
<b>Change in cash and cash equivalents</b>		<b>-7,661</b>	<b>6,869</b>
<b>Cash and cash equivalents, opening balance</b>		<b>13,214</b>	<b>6,385</b>
Change in cash and cash equivalents		-7,661	6,869
Exchange rate differences in cash and cash equivalents		27	-40
<b>Cash and cash equivalents, closing balance</b>	P13	<b>5,581</b>	<b>13,214</b>
Dividends received		1,807	8,084
Interest received		2,113	2,207
Interest paid		-2,607	-2,236
Income taxes paid		-606	-1,160



## 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 shareholders' equity
<b>Closing balance, December 31, 2020</b>		<b>13,856</b>	<b>1,855</b>	<b>1</b>	<b>1,520</b>	<b>58,256</b>	<b>75,487</b>
Dividend	P14	-	-	-	-	-8,179	-8,179
Share-based payments	P26	-	-	-	-	4	4
Treasury shares		-	-	-	-	-21	-21
Changes in non-controlling interests		-	-	-	-	7	7
Capitalized development expenses	P8	-	-	0	-	0	-
Total comprehensive income		-	-	-	260	17,877	18,137
<b>Closing balance, December 31, 2021</b>		<b>13,856</b>	<b>1,855</b>	<b>1</b>	<b>1,780</b>	<b>67,943</b>	<b>85,434</b>
Dividend	P14	-	-	-	-	-8,252	-8,252
Share-based payments	P26	-	-	-	-	5	5
Treasury shares		-	-	-	-	-5,499	-5,499
Capitalized development expenses	P8	-	-	-1	-	1	-
Total comprehensive income		-	-	-	283	-808	-525
Cash flow hedge transfer to assets		-	-	-	-10	-	-10
<b>Closing balance, December 31, 2022</b>		<b>13,856</b>	<b>1,855</b>	<b>0</b>	<b>2,053</b>	<b>53,389</b>	<b>71,153</b>

# Notes to parent company financial statements

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## 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 lending 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 2022	Jan–Dec 2021
Sweden	1,368	737
Finland	196	121
Norway	79	61
Denmark	33	25
Other countries	36	38
<b>Total</b>	<b>1,713</b>	<b>982</b>

## 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 2022	Jan–Dec 2021
Other network expenses	-3	-1
Personnel expenses (see also Note P26)	-738	-577
Rent and leasing fees	0	-5
Consultants' services	-246	-355
IT expenses	-10	-14
Other expenses and net of intra-group invoicing	-255	15
Amortization, depreciation and impairment losses	-1,105	-489
<b>Total</b>	<b>-2,356</b>	<b>-1,425</b>

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 2022	Jan–Dec 2021
Cost of sales	-1,103	-487
Administrative expenses	-1	-1
<b>Total</b>	<b>-1,105</b>	<b>-489</b>

## P4. Other operating income and expenses

Other operating income and expenses were distributed as follows.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Other operating income</b>		
Reversal of provisions <sup>1</sup>	-	176
Exchange rate gains	139	53
Other operating income	-	0
<b>Total other operating income</b>	<b>139</b>	<b>229</b>
Exchange rate losses	-136	-47
Capital losses	-	0
Restructuring costs - termination benefits	-3	-36
Other operating expenses <sup>2</sup>	-148	-271
<b>Total other operating expenses</b>	<b>-287</b>	<b>-354</b>
<b>Net effect on income</b>	<b>-148</b>	<b>-125</b>

1) 2021 mainly relates to gains from net changes in provisions for transaction warranties. 2) Mainly relates to transaction expenses.

## P5. Finance income and finance costs

Finance income and finance costs were distributed as follows.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Finance income</b>		
Dividends from subsidiaries	1,807	8,084
Capital gains from subsidiaries	11,108	10,879
Dividends from associated companies	0	0
Interest from subsidiaries	1,928	2,097
Other interest income	74	39
<b>Total finance income</b>	<b>14,918</b>	<b>21,099</b>
<b>Finance costs</b>		
Impairment losses from subsidiaries	-15,233	-4,517
Capital losses from subsidiaries	-	0
Capital losses from associates	-23	-
Impairment losses from other financial investments	-5	-12
Other interest expenses	-2,704	-2,308
Interest expenses related to subsidiaries	-108	0
Interest component of pension expenses	-10	-14
Net exchange rate losses	-1,926	-428
Financial losses, financial instruments, net	-382	-43
Other financial expenses	-100	-68
<b>Total finance costs</b>	<b>-20,491</b>	<b>-7,391</b>
<b>Net effect on income</b>	<b>-5,572</b>	<b>13,708</b>

Capital gains from subsidiaries in 2022 was mainly impacted by the disposal of Telia Towers Sweden AB of SEK 11,055 million and 2021 impacted by the disposals of Telia Carrier subsidiaries of SEK 6,258 million and the 49% disposal of Telia Towers AB with SEK 4,610 million. Impairment losses from subsidiaries include impairments related to the subsidiaries Telia Norge AS with SEK -8,600 million and Telia Finland Oyj with SEK -6,350 million (-4,500) and impairment charges amounting to SEK -283 million (-17) in accordance with IFRS 9.

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	Jan–Dec	Jan–Dec	Jan–Dec	Jan–Dec	Jan–Dec	Jan–Dec
	2022	2021	2022	2021	2022	2021
	<b>Interest related expenses</b>		<b>Net exchange rate gains and losses</b>		<b>Interest related income</b>	
Fair value hedge derivatives	-6,686	-1,058	0	0	-	-
Cash flow hedge derivatives	-355	-461	2,091	760	-	-
Derivatives at fair value through income statement	-69	-19	-432	-484	-28	-1
Financial assets at amortized cost	-	-	1,464	1,201	73	16
Bonds at fair value through income statement	-	-	-	-	30	22
Borrowings in fair value hedge relationships	4,556	-769	-4,355	-1,571	-	-
Borrowings and other financial liabilities at amortized cost	-257	-1	-695	-334	1,928	2,097
Other	-110	-83	-	-	-	3
<b>Total</b>	<b>-2,922</b>	<b>-2,391</b>	<b>-1,926</b>	<b>-428</b>	<b>2,003</b>	<b>2,136</b>

## P6. Income taxes

### Tax items recognized in comprehensive income

Tax items recognized in comprehensive income were distributed as follows.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Tax items recognized in net income</b>		
Current tax	-515	-931
Adjustment of current tax related to prior years	0	-1
Deferred tax	-7	5
<b>Total tax expense recognized in net income</b>	<b>-522</b>	<b>-926</b>
<b>Tax items recognized in other comprehensive income</b>		
Current tax	-3	8
Deferred tax	-84	-42
<b>Total tax recognized in other comprehensive income</b>	<b>-87</b>	<b>-34</b>
<b>Tax items recognized directly in equity</b>		
Current tax	22	-
<b>Total tax recognized directly in equity</b>	<b>22</b>	<b>-</b>



Pre-tax income was SEK -286 million in 2021 (18,804). The difference between the nominal Swedish income tax rate and the effective tax rate comprises the following components.

%	Jan–Dec 2022	Jan–Dec 2021
Swedish income tax rate	20.6	20.6
Underprovided or overprovided current tax expense in prior years	0.0	0.0
Interest expense for which no deferred tax asset was recognized	-14.7	-
Non-deductible expenses	-1,117.5	5.3
Tax-exempt income	929.2	-21.0
<b>Effective tax rate in net income</b>	<b>-182.3</b>	<b>4.9</b>

Non-deductible expenses in 2022 and 2021 was mainly affected by impairment write-downs of subsidiaries with SEK 14,950 million (4,500). Tax exempt income included in 2022 capital gain from

the disposal of Telia Towers Sweden AB and in 2021 Telia Towers AB and the Carrier subsidiaries. Tax exempt income in both 2022 and 2021 consisted also of dividends from subsidiaries.

