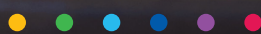


# 2021

Tele2 Interim Report  
Third Quarter



**TELE2**



UNLIMITED

# Q3 2021 HIGHLIGHTS

- End-user service revenue of SEK 4.9 billion increased by 2% compared to Q3 2020 on an organic basis due to strong performance in the Baltics, growth in Sweden and slight tailwind from roaming.
- Revenue of SEK 6.6 billion increased by 2% compared to Q3 2020 on an organic basis.
- Underlying EBITDAaL of SEK 2.6 billion increased by 5% organically compared to Q3 2020 driven by end-user service revenue growth, cost savings, and less headwinds related to the pandemic.
- Net profit from total operations of SEK 1.1 billion decreased by SEK 0.1 billion compared to Q3 2020, mainly related to amortization on the Com Hem brand of SEK -0.1 billion in Q3 2021 and a legal settlement of SEK 0.1 billion in Q3 2020.
- Equity free cash flow from continuing operations of SEK 1.9 (1.7) billion. Over the last twelve months, SEK 4.9 billion was generated, equivalent to SEK 7.0 per share.
- 5G launched on the Comviq brand in Sweden and pilot project for fiber build-out launched in Lithuania.
- Extraordinary dividend of SEK 3.00 distributed to shareholders in July and second tranche of ordinary dividend of SEK 3.00 distributed to shareholders in October.
- An agreement to sell T-Mobile Netherlands for an enterprise value of EUR 5.1 billion was announced.

## Key financial data

SEK million	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
<b>Continuing operations</b>						
End-user service revenue	4,900	4,793	2%	14,444	14,375	1%
Revenue	6,639	6,543	2%	19,761	19,670	1%
Operating profit	1,374	1,535		3,638	3,814	
Profit after financial items	1,258	1,407		3,302	3,410	
Underlying EBITDAaL	2,581	2,471	5%	7,268	6,892	6%
Capex excluding spectrum and leases	717	653		2,149	1,838	
Operating cash flow	1,864	1,818		5,119	5,054	
Operating cash flow, rolling 12 months				6,588	6,647	
Equity free cashflow	1,903	1,713		3,992	3,928	
Equity free cash flow, rolling 12 months				4,864	5,153	
<b>Total operations</b>						
Net profit	1,121	1,215		3,353	3,290	
Earnings per share after dilution (SEK)	1.62	1.76		4.84	4.76	
Equity free cashflow	1,931	1,738		4,017	3,994	
Economic net debt to underlying EBITDAaL				2.5x	2.2x	



### Continuing and discontinued operations

Figures presented in this report refer to Q3 (July–September) 2021 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2020. Discontinued operations include the former operations, primarily in the Netherlands, Germany, Croatia and Kazakhstan. See Note 11.

### 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* on page 27. 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](http://www.tele2.com).

# CEO LETTER – Q3 2021



“

We present the second consecutive quarter of growth with good results across all segments

**We present the second consecutive quarter of growth with good results across all segments. Sweden B2B turned to growth for the first time in several years and we saw commercial momentum starting to pick up in Sweden B2C. We passed an important milestone with the announcement of the sale of T-Mobile Netherlands, and we took an important step in our commercial strategy with the introduction of 5G in Comviq. In short, we have continued to deliver on our plans and are on a good trajectory for the full year.**

I am happy to present a Q3 that shows continued topline growth. We see improvements in all major segments and are starting to strike a good balance between value and volume. This gives me improved confidence that we can build sustainable growth in our businesses.

We are in the middle of a major turnaround within B2B and are well underway with stabilizing this segment. Our more granular approach with clearly defined segments and a developed understanding of how to balance value and volume has led to a major improvement in performance, despite a competitive market situation. The team can take pride in showing growth this quarter for the first time in several years!

Within B2C, we see improved commercial momentum and are now making 5G available to more customer segments through Comviq, as we ramp up to build the best 5G network in Sweden. The market was slightly more active in Q3 compared to Q2 where the merger of the Tele2 and Com Hem brands was the most significant event in an otherwise calm market. We went into typical events like the iPhone launch with a strong customer offering that put us in a better position than last year. As a result, our numbers show that our efforts were well-received in the market.

Our operations in the Baltics are clearly performing very well, both in absolute terms and relative to local competition. I am pleased to see that we are the best performing operator in the Baltics and we are ready to take the next steps through investing into 5G networks as soon as the spectrum situation in each country is clarified.

Now that most of the pandemic effects are gone and roaming revenue is neutral to growth on a year-to-date basis, the underlying growth of the business is becoming more apparent. As societies open, we are excited to see our employees back at our offices. This will promote collaboration, creativity and social interaction whilst strengthening Tele2's corporate culture.

During Q3, we agreed to sell our 25% stake in T-Mobile Netherlands. While we commend our management and employees in the Netherlands, we have defined our mid-terms strategic ambition as being the "Leading operator in the Nordics and Baltics" and will focus our efforts on this region. We would like to express our thanks to all employees in the Netherlands for a job well done!

Looking ahead, we expect activity to pick up in our markets in Q4 and are ready to take on that challenge. We will continue to work on the balance between value and volume and feel that we are well on track to deliver on the targets we have set for ourselves. I look forward to doing this alongside my colleagues back at the office again.

**Kjell Johnsen**  
President and Group CEO

# Financial overview

## Analysis of revenue

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
Mobile	1,491	1,463	2%	4,332	4,284	1%
- Postpaid	1,239	1,207	3%	3,606	3,529	2%
- Prepaid	252	256	-1%	726	755	-4%
Fixed	1,442	1,447	0%	4,329	4,385	-1%
- Fixed broadband	696	669	4%	2,067	1,976	5%
- Digital TV	687	704	-2%	2,081	2,171	-4%
- Cable & Fiber	420	415	1%	1,264	1,269	0%
- DTT	267	289	-8%	817	902	-9%
- Fixed telephony & DSL	58	73	-21%	181	238	-24%
Landlord & Other	168	174	-3%	506	523	-3%
<b>Sweden Consumer</b>	<b>3,101</b>	<b>3,083</b>	<b>1%</b>	<b>9,167</b>	<b>9,192</b>	<b>0%</b>
Sweden Business	950	940	1%	2,859	2,920	-2%
Baltics	849	770	12%	2,419	2,264	11%
<b>End-user service revenue</b>	<b>4,900</b>	<b>4,793</b>	<b>2%</b>	<b>14,444</b>	<b>14,375</b>	<b>1%</b>
Operator revenue	605	573	6%	1,753	1,748	1%
Equipment revenue	1,134	1,178	-3%	3,564	3,546	2%
<b>Revenue</b>	<b>6,639</b>	<b>6,543</b>	<b>2%</b>	<b>19,761</b>	<b>19,670</b>	<b>1%</b>

**End-user service revenue** increased by 2% organically as Sweden turned to growth and the Baltics continued its strong performance. International roaming revenue started to come back meaningfully in the quarter with a positive effect of SEK 29 million compared to Q3 2020.

- **Sweden Consumer** increased by 1% with continued growth in mobile postpaid and fixed broadband.
- **Sweden Business** increased by 1% as growth in mobile and solutions offset decline in fixed.
- **Baltics** increased by 12% organically driven by both volume growth and strong ASPU (Average Spend Per User) growth from price adjustments and upselling.

**Total revenue** increased by 2% organically as growth in end-user service revenue and operator revenue offset decline in equipment revenue in Sweden.

## Analysis of income statement

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Revenue	6,639	6,543	19,761	19,670
<b>Underlying EBITDAaL</b>	<b>2,581</b>	<b>2,471</b>	<b>7,268</b>	<b>6,892</b>
Reversal lease depreciation and interest	312	311	942	932
<b>Underlying EBITDA</b>	<b>2,894</b>	<b>2,782</b>	<b>8,210</b>	<b>7,823</b>
Items affecting comparability	-75	40	-265	-119
<b>EBITDA</b>	<b>2,819</b>	<b>2,822</b>	<b>7,945</b>	<b>7,705</b>
Depreciation/amortization	-1,523	-1,310	-4,421	-3,947
- of which amortization of surplus from acquisitions	-435	-301	-1,126	-903
- of which lease depreciation	-297	-296	-897	-883
- of which other depreciation/amortization	-791	-714	-2,398	-2,161
Result from shares in associated companies and joint ventures	78	24	113	56
<b>Operating profit</b>	<b>1,374</b>	<b>1,535</b>	<b>3,638</b>	<b>3,814</b>
Net interest and other financial items	-116	-128	-336	-404
Income tax	-220	-271	-252	-654
<b>Net profit</b>	<b>1,038</b>	<b>1,136</b>	<b>3,050</b>	<b>2,757</b>

**Underlying EBITDAaL** increased by 5% organically driven by service revenue growth, transformational cost savings, and less headwinds from the pandemic.

**Items affecting comparability** of SEK -75 (40) million was mainly driven by restructuring costs related to the business transformation program in Sweden. Refer to Note 3 for more details.

**Depreciation/amortization** of SEK -1,523 (-1,310) million increased compared to Q3 2020 mainly due to depreciation of the Com Hem brand in connection with the brand merger with the Tele2 brand. Refer to Note 3 for more details.

