

2022

Tele2 Interim Report
Third Quarter



TELE2



UNLIMITED

Q3 2022 HIGHLIGHTS

- End-user service revenue of SEK 5.1 billion increased by 4% compared to Q3 2021 on an organic basis due to strong performance in the Baltics, Sweden B2B and slight tailwind from roaming.
- Total revenue of SEK 7.1 billion increased by 6% compared to Q3 2021 on an organic basis.
- Underlying EBITDAaL of SEK 2.6 billion increased by 2% organically compared to Q3 2021 driven by end-user service revenue growth and cost savings related to the Business Transformation Program, which were partly offset by higher energy costs.
- Net profit from total operations of SEK 1.0 (1.1) billion and earnings per share of SEK 1.44 (1.62).
- Equity free cash flow from continuing operations of SEK 1.3 (1.9) billion. Over the last twelve months, SEK 4.8 billion was generated, equivalent to SEK 6.90 per share.
- Tele2 became the first telco in the Nordics and Baltics to set approved Net-Zero science-based target for emissions.

Key financial data

SEK million	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
Continuing operations						
End-user service revenue	5,110	4,900	4%	14,960	14,444	3%
Revenue	7,084	6,639	6%	20,649	19,761	4%
Operating profit	1,350	1,374		5,394	3,638	
Profit after financial items	1,191	1,258		4,885	3,302	
Underlying EBITDAaL	2,643	2,581	2%	7,577	7,268	4%
Capex excluding spectrum and leases	587	717		1,995	2,149	
Operating cash flow	2,056	1,864		5,583	5,119	
Operating cash flow, rolling 12 months				6,945	6,588	
Equity free cashflow	1,348	1,903		3,008	3,992	
Equity free cash flow, rolling 12 months				4,776	4,864	
Total operations						
Net profit	994	1,121		4,316	3,353	
Earnings per share (SEK)	1.44	1.62		6.25	4.86	
Equity free cashflow	1,348	1,931		3,008	4,017	
Economic net debt to underlying EBITDAaL				2.4x	2.5x	



Continuing and discontinued operations

Figures presented in this report refer to the period July-September 2022 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2021. Discontinued operations include the former operations, primarily in the Netherlands, Germany, Croatia and Kazakhstan. See Note 10.

Non-IFRS measures

This report contains certain non-IFRS measures which are defined and reconciliated to the closest reconcilable line items in the section *Non-IFRS measures*. Note that organic growth rates exclude effects from currency movements. For further definitions of industry terms and acronyms, please refer to the Investor section at www.tele2.com or see section *Other financial metrics*.

CEO LETTER – Q3 2022



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I am pleased to see that Tele2 is able to continue delivering profitable growth.

I am pleased to see that Tele2 is able to continue delivering profitable growth in a challenging external environment. The strategy we have implemented is proving helpful to navigating an external environment that presents challenges to both businesses and society at large. We are building our 5G network and are receiving positive feedback on our quality.

Since we presented our strategy at the Capital Markets Day in May 2021, we have remained committed to pursuing profitable growth through a good balance between value and volume, as well as further strengthening the quality of our delivery capabilities. This approach is serving us well and we are happy to report organic end-user service revenue growth of 3.5% in Q3, while delivering 1.5% growth at underlying EBITDAaL level in a time of significant increases in energy costs and general inflationary pressure. Adjusted for the increase in energy costs (of approximately SEK 80 million) in the quarter, EBITDAaL growth would have been around 4.5%. These results come on the back of improvements in reliability, focus on customer insights and rejuvenated business models with increased relevance through partnerships, like the Viaplay agreement.

The challenging macro-trends are set to continue, at least for some time. Our efforts to reduce costs through our Business Transformation Program (BTP) are effectively absorbing some of these inflationary trends. Over time, also after the current BTP, further efficiency efforts will mitigate negative effects to the business and we would expect some normalization of energy costs and inflation in the medium term. Having said that, in the short term, these negative external effects do have an impact on the performance of the business. Fortunately, Tele2 is somewhat helped by the growth momentum we have generated over the past quarters, leaving the net effect relatively limited.

During the third quarter, we were proud to announce that we are the first telco in the Nordics and Baltics to have our Science Based Targets approved. We were only the second telco in Europe to reach this important milestone which confirm our commitment to sustainability being one of the four key proof-points to our strategy.

The 5G rollout is progressing at a good pace. We have actively sought to mitigate supply concerns throughout the final stages of the pandemic, leading to some build-up of warehousing and impact on working capital. This approach has proven helpful in making sure we can build our networks for the future within the timeframe we had envisaged. We have also secured important radio-spectrum in the Baltics during Q3. With most of the 700 MHz and 3.5 GHz spectrum auctions behind us, we have secured sufficient spectrum at a relatively modest capital outlay and can focus on building the networks and further our ambitions in these markets.

The transition from 4G to 5G moves the basic pricing logic from a mobile product with bundles to a broadband product with mobility. Tele2 has reflected this with a new 5G pricing strategy that builds on Quality of Service elements like speed-based pricing with a clear pathway to future value creation, rather than seeing 5G as an add-on to a 4G plan.

At Tele2, we are busy mitigating the geo-political effects and are focusing on delivering growth and a successful 5G roll-out. The strength of our model is visible in these times, both through our exceptionally capital efficient network structure and the strong growth mindset in the business. Coupled with a balance sheet that rests in the lower end of the range for our long-term leverage ambition, we are well placed to ride out the prevailing storms and extract benefits when the macroeconomic environment improves. A key factor in securing this progress is the energy and engagement of our workforce and I am very pleased to see how the organization rallies around the tasks at hand!

Kjell Johnsen
President and Group CEO

Financial overview

Analysis of revenue

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
Mobile	1,526	1,491	2%	4,388	4,332	1%
- Postpaid	1,267	1,239	2%	3,649	3,606	1%
- Prepaid	260	252	3%	739	726	2%
Fixed	1,437	1,442	0%	4,296	4,329	-1%
- Fixed broadband	707	696	1%	2,119	2,067	3%
- Digital TV	683	687	-1%	2,027	2,081	-3%
- Cable & Fiber	430	420	2%	1,273	1,264	1%
- DTT	254	267	-5%	754	817	-8%
- Fixed telephony & DSL	47	58	-18%	151	181	-17%
Landlord & Other	164	168	-2%	500	506	-1%
Sweden Consumer	3,128	3,101	1%	9,184	9,167	0%
Sweden Business	985	950	4%	2,946	2,859	3%
Baltics	997	849	13%	2,830	2,419	13%
End-user service revenue	5,110	4,900	4%	14,960	14,444	3%
Operator revenue	602	605	-1%	1,805	1,753	2%
Equipment revenue	1,372	1,134	19%	3,883	3,564	8%
Revenue	7,084	6,639	6%	20,649	19,761	4%

End-user service revenue increased by 4% organically primarily driven by continued strong performance in the Baltics and Sweden B2B. International roaming revenue continues to have a positive effect of SEK 32 million compared to Q3 2021.

- **Sweden Consumer** increased by 1% organically as mobile continued to show growth which partly was offset by continued decline in legacy services.
- **Sweden Business** increased by 4% as growth in mobile exceeds decline in fixed.
- **Baltics** increased by 13% in local currency driven by both volume growth and strong ASPU (Average Spend Per User) growth from price adjustments and upselling.

Total revenue increased by 6% organically driven by growth in end-user service revenue and equipment revenue.

Refer to Note 2 and Overview by segment for a breakdown of the segments.

Analysis of income statement

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Revenue	7,084	6,639	20,649	19,761
Underlying EBITDAaL	2,643	2,581	7,577	7,268
Reversal lease depreciation and interest	331	312	984	942
Underlying EBITDA	2,974	2,894	8,562	8,210
Items affecting comparability	-86	-75	-219	-265
EBITDA	2,889	2,819	8,343	7,945
Depreciation/amortization	-1,539	-1,523	-4,620	-4,421
- of which amortization of surplus from acquisitions	-433	-435	-1,300	-1,126
- of which lease depreciation	-311	-297	-918	-897
- of which other depreciation/amortization	-795	-791	-2,402	-2,398
Result from shares in associated companies and joint ventures	0	78	1,671	113
Operating profit	1,350	1,374	5,394	3,638
Net interest and other financial items	-159	-116	-508	-336
Income tax	-191	-220	-567	-252
Net profit	1,000	1,038	4,318	3,050

Underlying EBITDAaL increased by 2% organically driven by higher end-user service revenue and cost savings from the Business Transformation Program, which were partly offset by increased energy costs.