SEK in millions	2022			
	Opening balance	Recognized in income statement	Recognized in other compre- hensive income	Closing balance
<b>Gross deferred tax assets</b>				
Non-current assets	1	0	-	1
Provisions	130	-7	-	124
Interest expense carry-forward	-	42	-	42
<b>Subtotal</b>	<b>131</b>	<b>35</b>	<b>-</b>	<b>166</b>
<b>Valuation allowance</b>				
Interest expense carry-forward	-	-42	-	-42
<b>Subtotal</b>	<b>-</b>	<b>-42</b>	<b>-</b>	<b>-42</b>
Offset deferred tax liabilities/assets	-58	7	-73	-124
<b>Total deferred tax assets</b>	<b>73</b>	<b>-</b>	<b>-73</b>	<b>-</b>
<b>Deferred tax liabilities</b>				
Fair value adjustments, cash flow hedges and financial assets at fair value through OCI	58	-	84	142
<b>Subtotal</b>	<b>58</b>	<b>-</b>	<b>84</b>	<b>142</b>
Offset deferred tax assets/liabilities	-58	7	-73	-124
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>7</b>	<b>11</b>	<b>18</b>
<b>Net deferred tax assets (+)/liabilities (-)</b>	<b>73</b>	<b>-7</b>	<b>-84</b>	<b>-18</b>

2021

SEK in millions	Opening balance	Recognized in income statement	Recognized in other comprehensive income	Closing balance
<b>Gross deferred tax assets</b>				
Non-current assets	1	0	-	1
Provisions	125	5	-	130
Interest expense carry-forward	-	-	-	-
<b>Subtotal</b>	<b>126</b>	<b>5</b>	<b>-</b>	<b>131</b>
Offset deferred tax liabilities/assets	-17	-	-42	-58
<b>Total deferred tax assets</b>	<b>110</b>	<b>5</b>	<b>-42</b>	<b>73</b>
<b>Deferred tax liabilities</b>				
Fair value adjustments, cash flow hedges and financial assets at fair value through OCI	17	-	42	58
<b>Subtotal</b>	<b>17</b>	<b>-</b>	<b>42</b>	<b>58</b>
Offset deferred tax assets/liabilities	-17	-	-42	-58
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net deferred tax assets (+)/liabilities (-)</b>	<b>110</b>	<b>5</b>	<b>-42</b>	<b>73</b>

In 2022 and 2021, there were no accumulated non-expiring tax loss carry-forwards or unrecognized deferred tax assets. As of December 31, 2022, the unrecognized deferred tax liability in untaxed reserves amounted to SEK 1,208 million (1,382).

#### Untaxed reserves and appropriations

As of December 31, 2022 and 2021, untaxed reserves in the balance sheet consisted of profit equalization reserves totaling SEK 5,862 million and SEK 6,707 million, respectively.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
Change in profit equalization reserves	845	295
Group contributions received	5,743	6,040
Group contributions paid	-509	-671
<b>Net effect on income</b>	<b>6,079</b>	<b>5,663</b>

## P7. Other comprehensive income

Other comprehensive income was distributed as follows.

SEK in millions	Equity component	Jan–Dec 2022	Jan–Dec 2021
<b>Other comprehensive income that may be reclassified to net income</b>			
<b>Cash flow hedges</b>			
Net changes in fair value	Hedging reserve	206	-283
Transferred to financial items in net income	Hedging reserve	61	344
Income tax effect	Hedging reserve	-55	-12
<b>Total cash flow hedges</b>		<b>212</b>	<b>48</b>
<b>Cost of hedging</b>			
Changes in fair value	Cost of hedging reserve	155	143
Income tax effect	Cost of hedging reserve	-32	-29
<b>Total cost of hedging</b>		<b>123</b>	<b>114</b>
<b>Debt instruments at fair value through OCI</b>			
Transferred to financial items in net income	Fair value reserve	-	-36
Income tax effect	Fair value reserve	-	8
<b>Total debt instruments at fair value through OCI</b>		<b>-</b>	<b>-28</b>
<b>Other comprehensive income that will not be reclassified to net income</b>			
<b>Equity instruments at fair value through OCI</b>			
Net changes in fair value	Fair value reserve	-52	126
Income tax effect	Fair value reserve	-	-
<b>Total equity instruments at fair value through OCI</b>		<b>-52</b>	<b>126</b>
<b>Total other comprehensive income</b>		<b>283</b>	<b>260</b>
<i>of which total income tax effects (see also Note P6)</i>		<i>-87</i>	<i>-34</i>

## 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.

SEK in millions	Other intangibles <sup>1</sup>	
	Dec 31, 2022	Dec 31, 2021
Accumulated costs	16	16
Accumulated amortization	-16	-14
<b>Carrying value</b>	<b>0</b>	<b>2</b>
<i>of which work in progress</i>	-	-
<b>Carrying value opening balance</b>	<b>2</b>	<b>3</b>
Investments	-	-
Disposals	-	-
Depreciation for the year	-1	-1
<b>Carrying value, closing balance</b>	<b>0</b>	<b>2</b>

<sup>1)</sup> Other intangibles are mainly related to IT-systems. As of December 31, 2022 carrying value of Capitalized development expenses amounted to SEK 0 million (1).

## P9. Property, plant and equipment

The total carrying value was distributed and changed as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
	Plant and machinery		Equipment, tools and installations		Total	
Accumulated cost	6	6	-	0	6	6
Accumulated depreciation	-6	-6	-	0	-6	-6
<b>Carrying value</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
Carrying value, opening balance	0	0	0	0	0	0
Depreciation for the year	0	0	0	-	0	-
<b>Carrying value, closing balance</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>

No general changes of useful lives were made in 2022. 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:

	Dec 31, 2022	Dec 31, 2021
	<b>Film and program rights</b>	
<b>SEK in millions</b>		
Accumulated cost	2,257	1,096
Accumulated amortization	-1,591	-487
Advances (Prepaid)	-	-
<b>Carrying value</b>	<b>667</b>	<b>609</b>
<i>of which non-current</i>	-	-
<i>of which current</i>	667	609
Carrying value, opening balance	609	531
Additions	1,161	566
Amortizations for the year (included in EBITDA)	-1,103	-487
Exchange rate differences	-	-
<b>Carrying value, closing balance</b>	<b>667</b>	<b>609</b>

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 acquisitions (or equivalent) of film and program rights which are not included in the balance sheet represented the following expected maturities.

	Dec 31, 2022	Dec 31, 2021
	<b>Film and program rights commitments</b>	
<b>SEK in millions</b>		
Within 1-3 years	1,900	2,184
Within 4-10 years	-	-
<b>Total</b>	<b>1,900</b>	<b>2,184</b>

For other unrecognized contractual obligations, see Note P24.

## P11. Other financial assets

The total carrying value changed as follows.

	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021	Dec 31, 2022	Dec 31, 2021
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	
Carrying value, opening balance	70	56	544	440	162,724	178,092	163,337	178,588
New share issues and shareholder contributions	-	11	-	37	6,115	257	6,115	304
Repayment of capital	-	-	-	-	-	-1,000	-	-1,000
Additions	9	3	77	12	8,541	17,351	8,626	17,366
Disposals	-	-	-	-68	-4,236	-21,265	-4,236	-21,333
Impairment losses	-23	-	-52	-	-14,950	-4,500	-15,025	-4,500
Reclassifications to short-term investments	-	-	-	-	-7,263	-6,324	-7,263	-6,324
Other reclassifications	-	-	-	-	223	-89	223	-89
Changes in fair value	-	-	-	123	1,536	201	1,536	324
<b>Carrying value, closing balance</b>	<b>56</b>	<b>70</b>	<b>569</b>	<b>544</b>	<b>152,691</b>	<b>162,724</b>	<b>153,316</b>	<b>163,337</b>

For other financial assets, fair values equal carrying values. Impairment losses were related to Telia Norge AS amounting to SEK -8,600 million (-) and Telia Finland Oyj amounting to SEK -6,350 million (-4,500). 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, 2022	Dec 31, 2021
Investments in other equity instruments at fair value through OCI	551	526
Investments in other equity instruments at fair value through income statement	18	18
Bonds at fair value through income statement	3,496	5,149
Interest rate and cross-currency interest rate swaps at fair value	2,029	1,283
<i>of which designated as fair value hedges</i>	-	574
<i>of which at fair value through income statement</i>	73	310
<i>of which designated as cash flow hedges</i>	1,957	399
<b>Financial assets at fair value</b> (see Note P20 and Note P21)	<b>6,094</b>	<b>6,976</b>
Financial assets at amortized cost	439	407
<b>Financial assets at amortized cost</b> (see Note P20 and Note P21)	<b>439</b>	<b>407</b>
Investments in subsidiaries	90,802	100,483
Receivables from subsidiaries (see Note P23)	55,925	55,401
Investments in associated companies and joint operations	56	70
<b>Total other financial assets</b>	<b>153,316</b>	<b>163,337</b>
<i>of which interest-bearing</i>	61,886	62,235
<i>of which non-interest-bearing</i>	91,430	101,102