**Result from shares in associated companies and joint ventures** of SEK 78 (24) million includes contribution from the 25% stake in T-Mobile Netherlands.

## Analysis of cash flow statement

SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Continuing operations</b>				
Underlying EBITDA	2,894	2,782	8,210	7,823
Items affecting comparability	-75	40	-265	-119
Amortization of lease liabilities	-258	-262	-909	-896
Capex paid	-617	-648	-2,356	-1,976
Changes in working capital	186	80	239	77
Net financial items paid	-44	-70	-323	-382
Taxes paid	-206	-236	-671	-661
Other cash items	24	29	66	61
<b>Equity free cash flow</b>	<b>1,903</b>	<b>1,713</b>	<b>3,992</b>	<b>3,928</b>
Equity free cash flow, rolling 12 months <sup>1)</sup>			4,864	5,153
<b>Total operations</b>				
Equity free cash flow, continuing operations	1,903	1,713	3,992	3,928
Equity free cash flow, discontinued operations	28	24	25	66
<b>Equity free cash flow</b>	<b>1,931</b>	<b>1,738</b>	<b>4,017</b>	<b>3,994</b>

<sup>1)</sup> Reconciliation of equity free cash flow rolling 12 months are presented in an excel document (Q3 2021-financials to the market) on Tele2's website [www.tele2.com](http://www.tele2.com)

**Changes in working capital** of SEK 186 (80) million was seasonally strong and positively affected by external handset financing in the Baltics.

**Net financial items paid** of SEK -44 (-70) million decreased compared to Q3 2020 due to slightly lower interest on the debt portfolio.

**Equity free cash flow from continuing operations** over the last twelve months amounted to SEK 4.9 billion, equivalent to SEK 7.0 per share.

## Analysis of financial position

Total operations SEK million	Sep 30 2021	Dec 31 2020
Bonds	21,322	21,175
Commercial papers	1,700	-
Financial institutions and other liabilities	3,710	3,954
Cash and cash equivalents	-2,467	-970
Other adjustments	-196	-217
<b>Economic net debt</b>	<b>24,069</b>	<b>23,942</b>
Lease liabilities	4,778	5,327
<b>Net debt</b>	<b>28,846</b>	<b>29,269</b>
<b>Underlying EBITDAaL, rolling 12 months<sup>1)</sup></b>	<b>9,616</b>	<b>9,239</b>
<b>Economic net debt to Underlying EBITDAaL</b>	<b>2.5x</b>	<b>2.6x</b>
Unutilized overdraft facilities and credit lines	8,569	8,560

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

**Economic net debt** of SEK 24.1 (23.9 at year-end 2020) billion increased by SEK 0.1 billion since year-end 2020 as the total dividend payments of SEK 4.2 billion paid out so far this year were mostly offset by cash generation.

**Economic net debt to underlying EBITDAaL** (financial leverage) of 2.5x (2.6x year end 2020) was at the lower end of the leverage target range of 2.5-3.0x ahead of the distribution of the second tranche of the ordinary dividend of SEK 3.00 per share in October.

# Financial guidance

## Financial guidance (unchanged)

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

### Full-year 2021

- Flat to 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

- 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 22, 2021 approved an ordinary dividend of SEK 6.00 per ordinary A and B share, to be paid out in two equal tranches. The first tranche of SEK 3.00 was paid out to shareholders on April 29, 2021 and the second tranche was paid out on October 8, 2021.

The Extraordinary General Meeting on June 28, 2021 approved an extraordinary dividend of SEK 3.00 per ordinary A and B share which was paid out on July 5, 2021.

## 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 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
<b>END-USER SERVICE REVENUE</b>						
Sweden	4,051	4,023	1%	12,026	12,111	-1%
Lithuania	458	414	12%	1,302	1,212	12%
Latvia	250	229	11%	710	675	10%
Estonia	141	128	13%	406	378	12%
<b>Total</b>	<b>4,900</b>	<b>4,793</b>	<b>2%</b>	<b>14,444</b>	<b>14,375</b>	<b>1%</b>
<b>REVENUE</b>						
Sweden	5,274	5,244	1%	15,895	16,032	-1%
Lithuania	788	734	9%	2,227	2,052	13%
Latvia	387	378	4%	1,103	1,055	9%
Estonia	220	210	7%	621	605	7%
Internal sales, elimination	-30	-23	31%	-85	-73	16%
<b>Total</b>	<b>6,639</b>	<b>6,543</b>	<b>2%</b>	<b>19,761</b>	<b>19,670</b>	<b>1%</b>
<b>UNDERLYING EBITDAaL</b>						
Sweden	2,082	1,994	4%	5,853	5,564	5%
Lithuania	288	270	9%	838	780	12%
Latvia	161	160	3%	440	418	10%
Estonia	50	48	6%	137	130	9%
<b>Total</b>	<b>2,581</b>	<b>2,471</b>	<b>5%</b>	<b>7,268</b>	<b>6,892</b>	<b>6%</b>
<b>CAPEX</b>						
Sweden	590	584	1%	1,898	1,643	15%
Lithuania	55	27	107%	113	72	63%
Latvia	42	22	98%	71	62	20%
Estonia	30	20	52%	66	60	15%
<b>Capex excluding spectrum and leases</b>	<b>717</b>	<b>653</b>	<b>10%</b>	<b>2,149</b>	<b>1,838</b>	<b>17%</b>
Spectrum	—	—		333	—	
Right-of-use assets (leases)	60	164		406	581	
<b>Total</b>	<b>778</b>	<b>817</b>		<b>2,888</b>	<b>2,418</b>	
<i>of which:</i>						
– Network	467	317		1,198	846	
– IT	152	162		616	498	
– Customer equipment	81	116		273	355	
– Other	17	59		62	139	
<b>Capex excluding spectrum and leases</b>	<b>717</b>	<b>653</b>		<b>2,149</b>	<b>1,838</b>	

# Overview by segment

## Sweden

Tele2 Sweden end-user service grew 1% in the quarter driven by both B2C and B2B. International roaming revenue started to come back meaningfully in the quarter with a positive effect of SEK 20 million compared to Q3 2020.

Optimization of the Digital Capabilities and Technology (DCT) organization, B2B, and the store footprint was executed as part of the business transformation program. Annualized run-rate savings reached SEK 425 million at the end of the quarter and the effect on underlying EBITDAaL in Q3 2021 was approximately SEK 90 million with a net effect of SEK 55 million year-on-year (SEK 35 million realized in Q3 2020).

Underlying EBITDAaL increased by 4% driven by end-user service revenue growth, wholesale revenue growth, and continued execution of the business transformation program.

Capex excluding spectrum and leases was roughly at the same level as Q3 2020 as higher network investments related to 5G were offset by less CPE capex due to the analog cable TV switch in Q3 2020.

Financials SEK million	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
<b>End-user service revenue</b>	<b>4,051</b>	<b>4,023</b>	<b>1%</b>	<b>12,026</b>	<b>12,111</b>	<b>-1%</b>
Revenue	5,274	5,244	1%	15,895	16,032	-1%
Underlying EBITDA	2,349	2,260		6,662	6,365	
<b>Underlying EBITDAaL</b>	<b>2,082</b>	<b>1,994</b>	<b>4%</b>	<b>5,853</b>	<b>5,564</b>	<b>5%</b>
Underlying EBITDAaL margin	39%	38%		37%	35%	
<b>Capex</b>						
Network	364	267		1,011	711	
IT	141	149		587	461	
Customer equipment	78	114		267	349	
Other	6	55		33	122	
<b>Capex excluding spectrum and leases</b>	<b>590</b>	<b>584</b>		<b>1,898</b>	<b>1,643</b>	
Spectrum	—	—		333	—	
Right-of-use-assets (leases)	37	141		326	482	
<b>Capex</b>	<b>627</b>	<b>725</b>		<b>2,556</b>	<b>2,125</b>	
Capex excluding spectrum and leases / revenue	11%	11%		12%	10%	



## Sweden Consumer

The total number of customers on FMC offers remained at 310,000, representing full penetration of the overlap between the mobile and fixed customer base. During the quarter, Comviq launched 5G services on selected price tiers to further strengthen the brand and increase customer satisfaction. Total end-user service grew by 1% driven mainly by ASPU growth in mobile postpaid, fixed broadband and digital TV cable & fiber.

Net intake in mobile postpaid turned positive in the quarter as sales started to pick up with the pandemic easing. Despite lackluster volume in the last quarters, mobile end-user service revenue grew by 2% primarily driven by price adjustments in postpaid and recovery of roaming revenue.

Fixed broadband end-user service revenue grew by 4%, driven by both volume and ASPU growth on the back of price adjustments executed earlier in the year.

Digital TV cable & fiber end-user service revenue grew by 1% due to somewhat easier comparables in Q3 2020 when premium sports content was shut down for part of the quarter and growing contribution from Comhem Play+. This did not however fully offset the continued decline in the legacy DTT business resulting in Digital TV end-user service revenue declining by 2%.