Items affecting comparability of SEK -86 (-75) million was mainly driven by restructuring costs related to the Business Transformation Program in Sweden. Refer to Note 3 for more details.

Result from shares in associated companies and joint ventures of SEK 0 (78) million decreased compared to Q3 2021 as a result of the divestment of T-Mobile Netherlands.

Net interest and other financial items of SEK -159 (-116) million increased compared to Q3 2021 due to higher financing costs for outstanding debt.

Analysis of cash flow statement

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Continuing operations				
Underlying EBITDA	2,974	2,894	8,562	8,210
Items affecting comparability	-86	-75	-219	-265
Amortization of lease liabilities	-281	-258	-938	-909
Capex paid	-807	-617	-2,416	-2,356
Changes in working capital	-200	186	-746	239
Net financial items paid	-49	-44	-319	-323
Taxes paid	-254	-206	-1,022	-671
Other cash items	50	24	106	66
Equity free cash flow	1,348	1,903	3,008	3,992
Equity free cash flow, rolling 12 months ¹⁾			4,776	4,864
Total operations				
Equity free cash flow, continuing operations	1,348	1,903	3,008	3,992
Equity free cash flow, discontinued operations	—	28	—	25
Equity free cash flow	1,348	1,931	3,008	4,017

¹⁾ Reconciliation of equity free cash flow rolling 12 months are presented in an excel document (Q3 2022-financials to the market) on Tele2's website www.tele2.com.

Capex paid of SEK -807 (-617) million increased compared to Q3 2021 due to timing of payments.

Changes in working capital of SEK -200 (186) million was negatively impacted by higher inventory levels, from previously low levels, primarily driven by network equipment attached to the ongoing network modernization.

Taxes paid of SEK -254 (-206) million increased compared to Q3 2021 driven by improved operational performance.

Equity free cash flow from continuing operations over the last twelve months amounted to SEK 4.8 billion, equivalent to approximately SEK 6.90 per share.

Analysis of financial position

Total operations SEK million	Sep 30 2022	Dec 31 2021
Bonds	21,217	21,325
Commercial papers	1,495	400
Financial institutions and other liabilities	3,949	3,698
Cash and cash equivalents	-2,279	-880
Other adjustments	-641	-276
Economic net debt	23,740	24,268
Lease liabilities	4,991	5,414
Net debt	28,731	29,681
Underlying EBITDAaL, rolling 12 months¹⁾	9,949	9,639
Economic net debt to Underlying EBITDAaL	2.4x	2.5x
Unutilized overdraft facilities and credit lines	9,129	8,590

¹⁾ Includes all operations owned and controlled by Tele2 at the end of each reporting period.

Economic net debt of SEK 23.7 (24.3 at end of 2021) billion has decreased by SEK 0.5 billion year-to-date. After the closing of the third quarter the second tranche of the ordinary dividend, in total SEK 2.3 billion, was paid out to shareholders.

Economic net debt to underlying EBITDAaL (financial leverage) of 2.4x (2.5x end of 2021) was below the leverage target range of 2.5-3.0x in the end of Q3 2022, ahead of the dividend payment in October.

Financial guidance

Financial guidance

Tele2 AB provides the following guidance for continuing operations in constant currencies.

Full-year 2022 (unchanged)

- Low single-digit growth of end-user service revenue.
- Mid single-digit growth of underlying EBITDAaL.
- Capex excluding spectrum and leasing assets of SEK 2.8–3.3 billion.

Mid-term (unchanged)

- Low single-digit growth of end-user service revenue.
- Mid single-digit growth of underlying EBITDAaL.
- Annual capex excluding spectrum and leasing assets of SEK 2.8–3.3 billion during the roll-out of 5G and Remote-PHY.

Dividend

The Annual General Meeting on April 28, 2022 approved that an ordinary dividend of SEK 6.75 in total be paid per ordinary A and B share in two tranches. The first tranche of SEK 3.40 was paid out on May 5, 2022 and the second tranche of SEK 3.35 was paid out on October 14, 2022. The Annual General Meeting also approved an extraordinary dividend of SEK 13.00 per ordinary A and B share related to the completed T-Mobile Netherlands divestment which was paid in connection with the first tranche of the ordinary dividend on May 5, 2022.

Financial policy

- Tele2 will seek to operate within a range for economic net debt to underlying EBITDAaL of between 2.5–3.0x, and to maintain investment grade credit metrics.
- Tele2's policy will aim to maintain target leverage by distributing capital to shareholders through:
 - An ordinary dividend of at least 80 percent of equity free cash flow, and,
 - Extraordinary dividends and/or share repurchases, based on remaining equity free cash flow, proceeds from asset sales and re-leveraging of underlying EBITDAaL growth.

Group summary

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
END-USER SERVICE REVENUE						
Sweden	4,113	4,051	2%	12,131	12,026	1%
Lithuania	542	458	14%	1,551	1,302	15%
Latvia	299	250	15%	829	710	12%
Estonia	156	141	6%	450	406	7%
Total	5,110	4,900	4%	14,960	14,444	3%
REVENUE						
Sweden	5,529	5,274	5%	16,290	15,895	2%
Lithuania	893	788	9%	2,540	2,227	10%
Latvia	457	387	13%	1,242	1,103	9%
Estonia	232	220	1%	665	621	3%
Internal sales, elimination	-27	-30	-14%	-88	-85	0%
Total	7,084	6,639	6%	20,649	19,761	4%
UNDERLYING EBITDAaL						
Sweden	2,092	2,082	0%	5,994	5,853	2%
Lithuania	326	288	8%	948	838	9%
Latvia	172	161	3%	487	440	7%
Estonia	53	50	2%	148	137	4%
Total	2,643	2,581	2%	7,577	7,268	4%
CAPEX						
Sweden	483	590	-18%	1,721	1,898	-9%
Lithuania	43	55	-25%	122	113	4%
Latvia	36	42	-19%	72	71	-2%
Estonia	25	30	-20%	79	66	15%
Capex excluding spectrum and leases	587	717	-19%	1,995	2,149	-8%
Spectrum	79	—		147	333	
Right-of-use assets (leases)	148	60		546	406	
Total	814	778		2,688	2,888	
<i>of which:</i>						
– Network	357	467		1,156	1,198	
– IT	141	152		491	616	
– Customer equipment	76	81		292	273	
– Other	13	17		56	62	
Capex excluding spectrum and leases	587	717		1,995	2,149	

Overview by segment

Sweden

Tele2 Sweden end-user service revenue grew by 2% in the quarter driven by solid performance within both Sweden Consumer and Sweden B2B. International roaming revenue continued to recover with a positive effect of SEK 24 million compared to Q3 2021.

Optimizations in the Digital Capabilities and Technology organization were executed in the quarter as part of the Business Transformation Program. Annualized run rate savings for the Business Transformation Program reached SEK 725 million at the end of quarter and the effect on underlying EBITDAaL was approximately SEK 170 million with a net effect of SEK 80 million year-on-year.

Underlying EBITDAaL was flat in the quarter as higher end-user service revenue and continued execution of the Business Transformation Program was consumed primarily by higher costs for energy, external handset financing and content.

Capex excluding spectrum and leases amounted to SEK 483 million, a decrease of SEK 107 million compared to Q3 2021 due to lower network capex.

Financials SEK million	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
End-user service revenue	4,113	4,051	2%	12,131	12,026	1%
Revenue	5,529	5,274	5%	16,290	15,895	2%
Underlying EBITDA	2,374	2,349		6,833	6,662	
Underlying EBITDAaL	2,092	2,082	0%	5,994	5,853	2%
Underlying EBITDAaL margin	38%	39%		37%	37%	
Capex						
Network	275	364		952	1,011	
IT	125	141		439	587	
Customer equipment	75	78		285	267	
Other	8	6		44	33	
Capex excluding spectrum and leases	483	590		1,721	1,898	
Spectrum	—	—		40	333	
Right-of-use assets (leases)	124	37		463	326	
Capex	607	627		2,224	2,556	
Capex excluding spectrum and leases / revenue	9%	11%		11%	12%	

Sweden Consumer

Commercial activity was solid during Q3, with our new speed-based 5G mobile portfolio being the major new offering in the market. Within the Entertainment segment we have continued the migration of customers to the new Entertainment portfolio that includes the extended Viaplay content. Consumer end-user service revenue returned to growth by 1% in the quarter as growth in mobile and fixed broadband offset lower revenue in legacy services.