For more information on financial instruments by category/fair value hierarchy level and exposure 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, 2022	Dec 31, 2021
<b>Swedish companies</b>				
TV4 Media Holding AB, 556906-0824, Stockholm	100	50,000	9,207	9,207
Telia Towers AB, 559196-5164, Stockholm	51	67,855,500	9,081	3,383
Telia Sverige AB, 556430-0142, Stockholm	100	3,000,000	8,494	8,494
Telia Nättjänster Norden AB, 556459-3076, Stockholm	100	68,512	3,146	3,146
Cygate AB, 556549-8952, Solna	100	61,000	865	865
Telia Finance AB, 556404-6661, Solna	100	45,000	779	659
Telia Mobile Holding AB, 556855-9040, Stockholm	100	50,000	616	616
Zitius Service Delivery AB, 556642-8339, Gothenburg	100	2,079,000	353	353
Telia Försäkring AB, 516401-8490, Stockholm	100	2,000,000	245	245
Telia Sverige Net Fastigheter AB, 556368-4801, Stockholm	100	5,000	169	169
Teli Holding AB, 556258-5769, Solna	100	100	47	0
Telia Asset Finance AB, 556599-4729, Solna	100	1,000	22	22
We Care and Repair Nordic AB, 556989-3679, Stockholm	100	500	7	7
Telia Field Operations AB, 556781-2424, Stockholm	100	100,000	2	-
isMobile AB, 556575-0014, Luleå	67	8,255,975	1	1
TeliaSonera Mobile Networks AB, 556025-7932, Stockholm	-	-	-	663
Telia Towers Sweden AB, 559162-3342, Stockholm	-	-	-	110
Fält Communications AB, 556556-1999, Umeå	-	-	-	45
Telia Network Sales AB, 556458-0040, Stockholm	-	-	-	7
Fello AB, 556921-7648, Gothenburg	-	-	-	2
Axelerate Solutions AB, 556988-3076, Stockholm	-	-	-	0
Other operating, dormant and divested companies			-	0

Subsidiary, Corp. reg. no., registered office	Participation (%)	Number of shares	Carrying value (SEK in millions)	
			Dec 31, 2022	Dec 31, 2021
<b>Non-Swedish companies</b>				
Telia Finland Oyj, 1475607-9, Helsinki	100	1,417,360,515	21,050	27,400
Telia Inmics-Nebula Oy, 2546028-1, Helsinki	100	46,921,852	2,214	2,049
Telia Cygate Oy, 0752421-0, Helsinki	100	1,500,000	498	416
Assembly Organizing Oy, 2245136-3, Helsinki	100	1,256	40	36
Telia Norge AS, 981929055, Oslo	100	30,000	24,075	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 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
Latvijas Mobilais Telefons SIA, 50003050931, Riga	24.5	200,165	2	2
SIA Telia Latvija, 000305757, Riga	-	-	-	24
Telia Eesti AS, 10234957, Tallinn	100	137,954,528	5,691	5,691
TeliaSonera Telekomünikasyon Hizmetleri A.S., 381395, Istanbul	99.0	79,193	10	10
Other operating, dormant and divested companies			0	0
<b>Total</b>			<b>90,802</b>	<b>100,483</b>

During 2022 all shares in Fello AB, Axelerate Solutions AB, TeliaSonera Mobile Networks AB, Fält Communications AB and Telia Network Sales AB were disposed to the subsidiaries Telia Sverige AB and Teli Holding AB. The disposed companies have during the year merged into its new parent company. The shares in SIA Telia Latvija was disposed to

SIA Tet which is an associated company within Telia Company group and the shares in Telia Towers Sweden AB was disposed to the subsidiary Telia Towers AB. Telia Towers AB and Telia Finance AB received a shareholder contribution of SEK 5 698 million and SEK 120 million respectively. Furthermore Telia Inmics-Nebula Oy and Cygate Oy received a

shareholder contribution of SEK 164 million and SEK 82 million respectively. The decreased book values of the shares in Telia Norge AS and Telia Finland Oyj are related to recognized impairments of SEK -8,600 million and SEK -6,350 million, respectively.

For information regarding acquisitions 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% 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.

<b>SEK in millions</b>	<b>Dec 31, 2022</b>	<b>Dec 31, 2021</b>
Currency- and interest rate swaps and forward exchange contracts designated as hedges	248	61
Currency- and interest rate swaps and forward exchange contracts at fair value through income statement	64	152
<b>Financial assets at fair value</b> (see Note P20 and Note P21)	<b>313</b>	<b>213</b>
Accounts receivable at amortized cost	62	11
Loans and receivables at amortized cost	11	19
<b>Financial assets at amortized cost</b> (see Note P20 and Note P21)	<b>73</b>	<b>30</b>
Receivables from subsidiaries (see Note P23)	23,250	23,234
<i>of which cash-pool balances and short-term deposits</i>	16,493	15,870
<i>of which trade and other receivables</i>	6,757	7,364
Other current receivables	5,179	512
Deferred expenses	24	4
<b>Total trade and other receivables</b>	<b>28,838</b>	<b>23,992</b>
<i>of which interest-bearing</i>	21,887	16,352
<i>of which non-interest-bearing</i>	6,951	7,640

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, 2022	Dec 31, 2021
<b>Geographical area</b>		
Sweden	6	9
Other countries	55	2
<b>Total carrying value</b>	<b>62</b>	<b>11</b>
<b>Customer segment</b>		
Other customers	62	11
<b>Total carrying value</b>	<b>62</b>	<b>11</b>

For more information on financial instruments by category/fair value hierarchy level and exposure 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, 2022	Dec 31, 2021
Accounts receivable invoiced	62	11
Allowance for expected credit losses, accounts receivable	-	-
<b>Total accounts receivable</b>	<b>62</b>	<b>11</b>
Accounts receivable not due	20	10
Accounts receivable past due but not impaired	42	2
<i>of which 30–180 days</i>	<i>41</i>	<i>0</i>
<i>of which more than 180 days</i>	<i>1</i>	<i>2</i>
<b>Total accounts receivable</b>	<b>62</b>	<b>11</b>

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, 2022	Dec 31, 2021
Loans and receivables not due	11	19
<b>Total loans and receivables</b>	<b>11</b>	<b>19</b>

There were no expenses for credit losses and no recovered Accounts receivables within accounts receivables or Loans and receivables at amortized cost in 2022 and in 2021.

## P13. Short-term investments, cash and cash equivalents

Short-term investments, cash and cash equivalents were as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Short term investments with maturities over 3 months	1,678	6,049
<i>of which bonds at fair value through income statement</i>	1,678	6,049
Short-term investments with maturities up to and including 3 months	-	380
<i>of which bonds at fair value through income statement</i>	-	380
<b>Total short-term investments</b>	<b>1,678</b>	<b>6,429</b>
Cash and bank	5,581	12,834
<b>Total (See Note P20 and Note P21)</b>	<b>7,259</b>	<b>19,263</b>
<i>of which cash and cash equivalents</i>	5,581	13,214

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, 2022, there were no blocked funds in Telia Company's

bank accounts. For more information on financial instruments by category and exposure 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 AGM:

	SEK
Non-restricted equity excluding net income	56,249,709,450
Net income	-808,377,479
<b>Total</b>	<b>55,441,331,971</b>

The Board proposes that this sum be appropriated as follows:

	SEK
SEK 2.00 per share ordinary dividend to the shareholders <sup>1)</sup>	7,864,218,572
To be carried forward	47,577,113,399
<b>Total</b>	<b>55,441,331,971</b>

<sup>1)</sup> Based on outstanding shares as per December 31, 2022.

The dividend is proposed to be split and distributed into four equal tranches of SEK 0.5 per share in April 2023, August 2023, October 2023 and February 2024. 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, 2022	Dec 31, 2021
Opening balance, pension obligations covered by plan assets	1,517	1,549
Opening balance, pension obligations not covered by plan assets	351	371
<b>Opening balance, total pension obligations</b>	<b>1,868</b>	<b>1,920</b>
Current service cost	10	11
Interest cost, paid-up policy indexation	72	80
Benefits paid	-125	-127
Other changes in valuation of pension obligations and termination benefits	-3	-16
Change in discount rate, consolidation reserve and other assumptions	143	-
<b>Closing balance, pension obligations covered by plan assets</b>	<b>1,643</b>	<b>1,517</b>
Closing balance, pension obligations not covered by plan assets	322	351
<b>Closing balance, total pension obligations</b>	<b>1,965</b>	<b>1,868</b>
<i>of which PRI Pensionsgaranti pensions</i>	<i>1,469</i>	<i>1,330</i>

The fair value of plan assets changed as follows.