	Jul-Sep 2021	Jul-Sep 2020	Sep 30 2021	Sep 30 2020	Organic %
<b>RGUs (thousands)</b>	<b>Net intake</b>		<b>RGU base</b>		
Mobile	19	49	2,962	2,984	-1%
– Postpaid	4	18	1,928	1,941	-1%
– Prepaid	15	31	1,034	1,043	-1%
Fixed	-13	-2	2,063	2,138	-4%
– Fixed broadband	6	11	926	904	2%
– Digital TV	-10	-2	936	992	-6%
– Cable & Fiber	-4	7	641	664	-3%
– DTT	-6	-9	295	328	-10%
– Fixed telephony & DSL	-8	-11	201	243	-17%
<b>Total RGUs</b>	<b>6</b>	<b>47</b>	<b>5,025</b>	<b>5,123</b>	<b>-2%</b>
Addressable fixed footprint	1	30	3,512	3,405	3%

	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
<b>ASPU (SEK)</b>						
Mobile	168	165	2%	163	160	2%
– Postpaid	214	208	3%	209	205	2%
– Prepaid	82	83	-1%	77	79	-2%
Fixed	232	225	3%	228	226	1%
– Fixed broadband	252	248	1%	254	247	3%
– Digital TV	244	236	3%	238	240	-1%
– Cable & Fiber	218	209	4%	210	212	-1%
– DTT	299	290	3%	284	293	-3%
– Fixed telephony & DSL	94	98	-4%	87	101	-14%
<b>Revenue (SEK million)</b>						
Mobile	1,491	1,463	2%	4,332	4,284	1%
– Postpaid	1,239	1,207	3%	3,606	3,529	2%
– Prepaid	252	256	-1%	726	755	-4%
Fixed	1,442	1,447	0%	4,329	4,385	-1%
– Fixed broadband	696	669	4%	2,067	1,976	5%
– Digital TV	687	704	-2%	2,081	2,171	-4%
– Cable & Fiber	420	415	1%	1,264	1,269	0%
– DTT	267	289	-8%	817	902	-9%
– Fixed telephony & DSL	58	73	-21%	181	238	-24%
Landlord & Other	168	174	-3%	506	523	-3%
<b>End-user service revenue</b>	<b>3,101</b>	<b>3,083</b>	<b>1%</b>	<b>9,167</b>	<b>9,192</b>	<b>0%</b>
Operator revenue	184	172		542	500	
Equipment revenue	419	445		1,324	1,430	
Internal Sales	0	0		1	0	
<b>Revenue</b>	<b>3,704</b>	<b>3,700</b>	<b>0%</b>	<b>11,033</b>	<b>11,123</b>	<b>-1%</b>

## Sweden Business

While the competitive environment continues to be tough, Tele2 made further progress on the new strategy with a segmented market approach. The SME segment was targeted with FMC offers to increase penetration and optimize mobile and fixed bundling. The migration to target IT-systems progressed well, and from October all Large private and public mobile subscriptions migrated to the targeted IT stack. SME volumes continued to improve on the back of good traction from the simplified mobile portfolio launched earlier in the year.

Mobile net intake was positive in the quarter with 17,000 RGUs driven by improved intake in both the SME and large segments. New and renewed contracts include Alektum, Postnord, Jönköping Kommun and Region Västmanland.

End-user service revenue increased by 1% as growth in mobile and solutions offset the decline in legacy fixed services on the back of underlying improvements and a slight tailwind from roaming revenue.

### Sweden Business

	Jul-Sep 2021	Jul-Sep 2020		Sep 30 2021	Sep 30 2020	Organic %
	Net intake			RGU base		
RGUs (thousands)						
Mobile (excluding IoT)						
– Postpaid	17	-4		991	936	6%
	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
ASPU (SEK)						
Mobile (excluding IoT)						
– Postpaid	134	139	-4%	134	147	-9%
Revenue (SEK million)						
Mobile	467	455	3%	1,374	1,400	-2%
Fixed	224	235	-5%	689	742	-7%
Solutions	259	250	4%	795	778	2%
<b>End-user service revenue</b>	<b>950</b>	<b>940</b>	<b>1%</b>	<b>2,859</b>	<b>2,920</b>	<b>-2%</b>
Operator revenue	22	19		71	90	
Equipment revenue	318	347		1,158	1,167	
Internal sales	1	–		2	–	
<b>Revenue</b>	<b>1,291</b>	<b>1,306</b>	<b>-1%</b>	<b>4,090</b>	<b>4,176</b>	<b>-2%</b>

### Sweden Wholesale

Financials SEK million	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
Operator revenue	277	237		767	729	
Internal sales	1	1		4	4	
<b>Revenue</b>	<b>279</b>	<b>238</b>	<b>17%</b>	<b>772</b>	<b>733</b>	<b>5%</b>

# Baltics

## Lithuania

During the quarter the negative effects from the pandemic continued to subside as society gradually started to open up resulting in increased activity in the market and slight tailwind from roaming. Strategic focus remained on the more-for-more strategy and migrating customers from prepaid to postpaid. A fiber pilot project was launched in the quarter to trial a capex light approach utilizing existing ducts to provide fixed services to customers.

Mobile net intake was positive with an increase of 44,000 RGUs driven by both postpaid on the back of successful contract renewal campaigns as well as reduced prepaid churn. Mobile ASPU increased by 9% in local

currency driven by price adjustments through more-for-more campaigns and a slight tailwind from roaming.

End-user service revenue increased by 12% in local currency driven both ASPU and volume growth. Underlying EBITDAaL increased by 9% in local currency driven by higher end-user service revenue which offset somewhat higher commercial expenses.

Capex excluding spectrum and leases increased compared to Q3 2020 driven by investments into modernization of the core network to prepare for 5G.

	Jul-Sep 2021	Jul-Sep 2020	Sep 30 2021	Sep 30 2020	Organic %
<b>RGUs (thousands)</b>	<b>Net intake</b>		<b>RGU base</b>		
Mobile	44	36	1,945	1,889	3%
– Postpaid	29	10	1,243	1,168	6%
– Prepaid	15	26	702	721	-3%

	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
<b>ASPU (EUR)</b>						
Mobile	7.8	7.1	9%	7.4	6.7	10%
– Postpaid	9.6	8.8	8%	9.4	8.7	8%
– Prepaid	4.6	4.4	5%	4.2	3.7	13%
<b>Revenue (SEK million)</b>						
Mobile	456	414	12%	1,299	1,211	11%
– Postpaid	359	318	15%	1,023	950	12%
– Prepaid	97	96	3%	275	261	10%
Fixed	1	0	N/A	3	0	N/A
<b>End-user service revenue</b>	<b>458</b>	<b>414</b>	<b>12%</b>	<b>1,302</b>	<b>1,212</b>	<b>12%</b>
Operator revenue	54	69		169	197	
Equipment revenue	261	240		713	608	
Internal sales	16	11		43	35	
<b>Revenue</b>	<b>788</b>	<b>734</b>	<b>9%</b>	<b>2,227</b>	<b>2,052</b>	<b>13%</b>
Underlying EBITDA	306	287		890	830	
<b>Underlying EBITDAaL</b>	<b>288</b>	<b>270</b>	<b>9%</b>	<b>838</b>	<b>780</b>	<b>12%</b>
Underlying EBITDAaL margin	37%	37%		38%	38%	
Capex	64	34		150	103	
<b>Capex excluding spectrum and leases</b>	<b>55</b>	<b>27</b>		<b>113</b>	<b>72</b>	
Capex excluding spectrum and leases / revenue	7%	4%		5%	4%	

## Latvia

During the quarter the negative effects from the pandemic continued to subside as society gradually started to open up resulting in increased activity in the market and slight tailwind from roaming. Strategic focus remained on the more-for-more strategy, migrating customers from prepaid to postpaid and monetizing increased demand for data.

Mobile net intake increased by 21,000 RGUs in the quarter driven by strong net intake in mobile postpaid while prepaid was flat. Mobile ASPU increased by 7% in local currency driven by price adjustments, data monetization through upselling and a slight roaming recovery.

End-user service revenue increased by 11% in local currency driven by ASPU and volume growth in postpaid. Underlying EBITDAaL increased by 3% in local currency as the higher end-user service revenue was offset by the sale of bad debt in Q3 2020 of SEK 8 million.

Capex excluding spectrum and leases increased compared to Q3 2020 driven by investments into modernization of the core network to prepare for 5G.

	Jul-Sep 2021	Jul-Sep 2020		Sep 30 2021	Sep 30 2020	Organic %
<b>RGUs (thousands)</b>	<b>Net intake</b>			<b>RGU base</b>		
Mobile	19	34		1,005	976	3%
– Postpaid	17	14		751	691	9%
– Prepaid	2	20		254	285	-11%
	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
<b>ASPU (EUR)</b>						
Mobile	8.2	7.7	7%	7.9	7.4	8%
– Postpaid	9.6	9.3	4%	9.6	9.1	6%
– Prepaid	4.0	3.7	7%	3.6	3.4	4%
<b>Revenue (SEK million)</b>						
Mobile	249	229	11%	708	674	9%
– Postpaid	219	198	13%	621	580	11%
– Prepaid	31	31	-1%	87	95	-4%
Fixed	1	0	N/A	2	0	N/A
<b>End-user service revenue</b>	<b>250</b>	<b>229</b>	<b>11%</b>	<b>710</b>	<b>675</b>	<b>10%</b>
Operator revenue	41	46		128	135	
Equipment revenue	87	94		236	217	
Internal sales	10	9		28	29	
<b>Revenue</b>	<b>387</b>	<b>378</b>	<b>4%</b>	<b>1,103</b>	<b>1,055</b>	<b>9%</b>
Underlying EBITDA	172	171		474	450	
<b>Underlying EBITDAaL</b>	<b>161</b>	<b>160</b>	<b>3%</b>	<b>440</b>	<b>418</b>	<b>10%</b>
Underlying EBITDAaL margin	42%	42%		40%	40%	
Capex	53	34		99	106	
<b>Capex excluding spectrum and leases</b>	<b>42</b>	<b>22</b>		<b>71</b>	<b>62</b>	
Capex excluding spectrum and leases / revenue	11%	6%		6%	6%	

## Estonia

During the quarter the negative effects from the pandemic continued to subside as society gradually started to open up resulting in increased activity in the market and slight tailwind from roaming. Focus remained on the more-for-more strategy through higher value price planes, moving existing customer base to lower discounts and cross-selling FMC bundles.

