

Speech for Telia Company's shareholders on April 10, 2024, Stockholm

Patrik Hofbauer, President and CEO, Telia Company AB

Dear shareholders,

Today is my fiftieth working day as CEO of Telia, and I want to start by saying that I am extremely proud and happy to lead this company, which means so much to so many people and companies, and to the communities in which we operate.

I do not intend to turn this into a history lesson, but I cannot help but reflect that what started 170 years ago – when the first telegraph line was set up between Stockholm and Uppsala – has since developed into a leading telecom operator that provides the current, digitized society with the very latest technology to connect people and businesses, and everything that benefits from being connected.

I have worked in the industry for many years and I am still struck by the strength of Telia's position, with a strong brand and great trust among its customers. That's how it was the last time I encountered Telia and it's still like that when I now, 5 years later, step through the doors here at Telia.

And now, I've had time to form an idea of what life inside Telia looks like.

On the one hand, we have:

- incredible competence with the absolute best employees in the industry
- we have built our business on network leadership
- and, we have a will to develop with our customers, constantly managing the great trust that our customers have placed in us

On the other hand, I also see that Telia has potential for change to become more efficient in the way we work here and now, to be better equipped for the needs and demands our customers will place on us in the future as digitization continues and, as a result, to also create greater value for all our stakeholders, where Telia will:

- be the best partner and supplier for all our customers
- be the best employer for our employees
- create value for you, our shareholders
- and be the best and most valuable player in the communities where we operate.

And after visiting our markets and meeting our local teams, and meeting many of our customers, and after talking to both investors and analysts, I see that Telia has all the qualities required to change, develop and continue to grow.

To achieve that we need to focus on developing some essential areas:

- We need to simplify our working methods and our internal structures so that we can use the maximum amount of our time and focus on creating value for the customer, we need to make faster decisions with the goal of always reaching out with the right products and services and serving our customers in the best possible way.
- We must become more efficient in how we use our resources – both employees' time and our investments – there I see that we can better prioritize our efforts in areas that create

opportunities for more earnings, while at the same time we need to continue to reduce our costs.

- We must also continue to develop Telia's culture, which is strongly connected to Telia's success. Here we have a good starting position with motivated, knowledgeable employees who work according to our values: Dare, Care and Simplify. But we can achieve more through simplified working methods and faster decision-making processes, so that all employees know what mandates they have in creating value for our customers, and also to drive the necessary change.

And if we look at these three areas – simplification, efficiency and culture – they will further develop our customer focus, contribute to increasing customer satisfaction, which is the basis for continuing to drive growth in both the B2B and B2C business.

Before I continue to talk about the future and what we need to do to create more value, I want to reflect on Telia's performance in 2023. Let me start by saying that the progress made last year makes me very optimistic about Telia's future.

What we achieved in 2023 – operational momentum

Telia made it through a tough market in 2023, which for some time had been characterized by inflation, higher interest rates and higher energy prices, which created challenges for both Telia and this industry.

Today, we know that inflation is moving in the right direction but, during last year, when the signs were uncertain, Telia acted in a good way and worked with its cost base while introducing the necessary price increases, which reflect the value of our services.

Under these market conditions, creating both growth and improved profitability within the telecom business, while increasing customer satisfaction in five out of six markets, shows strong operational momentum.

For me, there are two things that this makes clear:

- To begin with: the need for reliable, secure and modern networks is an integral part of today's societies, and something that no one can do without. And you are prepared to pay a fair price for connection, with Telia representing quality with its premium offer.
- The second is that we as a company, with all our employees, did a fine job in taking care of our customers. Despite increased prices, they perceived that the value that Telia and our services create is greater than the price increases that were introduced.

But success is no accident, Telia continues to invest in its network leadership, which is the core of our offer of modern, fast and secure connectivity over fiber and the latest mobile technology, including 5G, which now reaches around 90% of the population in the markets where we operate.

For our mobile customers, 5G provides unbeatable performance and security. And for business customers, with 5G we can offer solutions that are the basis for innovation and technological development.

A collaboration in which Telia is at the forefront of operators worldwide is NorthStar, which is an innovation program that we run in partnership with Ericsson.

Here we have built a 5G network that includes the latest technology, even with functions not yet available in public networks, and which connected partners use to test brand new innovative solutions for their businesses.