SEK in millions, except return	Dec 31, 2022	Dec 31, 2021
Opening balance, plan assets	3,059	2,944
Payments from pension fund	-	-175
Actual return	-208	290
<b>Closing balance, plan assets</b>	<b>2,851</b>	<b>3,059</b>
<i>Actual return on plan assets (%)</i>	<i>-6.8</i>	<i>9.8</i>

Provisions for pension obligations were recognized in the balance sheet as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Present value of pension obligations	1,965	1,868
Fair value of plan assets	-2,851	-3,059
Surplus capital in pension fund	1,208	1,542
<b>Provisions for pension obligations</b>	<b>322</b>	<b>351</b>

Total pension expenses (+)/income (-) were distributed as follows.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Current service cost	10	11
Interest cost, paid-up policy indexation	72	80
Less interest expenses recognized as financial expenses	-10	-14
Actual return on plan assets	208	-115
Divested operations, pension obligations	0	0
Other changes in valuation of pension obligations	-6	-17
Termination benefits	1	1
Payments from pension fund	-	-175
Change in discount rate, consolidation reserve and other assumptions	143	-
<b>Pension expenses (+)/income (-), defined benefit pension plans</b>	<b>418</b>	<b>-229</b>
Pension premiums, defined benefit/defined contribution pension plans and other pension costs	77	93
Pension-related social charges and taxes	39	10
Less termination benefits (incl. premiums and pension-related social charges) reported as restructuring cost	-1	-1
<b>Pension expenses (+)/income (-)</b>	<b>115</b>	<b>102</b>
Decrease (-)/Increase (+) of surplus capital in pension fund	-334	147
<b>Recognized pension expenses (+)/income (-)</b>	<b>199</b>	<b>19</b>
<i>of which pension premiums paid to the ITP pension plan</i>	4	5

### Principal actuarial assumptions

The actuarial calculation of pension obligations and pension expenses is based on principles set by PRI Pensionsgaranti 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 2.5 % in 2022 (3.3). Obligations were calculated based on the salary levels prevailing at December 31, 2022 and 2021, respectively.

### Plan-asset allocation

At the end of the reporting period, plan assets were allocated as follows.

Asset category	Dec 31, 2022		Dec 31, 2021	
	SEK in millions	%	SEK in millions	%
Fixed income instruments, liquidity	1,384	48.5	1,472	48.1
Shares and other investments	1,467	51.5	1,587	51.9
<b>Total</b>	<b>2,851</b>	<b>100</b>	<b>3,059</b>	<b>100</b>

### Future contributions and pension payments

As of December 31, 2022, the fair value of plan assets exceeded the present value of pension obligations. Unless the fair value of plan assets

during 2023 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.

SEK in millions	December 31, 2022				
	Payroll taxes on future pension payments	Restructuring provisions	Other provisions	Insurance provisions	Total
<b>Opening balance</b>	<b>61</b>	<b>44</b>	<b>41</b>	<b>18</b>	<b>163</b>
Provisions for the period	-2	3	17	-3	15
Utilized provisions	-	-39	-38	-	-78
Exchange rate differences	-	-	2	-	2
<b>Closing balance</b>	<b>59</b>	<b>8</b>	<b>21</b>	<b>15</b>	<b>103</b>
<i>of which non-current portion</i>	59	-	18	15	92
<i>of which current portion</i>	-	8	3	-	11

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 2024-2055. 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, 2022, is expected to be fully utilized in 2023. Other provisions include provisions for estimated expenses related to fulfilling representations made.

## 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.

SEK in millions	Dec 31, 2022		Dec 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Long-term borrowings</b>				
Interest rate derivatives at fair value	7,078	7,078	771	771
<i>of which designated as hedging instruments</i>	7,078	7,078	768	768
<i>of which at fair value through income statement</i>	-	-	3	3
Cross-currency interest rate derivatives at fair value	170	170	800	800
<i>of which designated as hedging instruments</i>	60	60	765	765
<i>of which at fair value through income statement</i>	110	110	35	35
<b>Financial liabilities at fair value</b> (see Note P20 and P21)	<b>7,247</b>	<b>7,247</b>	<b>1,571</b>	<b>1,571</b>
Open-market financing borrowings in fair value hedge relationships	38,915	43,439	53,451	59,477
Open-market financing borrowings at amortized costs	33,698	34,335	23,215	28,084
<i>of which hedging net investments</i>	18,167	18,942	5,589	7,598
<b>Financial liabilities at amortized cost</b> (see Note P20 and P21)	<b>72,613</b>	<b>77,774</b>	<b>76,666</b>	<b>87,561</b>

SEK in millions	Dec 31, 2022		Dec 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
<b>Total long term-borrowings</b> (see Note P21 and Note P21)	<b>79,861</b>	<b>85,021</b>	<b>78,237</b>	<b>89,131</b>
Interest rate derivatives at fair value	50	50	92	92
<i>of which designated as hedging instruments</i>	50	50	92	92
Cross-currency interest rate derivatives at fair value	179	179	223	223
<i>of which designated as hedging instruments</i>	179	179	108	108
<i>of which at fair value through income statement</i>	-	-	115	115
<b>Financial liabilities at fair value</b> (see Note P20 and Note P21)	<b>229</b>	<b>229</b>	<b>315</b>	<b>315</b>
Open-market financing borrowings in fair value hedge relationships	1,709	1,726	6,001	6,037
Open-market financing program borrowings at amortized cost	949	957	-	-
<b>Financial liabilities at amortized cost</b> (see Note P20 and Note P21)	<b>2,658</b>	<b>2,683</b>	<b>6,001</b>	<b>6,037</b>
Borrowings from subsidiaries (see note P23)	27,476		27,433	
<i>of which from cash pool</i>	27,176		26,913	
<i>of which other borrowings</i>	300		520	
<b>Total short-term borrowings</b>	<b>30,364</b>		<b>33,749</b>	

As of December 31, 2022 fully unutilized bank overdraft credit facilities had a total limit of SEK 1,053 million (1,013).

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 9 million (3). For liabilities to subsidiaries, see Note P23. For the years 2022 and 2021, 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, 2022	Dec 31, 2021
Derivates designated as hedging instruments	21	-
Derivates at fair value through income statement	46	14
<b>Financial liabilities at fair value</b> (see Note P20 and P21)	<b>67</b>	<b>14</b>
Accounts payable at amortized cost	105	76
Current liabilities at amortized cost	668	597
<b>Financial liabilities at amortized cost</b> (see Note P20 and P21)	<b>773</b>	<b>673</b>
Liabilities to subsidiaries (see Note P23)	1,491	1,761
Other current liabilities and short-term provisions	137	215
<b>Total short-term provisions, trade payables and other current liabilities</b>	<b>2,467</b>	<b>2,664</b>

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, 2022, contractual cash flows for liabilities at amortized cost represented the following expected maturities.

Expected maturity SEK in millions	Jan-Mar 2023	Apr-Jun 2023	Jul-Sep 2023	Oct-Dec 2023	Total
Liabilities at amortized cost	773	0	0	0	773

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, 2022	Dec 31, 2021
<b>Financial assets</b>			
Derivatives designated as hedging instruments	P11, P12	2,205	1,034
Financial assets at fair value through income statement		154	480
<i>of which derivatives measured at fair value through income statement</i>	<i>P11, P12</i>	<i>137</i>	<i>462</i>
<i>of which other investments at fair value through income statement</i>	<i>P11</i>	<i>18</i>	<i>18</i>
Long- and short-term bonds measured at fair value through income statement	P11, P13	5,174	11,578
Financial assets measured at fair value through OCI	P11	551	526
<b>Financial assets at fair value</b>		<b>8,084</b>	<b>13,618</b>
Financial assets at amortized cost	P11, P12	84,866	79,584
<b>Total financial assets</b>		<b>92,950</b>	<b>93,203</b>
<b>Financial liabilities</b>			
Derivatives designated as hedging instruments	P17, P19	7,388	1,734
Derivatives measured at fair value through income statement	P17, P19	162	166
<b>Financial liabilities at fair value</b>		<b>7,550</b>	<b>1,900</b>
Financial liabilities measured at amortized cost	P17, P19	105,011	112,534
<b>Total financial liabilities</b>		<b>112,562</b>	<b>114,434</b>

### Fair value hierarchy levels

The carrying values of classes of financial assets and liabilities were distributed by fair value hierarchy level as follows.

SEK in millions	Note	December 31, 2022				December 31, 2021			
		Fair value	of which			Fair value	of which		
			Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial assets at fair value<sup>1</sup></b>									
Equity instruments at fair value through OCI	P11	551	4		547	526	-	-	526
Equity instruments at fair value through income statement	P11	18	-	-	18	18	-	-	18
Long-and short-term bonds at fair value through income statement	P11, P13	5,174	5,174	-	-	11,578	9,883	1,695	-
Derivatives designated as hedging instruments	P11, P12	2,205	-	2,205	-	1,034	-	1,034	-
Derivatives at fair value through income statement	P11, P12	137	-	137	-	462	-	463	-
<b>Total financial assets at fair value by level</b>		<b>8,085</b>	<b>5,178</b>	<b>2,342</b>	<b>564</b>	<b>13,618</b>	<b>9,883</b>	<b>3,191</b>	<b>544</b>
<b>Financial liabilities at fair value</b>									
Derivatives designated as hedging instruments	P17, P19	7,388	-	7,388	-	1,734	-	1,734	-
Derivatives at fair value through income statement	P17, P19	162	-	162	-	166	-	166	-
<b>Total financial liabilities at fair value by level</b>		<b>7,550</b>	<b>-</b>	<b>7,550</b>	<b>-</b>	<b>1,900</b>	<b>-</b>	<b>1,900</b>	<b>-</b>

1) For information on fair value hierarchy levels and fair value estimation, see Note C3.