Mobile net intake was flat as promotional activity from competitors led to elevated churn in the quarter. Mobile ASPU increased by 7% in local currency, driven by upselling, price adjustments and a slight tailwind from roaming.

End-user service revenue increased by 13% in local currency, driven by ASPU growth. Underlying EBITDAaL increased by 6% in local currency driven by higher end-user service revenue.

Capex excluding spectrum and leases increased compared to Q3 2020 driven by investments into modernization of the core network to prepare for 5G.

	Jul-Sep 2021	Jul-Sep 2020		Sep 30 2021	Sep 30 2020	Organic %
<b>RGUs (thousands)</b>	<b>Net intake</b>			<b>RGU base</b>		
Mobile	0	10		439	438	0%
– Postpaid	-1	5		385	383	0%
– Prepaid	2	5		54	55	0%
	Jul-Sep 2021	Jul-Sep 2020	Organic %	Jan-Sep 2021	Jan-Sep 2020	Organic %
<b>ASPU (EUR)</b>						
Mobile	9.6	9.0	7%	9.3	8.7	8%
– Postpaid	10.4	9.8	6%	10.2	9.6	7%
– Prepaid	3.6	3.2	16%	3.3	2.8	16%
<b>Revenue (SEK million)</b>						
Mobile	129	121	8%	370	360	7%
– Postpaid	123	116	8%	354	344	7%
– Prepaid	6	5	18%	16	16	6%
Fixed	12	6	N/A	36	18	N/A
<b>End-user service revenue</b>	<b>141</b>	<b>128</b>	<b>13%</b>	<b>406</b>	<b>378</b>	<b>12%</b>
Operator revenue	26	30		76	97	
Equipment revenue	50	50		132	124	
Internal sales	3	2		7	6	
<b>Revenue</b>	<b>220</b>	<b>210</b>	<b>7%</b>	<b>621</b>	<b>605</b>	<b>7%</b>
Underlying EBITDA	66	64		185	179	
<b>Underlying EBITDAaL</b>	<b>50</b>	<b>48</b>	<b>6%</b>	<b>137</b>	<b>130</b>	<b>9%</b>
Underlying EBITDAaL margin	23%	23%		22%	22%	
Capex	34	24		82	84	
<b>Capex excluding spectrum and leases</b>	<b>30</b>	<b>20</b>		<b>66</b>	<b>60</b>	
Capex excluding spectrum and leases / revenue	14%	9%		11%	10%	

## Associated companies

Associated companies are accounted for in accordance with the equity method. This means that Tele2's share of the company's profit or loss after tax is reported under Operating profit, along with amortization of the Group surplus values.

### The Netherlands

Tele2 owns 25% of T-Mobile Netherlands (TMNL). This section shows 100% of the company, as reported by Deutsche Telekom<sup>1)</sup>.

During Q2 2021 TMNL strengthened its position through strong growth in the mobile postpaid and fixed network segment. Revenue grew 5% on the back of the acquisition of Simpel and growth within the postpaid segment. EBITDAaL increased by 8% driven by the positive revenue trend, synergies from the merger with Tele2 Netherlands, acquisition of Simpel and efficient cost management.

In Q2 2021 TMNL started the roll-out of high-speed fiber internet to 1 million households together with Open Dutch Fiber.

On September 7 it was announced that Tele2 AB and Deutsche Telekom have agreed to sell TMNL to funds advised by Apax Partners LLP and Warburg Pincus LLC for an enterprise value of EUR 5.1 billion. This implies an equity value of approximately EUR 860 million for Tele2's 25% stake. The transaction is subject to customary closing conditions, including regulatory approvals and consultation with employee representatives.

	Apr-Jun 2021	Apr-Jun 2020	Jun 30 2021	Jun 30 2020	Organic %
<b>Customers (in thousands)</b>	<b>Net intake</b>		<b>Customer base</b>		
Fixed Network					
- Fixed Network Access Lines			707	644	10%
- Broadband Customers			695	628	11%
Mobile Communications					
- Contract <sup>2)</sup>	70	50	6,509	5,306	23%
- Prepaid	-15	5	344	435	-21%
<b>Total mobile</b>	<b>55</b>	<b>54</b>	<b>6,853</b>	<b>5,741</b>	<b>19%</b>

	Apr-Jun 2021	Apr-Jun 2020	Organic %	Jan-Jun 2021	Jan-Jun 2020	Organic %
<b>ARPU (EUR)</b>						
Contract	15	16	-6%	15	16	-6%
Prepaid	3	2	50%	3	2	50%
<b>Financials (EUR million)<sup>3)</sup></b>						
Service revenue - Mobile communications	304	268	13%	598	536	12%
Product view	506	480	5%	1,019	956	7%
- Fixed network	97	97	0%	195	192	2%
- Mobile communications	409	383	7%	824	765	8%
Segment view	506	480	5%	1,019	956	7%
- of which Consumer	401	359	12%	809	714	13%
- of which Business	96	98	-2%	195	196	-1%
<b>Total revenue</b>	<b>506</b>	<b>480</b>	<b>5%</b>	<b>1,019</b>	<b>956</b>	<b>7%</b>
EBITDA	184	163	13%	355	320	11%
<b>EBITDAaL</b>	<b>155</b>	<b>143</b>	<b>8%</b>	<b>306</b>	<b>278</b>	<b>10%</b>
EBITDAaL margin	31%	30%		30%	29%	
<b>Cash capex (before spectrum)</b>	<b>68</b>	<b>70</b>	<b>-3%</b>	<b>132</b>	<b>143</b>	<b>-8%</b>
<b>Net debt</b>	<b>2,051</b>	<b>1,812</b>				
- of which lease obligations	739	972				
- of which spectrum liability	204	—				

<sup>1)</sup> As reported by Deutsche Telekom in the financial results for the second quarter of 2021 on August 12, 2021 (except net debt, which reflects the TMNL position and includes intragroup debt). Definitions and accounting rules may differ from Tele2 Group reporting. Net debt is reported on a bi-annual basis with a quarter lag.

<sup>2)</sup> Customer contracts have been adjusted with Simpel Customer Base as of Q4 2020.

<sup>3)</sup> Financials are adjusted for special factors.

# Other items

## Risks and uncertainty factors

Tele2's operations are affected by a number of external factors. The outbreak of COVID-19 provided challenges and uncertainties for our operations and consequently our short-term financial performance. However, the pandemic has showed how much modern societies relies on the connectivity that we ceaselessly provide. As such, Tele2 has been able to successfully navigate through the pandemic and kept its influence on our business limited. As societies are starting to return to normal, we see the risks and uncertainties associated with the pandemic decrease day by day.

In the long term, the risk factors considered to be most significant to Tele2's future development are spectrum auctions, regulation, market competitiveness and changing technology, strategy implementation and integration, network and IT infrastructure and quality, data protection and cyber security, external relationships, suppliers and joint ventures, customer churn, recruitment of skilled personnel, geopolitical conditions, environmental costs, corruption and unethical business practices and financial risks

such as currency risk, interest risk, liquidity risk, credit risk, risks related to tax matters and impairment of assets. Please refer to Tele2's 2020 Annual and Sustainability Report (Administration report and Note 2) for a detailed description of Tele2's risk exposure and risk management.

## Financial calendar

Tele2 will release its financial and operating results for the period ending December 31, 2021 on February 1, 2022.

## Auditors' review report

This report has not been subject to limited review nor audit by Tele2's auditors.

# Board's assurance

The Board of Directors and CEO declare that the interim 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 19, 2021  
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 2021 PRESENTATION

Tele2 will host a presentation, with the possibility to join through a conference call, for the global financial community at 10:00 am CET (09:00 am GMT/04:00 am EST) on Tuesday, October 19, 2021. The presentation will be held in English and also made available as a webcast on Tele2's website: [www.tele2.com](http://www.tele2.com).

This information is information that Tele2 AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out below, at 07:00 am CET on October 19, 2021.

### Dial-in information:

To ensure that you are connected to the conference call, please dial in a few minutes before the start of the conference call to register your attendance.