Mobile end-user service revenue increased by 2% driven by both ASPU and RGU growth.

Mobile postpaid net intake was strong in the quarter with 19,000 RGUs driven by FMC-bundling and Comviq.

Fixed broadband end-user service revenue increased by 1% driven by RGU growth.

Digital TV cable & fiber end-user service revenue increased by 2% driven by ASPU growth. At the end of September, all eligible Entertainment customers have been migrated to the new packages with extended Viaplay content.

	Jul-Sep 2022	Jul-Sep 2021	Sep 30 2022	Sep 30 2021	Organic %
RGUs (thousands)	Net intake		RGU base		
Mobile	14	19	2,984	2,962	1%
– Postpaid	19	4	1,985	1,928	3%
– Prepaid	-5	15	999	1,034	-3%
Fixed	-11	-13	2,005	2,063	-3%
– Fixed broadband	6	6	943	926	2%
– Digital TV	-12	-10	893	936	-5%
– Cable & Fiber	-2	-4	629	641	-2%
– DTT	-9	-6	264	295	-10%
– Fixed telephony & DSL	-6	-8	168	201	-16%
Total RGUs	3	6	4,989	5,025	-1%
Addressable fixed footprint	6	1	3,695	3,512	5%

	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
ASPU (SEK)						
Mobile	171	168	2%	164	163	1%
– Postpaid	214	214	0%	206	209	-1%
– Prepaid	86	82	6%	82	77	5%
Fixed	238	232	3%	236	228	3%
– Fixed broadband	251	252	0%	252	254	1%
– Digital TV	253	244	4%	247	238	2%
– Cable & Fiber	227	218	4%	223	210	3%
– DTT	314	299	5%	303	284	2%
– Fixed telephony & DSL	92	94	-2%	94	87	1%
Revenue (SEK million)						
Mobile	1,526	1,491	2%	4,388	4,332	1%
– Postpaid	1,267	1,239	2%	3,649	3,606	1%
– Prepaid	260	252	3%	739	726	2%
Fixed	1,437	1,442	0%	4,296	4,329	-1%
– Fixed broadband	707	696	1%	2,119	2,067	3%
– Digital TV	683	687	-1%	2,027	2,081	-3%
– Cable & Fiber	430	420	2%	1,273	1,264	1%
– DTT	254	267	-5%	754	817	-8%
– Fixed telephony & DSL	47	58	-18%	151	181	-17%
Landlord & Other	164	168	-2%	500	506	-1%
End-user service revenue	3,128	3,101	1%	9,184	9,167	0%
Operator revenue	184	184		566	542	
Equipment revenue	463	419		1,337	1,324	
Internal sales	0	0		0	1	
Revenue	3,776	3,704	2%	11,087	11,033	0%

Sweden Business and Wholesale

In Sweden B2B the commercial momentum continued, and we saw strong results in both the SME and large segments. The focus in the SME segment continued to be on improving efficiency and driving simplification through standardized commercial contracts. In the large private segment, we have continued to focus on network and security which is an area of interest for our customers, where we play an important role in supporting them.

Mobile net intake was positive in the quarter with 17,000 RGUs driven by improved net intake in both the SME and large segments.

End-user service revenue increased by 4% driven by mobile on the back of volume growth, stabilized ASPU and slight tailwind from roaming, offsetting the decline in legacy fixed services.

Equipment revenue increased by 45% as the supply situation for handsets and accessories has stabilized and delivery times improved. Higher prices and volume also contributed to the increase. For network equipment we are still experiencing some supply chain constraints.

Operator revenue for Sweden Wholesale increased by 2% driven by increased sales within A2P (application to person) and visitor roaming.

Sweden Business

	Jul-Sep 2022	Jul-Sep 2021		Sep 30 2022	Sep 30 2021	Organic %
	Net intake			RGU base		
RGUs (thousands)						
Mobile (excluding IoT)						
– Postpaid	17	17		1,077	991	9%
	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
ASPU (SEK)						
Mobile (excluding IoT)						
– Postpaid	134	134	0%	135	134	1%
Revenue (SEK million)						
Mobile	519	467	11%	1,509	1,374	10%
Fixed	199	224	-11%	618	689	-10%
Solutions	266	259	3%	820	795	3%
End-user service revenue	985	950	4%	2,946	2,859	3%
Operator revenue	23	22		74	71	
Equipment revenue	461	318		1,336	1,158	
Internal sales	1	1		3	2	
Revenue	1,470	1,291	14%	4,359	4,090	7%

Sweden Wholesale

Financials SEK million	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
Operator revenue	282	277		840	767	
Internal sales	1	1		4	4	
Revenue	283	279	2%	844	772	9%

Baltics

Lithuania

In Lithuania we continued to execute on our more-for-more strategy by prolonging and upselling existing customers, yielding good results. During the third quarter the 700 MHz and 3.5 GHz spectrum auctions were finalized, and we are now focused on conducting a nationwide 5G roll-out as fast as possible. In the end of September our new 5G services were launched.

Mobile net intake was positive with 51,000 RGUs driven by both post-paid and prepaid. Successful back-to-school programs as well as good development for B2B helped increase the customer base.

Mobile ASPU increased by 9% in local currency driven by price adjustments through more-for-more campaigns and upselling of prolonged contracts.

End-user service revenue increased by 14% in local currency primarily driven by ASPU and volume growth in mobile postpaid.

Underlying EBITDAaL increased by 8% in local currency driven by higher end-user service revenue, offsetting pressure from higher energy costs and general cost inflation.

	Jul-Sep 2022	Jul-Sep 2021	Sep 30 2022	Sep 30 2021	Organic %
RGUs (thousands)	Net intake		RGU base		
Mobile	51	44	2,025	1,945	4%
– Postpaid	22	29	1,313	1,243	6%
– Prepaid	29	15	712	702	1%

	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
ASPU (EUR)						
Mobile	8.5	7.8	9%	8.2	7.4	10%
– Postpaid	10.4	9.6	9%	10.2	9.4	10%
– Prepaid	4.9	4.6	6%	4.6	4.2	7%
Revenue (SEK million)						
Mobile	540	456	14%	1,543	1,299	15%
– Postpaid	432	359	15%	1,239	1,023	17%
– Prepaid	108	97	7%	304	275	6%
Fixed	3	1	78%	8	3	133%
End-user service revenue	542	458	14%	1,551	1,302	15%
Operator revenue	50	54		150	169	
Equipment revenue	287	261		792	713	
Internal sales	14	16		47	43	
Revenue	893	788	9%	2,540	2,227	10%
Underlying EBITDA	345	306		1,007	890	
Underlying EBITDAaL	326	288	8%	948	838	9%
Underlying EBITDAaL margin	37%	37%		37%	38%	
Capex	116	64		224	150	
Capex excluding spectrum and leases	43	55		122	113	
Capex excluding spectrum and leases / revenue	5%	7%		5%	5%	

Latvia

In Latvia, the market activity increased during the third quarter, supported by higher traffic in stores and launch of new handset models. The sharp increase in energy prices has continued to drive inflation and operating costs but were partly mitigated by price adjustments for almost all customer segments during the quarter. A successful execution of the commercial strategy contributed to good results and an increase in customer intake.

Mobile net intake was positive with 16,000 RGUs in the quarter driven by strong intake in mobile postpaid.

Mobile ASPU increased by 12% in local currency driven by price adjustments and a successful migration from mobile prepaid to postpaid as well as strong development in B2B.

End-user service revenue increased by 15% in local currency driven by ASPU and volume growth in postpaid.

Underlying EBITDAaL increased by 3% in local currency driven by end-user service revenue growth and slightly higher roaming revenues offsetting pressure from mainly higher energy costs.