There were no material transfers between Level 1, 2 or 3 in 2022 or 2021.

Level 3 financial assets changed as follows.

SEK in millions	Assets, December 31, 2022			Total
	Equity instruments at fair value through OCI	Equity instruments at fair value through income statement	Derivatives at fair value through income statement	
<b>Level 3, opening balance</b>	<b>526</b>	<b>18</b>	<b>-</b>	<b>544</b>
Changes in fair value	-46	-	-	-46
<i>of which recognized in other comprehensive income</i>	-46	-	-	-46
Purchases/capital contributions	77	-	-	77
Reclassifications	-10	-	-	-10
<b>Level 3, closing balance</b>	<b>547</b>	<b>18</b>	<b>-</b>	<b>564</b>

Assets,  
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
<b>Level 3, opening balance</b>	<b>422</b>	<b>18</b>	-	<b>440</b>
Changes in fair value	126	-	-	<b>126</b>
<i>of which recognized in other comprehensive income</i>	126	-	-	<b>126</b>
Purchases/ capital contributions	50	-	-	<b>50</b>
Disposal	-71	-	-	<b>-71</b>
Reclassifications	-	-	-	-
<b>Level 3, closing balance</b>	<b>526</b>	<b>18</b>	-	<b>544</b>

Changes in fair of equity instruments 2022 relates to impairment made of Challengermode AB, eBuilder AB and Subspace Inc. offset by write-ups of Unacast Inc. and Varjo Technologies Oy. Purchases relates to Polarium Energy Solutions AB and capital contribution has been made to Varjo Technologies Oy and Soundtrack Your Brand AB. Reclassification has

been made of Paydrive AB which has been transferred from level 3 to level 1. The changes in fair value of equity instruments relate mainly to Swappie Oy in 2021. 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, 2022	Dec 31, 2021
Other financial assets excluding investments and receivables on subsidiaries and associated companies and investments in other equity instruments	P11	5,965	6,839
Trade and other receivables	P12	386	243
Short-term investments, cash and cash equivalents	P13	7,259	19,263
<b>Total</b>		<b>13,610</b>	<b>26,345</b>

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, 2022, 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 2023	Apr–Jun 2023	Jul– Sep 2023	Oct– Dec 2023	2024	2025	2026	2027	Later years	Total
Utilized bank overdraft and short-term credit facilities	-	-	-	-	-	-	-	-	-	-
Open-market financing program borrowings	-615	-1,537	-446	-2,457	-12,697	-10,021	-7,090	-15,677	-47,053	<b>-97,593</b>
Cross-currency interest rate swaps and interest rate swaps										
Payables	-707	-11,677	-1,004	-3,113	-16,012	-9,363	-8,505	-4,322	-3,180	<b>-57,883</b>
Receivables	504	11,470	639	2,878	15,485	8,743	8,080	4,057	1,218	<b>53,074</b>
Currency swaps and forward exchange contracts										
Payables	-10,321	-559	-8	-2	-	-	-	-	-	<b>-10,890</b>
Receivables	10,355	559	7	2	-	-	-	-	-	<b>10,923</b>
<b>Total, net</b>	<b>-784</b>	<b>-1,744</b>	<b>-812</b>	<b>-2,692</b>	<b>-13,224</b>	<b>-10,641</b>	<b>-7,515</b>	<b>-15,942</b>	<b>-49,015</b>	<b>-102,369</b>

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 company cars 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, 2022 that could not be canceled in advance and were in excess of one year were as follows.

Expected maturity SEK in millions	Jan– Mar 2023	Apr– Jun 2023	Jul– Sep 2023	Oct– Dec 2023	2024	2025	2026	2027	Later years	Total
Future minimum leasing fees	1	1	1	1	2	-	-	-	-	<b>5</b>

In 2022 total rent and leasing fees paid were SEK 3 million (33).



## 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 2022 sales to subsidiaries totaled SEK 1,641 million (925), while purchases from subsidiaries totaled SEK 110 million (122). 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, 2022	Dec 31, 2021
Guarantees on behalf of subsidiaries	24,681	24,193
Guarantees for pension obligations	39	37
<b>Total financial guarantees</b>	<b>24,720</b>	<b>24,230</b>

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 2022 or 2021.

### Liabilities and cash flows arising from financing activities

SEK in millions	Dec 31, 2021	Non-cash changes				Dec 31, 2022
		Cash flows	Foreign exchange movements	Fair value changes	Other changes <sup>1</sup>	
<b>Long-term borrowings</b>	<b>78,237</b>	<b>3,561</b>	<b>4,075</b>	<b>-811</b>	<b>-5,200</b>	<b>79,861</b>
Long-term borrowings (excluding borrowings from subsidiaries)	78,237	3,561	4,075	-811	-5,200	79,861
<i>of which derivatives hedging long-term borrowings</i>	<i>1,533</i>	<i>-</i>	<i>-534</i>	<i>6,059</i>	<i>80</i>	<i>7,138</i>
<b>Short-term borrowings</b>	<b>33,749</b>	<b>-9,382</b>	<b>-1,122</b>	<b>-12</b>	<b>7,131</b>	<b>30,364</b>
Short-term borrowings (excluding borrowings from subsidiaries)	6,316	-9,382	-1,122	-12	7,088	2,888
<i>of which derivatives hedging short-term borrowings</i>	<i>200</i>	<i>-31</i>	<i>57</i>	<i>27</i>	<i>-24</i>	<i>229</i>
Borrowings from subsidiaries	27,433	-	-	-	43	27,476
<b>Total liabilities from financing activities</b>	<b>111,985</b>	<b>-5,821</b>	<b>2,952</b>	<b>-823</b>	<b>1,931</b>	<b>110,225</b>
<b>Assets held to hedge borrowings<sup>2</sup></b>	<b>-1,710</b>	<b>-4,540</b>	<b>-1,397</b>	<b>333</b>	<b>-63</b>	<b>-7,376</b>
<i>of which derivatives hedging long-term borrowings</i>	<i>-972</i>	<i>-</i>	<i>-1,381</i>	<i>292</i>	<i>104</i>	<i>-1,957</i>
<i>of which derivatives hedging short-term borrowings</i>	<i>-56</i>	<i>57</i>	<i>-230</i>	<i>6</i>	<i>-26</i>	<i>-248</i>
<b>Total liabilities from financing activities net of assets hedging borrowings<sup>2</sup></b>	<b>110,275</b>	<b>-10,360</b>	<b>1,556</b>	<b>-490</b>	<b>1,868</b>	<b>102,848</b>

1) Other changes mainly refer to change in borrowing from subsidiaries and reclassification due to maturity from long- to short-term.

2) Assets to hedge borrowings are included in cash flow from financing activities

SEK in millions	Dec 31, 2020	Non-cash changes				Dec 31, 2021
		Cash flows	Foreign exchange movements	Fair value changes	Other changes <sup>1</sup>	
<b>Long-term borrowings</b>	<b>87,014</b>	<b>-773</b>	<b>424</b>	<b>-2,465</b>	<b>-5,962</b>	<b>78,237</b>
Long-term borrowings (excluding borrowings from subsidiaries)	87,014	-773	424	-2,465	-5,962	78,237
<i>of which derivatives hedging long-term borrowings</i>	<i>3,650</i>	<i>-</i>	<i>-1,426</i>	<i>-570</i>	<i>-121</i>	<i>1,533</i>
<b>Short-term borrowings</b>	<b>41,827</b>	<b>-5,544</b>	<b>144</b>	<b>-23</b>	<b>-2,655</b>	<b>33,749</b>
Short-term borrowings (excluding borrowings from subsidiaries)	5,278	-5,544	144	-23	6,461	6,316
<i>of which derivatives hedging short-term borrowings</i>	<i>151</i>	<i>-</i>	<i>-32</i>	<i>-8</i>	<i>90</i>	<i>200</i>
Borrowings from subsidiaries	36,549	-	-	-	-9,116	27,433
<b>Total liabilities from financing activities</b>	<b>128,841</b>	<b>-6,317</b>	<b>568</b>	<b>-2,488</b>	<b>-8,617</b>	<b>111,985</b>
<b>Assets held to hedge borrowings<sup>2</sup></b>	<b>-4,205</b>	<b>-1,087</b>	<b>1,237</b>	<b>2,556</b>	<b>-211</b>	<b>-1,710</b>
<i>of which derivatives hedging long-term borrowings</i>	<i>-3,059</i>	<i>9</i>	<i>-48</i>	<i>2,086</i>	<i>39</i>	<i>-972</i>
<i>of which derivatives hedging short-term borrowings</i>	<i>-70</i>	<i>-819</i>	<i>544</i>	<i>448</i>	<i>-158</i>	<i>-56</i>
<b>Total liabilities from financing activities net of assets hedging borrowings<sup>2</sup></b>	<b>124,636</b>	<b>-7,404</b>	<b>1,805</b>	<b>67</b>	<b>-8,829</b>	<b>110,275</b>

1) Other changes mainly refer to change in borrowing from subsidiaries and reclassification due to maturity from long- to short-term.