The first customer to join NorthStar was AstaZero, which created a test environment for automated transport systems, and uses NorthStar to develop self-driving trucks.

While NorthStar gives connected customers a platform for innovation, this innovation project gives us at Telia insights into how the technology can be used, what we need to invest in to create value for our customers, and how we can find new business models for 5G.

In 2023, we reached another important milestone for continued network leadership when, in Sweden, we secured spectrum in the three frequency bands – 900 MHz, 2.1 and 2.6 GHz – for 23 and 25 years, respectively. These bands are absolutely crucial for the continued digitization of Sweden and Telia now has an even stronger portfolio of spectrum, compared to our competitors.

So, in summary, developments in the telecom business during 2023 were very positive, with growth in both sales and profitability, more satisfied customers, increased technology leadership with a strong focus on 5G, and we were also recognized by, among others, the independent measurement company umlaut for having the absolute best and fastest 5G network in Sweden.

Within TV and Media, there were continued challenges, with a tough advertising market in Sweden that hit our advertising-financed business hard. But, if we look at what we can control ourselves, there was still a positive development during the year, with continued transformation with a focus on efficiency and digitization to become even more relevant for both viewers and advertisers.

CMore moved into TV4 in Sweden and MTV Katsomo in Finland, which means that we now only have one brand per market for increased efficiency and clarity for customers, with all content collected in one place.

TV4 also launched a hybrid streaming service whereby the subscriber gets access to premium content at a lower monthly cost in return for viewing advertising, and it has been a really successful launch with great customer value, which contributed to revenue growth within TV4's streaming products.

TV4 is an extremely important media house for Sweden and, under the leadership of Mathias Berg, it is constantly developing its business and its offer.

While it is not a matter of course, and perhaps not necessary, for telecom operators to own content, I believe that the value that Telia acquired through its purchase of TV4 a few years ago should be managed so that it benefits all our stakeholders.

Our focus is on developing TV4's business to reach its full potential while creating strong packages for our customers within the framework of our operator activities in the role of an aggregator of content services. Convergence – the bundling of many services on top of the connection itself – is an important aspect of running our business.

In conclusion, when we look at the progress made in 2023, the sale of Telia Denmark is an important event for us and in line with our strategy of focusing on markets where Telia has an opportunity to secure and defend a leading position.

The transaction – which was completed last week – was carried out at a valuation of 6.25 billion Danish kroner.

So, in summary, Telia developed strongly last year, but this has not been reflected in our share price.

The share's development

I will not dwell on this topic for very long, but as CEO of the business – and as a shareholder in Telia – I can briefly say that I am not satisfied with the development we have seen in the share.

However, I am convinced that all the work being done at Telia – where we are fully focused on implementing and delivering on the strategy – will create more value for our customers, which will lead to creating more value for shareholders.

As you can see from the board's proposal, we maintain high ambitions for dividends, and with cash flow that can grow again after a period of heavy investments and macro-related challenges, we believe that the market will place an increasing value on the dividend and thus on the share price.

And, speaking of our strategy, what is the focus for me and my management team?

The strategy works – focus on execution

For me, there is one thing that is more important than anything else, and that is execution – to do what we said we were going to do.

That doesn't mean that there aren't a lot of other things that we also have to focus on, but what is paramount, what allows Telia to win, and what allows us to have a winning team, is execution.

Because the strategy is good, as we:

- Inspire our customers by offering them the best services, which drives our sales and growth.
- We will connect everyone through the most reliable, secure and modern networks that are energy- and cost-efficient, which differentiates us from the competition and is the basis of our premium offering.
- We will transform our business so that we can provide a simpler, faster, more digital customer and employee experience. We do this at the same time as we work with a lower, more flexible cost base that arises through new opportunities with, among other things, advanced analytics, automation and AI, where we are already seeing benefits in terms of better network planning, which results in lower energy consumption, better precision in what we offer our customers, which increases both sales and customer satisfaction, and more efficient customer service, which helps customers faster.
- And we will build our execution muscle to deliver sustainably, meaning we create value for all our stakeholders – not just our customers, but also our communities and the planet – consistently, reliably and responsibly. We do this by ensuring that our allocation of human and financial capital – where it really benefits and creates the best return for us – makes Telia a better performing and more sustainable company, today, tomorrow and well into the future.

So, for me, execution – and the concrete changes we make to make Telia a little better every day – is in focus, while we continue to develop the company and our offer.