### Dial-in numbers:

SE: +46 (0) 8 50 69 21 80  
UK: +44 (0) 2071 928000  
US: +1 631 510 74 95

## Contacts

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Head of Investor Relations  
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Visit our website: [www.tele2.com](http://www.tele2.com)

## Appendices

Condensed consolidated income statement  
Condensed consolidated comprehensive income  
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Parent company  
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# Condensed consolidated income statement

SEK million	Note	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Revenue	2, 3	6,639	6,543	19,761	19,670
Cost of services provided and equipment sold	2, 3	-3,830	-3,569	-11,588	-11,083
<b>Gross profit</b>		<b>2,808</b>	<b>2,974</b>	<b>8,172</b>	<b>8,586</b>
Selling expenses	2, 3	-1,007	-1,022	-3,155	-3,361
Administrative expenses	2, 3	-519	-481	-1,554	-1,583
Result from shares in associated companies and joint ventures	5	78	24	113	56
Other operating income	3	49	88	169	253
Other operating expenses	3	-36	-49	-108	-137
<b>Operating profit</b>	3	<b>1,374</b>	<b>1,535</b>	<b>3,638</b>	<b>3,814</b>
Interest income		4	5	13	15
Interest expenses		-119	-119	-345	-380
Other financial items		-1	-14	-4	-40
<b>Profit after financial items</b>		<b>1,258</b>	<b>1,407</b>	<b>3,302</b>	<b>3,410</b>
Income tax	4	-220	-271	-252	-654
<b>Net profit, continuing operations</b>		<b>1,038</b>	<b>1,136</b>	<b>3,050</b>	<b>2,757</b>
Net profit discontinued operations	11	83	79	303	533
<b>Net profit, total operations</b>		<b>1,121</b>	<b>1,215</b>	<b>3,353</b>	<b>3,290</b>
<b>Continuing operations</b>					
<i>Attributable to:</i>					
Equity holders of the parent company		1,038	1,136	3,050	2,757
<b>Net profit, continuing operations</b>		<b>1,038</b>	<b>1,136</b>	<b>3,050</b>	<b>2,757</b>
Earnings per share (SEK)	9	1.50	1.65	4.42	4.01
Earnings per share, after dilution (SEK)	9	1.51	1.64	4.41	3.99
<b>Total operations</b>					
<i>Attributable to:</i>					
Equity holders of the parent company		1,121	1,215	3,353	3,290
<b>Net profit, total operations</b>		<b>1,121</b>	<b>1,215</b>	<b>3,353</b>	<b>3,290</b>
Earnings per share (SEK)	9	1.62	1.76	4.86	4.78
Earnings per share, after dilution (SEK)	9	1.62	1.76	4.84	4.76

# Condensed consolidated comprehensive income

SEK million	Note	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>NET PROFIT</b>		<b>1,121</b>	<b>1,215</b>	<b>3,353</b>	<b>3,290</b>
<b>Components not to be reclassified to net profit</b>					
Pensions, actuarial gains/losses		63	12	122	53
Pensions, actuarial gains/losses, tax effect		-13	-3	-25	-11
<b>Components not to be reclassified to net profit/loss</b>		<b>50</b>	<b>10</b>	<b>97</b>	<b>42</b>
<b>Components that may be reclassified to net profit</b>					
Translation differences in foreign operations		36	38	81	108
Tax effect on above		—	—	—	-4
Reversed cumulative translation differences from divested companies	3, 11	—	—	—	352
Tax effect on above	3, 11	—	—	—	-158
Translation differences in associated companies	5	54	41	115	72
Translation differences		90	79	196	370
Hedge of net investments in foreign operations		-29	-20	-57	-35
Tax effect on above		6	4	12	7
Reversed cumulative hedge from divested companies	11	—	—	—	-143
Tax effect on above	11	—	—	—	41
Hedge of net investments		-23	-15	-46	-129
<b>Exchange rate differences</b>		<b>67</b>	<b>63</b>	<b>150</b>	<b>241</b>
Profit arising on changes in fair value of hedging instruments		9	7	45	19
Reclassified cumulative profit/loss to income statement		-8	-5	-22	-17
Tax effect on cash flow hedges		3	—	-5	-1
<b>Cash flow hedges</b>		<b>4</b>	<b>1</b>	<b>18</b>	<b>2</b>
<b>Components that may be reclassified to net profit/loss</b>		<b>71</b>	<b>65</b>	<b>168</b>	<b>243</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>		<b>121</b>	<b>74</b>	<b>265</b>	<b>285</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,243</b>	<b>1,289</b>	<b>3,619</b>	<b>3,575</b>
<i>Attributable to:</i>					
Equity holders of the parent company		1,243	1,289	3,619	3,575
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,243</b>	<b>1,289</b>	<b>3,619</b>	<b>3,575</b>

# Condensed consolidated balance sheet

SEK million	Note	Sep 30 2021	Dec 31 2020
<b>ASSETS</b>			
Goodwill		29,689	29,651
Other intangible assets		16,207	17,269
<b>Intangible assets</b>		<b>45,897</b>	<b>46,921</b>
Tangible assets		7,590	7,540
Right-of-use assets		4,806	5,349
Shares in associated companies and joint ventures	5	7	7,018
Other financial assets	6	691	737
Capitalized contract costs		487	493
Deferred tax assets		174	245
<b>Non-current assets</b>		<b>59,653</b>	<b>68,303</b>
Inventories		758	824
Current receivables		4,600	5,174
Cash and cash equivalents	7	2,467	970
<b>Current assets</b>		<b>7,825</b>	<b>6,968</b>
<b>Assets classified as held for sale</b>	11	<b>7,505</b>	<b>140</b>
<b>TOTAL ASSETS</b>		<b>74,983</b>	<b>75,411</b>
<b>EQUITY AND LIABILITIES</b>			
Attributable to equity holders of the parent company		30,211	32,751
<b>Equity</b>	9	<b>30,211</b>	<b>32,751</b>
Interest-bearing liabilities	6	27,670	27,234
Non-interest-bearing liabilities		4,068	4,311
<b>Non-current liabilities</b>		<b>31,738</b>	<b>31,545</b>
Interest-bearing liabilities	6	5,360	4,881
Non-interest-bearing liabilities		7,215	5,679
<b>Current liabilities</b>		<b>12,575</b>	<b>10,561</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	11	<b>459</b>	<b>554</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>74,983</b>	<b>75,411</b>

# Condensed consolidated cash flow statement

Total operations SEK million	Note	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Operating activities</b>					
Net profit		1,121	1,215	3,353	3,290
Adjustments for non-cash items in net profit		1,499	1,357	3,689	3,576
Changes in working capital		186	77	239	64
<b>Cash flow from operating activities</b>		<b>2,806</b>	<b>2,649</b>	<b>7,282</b>	<b>6,930</b>
<b>Investing activities</b>					
Additions to intangible and tangible assets		-617	-649	-2,356	-2,020
Acquisition and sale of shares and participations	10	34	10	66	2,143
Other financial assets, lending		—	—	—	-3
<b>Cash flow from investing activities</b>		<b>-583</b>	<b>-638</b>	<b>-2,290</b>	<b>119</b>
<b>Financing activities</b>					
Proceeds from loans		867	75	5,271	1,865
Repayments of loans		-699	-561	-4,633	-2,674
Dividends paid	9	-2,070	—	-4,136	-1,894
<b>Cash flow from financing activities</b>		<b>-1,902</b>	<b>-486</b>	<b>-3,497</b>	<b>-2,703</b>
<b>Net change in cash and cash equivalents</b>		<b>321</b>	<b>1,525</b>	<b>1,495</b>	<b>4,346</b>
Cash and cash equivalents at beginning of period		2,141	3,265	970	448
Exchange rate differences in cash and cash equivalents		5	11	2	7
<b>Cash and cash equivalents at end of the period</b>	7	<b>2,467</b>	<b>4,800</b>	<b>2,467</b>	<b>4,800</b>

# Condensed consolidated statements of changes in equity

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
<b>Equity at January 1</b>		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
<b>Total comprehensive income for the period</b>				-28	196	3,450	3,618
<b>Other changes in equity</b>							
Share-based payments	9	—	—	—	—	41	41
Share-based payments, tax effect	9	—	—	—	—	6	6
New shares issues	9	3	—	—	—	—	3
Repurchase of own shares	9	—	—	—	—	-3	-3
Dividends	9	—	—	—	—	-6,205	-6,205
<b>Equity at end of the period</b>		866	27,378	-230	117	2,080	30,211

Total operations SEK million	Note	Sep 30, 2020					
		Attributable to equity holders of the parent company					
		Share capital	Other paid-in capital	Hedge reserve	Translation reserve	Retained earnings	Total equity
<b>Equity at January 1</b>		863	27,378	-207	3,306	3,465	34,805
Net profit		—	—	—	—	3,290	3,290
Other comprehensive income for the period, net of tax		—	—	-127	370	42	285
<b>Total comprehensive income for the period</b>				-127	370	3,332	3,575
<b>Other changes in equity</b>							
Share-based payments	9	—	—	—	—	46	46
Share-based payments, tax effect	9	—	—	—	—	7	7
Dividends	9	—	—	—	—	-6,198	-6,198
<b>Equity at end of the period</b>		863	27,378	-334	3,676	652	32,235