2) Assets to hedge borrowings are included in cash flow from financing activities

## P26. Human resources

The number of employees was 264 at December 31, 2022 (279). The average number of full-time employees was as follows.

Country	Jan–Dec 2022		Jan–Dec 2021	
	Total (number)	of whom men (%)	Total (number)	of whom men (%)
Sweden	271	48%	254	47%
<b>Total</b>	<b>271</b>	<b>48%</b>	<b>254</b>	<b>47%</b>

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 7 other members (6) of Group Executive Management employed by the parent company.

%	Dec 31, 2022		Dec 31, 2021	
	Board of Directors	Other Corporate Officers	Board of Directors	Other Corporate Officers
Women	33.3%	37.5%	45.5%	42.9%
Men	66.7%	62.5%	54.5%	57.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Total salaries and other remuneration, along with social security expenses and other personnel expenses were as follows.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Salaries and other remuneration</b>	<b>380</b>	<b>407</b>
<i>of which performance share programs</i>	5	4
<b>Social security expenses</b>		
Employer's social security contributions	122	141
<i>of which performance share programs</i>	1	1
Pension expenses	200	23
<b>Total social security expenses</b>	<b>322</b>	<b>164</b>
Other personnel expenses	40	42
<b>Total personnel expenses<sup>1</sup></b>	<b>741</b>	<b>613</b>

1) Of which SEK 3 million (36) recognized within in Other operating expenses.

Total social security expenses increased in 2022 due to last year included a compensation from the pension fund.

Salaries and other remuneration were divided between Corporate Officers and other employees as follows.

SEK in millions	Dec 31, 2022		Dec 31, 2021	
	Corporate Officers (of which variable pay)	Other employees	Corporate Officers (of which variable pay)	Other employees <sup>2</sup>
Salaries and other remuneration <sup>1</sup>	68 (-)	312	77(-)	330

1) Of which Corporate Officers SEK - million (11) and Other employees SEK 2 million (14) recognized in Other operating expenses. 2) Other employees 2021 restated from SEK 285 million to SEK 330 million

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 7 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,	
	2022	2021
Pension expenses <sup>1</sup>	19	21
Outstanding pension commitments	124	149

1) Of which SEK - million (2) 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 2022	Jan–Dec 2021
<b>Remuneration</b>		
<b>Deloitte</b>		
Audit	9	7
Audit-related services	1	1
Tax services	0	-
All other services	-	1
<b>Total</b>	<b>10</b>	<b>9</b>

## 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 8, 2023

**Lars-Johan Jarnheimer**  
Chair of the Board

**Ingrid Bonde**  
Vice-Chair of the Board

**Johannes Ametsreiter**  
Board member

**Stefan Carlsson**  
Board member,  
employee representative

**Luisa Delgado**  
Board member

**Tomas Eliasson**  
Board member

**Rickard Gustafson**  
Board member

**Jeanette Jäger**  
Board member

**Nina Linander**  
Board member

**Jimmy Maymann**  
Board member

**Martin Sääf**  
Board member,  
employee representative

**Rickard Wäst**  
Board member,  
employee representative

**Allison Kirkby**  
President and CEO

Our auditors' report was rendered on March 8, 2023

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 2022-01-01 - 2022-12-31 except for the corporate governance statement on pages 54-72 and the statutory sustainability report on pages 73-127. The annual accounts and consolidated accounts of the company are included in pages 22-103, 110-114 and 128-247 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 2022 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 2022 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 54-72 or the statutory sustainability report on pages 73-127. 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 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 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 activities occur, including the change control procedures in place in the IT-systems for 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 judgements and assessments 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", C12 "Goodwill and other intangible assets", C13 "Property, Plant and Equipment" and 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 and process for impairment tests for other non-current assets and film and program rights.

#### 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 1-21, 54-72, 73-127 and 253-262 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 intends to liquidate the company, to cease operations, or has 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](http://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 (publ) for the financial year 2022-01-01 - 2022-12-31 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/revisorsansvar](http://www.revisorsinspektionen.se/revisorsansvar). 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. The auditor's examination of the Esef report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Telia Company AB (publ) for the financial year 2022-01-01 – 2022-01-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. 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.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 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 Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standards on Quality Management, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esec report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esec report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esec report has been prepared in a valid XHTML format and a reconciliation of the Esec report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esec report have been marked within iXBRL in accordance with what follows from the Esec regulation.

### **Auditor's examination of the corporate governance report**

The Board of Directors is responsible for that the corporate governance statement on pages 54-72 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 73-103 and 110-114, 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 by the general meeting of shareholders on the **2022-04-06** and has been the company's auditors since **2015-04-02**.

Stockholm March 8th 2023  
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 AB Sustainability Report for the year 2022. The Company has defined the scope of the Sustainability Report on page 73-127 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 105 in the Annual and Sustainability Report, and in the Telia Company Sustainability Reporting Framework 2022, available at [www.teliacompany.com/sustainability/reporting](http://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 (revised) *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 International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 8, 2023

Deloitte AB

Signatures on Swedish original

**Peter Ekberg**  
Authorized Public  
Accountant

**Lennart Nordqvist**  
Expert Member  
of FAR

## Five-year summary

Telia Company group Financial data	2022	2021	2020	2019	2018
<b>Income statement (SEK in millions)<sup>1,7</sup></b>					
<b>Net sales</b>	<b>90,827</b>	<b>88,343</b>	<b>89,191</b>	<b>85,965</b>	<b>83,559</b>
Operating income	-9,417	15,232	-17,850	12,293	13,238
Adjusted EBITDA	30,328	29,861	30,482	31,017	26,540
EBITDA	29,417	35,151	29,974	30,017	25,933
Net income from continuing operations	-14,165	11,661	-22,558	7,601	9,523
Net income from discontinued operations	-	176	-279	-341	-6,399
Total net income	-14,165	11,836	-22,837	7,261	3,124
<b>Financial position (SEK in millions)<sup>2,7</sup></b>					
Non-current assets	185,090	194,879	189,088	224,088	199,860
Current assets	37,703	42,146	37,014	39,984	47,681
<b>Total assets</b>	<b>222,793</b>	<b>237,025</b>	<b>226,103</b>	<b>264,072</b>	<b>247,541</b>
Total equity	67,673	83,544	63,496	92,455	102,438
<i>of which attributable to owners of the parent</i>	<i>64,239</i>	<i>80,731</i>	<i>62,378</i>	<i>91,047</i>	<i>97,387</i>
Non-current liabilities	112,379	110,736	122,505	121,330	106,250
Current liabilities	42,741	42,746	40,101	50,287	38,853
<b>Total equity and liabilities</b>	<b>222,793</b>	<b>237,025</b>	<b>226,103</b>	<b>264,072</b>	<b>247,541</b>
Net debt, continuing and discontinued operations	71,397	63,133	78,343	88,052	55,363
<b>Cash flows (SEK in millions)<sup>3</sup></b>					
Cash flow from operating activities	24,001	27,376	28,604	27,594	26,696
Cash flow from investing activities	-9,936	-10,908	-3,247	-30,543	-14,041
Cash flow from financing activities	-21,779	-10,600	-23,098	-14,712	-12,446
<b>Cash flow for the year</b>	<b>-7,714</b>	<b>5,868</b>	<b>2,259</b>	<b>-17,661</b>	<b>209</b>
Free cash flow	8,094	11,729	15,114	12,369	11,902

Telia Company group Financial data	2022	2021	2020	2019	2018
<i>of which from discontinued operations</i>	-	-131	17	-2,047	347
<b>Investments (SEK in millions)<sup>4</sup></b>					
CAPEX	21,108	22,441	18,137	16,076	16,361
Acquisitions and other investments	303	639	641	13,140	30,186
<b>Total investments</b>	<b>21,411</b>	<b>23,080</b>	<b>18,778</b>	<b>29,214</b>	<b>46,547</b>
<b>Key ratios<sup>5,7</sup></b>					
Return on equity (%)	neg.	18.5	neg.	8.4	3.6
Return on capital employed (%)	neg.	9.1	neg.	6.6	4.8
Equity/assets ratio (%)	26.8	31.7	24.5	31.3	37.3
Net debt/Adjusted EBITDA	2.35	2.14	2.57	2.82	2.08
Owners' equity per share (SEK)	16.3	19.7	15.4	22.1	23.0
<b>Share data</b>					
Number of outstanding shares (millions)					
– at the end of the period	3,932.1	4,089.6	4,089.6	4,112.7	4,230.8
– average, basic and diluted	4,035.3	4,089.6	4,090.4	4,172.4	4,292.7
Basic and diluted total earnings per share (SEK) <sup>5,7</sup>	-3.63	2.86	-5.62	1.70	0.75
Cash dividend per share (SEK) <sup>6</sup>	2.00	2.05	2.00	2.45	2.36
Total cash dividend (SEK in millions) <sup>6</sup>	7,864	8,384	8,179	10,020	9,985

1) Former segment region Eurasia was classified as held for sale and discontinued operations since December 31, 2015, and is therefore presented in one line in the income statement until the divestment was completed. The above presented income statement line items 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 until the divestment was completed. 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 discontinued operations when applicable.