	Jul-Sep 2022	Jul-Sep 2021	Sep 30 2022	Sep 30 2021	Organic %
RGUs (thousands)	Net intake		RGU base		
Mobile	16	19	1,026	1,005	2%
– Postpaid	13	17	788	751	5%
– Prepaid	3	2	238	254	-6%

	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
ASPU (EUR)						
Mobile	9.2	8.2	12%	8.6	7.9	10%
– Postpaid	10.7	9.6	11%	10.1	9.6	8%
– Prepaid	4.1	4.0	5%	3.9	3.6	5%
Revenue (SEK million)						
Mobile	298	249	15%	826	708	12%
– Postpaid	267	219	17%	739	621	15%
– Prepaid	31	31	-2%	86	87	-5%
Fixed	1	1	25%	3	2	39%
End-user service revenue	299	250	15%	829	710	12%
Operator revenue	40	41		109	128	
Equipment revenue	110	87		276	236	
Internal sales	9	10		28	28	
Revenue	457	387	13%	1,242	1,103	9%
Underlying EBITDA	185	172		523	474	
Underlying EBITDAaL	172	161	3%	487	440	7%
Underlying EBITDAaL margin	38%	42%		39%	40%	
Capex	47	53		128	99	
Capex excluding spectrum and leases	36	42		72	71	
Capex excluding spectrum and leases / revenue	8%	11%		6%	6%	

Estonia

In Estonia we continued to see a commercial momentum with successful customer acquisitions while focusing on operational efficiency to offset inflation pressure. The 3.5 GHz spectrum auction was completed during the third quarter with Tele2 winning one block for EUR 1.6 million. We expect the 700 MHz spectrum auction to commence later this year. Mobile net intake was positive with 2,000 RGUs in the quarter driven by postpaid customers.

Mobile ASPU increased by 1% in local currency driven by price adjustments in postpaid and positive impact from roaming.

End-user service revenue increased by 6% in local currency driven by ASPU and volume growth.

Underlying EBITDAaL increased by 2% in local currency driven by end-user service revenue partly offset by the increase in energy costs.

	Jul-Sep 2022	Jul-Sep 2021	Sep 30 2022	Sep 30 2021	Organic %
RGUs (thousands)	Net intake		RGU base		
Mobile	2	0	457	439	4%
– Postpaid	5	-1	399	385	4%
– Prepaid	-3	2	57	54	6%

	Jul-Sep 2022	Jul-Sep 2021	Organic %	Jan-Sep 2022	Jan-Sep 2021	Organic %
ASPU (EUR)						
Mobile	9.7	9.6	1%	9.6	9.3	4%
– Postpaid	10.7	10.4	2%	10.5	10.2	4%
– Prepaid	3.6	3.6	-1%	3.7	3.3	11%
Revenue (SEK million)						
Mobile	142	129	5%	408	370	6%
– Postpaid	135	123	5%	389	354	6%
– Prepaid	7	6	9%	19	16	16%
Fixed	15	12	13%	42	36	13%
End-user service revenue	156	141	6%	450	406	7%
Operator revenue	23	26	-15%	66	76	-16%
Equipment revenue	50	50	-3%	142	132	4%
Internal sales	2	3	-30%	7	7	-5%
Revenue	232	220	1%	665	621	3%
Underlying EBITDA	70	66		199	185	
Underlying EBITDAaL	53	50	2%	148	137	4%
Underlying EBITDAaL margin	23%	23%		22%	22%	
Capex	44	34		112	82	
Capex excluding spectrum and leases	25	30		79	66	
Capex excluding spectrum and leases / revenue	11%	14%		12%	11%	

Other items

Risks and uncertainty factors

The present challenging macro-economic and geo-political environment also affects Tele2, primarily through increasing energy costs, inflationary pressure and exchange rate headwinds. Having said that, Tele2 has a resilient business model, offering services that are highly valued and prioritized by our customers. In addition, we have a solid balance sheet. We are convinced that we are able to navigate through these uncertain times. Please refer to Tele2's Annual and Sustainability Report 2021 (Administration report and Note 2) for a detailed description of Tele2's risk exposure and risk management.

Events during the quarter

July 28. Tele2 set approved Net-Zero science-based target

Tele2 became the first telco in the Nordics and Baltics, as well as the first company of all industries in Sweden, to receive approval from the Science Based Target Initiative, SBTi, for its 2035 Net-Zero Standard science-based target for GHG emissions.

September 26. Tele2 signs agreement with Stena Fastigheter

Tele2 has signed a new agreement with Stena Fastigheter following a procurement process. Tele2 will deliver communication solutions to over 26,000 apartments and 2,000 commercial tenants in Sweden. The

agreement includes both consumer and business services as well as the communications operator iTUX and Tele2 IoT. The agreement runs until 2029.

September 29. Tele2 appoints Johan Gustafsson as EVP Corporate Communication and Sustainability

Tele2 has appointed Johan Gustafsson as new Executive Vice President Corporate Communications & Sustainability and member of the Group Leadership Team. Johan Gustafsson will assume his new role on January 1, 2023.

Financial calendar

Tele2's financial calendar for 2023 has been established.

31 January	Tele2 Year-end Report 2022
21 April	Tele2 Q1 Interim Report 2023
15 May	Annual General Meeting 2023
18 July	Tele2 Half-year Report 2023
18 October	Tele2 Q3 Interim Report 2023

Auditors' review

This report has not been subject to review or audit by Tele2's auditors.

Board's assurance

The Board of Directors and CEO declare that the report provides a fair overview of the parent company's and Group's operations, their financial position and performance, and describes material risks and uncertainties facing the parent company and other companies in the Group.

Stockholm, October 20, 2022
Tele2 AB

Carla Smits-Nusteling
Chairman

Andrew Barron
Deputy Chairman

Eva Lindqvist

Georgi Ganev

Lars-Åke Norling

Sam Kini

Stina Bergfors

Kjell Johnsen
President and CEO

Q3 2022 PRESENTATION

Tele2 will host a teleconference and webcast with presentation at 10:00 am CEST (09:00 am BST, 04:00 am EDT) on Thursday 20 October 2022. The presentation will be held in English.

Registration for the webcast and a separate registration for the teleconference is available at www.tele2.com/investors.

This information is information that Tele2 AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out below, at 07:00 am CEST on October 20, 2022.

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Condensed consolidated income statement

SEK million	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Revenue	2	7,084	6,639	20,649	19,761
Cost of services provided and equipment sold	3	-4,232	-3,830	-12,305	-11,588
Gross profit		2,852	2,808	8,344	8,172
Selling expenses	3	-1,010	-1,007	-3,101	-3,155
Administrative expenses	3	-512	-519	-1,590	-1,554
Result from shares in associated companies and joint ventures	4	0	78	1,671	113
Other operating income	3	80	49	199	169
Other operating expenses	3	-60	-36	-129	-108
Operating profit	3	1,350	1,374	5,394	3,638
Interest income		8	4	20	13
Interest expenses		-157	-119	-405	-345
Other financial items		-10	-1	-123	-4
Profit after financial items		1,191	1,258	4,885	3,302
Income tax		-191	-220	-567	-252
Net profit, continuing operations		1,000	1,038	4,318	3,050
Net profit/loss discontinued operations	10	-6	83	-2	303
Net profit, total operations		994	1,121	4,316	3,353
Continuing operations					
<i>Attributable to:</i>					
Equity holders of the parent company		1,000	1,038	4,318	3,050
Net profit, continuing operations		1,000	1,038	4,318	3,050
Earnings per share (SEK)	8	1.45	1.50	6.25	4.42
Earnings per share, after dilution (SEK)	8	1.44	1.51	6.22	4.41
Total operations					
<i>Attributable to:</i>					
Equity holders of the parent company		994	1,121	4,316	3,353
Net profit, total operations		994	1,121	4,316	3,353
Earnings per share (SEK)	8	1.44	1.62	6.25	4.86
Earnings per share, after dilution (SEK)	8	1.43	1.62	6.22	4.84