Because when I think about what we can achieve in the future, I see great opportunities for Telia.

Our role going forward, focus for 2024 and beyond

When a colleague, customer or shareholder asks me what I think Telia will be as a company in 3 or 5 years, I always say: “a better version of what we are today”.

By that I mean that we will continue to be a telecom operator that has the best, most secure and modern networks, where customers find it even easier to understand and order our services, get even faster delivery, security is even higher, the experience is even better, and the customer service is even smoother, if they need to contact us at all.

And we will get there with a firm focus on executing on our strategy, becoming more focused, and better prioritizing our investments, so that we as a company become simpler, faster and more efficient.

We must also continue to develop in step with the increasingly complex world around us, which unfortunately has also become more uncertain and places new demands on cyber security.

That we have a continuing war in our vicinity is a constant reminder of both how important our services are and what is required for them to function under all conditions.

While Telia must develop in step with, or faster than, its surroundings, we do so from a very strong position.

Even before Sweden’s entry into NATO, Telia was an integrated part of Swedish society, and we provide business-critical infrastructure to important private and public customers and authorities.

And we have previous experience of cooperating with NATO in our other markets, which were members of the alliance before Sweden’s accession, including Telia’s deep experience of close cooperation between private and public actors to protect countries, their operations and residents.

This was also something I discussed during a visit to the ‘NATO Cooperative Cyber Defence Center of Excellence’ – which assists NATO and its member states with cyber security advice – during a visit to Estonia a few weeks ago.

Another element that is crucial for our future is our work on sustainability.

This work is partly focused on our own operations – in which we have now reduced our emissions by 87% since 2018 and are working towards the goal of a 90% reduction by 2030 – but also on getting our suppliers to adopt science-based climate goals. Today, suppliers responsible for 52% of Telia’s supply chain emissions have done so.

In 2023, we reached another important milestone in the field of sustainability when our net-zero goal – to reduce CO₂ emissions by at least 90% across the entire value chain and offset the rest by 2040 – was ratified by the Science Based Targets initiative organization.

Another important part of our work in the area of sustainability is how we help our customers, where Telia’s digital meeting services and IoT solutions for real estate, transport and utilities have enabled our customers to reduce their CO₂ emissions by more than 433,000 tons. This corresponds to the emissions from more than 3.1 million round-trip flights between Stockholm and Helsinki.

These goals and initiatives are essential contributions to support the Paris Agreement's global warming targets.

We also focus on social sustainability, and since 2021 we have reached 1.4 million individuals with digital inclusion initiatives, focusing on strengthening digital skills among seniors, children, immigrants and small businesses.

We also work actively with gender equality and today 41% of Telia's extended management team members are women. But that is not good enough and we must do more to achieve a 50% gender distribution in our leadership.

Telia is – and will continue to be – an ambitious company in terms of sustainability, something that makes me proud as CEO as it is important for all our stakeholders – our employees, our customers, our shareholders, and for the communities where we operate.

If I were to sum up the past year, my initial time at Telia, and what I see ahead of us, I choose to use words such as: strong position, high trust, a sense of responsibility, ability to create growth, and a very exciting future.

We look at 2024 – as noted in our outlook for the year – with confidence, with opportunities for continued good growth in both service revenue and EBITDA, as well as a relatively stable investment level compared to last year.

In conclusion, I am very happy to now be a part of Telia, which – with its rich history – continues to develop into an ever-more relevant player in digitization, as the need for reliable, secure and modern networks only continues to grow.

Conclusion

So, based on the position and network leadership we have today, we will continue to create growth by executing on our strategy. We must ensure that we make investments in places where they create maximum benefit and opportunity for earnings. And we shall continue to develop into a simpler and more efficient Telia – for the benefit of our customers – which contributes to creating value for all our stakeholders, including you, dear shareholders.

But we will only achieve that by having employees who contribute their full potential to Telia, where our Dare, Care and Simplify values help to create behaviors that strengthen Telia and our culture.

In conclusion, I would like to thank the board for trusting me to lead Telia in this incredibly exciting time in which we find ourselves.

The management team and I would also like to thank all employees at Telia for the work you do every day to create a better experience for our customers.

And I want to thank you, our shareholders, for your support and your trust that Telia will play an increasingly important role in the future, for our employees, our customers, our shareholders, and the communities in which we operate.

Thanks.