4) 2022-2018 including continuing operations only.

5) Key ratios are based on the total Telia Company group including both continuing and discontinued operations for 2022-2018.

6) For 2022 as proposed by the Board of Directors. For 2019 including dividend decided on an extra AGM on December 2, 2020.

7) Only 2020 was restated for changes in accounting principles related to Cloud computing costs implemented in 2021.

## Five-year summary, cont.

Telia Company group Operational data	2022	2021	2020	2019	2018
<b>Mobile services</b>					
Total subscriptions (thousands)	19,776	18,107	16,968	16,741	16,804
<i>of which Sweden</i>					
Mobile telephony, total subscriptions (thousands)	8,136	6,914	6,246	6,132	6,095
Mobile telephony, blended churn (%)	17	18	17	18	19
Mobile telephony, ARPU (SEK)	224	217	215	214	213
<i>of which Finland</i>					
Mobile telephony, subscriptions (thousands) <sup>1</sup>	3,280	3,234	3,165	3,184	3,278
Mobile telephony, blended churn (%)	23	22	22	24	24
Mobile telephony, ARPU (EUR)	18	18	19	18	18
<i>of which Norway</i>					
Mobile telephony, subscriptions (thousands)	2,379	2,289	2,247	2,276	2,324
Mobile telephony, blended churn (%)	21	19	24	27	31
Mobile telephony, ARPU (NOK)	269	259	253	253	251
<i>of which other countries</i>					
Mobile telephony, subscriptions, Denmark (thousands)	1,712	1,620	1,494	1,435	1,451
Mobile telephony, subscriptions, Lithuania (thousands)	1,604	1,518	1,398	1,347	1,389
Mobile telephony, subscriptions, Latvia (thousands)	1,399	1,347	1,307	1,299	1,281
Mobile telephony, subscriptions, Estonia (thousands) <sup>2</sup>	1,266	1,186	1,112	1,068	986

1) 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.

2) Mobile telephony, subscriptions, Estonia 2021 have been restated for comparability. The restatement also impacts total subscriptions.

3) Fixed telephony subscriptions include PSTN and VoIP.

4) TV, subscriptions, Finland and TV and Media 2021 have been restated as a result of a reorganization.

Telia Company group Operational data	2022	2021	2020	2019	2018
<b>Fixed services</b>					
Broadband, total subscriptions (thousands)	2,955	2,944	2,900	2,925	2,916
<i>of which</i>					
Broadband, subscriptions, Sweden (thousands)	1,252	1,248	1,242	1,263	1,287
Broadband, subscriptions, Finland (thousands)	467	474	462	473	457
Broadband, subscriptions, Norway (thousands)	503	492	469	445	417
Broadband, subscriptions, Denmark (thousands)	64	66	68	81	104
Broadband, subscriptions, Lithuania (thousands)	427	421	417	419	409
Broadband, subscriptions, Estonia (thousands)	242	243	242	244	242
Fixed telephony, total subscriptions (thousands) <sup>3</sup>	851	1,030	1,247	1,503	1,855
<i>of which</i>					
Fixed telephony, subscriptions, Sweden (thousands)	398	509	665	853	1,102
Fixed telephony, subscriptions, Finland (thousands)	14	17	20	23	38
Fixed telephony, subscriptions, Norway (thousands)	23	32	40	49	59
Fixed telephony, subscriptions, Denmark (thousands)	49	62	66	72	78
Fixed telephony, subscriptions, Lithuania (thousands)	175	201	230	261	315
Fixed telephony, subscriptions, Estonia (thousands)	192	209	226	245	263
TV, total subscriptions (thousands)	3,464	3,377	3,235	3,071	2,400
<i>of which</i>					
TV, subscriptions, Sweden (thousands)	1,052	997	929	861	865
TV, subscriptions, Finland (thousands) <sup>4</sup>	678	646	558	600	553
TV, subscriptions, Norway (thousands)	475	477	469	480	504
TV, subscriptions, Denmark (thousands)	17	24	29	21	24
TV, subscriptions, Lithuania (thousands)	257	255	253	244	242
TV, subscriptions, Estonia (thousands)	200	207	208	212	212
TV, subscriptions, TV and Media (thousands) <sup>4</sup>	785	771	789	653	–



## Five-year summary, cont.

Telia Company group Operational data	2022	2021	2020	2019	2018
<b>Human Resources<sup>1</sup></b>					
Number of employees as of December 31	19,237	19,566	20,741	21,232	20,836
Average number of full-time employees during the year	19,202	19,998	20,505	20,215	23,814
<i>of whom, in Sweden</i>	7,144	7,550	7,654	7,337	7,525
<i>of whom, in Finland</i>	3,851	4,244	4,144	3,890	3,899
<i>of whom, in other countries</i>	8,207	8,204	8,707	8,988	12,390
<i>of whom, women</i>	7,143	7,359	7,607	7,581	9,461
<i>of whom, men</i>	12,059	12,639	12,898	12,634	14,353
Salaries and remuneration (SEK in millions)	11,897	12,018	12,077	11,034	9,918
Employer's social security contributions (SEK in millions)	2,203	2,270	2,291	2,080	2,134
Salaries and employer's social security contributions as a percentage of operating costs	14.1	19.6	16.5	17.3	14.5
Net sales per employee (SEK in thousands)	4,730	4,418	4,354	4,282	3,790
Operating income per employee (SEK in thousands)	neg.	770	neg.	594	323
Net income per employee (SEK in thousands)	neg.	592	neg.	359	131

1) HR data is based on the total Telia Company group including both continuing and discontinued operations when applicable.

## 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 revenue

Service revenue like for like excludes exchange rate effects and is based on the current group structure, i.e. including the impact of any acquired operations and excluding the impact of any disposed operations, both in the current and in the comparable period, and was part of Telia Company's Outlook for 2022 and ambition for 2021-2023.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
Net sales	90,827	88,343
Excluded: Equipment revenue	-13,701	-13,162
<b>Service revenue (external)</b>	<b>77,126</b>	<b>75,180</b>
Excluded: Effects from changes in foreign exchange rates <sup>1</sup>	-1,888	0
Excluded: Effects from acquired and disposed operations	-71	-1,575
<b>Service revenue on a like-for-like basis</b>	<b>75,167</b>	<b>73,605</b>
<i>of which Core Telco business</i>	<i>66,430</i>	<i>64,958</i>
<i>of which TV and Media</i>	<i>8,738</i>	<i>8,647</i>

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 like for like excludes exchange rate effects and is based on the current group structure, i.e. including the

impact of any acquired operations and excluding the impact of any disposed operations, both in the current and in the comparable period and was part of Telia Company's Outlook for 2022 and ambition for 2021-2023.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Operating income</b>	<b>-9,417</b>	<b>15,232</b>
Excluded: Income from associated companies and joint ventures	-102	-104
Excluded: Total depreciation/amortization/write-down	38,936	20,023
<b>EBITDA</b>	<b>29,417</b>	<b>35,151</b>
Adjustment items within EBITDA	911	-5,290
<b>Adjusted EBITDA</b>	<b>30,328</b>	<b>29,861</b>
Excluded: Effects from changes in foreign exchange rates <sup>1</sup>	-816	0
Excluded: Effects from acquired and disposed operations	-19	-372
<b>Adjusted EBITDA on a like-for-like basis</b>	<b>29,492</b>	<b>29,489</b>
<i>of which Core Telco business</i>	<i>29,214</i>	<i>28,611</i>
<i>of which TV and Media</i>	<i>278</i>	<i>878</i>
Excluded: Impact from increased energy costs <sup>2</sup>	760	
<b>Adjusted EBITDA on a like-for-like basis excluding impact from increased energy costs<sup>2</sup></b>	<b>30,253</b>	<b>29,489</b>

1) Changes in foreign exchange rates refers to full year average rates prior year. 2) Increased energy costs in 2022 compared to 2021.

### 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 specified in Board of Director's Report, section "Adjustment items."

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>Operating income</b>	<b>-9,417</b>	<b>15,232</b>
Adjustment items within operating income	20,749	-5,198
<b>Adjusted operating income</b>	<b>11,332</b>	<b>10,033</b>

### CAPEX and Cash CAPEX and Cash CAPEX to Net sales

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 fees for license and spectrum, was part of Telia Company's Outlook for 2022. Cash CAPEX, excluding fees for licenses and spectrum in relation to Net sales (%) was part of Telia Company's Ambition for 2021-2023.