Condensed consolidated comprehensive income

SEK million	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
NET PROFIT		994	1,121	4,316	3,353
Components not to be reclassified to net profit					
Pensions, actuarial gains/losses		49	63	144	122
Pensions, actuarial gains/losses, tax effect		-10	-13	-30	-25
Components not to be reclassified to net profit/loss		39	50	114	97
Components that may be reclassified to net profit					
Translation differences in foreign operations		114	36	334	81
Translation differences in associated companies	4	1	54	-5	115
Translation differences		114	90	329	196
Hedge of net investments in foreign operations		-77	-29	-131	-57
Tax effect on above		16	6	27	12
Hedge of net investments		-61	-23	-104	-46
Exchange rate differences		53	67	225	150
Profit arising on changes in fair value of hedging instruments		27	9	134	45
Reclassified cumulative profit/loss to income statement		-8	-8	-24	-22
Tax effect on cash flow hedges		-4	3	-23	-5
Cash flow hedges		15	4	87	18
Components that may be reclassified to net profit/loss		68	71	313	168
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		107	121	427	265
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,101	1,243	4,743	3,619
<i>Attributable to:</i>					
Equity holders of the parent company		1,101	1,243	4,743	3,619
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,101	1,243	4,743	3,619

Condensed consolidated balance sheet

SEK million	Note	Sep 30 2022	Dec 31 2021
ASSETS			
Goodwill		29,856	29,695
Other intangible assets		14,298	15,806
Intangible assets		44,154	45,501
Tangible assets		7,883	7,825
Right-of-use assets		4,990	5,408
Shares in associated companies and joint ventures	4	6	7
Other financial assets	5	725	758
Capitalized contract costs		584	505
Deferred tax assets		108	164
Non-current assets		58,450	60,167
Inventories		1,078	769
Current receivables		5,812	4,978
Current investments		163	—
Cash and cash equivalents	6	2,279	880
Current assets		9,332	6,627
Assets classified as held for sale	10	82	7,458
TOTAL ASSETS		67,865	74,251
EQUITY AND LIABILITIES			
Attributable to equity holders of the parent company		22,318	31,142
Equity	8	22,318	31,142
Interest-bearing liabilities	5	28,408	28,331
Non-interest-bearing liabilities		3,807	4,120
Non-current liabilities		32,215	32,452
Interest-bearing liabilities	5	4,721	4,116
Non-interest-bearing liabilities		8,160	6,080
Current liabilities		12,880	10,195
Liabilities directly associated with assets classified as held for sale	10	452	462
TOTAL EQUITY AND LIABILITIES		67,865	74,251

Condensed consolidated cash flow statement

Total operations SEK million	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Operating activities					
Net profit		994	1,121	4,316	3,353
Adjustments for non-cash items in net profit		1,642	1,499	2,793	3,689
Changes in working capital		-200	186	-746	239
Cash flow from operating activities		2,436	2,806	6,363	7,282
Investing activities					
Additions to intangible and tangible assets		-807	-617	-2,416	-2,356
Acquisition and sale of shares and participations	9	-24	34	8,948	66
Other financial assets, lending		-81	—	-163	—
Cash flow from investing activities		-912	-583	6,369	-2,290
Financing activities					
Proceeds from loans		412	867	3,644	5,271
Repayments of loans		-252	-699	-4,022	-4,633
Dividends paid	8	—	-2,070	-11,315	-4,136
Cash flow from financing activities		161	-1,902	-11,693	-3,497
Net change in cash and cash equivalents		1,685	321	1,039	1,495
Cash and cash equivalents at beginning of period		591	2,141	880	970
Exchange rate differences in cash and cash equivalents		4	5	361	2
Cash and cash equivalents at end of the period	6	2,279	2,467	2,279	2,467

Condensed consolidated statements of changes in equity

Total operations SEK million	Note	Sep 30, 2022					
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
Equity at January 1		866	27,378	-301	152	3,047	31,142
Net profit		—	—	—	—	4,316	4,316
Other comprehensive income for the period, net of tax		—	—	-17	329	114	427
Total comprehensive income for the period		—	—	-17	329	4,430	4,743
Other changes in equity							
Share-based payments	8	—	—	—	—	56	56
Share-based payments, tax effect	8	—	—	—	—	6	6
New shares issues	8	3	—	—	—	—	3
Repurchase of own shares	8	—	—	—	—	-3	-3
Dividends	8	—	—	—	—	-13,629	-13,629
Equity at end of the period		869	27,378	-318	481	-6,093	22,318

Total operations SEK million	Note	Sep 30, 2021					
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
Equity at January 1		863	27,378	-202	-78	4,791	32,751
Net profit		—	—	—	—	3,353	3,353
Other comprehensive income for the period, net of tax		—	—	-28	196	97	265
Total comprehensive income for the period				-28	196	3,450	3,618
Other changes in equity							
Share-based payments	8	—	—	—	—	41	41
Share-based payments, tax effect	8	—	—	—	—	6	6
New share issues	8	3	—	—	—	—	3
Repurchase of own shares	8	—	—	—	—	-3	-3
Dividends	8	—	—	—	—	-6,205	-6,205
Equity at end of the period		866	27,378	-230	117	2,080	30,211

Parent company

Condensed income statement

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Revenue	12	10	36	32
Administrative expenses	-24	-30	-70	-103
Other operating expenses	-0	-4	-0	-6
Operating loss	-12	-24	-34	-77
Dividend from group company	—	7,325	6,300	7,325
Interest revenue and similar income	45	42	141	120
Interest expense and similar costs	-198	-131	-624	-348
Profit/loss after financial items	-164	7,211	5,783	7,019
Tax on profit/loss	34	23	98	62
Net profit/loss	-131	7,234	5,881	7,081

Condensed balance sheet

SEK million	Note	Sep 30 2022	Dec 31 2021
ASSETS			
Financial assets		73,048	72,347
Non-current assets		73,048	72,347
Current receivables		509	3,536
Current investments		163	—
Current assets		672	3,536
TOTAL ASSETS		73,720	75,884
EQUITY AND LIABILITIES			
Restricted equity	8	5,854	5,851
Unrestricted equity	8	31,570	39,177
Equity		37,425	45,028
Untaxed reserves		230	230
Interest-bearing liabilities	5	28,074	27,502
Non-current liabilities		28,074	27,502
Interest-bearing liabilities	5	5,526	2,793
Non-interest-bearing liabilities		2,466	330
Current liabilities		7,992	3,123
TOTAL EQUITY AND LIABILITIES		73,720	75,884

Notes

NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim financial information for the Group for the nine month period ended September 30, 2022 has been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and the Swedish Annual Accounts Act, and for the parent company in accordance with the Swedish Annual Accounts Act and RFR 2 *Reporting for legal entities* and other statements issued by the Swedish Financial Reporting Board. In all respects other than those described below, Tele2 has presented the financial statements for the period ended September 30, 2022 in accordance with the accounting policies and principles applied in the Annual and Sustainability Report 2021. The description of these principles and definitions are found in Note 1 in the Annual and Sustainability Report 2021. Disclosures as required by IAS 34 p. 16 A are presented both in the financial statements and notes as well as in other parts of the interim report.

The amendments to IFRSs applicable from January 1, 2022 have no effects to Tele2's financial reports for the nine month period ended September 30, 2022.

Figures presented in this report refer to July 1 – September 30 (Q3), 2022 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2021.