# Parent company

## Condensed income statement

SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Revenue	10	10	32	31
Administrative expenses	-30	-45	-103	-125
Other operating expenses	-4	7	-6	3
<b>Operating loss</b>	<b>-24</b>	<b>-28</b>	<b>-77</b>	<b>-91</b>
Dividend from group company	7,325	22,000	7,325	22,000
Interest revenue and similar income	42	37	120	113
Interest expense and similar costs	-131	-338	-348	-1,212
<b>Gain after financial items</b>	<b>7,211</b>	<b>21,671</b>	<b>7,019</b>	<b>20,810</b>
Tax on gain	23	73	62	255
<b>Net gain</b>	<b>7,234</b>	<b>21,744</b>	<b>7,081</b>	<b>21,065</b>

## Condensed balance sheet

SEK million	Note	Sep 30 2021	Dec 31 2020
<b>ASSETS</b>			
Financial assets		72,275	69,110
<b>Non-current assets</b>		<b>72,275</b>	<b>69,110</b>
Current receivables		5,714	1,551
<b>Current assets</b>		<b>5,714</b>	<b>1,551</b>
<b>TOTAL ASSETS</b>		<b>77,990</b>	<b>70,661</b>
<b>EQUITY AND LIABILITIES</b>			
Restricted equity	8	5,851	5,848
Unrestricted equity	8	38,325	37,392
<b>Equity</b>		<b>44,176</b>	<b>43,240</b>
Interest-bearing liabilities	5	27,479	21,497
<b>Non-current liabilities</b>		<b>27,479</b>	<b>21,497</b>
Interest-bearing liabilities	5	4,116	5,530
Non-interest-bearing liabilities		2,218	393
<b>Current liabilities</b>		<b>6,334</b>	<b>5,923</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>77,990</b>	<b>70,661</b>

# Notes

## NOTE 1 ACCOUNTING PRINCIPLES AND DEFINITIONS

The interim financial information for the Group for the nine month period ended September 30, 2021 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, 2021 in accordance with the accounting policies and principles applied in the 2020 Annual and Sustainability Report. The description of these principles and definitions are found in Note 1 in the Annual and Sustainability Report 2020. 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, 2021 have no effects to Tele2's financial reports for the nine month period ended September 30, 2021.

From January 1, 2021 Tele2 changed the classification of the segment Sweden to include the parent company Tele2 AB and other minor operations that previously were reported under the segment Other. Previous periods have been restated, please refer to Note 2.

Figures presented in this report refer to July 1 – September 30 (Q3), 2021 and continuing operations unless otherwise stated. Figures shown in parentheses refer to the comparable periods in 2020.

## NOTE 2 REVENUE AND SEGMENTS

### Revenue per segment

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Sweden	5,274	5,244	15,895	16,032
Lithuania	788	734	2,227	2,052
Latvia	387	378	1,103	1,055
Estonia	220	210	621	605
<b>Total including internal sales</b>	<b>6,669</b>	<b>6,567</b>	<b>19,846</b>	<b>19,743</b>
Internal sales, elimination	-30	-23	-85	-73
<b>TOTAL</b>	<b>6,639</b>	<b>6,543</b>	<b>19,761</b>	<b>19,670</b>

### Internal sales

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Sweden	2	1	7	4
Lithuania	16	11	43	35
Latvia	10	9	28	29
Estonia	3	2	7	6
<b>TOTAL</b>	<b>30</b>	<b>23</b>	<b>85</b>	<b>73</b>

### Revenue split per category

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Sweden Consumer</b>				
End-user service revenue	3,101	3,083	9,167	9,192
Operator revenue	184	172	542	500
Equipment revenue	419	445	1,324	1,430
Internal sales	0	0	1	0
<b>Total</b>	<b>3,704</b>	<b>3,700</b>	<b>11,033</b>	<b>11,123</b>
<b>Sweden Business</b>				
End-user service revenue	950	940	2,859	2,920
Operator revenue	22	19	71	90
Equipment revenue	318	347	1,158	1,167
Internal sales	1	—	2	—
<b>Total</b>	<b>1,291</b>	<b>1,306</b>	<b>4,090</b>	<b>4,176</b>
<b>Sweden Wholesale</b>				
Operator revenue	277	237	767	729
Internal sales	1	1	4	4
<b>Total</b>	<b>279</b>	<b>238</b>	<b>772</b>	<b>733</b>
<b>Lithuania</b>				
End-user service revenue	458	414	1,302	1,212
Operator revenue	54	69	169	197
Equipment revenue	261	240	713	608
Internal sales	16	11	43	35
<b>Total</b>	<b>788</b>	<b>734</b>	<b>2,227</b>	<b>2,052</b>
<b>Latvia</b>				
End-user service revenue	250	229	710	675
Operator revenue	41	46	128	135
Equipment revenue	87	94	236	217
Internal sales	10	9	28	29
<b>Total</b>	<b>387</b>	<b>378</b>	<b>1,103</b>	<b>1,055</b>
<b>Estonia</b>				
End-user service revenue	141	128	406	378
Operator revenue	26	30	76	97
Equipment revenue	50	50	132	124
Internal sales	3	2	7	6
<b>Total</b>	<b>220</b>	<b>210</b>	<b>621</b>	<b>605</b>
Internal sales, elimination	-30	-23	-85	-73
<b>CONTINUING OPERATIONS</b>				
End-user service revenue	4,900	4,793	14,444	14,375
Operator revenue	605	573	1,753	1,748
Equipment revenue	1,134	1,178	3,564	3,546
<b>TOTAL</b>	<b>6,639</b>	<b>6,543</b>	<b>19,761</b>	<b>19,670</b>

### Underlying EBITDAaL

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Sweden	2,082	1,994	5,853	5,564
Lithuania	288	270	838	780
Latvia	161	160	440	418
Estonia	50	48	137	130
<b>TOTAL</b>	<b>2,581</b>	<b>2,471</b>	<b>7,268</b>	<b>6,892</b>

## NOTE 3 OPERATING PROFIT

### Reconciling items to reported operating profit/loss

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Underlying EBITDAa</b>	<b>2,581</b>	<b>2,471</b>	<b>7,268</b>	<b>6,892</b>
Reversal lease depreciation and interest	312	311	942	932
<b>Underlying EBITDA</b>	<b>2,894</b>	<b>2,782</b>	<b>8,210</b>	<b>7,823</b>
Acquisition costs	-0	-2	-10	-6
Restructuring costs	-56	-55	-191	-207
Disposal of non-current assets	-19	-12	-43	-14
Other items affecting comparability	—	109	-21	109
<b>Items affecting comparability</b>	<b>-75</b>	<b>40</b>	<b>-265</b>	<b>-119</b>
<b>EBITDA</b>	<b>2,819</b>	<b>2,822</b>	<b>7,945</b>	<b>7,705</b>
Depreciation/amortization	-1,523	-1,310	-4,421	-3,947
Result from shares in associated companies and joint ventures	78	24	113	56
<b>Operating profit</b>	<b>1,374</b>	<b>1,535</b>	<b>3,638</b>	<b>3,814</b>

In Q2 2021 our consumer premium brands Com Hem and Tele2 were merged. We are not scrapping one brand, but rather bring the best from the two brands into the new merged brand named Tele2. Key premium attributes from the Com Hem brand, including the logotype dots, are secured.

The Com Hem brand had as per the reassessment date a carrying amount of SEK 5.4 billion (4.3 billion net of tax). The brand positioning has led to a reassessment of the Com Hem brand useful life from the previous assessment of indefinite life to definite. Based on an overall analysis of all relevant fact and circumstances Tele2 has determined that the useful life of Com Hem brand would be 10 years from the date of reassessment from indefinite life to definite life. Tele2 has also considered the indication of an impairment triggered by reassessment of the useful life and determined that the recoverable amount exceeds the carrying amount at reassessment date. Accordingly, amortization of the Com Hem brand book value was initiated in Q2 2021. In Q3 2021 the impact was SEK -135 million on operating profit and SEK -107 million on net result.

### Acquisition costs

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Com Hem, Sweden	—	-0	—	-0
Other	-0	-2	-10	-6
<b>Acquisition costs<sup>1)</sup></b>	<b>-0</b>	<b>-2</b>	<b>-10</b>	<b>-6</b>

<sup>1)</sup> Reported as other operating expenses.

### Restructuring costs

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Redundancy costs	-24	-34	-90	-104
Other employee and consultancy costs	-21	-10	-64	-45
Exit of contracts and other costs	-11	-11	-37	-59
<b>Restructuring costs</b>	<b>-56</b>	<b>-55</b>	<b>-191</b>	<b>-207</b>
Reported as:				
– Cost of services provided	-4	-10	-44	-30
– Selling expenses	-27	-40	-74	-108
– Administrative expenses	-25	-5	-73	-69

### Disposal of non-current assets

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Closure of projects and systems	-19	-12	-42	-12
Other	—	—	-1	-2
<b>Disposal of non-current assets<sup>2)</sup></b>	<b>-19</b>	<b>-12</b>	<b>-43</b>	<b>-14</b>

<sup>2)</sup> Reported as other operating income and other operating expenses.

In Q3 2021, a few projects and systems were closed and the related fixed assets were scrapped, resulting in a negative effect on operating profit of SEK -19 million.