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
Investments in intangible assets	4,095	5,008
Investments in property, plant and equipment	12,434	12,993
<b>CAPEX excluding right-of-use assets</b>	<b>16,529</b>	<b>18,001</b>
Investments in right-of-use assets	4,579	4,440
<b>CAPEX</b>	<b>21,108</b>	<b>22,441</b>
Excluded: investments in license and spectrum fees and right-of-use assets	-5,149	-6,556
<b>CAPEX excluding fees for licenses and spectrum and right-of-use assets</b>	<b>15,959</b>	<b>15,885</b>

SEK in millions	Jan–Dec 2022	Jan–Dec 2021
<b>CAPEX</b>	<b>21,108</b>	<b>22,441</b>
Excluded: investments in right-of-use assets	-4,579	-4,440
Net of not paid investments and additional payments from previous periods	-621	-2,354
<b>Cash CAPEX</b>	<b>15,908</b>	<b>15,647</b>
Excluded: Cash CAPEX for licenses and spectrum fees	-513	-1,266
<b>Cash CAPEX, excluding fees for license and spectrum</b>	<b>15,395</b>	<b>14,381</b>
<b>Net sales</b>	<b>90,827</b>	<b>88,343</b>
<b>Cash CAPEX, excluding fees for licenses and spectrum in relation to Net sales (%)</b>	<b>16.9</b>	<b>16.3</b>

### Free cash flow (continuing and discontinued operations)

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 2022	Jan–Dec 2021
Cash flow from operating activities	24,001	27,376
Cash CAPEX (paid intangible and tangible assets)	-15,908	-15,647
<b>Free cash flow, continuing and discontinued operations</b>	<b>8,094</b>	<b>11,729</b>

### 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 AGMs of the associated companies. Licenses and spectrum payments are excluded as they generally refer to a longer period than just one year. 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 2022	Jan–Dec 2021
Cash flow from operating activities from continuing operations	24,001	27,507
Cash CAPEX from continuing operations	-15,908	-15,647
<b>Free cash flow, continuing operations</b>	<b>8,094</b>	<b>11,861</b>
Excluded: Cash CAPEX for licenses and spectrum fees from continuing operations	513	1,266
Excluded: Dividends from associates from continuing operations	-136	-152
Excluded: Taxes paid on dividends from associates from continuing operations	-	-
Repayments of lease liabilities	-2,748	-2,574
<b>Operational free cash flow</b>	<b>5,723</b>	<b>10,401</b>
Excluded: Changes in working capital	735	-3,020
<b>Structural part of Operational free cash flow</b>	<b>6,458</b>	<b>7,381</b>

### Net debt

Telia Company considers Net debt to be an important measure to be able to understand the group's indebtedness.

SEK in millions	Dec 31, 2022	Dec 31, 2021
Long-term borrowings	94,555	91,634
<i>of which lease liabilities, non-current</i>	<i>13,971</i>	<i>12,859</i>
Less 50% of hybrid capital <sup>1)</sup>	-9,962	-10,428
Short-term borrowings	7,007	10,017
<i>of which lease liabilities, current</i>	<i>3,261</i>	<i>2,872</i>
Less derivatives recognized as financial assets and hedging long-term and short-term borrowings and related credit support annex (CSA)	-7,373	-1,705
Less long-term bonds at fair value through income statement and OCI	-3,698	-5,931
Less short-term investments	-2,261	-6,097
Less cash and cash equivalents	-6,871	-14,358
<b>Net debt</b>	<b>71,397</b>	<b>63,133</b>

1) 50% of hybrid capital is treated as equity, consistent with market practice for the type of instrument, and reduces net debt.

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 2022	Jan–Dec 2021
<b>Net debt</b>	<b>71,397</b>	<b>63,133</b>
Adjusted EBITDA continuing operations	30,328	29,861
Excluded: Disposed operations	-	-371
<b>Adjusted EBITDA rolling 12 months excluding disposed operations</b>	<b>30,328</b>	<b>29,491</b>
<b>Net debt/Adjusted EBITDA ratio (multiple)</b>	<b>2.35x</b>	<b>2.14x</b>

### 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 2022	Jan–Dec 2021
Net sales	90,827	88,343
Adjusted EBITDA	30,328	29,861
<b>Adjusted EBITDA margin (%)</b>	<b>33.4</b>	<b>33.8</b>

## 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 or other costs with the character of not being part of normal daily operations.

#### Advertising revenue

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 revenue

External net sales related to fixed broadband services.

#### Business solutions

External net sales related to fixed business network 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.

#### Core Telco business

Total Group less the TV and Media segment.

#### 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 revenue

External net sales related to mobile termination.

#### Internal net sales

Group internal net sales.

#### Like for like (%)

The change in net sales, external service revenue and adjusted EBITDA, excluding exchange rate effects and based on the current group structure, i.e. including the impact of any acquired operations and excluding the impact of any disposed operations, both in the current and in the comparable period.

#### Mobile subscription revenue

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% 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 revenue

External net sales of fixed services including fiber installation, wholesale and other infrastructure services.

### Other mobile service revenue

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 revenue 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 revenue

External net sales related to fixed telephony services.

### Total equipment revenue

External equipment net sales.

### Total service revenue

External net sales excluding equipment sales.

### TV revenue

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	USD	US dollar
GBP	Pound sterling	AUD	Australian dollar

## Annual General Meeting 2023

Telia Company's Annual General Meeting will be held on Wednesday, April 5, 2023, at 2.00 p.m. CEST at Telia Company's Head Office, Stjärntorget 1 in Solna, Sweden. The complete notice was published on Telia Company's website, [www.teliacompany.com](http://www.teliacompany.com) in the beginning of March 2023. As a service to the shareholders, simultaneous interpretation from Swedish to English as well as from English to Swedish will be provided at the Annual General Meeting.

### Participation

Shareholders who wish to participate in the Annual General Meeting must be recorded as a shareholder in the presentation of the share register prepared by the Swedish Central Securities Depository Euroclear Sweden AB concerning the circumstances on Tuesday, March 28, 2023, and give notice of participation no later than Thursday, March 30, 2023.

### Participation at the meeting venue

Shareholders who wish to attend the meeting venue in person or by proxy must give notice of participation no later than Thursday, March 30, 2023, on Euroclear Sweden AB's website <https://anmalan.vpc.se/euroclearproxy>, by telephone +46 (0)8 402 90 50, or by post to Telia Company AB, "AGM 2023", c/o Euroclear Sweden AB, P.O. Box 191, SE-101 23 Stockholm, Sweden. Shareholders shall in their notice to participate state their name, personal identification number or company registration number, address, telephone number and advisors, if applicable. Shareholders represented by a proxy

or a representative should send documents of authorization to the address above well in advance of the Annual General Meeting. A template proxy form is available on Telia Company's website [www.teliacompany.com](http://www.teliacompany.com).

### Participation by postal voting

Shareholders who wish to participate in the Annual General Meeting by postal voting in advance must give notice of participation by casting their postal vote so that the postal vote is received by Euroclear Sweden AB (administering the forms on behalf of Telia Company) no later than Thursday, March 30, 2023. A special form shall be used for postal voting. The postal voting form is available on Telia Company's website [www.teliacompany.com](http://www.teliacompany.com). The postal voting form can be submitted either by e-mail to [GeneralMeetingService@euroclear.com](mailto:GeneralMeetingService@euroclear.com), or by post to Telia Company AB, "AGM 2023", 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 AB's website <https://anmalan.vpc.se/euroclearproxy>. If the shareholder postal votes by proxy, a power of attorney shall be enclosed to the postal form. A template proxy form is available on Telia Company's website [www.teliacompany.com](http://www.teliacompany.com). If the shareholder is a legal entity, a certificate of incorporation or a corresponding document shall be enclosed to the postal voting form. Further instructions are included in the postal voting form and on Euroclear Sweden AB's website <https://anmalan.vpc.se/euroclearproxy>.

### 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 28, 2023. Such re-registration may be temporary (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 by the nominee no later than on Thursday, March 30, 2023, will be considered in the presentation of the share register.

### 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 Directors of the Board and makes decisions regarding remuneration to the Board of Directors. The Board of Directors proposes that a dividend of SEK 2.00 per share in total is distributed to the shareholders in four instalments of SEK 0.50 each. The proposed record dates are Tuesday, April 11, 2023, Monday, July 31, 2023, Thursday, October 26, 2023, and Monday, February 5, 2024. If the Annual General Meeting resolves in

accordance with the proposal, it is estimated that Euroclear Sweden AB will execute the payments on Friday, April 14, 2023, Thursday, August 3, 2023, Tuesday, October 31, 2023, and Thursday, February 8, 2024, respectively.