NOTE 2 REVENUE AND SEGMENTS

Revenue per segment

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Sweden	5,529	5,274	16,290	15,895
Lithuania	893	788	2,540	2,227
Latvia	457	387	1,242	1,103
Estonia	232	220	665	621
Total including internal sales	7,111	6,669	20,736	19,846
Internal sales, elimination	-27	-30	-88	-85
TOTAL	7,084	6,639	20,649	19,761

Internal sales

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Sweden	2	2	6	7
Lithuania	14	16	47	43
Latvia	9	10	28	28
Estonia	2	3	7	7
TOTAL	27	30	88	85

Revenue split per category

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Sweden Consumer				
End-user service revenue	3,128	3,101	9,184	9,167
Operator revenue	184	184	566	542
Equipment revenue	463	419	1,337	1,324
Internal sales	0	0	0	1
Total	3,776	3,704	11,087	11,033
Sweden Business				
End-user service revenue	985	950	2,946	2,859
Operator revenue	23	22	74	71
Equipment revenue	461	318	1,336	1,158
Internal sales	1	1	3	2
Total	1,470	1,291	4,359	4,090
Sweden Wholesale				
Operator revenue	282	277	840	767
Internal sales	1	1	4	4
Total	283	279	844	772
Lithuania				
End-user service revenue	542	458	1,551	1,302
Operator revenue	50	54	150	169
Equipment revenue	287	261	792	713
Internal sales	14	16	47	43
Total	893	788	2,540	2,227
Latvia				
End-user service revenue	299	250	829	710
Operator revenue	40	41	109	128
Equipment revenue	110	87	276	236
Internal sales	9	10	28	28
Total	457	387	1,242	1,103
Estonia				
End-user service revenue	156	141	450	406
Operator revenue	23	26	66	76
Equipment revenue	50	50	142	132
Internal sales	2	3	7	7
Total	232	220	665	621
Internal sales, elimination	-27	-30	-88	-85
CONTINUING OPERATIONS				
End-user service revenue	5,110	4,900	14,960	14,444
Operator revenue	602	605	1,805	1,753
Equipment revenue	1,372	1,134	3,883	3,564
TOTAL	7,084	6,639	20,649	19,761

Underlying EBITDAaL

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Sweden	2,092	2,082	5,994	5,853
Lithuania	326	288	948	838
Latvia	172	161	487	440
Estonia	53	50	148	137
TOTAL	2,643	2,581	7,577	7,268

NOTE 3 PROFIT AFTER FINANCIAL ITEMS

Reconciling items to reported profit after financial items

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Underlying EBITDA¹	2,643	2,581	7,577	7,268
Reversal lease depreciation and interest	331	312	984	942
Underlying EBITDA	2,974	2,894	8,562	8,210
Acquisition costs	0	-0	0	-10
Restructuring costs	-41	-56	-155	-191
Disposal of non-current assets	-28	-19	-50	-43
Other items affecting comparability	-16	—	-14	-21
Items affecting comparability	-86	-75	-219	-265
EBITDA	2,889	2,819	8,343	7,945
Depreciation/amortization	-1,539	-1,523	-4,620	-4,421
Result from shares in associated companies and joint ventures	0	78	1,671	113
Operating profit	1,350	1,374	5,394	3,638
Net interest and other financial items	-159	-116	-508	-336
Profit after financial items	1,191	1,258	4,885	3,302

In Q1 2022 Tele2 AB and Deutsche Telekom completed the divestment of T-Mobile Netherlands to funds advised by Apax Partners LLP and Warburg Pincus LLC, for an enterprise value of EUR 5.1 billion. Tele2 received SEK 9.0 billion for its 25% share in T-Mobile Netherlands. The capital gain amounted to SEK 1.6 billion, reported under Result from shares in associated companies and joint ventures.

Acquisition costs

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Network JO's, Baltics	—	-0	—	-10
Acquisition costs¹⁾	—	-0	—	-10

¹⁾ Reported as other operating expenses.

Restructuring costs

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Redundancy costs	-16	-24	-50	-90
Other employee and consultancy costs	-6	-21	-27	-64
Exit of contracts and other costs	-19	-11	-78	-37
Restructuring costs	-41	-56	-155	-191
Reported as:				
– Cost of services provided	-5	-4	-20	-44
– Selling expenses	-11	-27	-52	-74
– Administrative expenses	-25	-25	-83	-73

The restructuring costs are solely related to the ongoing business transformation program in Sweden.

Disposal of non-current assets

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Closure of projects and systems	—	-19	-12	-42
Network equipment scrapping	-28	—	-28	—
Other	—	—	-10	-1
Disposal of non-current assets²⁾	-28	-19	-50	-43

²⁾ Reported as other operating income and other operating expenses.

In Q3 2022, the value of old network equipment was reviewed, resulting in a scrapping expense of SEK 28 million.

Other items affecting comparability

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Contract termination fees	—	—	—	-20
Inventory adjustment	-7	—	-7	—
Legacy prepaid voucher value adjustment	9	—	9	—
Legacy roaming discount reconciliation	-20	—	-20	—
Other	2	—	4	-1
Total	-16	—	-14	-21
Reported as:				
– Cost of services provided	-17	—	-17	-20
– Selling expenses	-11	—	-9	-1
– Administrative expenses	3	—	3	—
– Other Operating Income	9	—	9	—

In Q3 2022, the reconciliation of international roaming discounts from 2018 was completed, leading to a non-recurring expense of SEK 20 million.

NOTE 4 SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

SEK million	Sep 30 2022	Sep 30 2021	Dec 31 2021
T-Mobile Netherlands			
Cost at January 1	—	7,011	7,011
Share of profit for the year	—	113	221
Exchange rate differences	—	114	134
Total T-Mobile Netherlands	—	7,238	7,366
Other associated companies and joint ventures	6	7	7
Total shares in associated companies and joint ventures pre reclassification	6	7,245	7,373
Reclassified to asset held for sale	—	-7,238	-7366
Total shares in associated companies and joint ventures	6	7	7

In Q3 2021, Tele2's 25% share in T-Mobile Netherlands was reclassified to Asset held for sale, following the announced divestment. The transaction was completed in Q1 2022, with a capital gain of SEK 1.6 billion. See also Note 3 and 9.

NOTE 5 FINANCIAL ASSETS AND LIABILITIES

Financing

SEK million	Sep 30 2022	Dec 31 2021
Bonds	21,217	21,326
Commercial papers	1,495	400
European Investment Bank (EIB)	1,364	1,278
Nordic Investment Bank (NIB)	1,992	1,990
Other	—	178
Total liabilities to financial institutions	26,068	25,173
Provisions	1,477	1,610
Lease liabilities	4,991	5,414
Other interest-bearing liabilities	593	250
Total interest-bearing liabilities	33,129	32,447

Average maturity and average interest rate (including derivatives) for outstanding debt to financial institutions at September 30, 2022 amounted to 3.7 years and 1.68 percent, respectively.

As of the date of this report, Tele2 has a credit facility with a syndicate of ten banks maturing in 2024.

Classification and fair values

Tele2's financial assets consist mainly of receivables from end customers, other operators and resellers as well as cash and cash equivalents. Tele2's financial liabilities consist mainly of loans, bonds, lease liabilities and accounts payables. For the category "Liabilities to financial institutions and similar liabilities" the reported value amounted on September 30, 2022 to SEK 26,068 (December 31, 2021: 25,173) million and the fair value to SEK 24,865 (December 31, 2021: 25,752) million.

During 2022, no transfers have been made between the different levels in the fair value hierarchy and no significant changes were made to valuation techniques, inputs used or assumptions.

NOTE 6 RELATED PARTIES

Tele2's share of cash and cash equivalents in joint operations (Svenska UMTS-nät AB, Celestine Hill and Net4Mobility HB, Sweden), for which Tele2 has limited disposal rights was included in the Group's cash and cash equivalents and amounted at September 30, 2022 to SEK 105 (December 31, 2021: 43) million. Other transactions with joint operations and other related parties are presented in Note 34 of the Annual and Sustainability Report 2021.

NOTE 7 CONTINGENT LIABILITIES

As of September 30, 2022, Tele2 had no material contingent liabilities.

NOTE 8 EQUITY, NUMBER OF SHARES AND INCENTIVE PROGRAMS

Number of shares

	Sep 30 2022	Dec 31 2021
Total number of shares	695,021,597	692,821,597
Number of treasury shares	-4,010,230	-2,912,106
Number of outstanding shares	691,011,367	689,909,491
Number of outstanding shares, weighted average	690,525,725	689,463,621
Number of shares after dilution	695,058,392	693,458,249
Number of shares after dilution, weighted average	694,084,622	693,182,102

As a result of share rights in the LTI 2019 being exercised during Q2 2022, Tele2 delivered 1,101,876 B-shares in treasury shares to the participants in the program.

In Q1 2022, Tele2 issued, and immediately repurchased, 2,200,000 new C shares to be used for future exercises of LTIs, resulting in an increase in share capital of SEK 3 million. In addition, 281 class A shares were reclassified into class B shares and 2,480,000 class C shares were reclassified into class B shares. Changes in shares during previous year are stated in Note 23 in the Annual and Sustainability Report 2021.