### Other items affecting comparability

Continuing operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Contract termination fee, Sweden	—	—	-20	—
Provision for legal dispute, Sweden	—	109	—	109
Other	—	—	-1	—
<b>Total</b>	<b>—</b>	<b>109</b>	<b>-21</b>	<b>109</b>
Reported as:				
– Cost of services provided	—	109	-20	109
– Selling expenses	—	—	-1	—

## NOTE 4 TAXES

The Swedish Tax Agency has for the years 2013-2018 denied Tele2 Group deductions for interest expenses on intercompany loans, resulting in a negative tax effect of SEK 350 million, and associated interest of SEK 21 million as of 31 March 2021. While Tele2 has appealed the decisions, a provision for the total amount of SEK 371 million has previously been made.

Following a ruling by the Supreme Administrative Court, the Swedish Tax Agency has now endorsed Tele2's claims for interest deductions for the years 2015-2018, resulting in a positive tax effect for Tele2 of SEK 200 million in total. The remaining interest deduction claims for the years 2013-2014 with a tax effect of SEK 150 million have been under review by the Administrative Court of Appeal in Stockholm. The ruling was announced on July 5, 2021 for the benefit of Tele2, thus Tele2 decided to release the total provision, which resulted in a positive result effect of SEK 371 million in the second quarter, 2021. Tele2 will also review how the Tax Agency's revised position may impact Tele2's taxes for 2019 and 2020, considering applicable legislation.

## NOTE 5 SHARES IN ASSOCIATED COMPANIES AND JOINT VENTURES

SEK million	Sep 30 2021	Sep 30 2020	Dec 31 2020
<b>T-Mobile Netherlands</b>			
Cost at January 1	7,011	6,976	6,976
Share of profit for the year	113	58	313
Exchange rate differences	114	72	-278
<b>Total T-Mobile Netherlands</b>	<b>7,238</b>	<b>7,106</b>	<b>7,011</b>
Other associated companies and joint ventures	7	8	7
<b>Total shares in associated companies and joint ventures pre reclassification</b>	<b>7,245</b>	<b>7,113</b>	<b>7,018</b>
Reclassified to asset held for sale	-7,238	—	—
<b>Total shares in associated companies and joint ventures</b>	<b>7</b>	<b>7,113</b>	<b>7,018</b>

In September 2021 Tele2 AB has entered into an agreement to sell the 25 percent share in T-Mobile Netherlands, subject to customary closing conditions. The asset is therefore reclassified to Asset held for sale. Cash proceeds from the transaction of approximately EUR 860 million are expected.

## NOTE 6 FINANCIAL ASSETS AND LIABILITIES

### Financing

SEK million	Sep 30 2021	Dec 31 2020
Bonds	21,322	21,175
Commercial papers	1,700	—
European Investment Bank (EIB)	1,275	1,254
Nordic Investment Bank (NIB)	1,989	1,987
Other	193	252
<b>Total liabilities to financial institutions</b>	<b>26,479</b>	<b>24,669</b>
Provisions	1,520	1,660
Lease liabilities	4,778	5,327
Other interest-bearing liabilities	253	460
<b>Total interest-bearing liabilities</b>	<b>33,029</b>	<b>32,115</b>

Average maturity and average interest rate (including derivatives) for outstanding debt to financial institutions at September 30, 2021 amounted to 4.2 years and 1.16 percent, respectively.

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



In March 2021, Tele2 issued a ten year bond of EUR 300 million with an annual coupon of 0.75 percent. The notes have been issued under Tele2's EMTN program and are listed for trading on the Luxembourg Stock Exchange.

### 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, 2021 to SEK 26,479 (December 31, 2020: 24,669) million and the fair value to SEK 26,428 (December 31, 2020: 25,537) million.

During 2021, 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 7 RELATED PARTIES

Tele2's share of cash and cash equivalents in joint operations (Svenska UMTS-nät AB and Net4Mobility HB, Sweden and SIA Centuria, Latvia), for which Tele2 has limited disposal rights was included in the Group's cash and cash equivalents and amounted at September 30, 2021 to SEK 67 million (December 31, 2020: 36 million). Other transactions with joint operations and other related parties are presented in Note 34 of the 2020 Annual and Sustainability Report.

### NOTE 8 CONTINGENT LIABILITIES

In Q4 2020, a provision was made related to the tax deduction on exchange losses on loans to Tele2 Kazakhstan, previously reported as contingent liability. It is presented under discontinued operations for Tele2 Kazakhstan, please refer to Note 11.

### NOTE 9 EQUITY, NUMBER OF SHARES AND INCENTIVE PROGRAMS

#### Number of shares

	Sep 30 2021	Dec 31 2020
Total number of shares	692,821,597	690,341,597
Number of treasury shares	-2,912,106	-1,714,023
<b>Number of outstanding shares</b>	<b>689,909,491</b>	<b>688,627,574</b>
Number of outstanding shares, weighted average	689,314,997	688,392,123
Number of shares after dilution	693,461,770	692,609,831
Number of shares after dilution, weighted average	692,331,627	691,924,160

As a result of share rights in the LTI 2018 being exercised during Q2 2021, Tele2 delivered 1,200,672 B shares in treasury shares to the participants in the program. In Q1 2021, Tele2 issued, and immediately repurchased, 2,480,000 new C shares to be used for future exercises of LTIs, resulting in an increase in share capital of SEK 3 million.

As a result of early vesting of the LTI 2019 being exercised in Q1 and Q3 2021, Tele2 delivered 23,258 and 57,987 respectively of class B shares in treasury shares to some of the participants in the program at a weighted share price of SEK 115.95 and SEK 127.93. In addition, 6,177 of class A shares were reclassified into class B shares. Changes in shares during previous year are stated in Note 23 in the 2020 Annual and Sustainability Report.

### Outstanding share right programs

	Sep 30 2021	Dec 31 2020
LTI 2021	1,421,458	—
LTI 2020	1,155,736	1,499,975
LTI 2019	975,085	1,313,475
LTI 2018	—	1,168,807
<b>Total outstanding share rights</b>	<b>3,552,279</b>	<b>3,982,257</b>

All outstanding long-term incentive programs (LTI 2019, LTI 2020 and LTI 2021) are based on the same structure, except for that LTI 2020 and LTI 2021 have an operating cash flow performance measure. Additional information regarding the objective, conditions and requirements related to the LTI programs is stated in Note 31 of the 2020 Annual and Sustainability Report. During the nine months in 2021, the total cost including social security costs for the long-term incentive programs (LTI) amounted to SEK 68 (73) million before tax.

#### LTI 2021

At the Annual General Meeting held on April 22, 2021, the shareholders approved a retention and performance based incentive program (LTI 2021) 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, 2021 – December 31, 2023 (the "Cash flow Measurement Period") and April 1, 2021 – March 31, 2024 (the "TSR Measurement Period") and the participant maintaining the invested shares at the release of the interim report for January – March 2024 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 112 million, of which social security costs amount to SEK 38 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 2,200,000 Class C shares and subsequently to repurchase the Class C shares. The Board of Directors has not yet used its mandate.

#### LTI 2018

The exercise of the share rights in LTI 2018 was conditional upon the fulfilment of certain retention and performance based conditions, measured from April 1, 2018 until March 31, 2021. The outcome of these performance conditions was in accordance with below and the outstanding 1,200,672 share rights have been exchanged for shares in Tele2 during Q2 2021.

Series	Retention and performance based conditions	Minimum hurdle (50%)	Stretch targets (100%)	Performance	Allotment
Series A	Total Shareholder Return Tele2 (TSR)		>=0%	40.0%	100%
Series B	Total Shareholder Return Tele2 (TSR) compared to a peer group	>0%	>=20%	34.1%	100%

#### Dividend

The Annual General Meeting held on April 22, 2021 resolved on a dividend of SEK 6.00 (5.50) per share in respect of the financial year 2020 to be paid in two equal tranches during 2021. This corresponds to a total of SEK 4.1 billion. The first dividend payment was distributed to the shareholders on April 29, 2021 amounting to SEK 2,066 (1,894) million, the second dividend payment was distributed to the shareholders on October 8, 2021. In addition, an Extraordinary General Meeting held on June 28, 2021 resolved on an extraordinary dividend of SEK 3.00 per share and SEK 2,070 million was paid to the shareholders on July 5, 2021.

## NOTE 10 BUSINESS ACQUISITIONS AND DIVESTMENTS

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

SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>Acquisitions</b>				
Other minor acquisitions	—	-1	—	-6
<b>Total acquisition of shares and participations</b>	<b>—</b>	<b>-1</b>	<b>—</b>	<b>-6</b>
<b>Divestments</b>				
Tele2 Croatia	—	12	—	2,043
Tele2 Germany	34	—	66	—
Earn out settlement Tele2 Austria	—	-1	—	99
Other minor divestments	—	—	—	6
<b>Total sale of shares and participations</b>	<b>34</b>	<b>11</b>	<b>66</b>	<b>2,149</b>
<b>TOTAL CASH FLOW EFFECT</b>	<b>34</b>	<b>10</b>	<b>66</b>	<b>2,143</b>

Information on acquisitions and divestments made in 2020 is provided in the 2020 Annual and Sustainability Report in Note 14 and Note 33, respectively.