Outstanding share right programs

	Sep 30 2022	Dec 31 2021
LTI 2022	1,453,555	—
LTI 2021	1,447,839	1,414,817
LTI 2020	1,145,631	1,142,715
LTI 2019	—	991,226
Total outstanding share rights	4,047,025	3,548,758

All outstanding long-term incentive programs (LTI 2020, LTI 2021 and LTI 2022) are based on the same structure. Additional information regarding the objective, conditions and requirements related to the LTI programs is stated in Note 31 of the 2021 Annual and Sustainability Report. During the nine months in 2022, the total cost including social security costs for the long-term incentive programs (LTI) amounted to SEK 77 (68) million before tax.

LTI 2022

At the Annual General Meeting held on April 28, 2022, the shareholders approved a retention and performance based incentive program (LTI 2022) for senior executives and other key employees in the Tele2 Group. Subject to fulfilment of certain retention and performance based conditions during the periods January 1, 2022 – December 31, 2024 (the "Cash flow Measurement Period") and April 1, 2022 – March 31, 2025 (the "TSR Measurement Period") and the participant maintaining the invested shares at the release of the interim report for January – March 2025 and, with certain exceptions, maintaining the employment within the Tele2 Group, each right entitles the participant to receive one Tele2 share free of charge. Total costs before tax for outstanding rights in the incentive program are expensed over the three year vesting period. These costs are expected to amount to SEK 130

million, of which social security costs amount to SEK 46 million. To ensure the delivery of Class B shares under the program, the Annual General Meeting decided to authorize the Board of Directors to resolve on a directed share issue of a maximum of 1,200,000 Class C shares and subsequently to repurchase the Class C shares. The Board of Directors has not yet used its mandate.

LTI 2019

The exercise of the share rights in LTI 2019 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2019 until March 31, 2022. The outcome of these performance conditions was in accordance with below and the outstanding 1,101,876 share rights have been exchanged for shares in Tele2 during Q2 2022.

Series	Retention and performance based conditions	Minimum hurdle (50%)	Stretch targets (100%)	Performance	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		>=0%	41.2%	100%
Series B	Total Shareholder Return Tele2 (TSR) compared to a peer group	>0%	>=20%	34.5%	100%

Dividend

The Annual General Meeting (AGM), held on April 28, 2022, resolved on an ordinary dividend of SEK 6.75 per share in respect of the financial year 2021, to be paid in two tranches of SEK 3.40 and SEK 3.35 during 2022. In addition, the AGM resolved on an extraordinary dividend of SEK 13.00 per share, related to the completed T-Mobile Netherlands divestment. The first tranche of the ordinary dividend, amounting to SEK 2,346 million and the entire extraordinary dividend of SEK 8,969 million were distributed to the shareholders on May 5, 2022. The second tranche of the ordinary dividend, amounting to SEK 2,315 million, was distributed to the shareholders on October 14, 2022.

NOTE 9 BUSINESS ACQUISITIONS AND DIVESTMENTS

Acquisitions and divestments of shares and participations affecting cash flow were as follows:

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Acquisitions				
Other minor acquisitions	—	—	-6	—
Total acquisition of shares and participations	—	—	-6	0
Divestments				
Tele2 Germany	-3	34	19	66
T-Mobile Netherlands	—	—	8,956	—
Tele2 Switzerland, Swisscom	-17	—	-17	—
Other minor divestments	-4	—	-4	—
Total sale of shares and participations	-24	34	8,954	66
TOTAL CASH FLOW EFFECT	-24	34	8,948	66

In Q1 2022, the divestment of T-Mobile Netherlands was completed. The cash proceeds for Tele2's 25% share of the company amounted to SEK 9.0 billion. In addition, FX hedges attached to the transaction have affected exchange rate differences in the cash flow statement with SEK -153 million in Q4 2021 and SEK 125 million in the first half of 2022. For further information related to the divestment, see Note 3.

Information on acquisitions and divestments made in 2021 is provided in the Annual and Sustainability Report 2021, Note 14 and Note 33.

NOTE 10 DISCONTINUED OPERATIONS

Tele2 Germany

In December 2020 Tele2 completed the divestment of its German business to the Tele2 Germany management. The purchase price included an earn-out component, dependent upon the financial performance of the business until the end of 2024.

So far Tele2 has received accumulated earnout payments of SEK 118 million, of which SEK 22 million during the first nine months 2022. On September 30, 2022 the estimated fair value of the future cash flows amounted to SEK 82 million (December 31, 2021: SEK 92 million).

Tele2 Kazakhstan

Tele2 was notified in April 2019 that the Swedish Tax Agency has rejected Tele2's claim for a deduction of an exchange loss related to a conversion of a shareholder loan to the joint venture MTS in Kazakhstan from USD to Kazakh Tenge in connection with the establishment of Tele2's previous joint venture in Kazakhstan. After appealing the decision, the Administrative Court has in December 2020 partly ruled in favour of Skatteverket. The remaining additional tax claim amounted at September 30, 2022 to SEK 241 million and a tax surcharge and interest of SEK 122 million. Tele2 has appealed the decision to the Administrative Court of Appeal. Based on the ruling in the Administrative Court it is Tele2's and its advisors' opinion that, it is uncertain whether Tele2 ultimately will succeed in the dispute.

Consequently, a provision was recognized in Q4 2020 under discontinued operations. At September 30, 2022 the provision amounted to SEK 363 million (December 31, 2021: SEK 359 million).

Income statement

All discontinued operations are included below. Tele2 Germany and Tele2 Croatia were divested in 2020, while Tele2 Netherlands and Tele2 Kazakhstan were divested in 2019. Tele2 Switzerland was divested in 2008, but a legal settlement attached to this Swiss operation was reached in 2021.

Further information about effects in the income statement under discontinued operations in 2021 is provided in Note 33 of the Annual and Sustainability Report 2021.

Discontinued operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Administrative expenses	—	—	—	-3
Operating profit	—	—	—	-3
Interest expenses	-1	-2	-3	-5
Profit/loss after financial items	-1	-2	-3	-8
Net profit/loss from the operation	-1	-2	-3	-8
Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain	-4	86	1	311
– of which Germany	1	1	10	2
– of which Croatia	-5	-12	-7	-12
– of which Netherlands	-0	130	-2	129
– of which Switzerland	—	-33	—	193
NET PROFIT/LOSS	-6	83	-2	303
<i>Attributable to:</i>				
Equity holders of the parent company	—	83	-2	303
NET PROFIT/LOSS	-6	83	-2	303
Earnings per share (SEK)	-0.01	0.12	0.00	0.44
Earnings per share, after dilution (SEK)	-0.01	0.11	0.00	0.43

Balance sheet

Assets and liabilities associated with assets held for sale as of September 30, 2022 refer to earnouts, provisions and other liabilities related to divested operations. In addition, in Q3 2021 the shares in T-Mobile Netherlands were reclassified to assets held for sale, following the announced divestment. The divestment was completed in Q1 2022.

Discontinued operations SEK million	Sep 30 2022	Dec 31 2021
ASSETS		
Shares in associated companies and joint ventures	—	7,366
Financial assets	44	78
Non-current assets	44	7,444
Current receivables	38	14
Current assets	38	14
Assets classified as held for sale	82	7,458
LIABILITIES		
Interest-bearing liabilities	50	49
Non-current liabilities	50	49
Interest-bearing liabilities	60	55
Non-interest-bearing liabilities	341	358
Current liabilities	401	413
Liabilities directly associated with assets classified as held for sale	452	462

Cash flow statement

Discontinued operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Cash flow from operating activities	—	-3	—	-3
Cash flow from investing activities	-24	62	-2	94
Net change in cash and cash equivalents	-24	59	-2	91

Non-IFRS measures

This report contains certain financial measures that are not defined by IFRS but are used by Tele2 to assess the financial performance of the business. These measures are included in the report as they are considered important supplementary measures of operating performance and liquidity. They should not be considered a substitute to Tele2's financial statements prepared in accordance with IFRS. Tele2's definitions of these measures are described below, but other companies may calculate non-IFRS measures differently and these measures are therefore not always comparable to similar measures used by other companies.

EBITDA

Tele2 considers EBITDA to be a relevant measure to present profitability aligned with industry standard.

EBITDA: Operating profit/loss before depreciation/amortization, impairment as well as results from shares in associated companies and joint ventures.

Underlying EBITDA

Tele2 considers underlying EBITDA to be a relevant measure to present in order to illustrate the profitability of the underlying business, and as these are used by management to assess the performance of the business.

Underlying EBITDA: EBITDA excluding items affecting comparability.

Items affecting comparability: Disposals of non-current assets and transactions from strategic decisions, such as capital gains and losses from sales of operations, acquisition costs, integration costs due to acquisition or merger, restructuring programs from reorganizations as well as other items that affect comparability.

Underlying EBITDAaL and underlying EBITDAaL margin

Tele2 considers underlying EBITDAaL and the related margin to be relevant measures of the business performance since underlying EBITDAaL includes the cost of leased assets (depreciation and interest), which is not included in underlying EBITDA according to IFRS 16.

Underlying EBITDAaL: Underlying EBITDA as well as lease depreciation and lease interest costs according to IFRS 16.

Underlying EBITDAaL margin: Underlying EBITDAaL in relation to revenue excluding items affecting comparability.

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Operating profit	1,350	1,374	5,394	3,638
Reversal:				
Result from shares in associated companies and joint ventures	-0	-78	-1,671	-113
Depreciation and amortization	1,539	1,523	4,620	4,421
EBITDA	2,889	2,819	8,343	7,945
Reversal, items affecting comparability:				
Acquisition costs	-0	—	-0	10
Restructuring costs	41	56	155	191
Disposal of non-current assets	28	19	50	44
Other items affecting comparability	16	—	14	21
Total items affecting comparability	86	75	219	265
Underlying EBITDA	2,974	2,894	8,562	8,210
Lease depreciation	-312	-297	-928	-897
Lease interest costs	-18	-15	-56	-45
Underlying EBITDAaL	2,643	2,581	7,577	7,268
Revenue	7,084	6,639	20,649	19,761
Revenue excluding items affecting comparability	7,084	6,639	20,649	19,761
Underlying EBITDAaL margin	37%	39%	37%	37%

Non-IFRS measures – Capex paid and capex

Tele2 considers capex paid relevant to present as it provides an indication of how much the company invests organically in intangible and tangible assets to maintain and expand its business. Tele2 believes that it is relevant to present capex to provide a view on how much Tele2 invests organically in intangible and tangible assets as well as in right-of-use assets (lease) to maintain and grow its business that is not dependent on the timing of cash payments.

Capex paid: Cash paid for the additions to intangible and tangible assets net of cash proceeds from sales of intangible and tangible assets.

Capex: Additions to intangible assets, tangible assets and right-of-use assets that are capitalized on the balance sheet.

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
CONTINUING OPERATIONS				
Additions to intangible and tangible assets	-808	-618	-2,426	-2,358
Sale of intangible and tangible assets	0	1	10	2
Capex paid	-807	-617	-2,416	-2,356
This period's unpaid capex and reversal of paid capex from previous period	141	-99	285	-124
Reversal received payment of sold intangible and tangible assets	-0	-1	-10	-2
Capex intangible and tangible assets	-666	-717	-2,142	-2,482
Additions to right-of-use assets	-148	-60	-546	-406
Capex	-814	-778	-2,688	-2,888

No capex has been reported related to discontinued operations.

Non-IFRS measures – Operating cash flow

Tele2 considers operating cash flow a relevant measure to present as it gives an indication of the profitability of the underlying business while also taking into account the investments needed to maintain and grow the business.

Operating cash flow: Underlying EBITDAaL less capex excluding spectrum and leases.

Continuing operations SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
Underlying EBITDAaL	2,643	2,581	7,577	7,268
Capex excluding spectrum and leases	-587	-717	-1,995	-2,149
Operating cash flow	2,056	1,864	5,583	5,119

Non-IFRS measures – Equity free cash flow

Tele2 considers equity free cash flow to be relevant to present as it provides a view of funds generated from operating activities that also includes investments in intangible and tangible assets. Management believes that equity free cash flow is meaningful to investors because it is the measure of

the Group's funds available for acquisition related payments, dividends to shareholders, share repurchases and debt repayment.

Equity free cash flow: Cash flow from operating activities less capex paid and amortization of lease liabilities.

SEK million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021
TOTAL OPERATIONS				
Cash flow from operating activities	2,436	2,806	6,363	7,282
Capex paid	-807	-617	-2,416	-2,356
Amortization of lease liabilities	-281	-258	-938	-909
Equity free cash flow (eFCF)	1,348	1,931	3,008	4,017
eFCF per share (SEK)	1.95	2.80	4.35	5.82
eFCF per share after dilution (SEK)	1.94	2.78	4.33	5.79
CONTINUING OPERATIONS				
Cash flow from operating activities	2,436	2,809	6,363	7,257
Capex paid	-807	-649	-2,416	-2,356
Amortization of lease liabilities	-281	-258	-938	-909
Equity free cash flow (eFCF)	1,348	1,903	3,008	3,992
eFCF per share (SEK)	1.95	2.76	4.35	5.79
eFCF per share after dilution (SEK)	1.94	2.74	4.33	5.76
OUTSTANDING SHARES				
Number of shares	691,011,367	689,909,491	691,011,367	689,909,491
Number of shares after dilution	695,058,392	693,461,770	695,058,392	693,461,770

Non-IFRS measures – Net debt and economic net debt

Tele2 believes that net debt is relevant to present as it is useful to illustrate the indebtedness, financial flexibility, and capital structure. Furthermore, economic net debt is considered relevant as it excludes lease liabilities, and thereby consistently can be put in relation to underlying EBITDAaL when measuring financial leverage.

Net debt: Interest-bearing non-current and current liabilities excluding provisions, less cash and cash equivalents, current investments, restricted cash and derivatives.

Economic net debt: Net debt excluding lease liabilities.

Total operations SEK million	Sep 30 2022	Dec 31 2021
Interest-bearing non-current liabilities	28,408	28,332
Interest-bearing current liabilities	4,721	4,116
Reversal provisions	-1,477	-1,610
Cash & cash equivalents, current investments and restricted funds	-2,444	-881
Derivatives	-477	-275
Net debt	28,731	29,681
Reversal:		
Lease liabilities	-4,991	-5,414
Economic net debt	23,740	24,268

Organic

Tele2 believes that organic growth rates are relevant to present as they exclude effects from currency movements but include effects from divestments and acquisitions as if these occurred on the first day of each reporting period and are therefore providing an indication of the underlying performance.

Organic growth rates: Calculated at constant currency, meaning that comparative figures have been recalculated using the currency rates for the current period, but including effects from divestments and acquisitions as if these occurred on the first day of each reporting period.

Reconciliation of figures is presented in an excel document (Q3 2022-financials to the market) on Tele2's website www.tele2.com.

Other financial metrics

Certain other financial metrics that are presented in this report are defined below. It is the view of Tele2 that these metrics provide valuable additional information to investors and other readers of this report.

Average interest rate

Annualized interest expense on loans (excluding penalty interest etc.) in relation to average interest-bearing liabilities excluding provisions, lease liabilities, debt related to equipment financing, balanced bank fees as well as adjusted for borrowings and amortizations during the period.

Average number of employees (FTE)

The average number of employees during the year, calculated on the basis of full time equivalents. Acquired/sold companies are reported in relation to the length of time the companies have been a part of the Tele2 Group.

Earnings per share

Profit/loss for the period attributable to the parent company shareholders in relation to the weighted average number of shares outstanding during the fiscal year.

Economic net debt / Underlying EBITDAaL (leverage)

Economic net debt divided by underlying EBITDAaL (rolling twelve months) for all operations owned and controlled by Tele2 at the end of each reporting period.

End-user service revenue

Revenue from end-users excluding equipment revenue. End-user service revenue is presented to provide a view of revenue attached to the customers usage of services provided by the company.

Equity per share

Equity attributable to parent company's shareholders in relation to the total number of outstanding shares.

Number of employees

Number of employees at the end of the period.

Operating profit/loss (EBIT)

Revenue less operating expenses.

TSR

Total shareholder return including change in the share price and reinvested dividends.



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