## NOTE 11 DISCONTINUED OPERATIONS

### Tele2 Germany

On December 3, 2020 Tele2 announced the agreement to sell its German business to the Tele2 Germany management for an enterprise value of up to EUR 22.8 million, dependent upon the financial performance of the business until the end of 2024, and on December 11, 2020 the divestment was completed. In Q2 and Q3 2021, the earn-out was partly paid to Tele2 of the amount SEK 32 respectively 34 million. On September 30, 2021 the estimated fair value of the future cash flows amounted to SEK 75 million (December 31, 2020: 140 million). The fair value estimate is sensitive to changes in key assumptions supporting the expected future cash flows for Tele2 Germany. A deviation from the current assumptions regarding the fair value would impact the earn-out asset. Tele2 Germany is reported separately under discontinued operations.

### 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, 2021 to SEK 241 million and a tax surcharge and interest of SEK 117 million (December 31, 2020: SEK 241 and 114 million respectively). 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 of SEK 355 million was recognized in Q4 2020 under discontinued operations. At September 30, 2021 the provision amounted to SEK 358 million.

### Income statement

All discontinued operations are included below. Tele2 Germany and Tele2 Croatia were divested in 2020. Tele2 Netherlands and Tele2 Kazakhstan were divested in 2019. In Q2 2021 Tele2 reported a positive effect in the income statement under discontinued operations of SEK 226 million related to a settled dispute from previously divested operations. In Q3 2021 the anticipated outcome was adjusted by SEK -33 million. The payment of SEK 193 million is expected to be received in Q4 2021.

In Q3 2021 Tele2 reported a positive impact of SEK 130 million related to a dispute attached to the former Tele2 operation in the Netherlands. The dispute is now resolved.

Discontinued operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Revenue	—	92	—	629
Cost of services provided and equipment sold	—	-37	—	-313
<b>Gross profit</b>	<b>—</b>	<b>55</b>	<b>—</b>	<b>316</b>
Selling expenses	—	-1	—	-69
Administrative expenses	—	-17	-3	-88
Other operating income	—	1	—	2
Other operating expenses	—	—	—	-1
<b>Operating profit</b>	<b>—</b>	<b>38</b>	<b>-3</b>	<b>160</b>
Interest expenses	-2	—	-5	-2
<b>Profit/loss after financial items</b>	<b>-2</b>	<b>38</b>	<b>-8</b>	<b>159</b>
Income tax from the operation	—	-12	—	-45
<b>Net profit/loss from the operation</b>	<b>-2</b>	<b>26</b>	<b>-8</b>	<b>114</b>
<b>Profit/loss on disposal of operation including sales costs and cumulative exchange rate gain</b>	<b>86</b>	<b>53</b>	<b>311</b>	<b>303</b>
– of which Germany, sold 2020	1	—	2	—
– of which Croatia, sold 2020	-12	3	-12	245
– of which Netherlands, sold 2019	130	51	129	49
– of which Austria, sold 2017	—	—	—	9
– of which other divestments	-33	—	193	—
<b>Income tax from capital gain</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>116</b>
– of which Croatia	—	—	—	116
<b>NET PROFIT/LOSS</b>	<b>83</b>	<b>79</b>	<b>303</b>	<b>533</b>
<i>Attributable to:</i>				
Equity holders of the parent company	83	79	303	533
<b>NET PROFIT/LOSS</b>	<b>83</b>	<b>79</b>	<b>303</b>	<b>533</b>
Earnings per share (SEK)	0.12	0.11	0.44	0.77
Earnings per share, after dilution (SEK)	0.11	0.12	0.43	0.77

### Balance sheet

Assets and liabilities associated with assets held for sale as of September 30, 2021 refer to earnouts and provisions for price adjustments and similar for divested operations. In Q3 2021 the shares in T-Mobile Netherlands were reclassified to assets held for sale, following the announced divestment.

Discontinued operations SEK million	Sep 30 2021	Dec 31 2020
<b>ASSETS</b>		
Shares in associated companies and joint ventures	7,238	—
Financial assets	57	123
<b>Non-current assets</b>	<b>7,295</b>	<b>123</b>
Current receivables	210	16
<b>Current assets</b>	<b>210</b>	<b>16</b>
<b>Assets classified as held for sale</b>	<b>7,505</b>	<b>140</b>
<b>LIABILITIES</b>		
Interest-bearing liabilities	48	149
<b>Non-current liabilities</b>	<b>48</b>	<b>149</b>
Interest-bearing liabilities	70	63
Non-interest-bearing liabilities	341	341
<b>Current liabilities</b>	<b>411</b>	<b>405</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	<b>459</b>	<b>554</b>

### Cash flow statement

Discontinued operations SEK million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Cash flow from operating activities	-3	25	-3	130
Cash flow from investing activities	62	11	94	2,103
Cash flow from financing activities	—	—	—	-31
<b>Net change in cash and cash equivalents</b>	<b>59</b>	<b>36</b>	<b>91</b>	<b>2,202</b>

# 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 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Operating profit	1,374	1,535	3,638	3,814
Reversal:				
Result from shares in associated companies and joint ventures	-78	-24	-113	-56
Depreciation and amortization	1,523	1,310	4,421	3,947
<b>EBITDA</b>	<b>2,819</b>	<b>2,822</b>	<b>7,945</b>	<b>7,705</b>
Reversal, items affecting comparability:				
Acquisition costs	—	2	10	6
Restructuring costs	56	55	191	207
Disposal of non-current assets	19	12	44	14
Other items affecting comparability	—	-109	21	-109
<b>Total items affecting comparability</b>	<b>75</b>	<b>-40</b>	<b>265</b>	<b>119</b>
<b>Underlying EBITDA</b>	<b>2,894</b>	<b>2,782</b>	<b>8,210</b>	<b>7,823</b>
Lease depreciation	-297	-296	-897	-883
Lease interest costs	-15	-15	-45	-48
<b>Underlying EBITDAaL</b>	<b>2,581</b>	<b>2,471</b>	<b>7,268</b>	<b>6,892</b>
Revenue	6,639	6,543	19,761	19,670
<b>Revenue excluding items affecting comparability</b>	<b>6,639</b>	<b>6,543</b>	<b>19,761</b>	<b>19,670</b>
<b>Underlying EBITDAaL margin</b>	<b>39%</b>	<b>38%</b>	<b>37%</b>	<b>35%</b>

### 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 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>TOTAL OPERATIONS</b>				
Additions to intangible and tangible assets	-618	-649	-2,358	-2,022
Sale of intangible and tangible assets	1	1	2	1
<b>Capex paid</b>	<b>-617</b>	<b>-649</b>	<b>-2,356</b>	<b>-2,020</b>
This period's unpaid capex and reversal of paid capex from previous period	-99	-5	-124	167
Reversal received payment of sold intangible and tangible assets	-1	-1	-2	-1
<b>Capex intangible and tangible assets</b>	<b>-717</b>	<b>-654</b>	<b>-2,482</b>	<b>-1,855</b>
Additions to right-of-use assets	-60	-164	-406	-602
<b>Capex</b>	<b>-778</b>	<b>-818</b>	<b>-2,988</b>	<b>-2,457</b>
<b>CONTINUING OPERATIONS</b>				
Additions to intangible and tangible assets	-618	-649	-2,358	-1,977
Sale of intangible and tangible assets	1	1	2	1
<b>Capex paid</b>	<b>-617</b>	<b>-648</b>	<b>-2,356</b>	<b>-1,976</b>
This period's unpaid capex and reversal of paid capex from previous period	-99	-4	-124	139
Reversal received payment of sold intangible and tangible assets	-1	-1	-2	-1
<b>Capex intangible and tangible assets</b>	<b>-717</b>	<b>-653</b>	<b>-2,482</b>	<b>-1,838</b>
Additions to right-of-use assets	-60	-164	-406	-581
<b>Capex</b>	<b>-778</b>	<b>-817</b>	<b>-2,888</b>	<b>-2,418</b>

### 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 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Underlying EBITDAaL	2,581	2,471	7,268	6,892
Capex excluding spectrum and leases	-717	-653	-2,149	-1,838
<b>Operating cash flow</b>	<b>1,864</b>	<b>1,818</b>	<b>5,119</b>	<b>5,054</b>

### 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 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
<b>TOTAL OPERATIONS</b>				
Cash flow from operating activities	2,806	2,649	7,282	6,930
Capex paid	-617	-649	-2,356	-2,020
Amortization of lease liabilities	-258	-263	-909	-916
<b>Equity free cash flow</b>	<b>1,931</b>	<b>1,738</b>	<b>4,017</b>	<b>3,994</b>
<b>CONTINUING OPERATIONS</b>				
Cash flow from operating activities	2,809	2,624	7,257	6,799
Capex paid	-649	-648	-2,356	-1,976
Amortization of lease liabilities	-258	-262	-909	-896
<b>Equity free cash flow</b>	<b>1,903</b>	<b>1,713</b>	<b>3,992</b>	<b>3,928</b>

### 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 2021	Dec 31 2020
Interest-bearing non-current liabilities	27,670	27,234
Interest-bearing current liabilities	5,360	4,881
Reversal provisions	-1,520	-1,660
Cash & cash equivalents, current investments and restricted funds	-2,467	-970
Derivatives	-196	-217
<b>Net debt</b>	<b>28,846</b>	<b>29,269</b>
Reversal:		
Lease liabilities	-4,778	-5,327
<b>Economic net debt</b>	<b>24,069</b>	<b>23,942</b>

### 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 2021-financials to the market) on Tele2's website [www.tele2.com](http://www.tele2.com).



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